

STRATEGIC  
PLANNING POLICY

# CITY OF CANADA BAY AFFORDABLE HOUSING CONTRIBUTION SCHEME

Version 2.0

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Version	Adoption date	Author	Amendment
2.0		Paul Dewar	<ul style="list-style-type: none"> <li>• Contribution rate for 160 Burwood Road, Concord AHC Area amended from 5% to 10%</li> <li>• Appendix D – 160 Burwood road, Concord Feasibility Testing added to suite of AHCS documents</li> </ul>

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## SECTION 1: STRATEGIC CONTEXT AND BACKGROUND

### 1.1 Introduction

The City of Canada Bay Affordable Housing Contributions Scheme (the AHCS), sets out how, where, and at what rate development contributions are collected by the Council for affordable housing.

The AHCS has been prepared in accordance with the requirements of Section 7.32(1)(c) of the Environmental Planning and Assessment Act and State Environmental Planning Policy 70 - Affordable Housing (Revised Schemes) (SEPP 70).

It is consistent with the Eastern City District Plan which identifies opportunities to support affordable rental housing, particularly for key workers and skilled workers in targeted employment areas.

### 1.2 Context

In Sydney over the last 20 years, a growing population combined with a decrease in average household size has led to an increase in the demand for housing. This demand has exceeded the supply of new dwellings and has contributed to increased housing costs, which affects the ability of very low to moderate income households to live in large parts of the Eastern City District, including desirable locations such as the City of Canada Bay.

Within Canada Bay, the redevelopment of land at Rhodes East and in the Parramatta Road Corridor is likely to place further pressure on housing affordability. Unless there is intervention to support the provision of designated affordable housing, urban renewal is likely to push prices and rents that are already beyond the capacity of many households even further out of reach.

Council is committed to enabling affordable housing in the City of Canada Bay to maintain a diverse, vibrant and healthy community and to alleviate housing stress experienced by some individuals and families in the private rental housing market. This commitment is set out in the Canada Bay Community Strategic Plan - *Your Future 2030* which identifies housing affordability as a challenge, and recognises the need to supply housing for purchase and rental across a range of income levels to ensure a broad cross-section of the community can enjoy living and working in the City. This approach is reinforced in the City of Canada Bay Local Strategic Planning Statement (the LSPS) which sets out a land-use vision that includes housing affordability and includes actions requiring Council to address affordable housing.

The City of Canada Bay Housing Strategy (the Housing Strategy, provided at Appendix A) supports the LSPS, providing an evidence base and the following vision for Affordable Housing in Canada Bay:

*Affordability of housing will be addressed through the requirement for major redevelopment sites to provide affordable housing that can be managed by community housing providers. This will allow key workers and households on low-moderate incomes to live within the City of Canada Bay, and retain social and economic diversity. (SGS 2019: p 12).*

This Affordable Housing Contribution Scheme is a key step towards meeting that vision.

### **1.3 Objectives of the AHCS**

The objectives of the City of Canada Bay AHCS are to:

- recognise the provision of affordable rental housing as critical infrastructure to support sustainable growth
- contribute to meeting the needs of very low to moderate income households for affordable housing in the City of Canada Bay
- provide certainty around the requirements for affordable housing in the City of Canada Bay, including the rate for contributions and how contributions will be collected
- ensure that contribution rates for affordable housing are viable and are evidence- based.

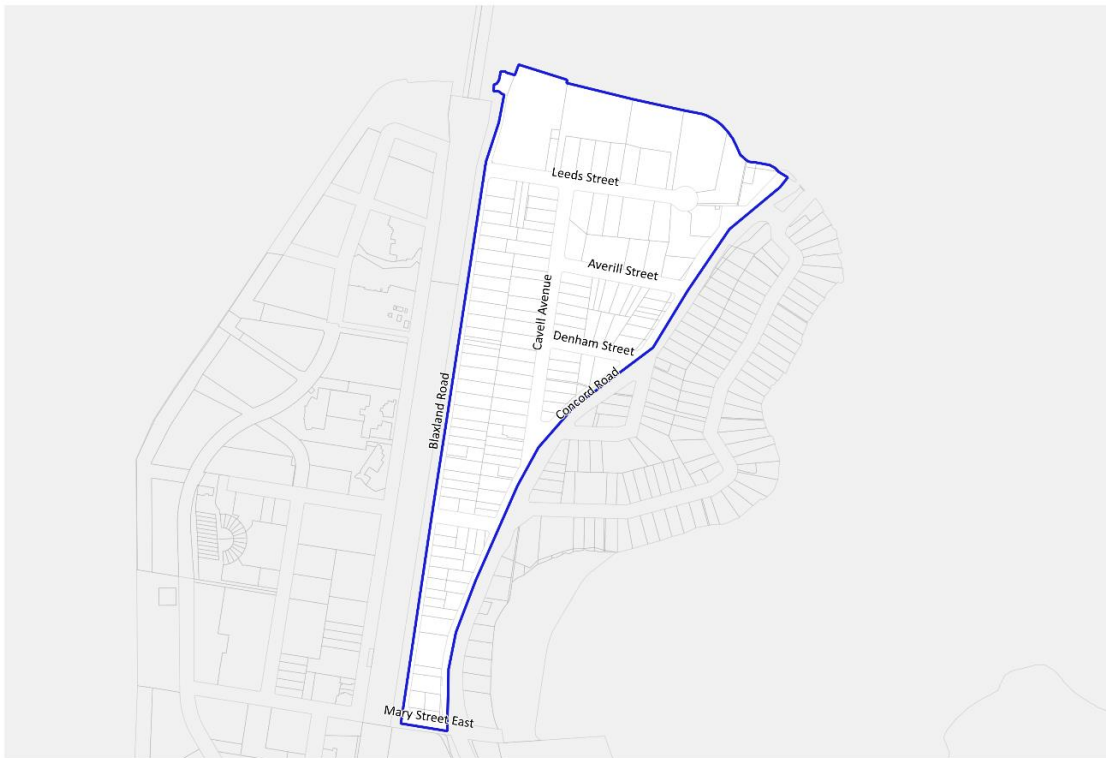
### **1.4 Where does the AHCS apply?**

The AHCS applies to the following land within the City of Canada Bay Local Government Area:

- 1) Rhodes East as shown in Figure 1.1, below; and
- 2) The Parramatta Road Corridor Urban Transformation Strategy Precinct Areas of Burwood, Homebush and Kings Bay as shown in Figure 1.2, below; and
- 3) 160 Burwood Rd, Concord (Bushell 's site) at Figure 1.3, below.
- 4) Other areas within the City of Canada Bay where a Planning Proposal is approved for residential or mixed-use development and an uplift of land value is created, and where Council resolves to include the area in this AHCS scheme and the Canada Bay LEP.

These lands to which the AHCS apply are collectively referred to as “the affordable housing contribution areas”.

Additional land may be added to the AHCS by amendment of this document via Council resolution and amendment of the Canada Bay LEP.



**Figure 1.1: Rhodes East Affordable Housing Contribution Area**



**Figure 1.2a: Homebush Affordable Housing Contribution Area**



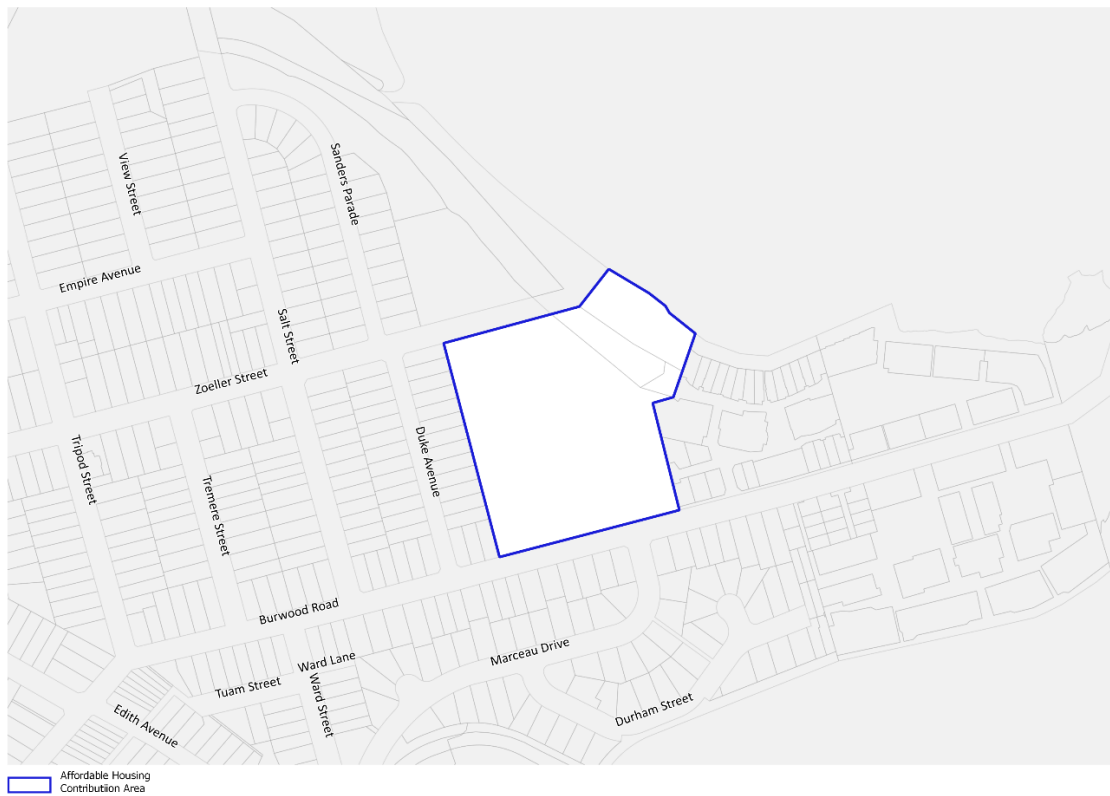
□ Affordable Housing Contribution Area

**Figure 1.2b: Burwood Affordable Housing Contribution Area**



□ Affordable Housing Contribution Area

**Figure 1.2c: Kings Bay Affordable Housing Contribution Area**



**Figure 1.3: 160 Burwood Road, Concord Affordable Housing Contribution Area**

## 1.5 What type of development does the AHCS apply to?

The AHCS applies to all new development in the areas defined by the maps in section 1.2 of this AHCS, except for:

- Development for non-residential floorspace (unless identified as adaptable floor space)
- Exempt development
- A dwelling house that results in the creation of less than 200sqm of residential floor space
- Refurbishment or repair of a building that results in additional residential floorspace less than 100 sqm
- Development for the purposes of affordable housing or social housing
- Development of community facilities, public roads or public utility undertakings.

## 1.6 Overview- Affordable Housing Need in City of Canada Bay

### Evidence

Council has assembled a comprehensive evidence base that considers both the need for and viability of requiring affordable housing provision as part of development in the LGA. This has supported the development of the AHCS and is referenced in this section and throughout the document, with details provided in the appendices. The evidence base includes LGA-wide information such as its Housing Strategy, and locality-based affordable housing reports for the Rhodes Planned Precinct, Parramatta Road Corridor precincts and the former Bushell's site at 160 Burwood Road, Concord.



The evidence base includes the following documents:

- Council's Affordable Housing Policy (2007, revised August 2017)
- City of Canada Bay Housing Strategy (SGS Economics and Planning) 2019
- Draft Affordable Housing Program Rhodes East (Hill PDA) 2017
- Affordable Rental Housing -Evidence report Rhodes East (Hill PDA) 2017
- Draft Affordable Housing Program- Parramatta Road Corridor (AEC Consulting 2019)
- Affordable Housing Program- Parramatta Road Corridor Background Analysis (AEC Consulting 2018)
- 160 Burwood Road Concord, Affordable Housing Feasibility Analysis (AEC Consulting 2019).

## Overview

As for many Councils within the Greater Sydney Region, the decline in the affordability of housing is a key issue for the City of Canada Bay. Over the last 20 years there has been an ongoing decline in the proportion of housing stock available for low to moderate income households in particular. The desirable location and proximity of the LGA, together with the upward pressure on property prices from urban renewal and stagnation of wages is expected to cause further declines in affordability over future decades. This will lead to increased demand for Affordable and Social Housing.<sup>1,2</sup>

The lack of affordable rental housing will have the effect of displacement within the City of Canada Bay, with low-moderate income earners at risk of being forced away from the area. This would lead to a less diverse community, the migration of young people to other areas and a reduced labour force of key workers available to support the local economy.<sup>3</sup>

One of the key findings of The City of Canada Bay's Housing Strategy is that housing in the LGA is becoming less affordable- particularly for young families moving into larger dwellings with more than two bedrooms.<sup>4</sup>

## Affordable and Social Housing Demand<sup>5</sup>

The Housing Strategy describes households who are in need of affordable housing as those who, due to financial stress (and potentially other reasons), are either:

- Unable to access market housing (including homeless persons)
- Have low household incomes and spend a high proportion of this income on rent (i.e. are experiencing rental stress)<sup>6</sup>

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<sup>1</sup> SGS Economics and Planning for City of Canada Bay Council (2019) Canada Bay Housing Strategy.

<sup>2</sup> AEC for City of Canada Bay Council (2019) Affordable Housing Program Parramatta Road Corridor.

<sup>3</sup> Affordable Housing Discussion Paper and Action Plan- Warringah Council (2015) in Hill PDA (2017 Affordable Housing Program Rhodes East)

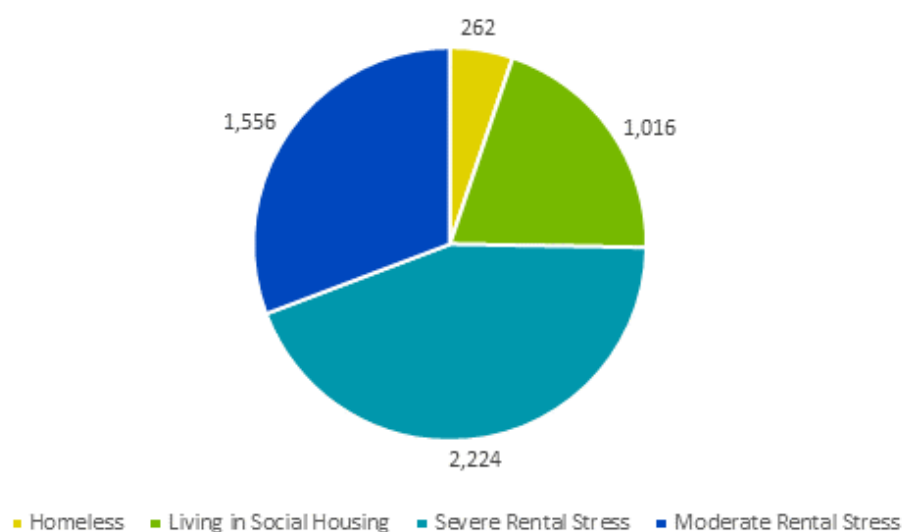
<sup>4</sup> SGS Economics and Planning for City of Canada Bay Council (2019) Canada Bay Housing Strategy.

<sup>5</sup> Information in this section from SGS Economics and Planning for City of Canada Bay Council (2019) Canada Bay Housing Strategy.

<sup>6</sup> This definition excludes those who are homeowners and are experiencing mortgage stress. This cohort is typically excluded, as these households have the option of liquidating their asset and entering the rental market. (source: SGS Economics and Planning 2019).

Research undertaken by SGS Economics and Planning for the Housing Strategy found that at the time of the last Census, 42% of households renting in the City of Canada Bay LGA experienced rental stress (paying more than 30% of household income on rent). Of the 3,780 households currently experiencing rental stress, 2,224 are experiencing severe rental stress (paying more than 50% of household income on rent). This has a significant impact on lower income households, including key workers, sole parents, older persons and students.

This level of rental stress translated to a demand for 5,058 social and affordable housing dwellings within Canada Bay, illustrated in Figure 1.4 below: The current 1,016 Canada Bay households living in social housing also contributes to this demand.



**Figure 1.4: Current Demand (by number of households) for Social and Affordable Housing**

Source: ABS Census 2016, ABS Homelessness Estimate (Cat. 2049.0), SGS Economics & Planning 2018

Over the 20-year period spanning from 2016 to 2036, the City of Canada Bay is expected to accommodate a high level of population growth, with the population predicted to increase from approximately 88,000 in 2016 to 120,000 in 2036.

Demand for social and affordable housing is expected to grow by approximately 770 dwellings to 2026 and up to 1,997 additional dwellings between 2016 and 2036. When added to current demand, this results in a total demand of 7,056 dwellings (i.e. 14% of all dwellings in Canada Bay). This represents an average annual growth rate of 1.7%, compared to an annual growth of 1.5% across NSW.<sup>7</sup>

In addition to population growth pressures, the redevelopment of land in urban renewal precincts such as Rhodes Planned Precinct and the Parramatta Road Corridor is likely to place upward pressure on property values. Unless there is intervention to support the provision of designated affordable housing, urban renewal is likely to push already high purchase prices and rents further out of reach of very low to moderate income households.

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<sup>7</sup> Ibid

## Current supply of affordable housing<sup>8</sup>

In 2016, Canada Bay had a stock of 1,187 social and affordable housing dwellings. Of these, the majority (816) were public housing dwellings, 331 were community housing dwellings and 40 were National Rental Affordability Scheme (NRAS) dwellings (SGS Economics and Planning). It is noted that NRAS is currently being phased out by the Australian Government.

When considering this supply against current demand, SGS found that in 2016, there was consequently a shortfall of 3,871 affordable and social dwellings in the Canada Bay LGA.

## 1.7 Legislative basis for Affordable Housing Contributions

Section 7.32 of the Environmental Planning and Assessment Act (EP& A Act) allows Council to levy contributions for affordable housing if a State Environmental Planning Policy (SEPP) identifies a need for affordable housing in the LGA.

In April 2018, State Environmental Planning Policy No 70 – Affordable Housing (Revised Schemes) (SEPP 70) was amended to apply to the City of Canada Bay. The SEPP provides a mechanism for Councils to develop schemes and levy developer contributions for affordable housing via conditions of consent. The SEPP now applies to all Councils in the Greater Sydney Region.

Under Section 7.32(3)(b) of the EP&A Act, any condition imposed on a development consent must be authorised by a Local Environmental Plan (LEP) and be in accordance with an affordable housing contribution scheme for dedications or contributions set out in, or adopted by, the LEP.

Clause x.xx of the City of Canada Bay LEP 2013 (Amendment x 2020) authorises this AHCS, as follows:

### Part 6 Local Provisions- Division x

#### x.11 Contribution for purpose of affordable housing

(1) The objectives of this clause are as follows:

- (a) Ensure that affordable housing is provided to mitigate the impact on housing affordability for very low to moderate income households; and
  - (b) Recognise affordable housing as critical social infrastructure necessary to support economic and social functions of commercial, retail and community uses.
- (2) The consent authority may, when granting consent to the carrying out of development (other than development that is excluded development) on land mapped in its Affordable Housing Contribution Scheme, impose a condition requiring a contribution equivalent to the **affordable housing contribution**, being:
- (a) as prescribed for each location by the Affordable Housing Contributions Scheme, a percentage of the total gross floor area of the development that is intended to be used for residential purposes, or
  - (b) where permitted by the Affordable Housing Contributions Scheme, a percentage of any **additional** floor area created by the development that is intended to be used for residential purposes.

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<sup>8</sup> Information sourced from <sup>8</sup>SGS Economics and Planning for City of Canada Bay Council (2019) Canada Bay Housing Strategy.

- (3) The floor area of any excluded development is not to be included as part of the total floor area of a development for the purposes of calculating the applicable affordable housing levy contribution.
- (4) A condition imposed under this section must permit a person to satisfy the affordable housing levy contribution:
  - (a) by way of a dedication in favour of the Council of gross floor area comprising one or more dwellings (each having a total floor area of not less than 50 square metres) with any remainder being paid as a monetary contribution to the Council, or
  - (b) if the person so chooses, by way of a monetary contribution to the Council.
- (5) The rate at which a monetary contribution is to be taken to be equivalent to floor area for the purposes of this clause is to be calculated in accordance with the City of Canada Bay Affordable Housing Contributions Scheme adopted by the Council xxxxxx 2019.  
**Note:** The Scheme is available from Council's website: [www.canadabay.nsw.gov.au](http://www.canadabay.nsw.gov.au).
- (5) To avoid doubt:
  - a) it does not matter whether the floor area, to which a condition under this clause relates, was in existence before, or is created after, the commencement of this clause, or whether or not the floor area concerned replaces a previously existing area, and
  - (b) the demolition of a building, or a change in the use of land, does not give rise to a claim for a refund of any contribution.
- (6) In this clause—  
**excluded development** means the following:
  - (a) exempt development
  - (b) Development for non-residential floorspace (unless identified as adaptable floor space under the scheme)
  - (c) development for the purposes of residential accommodation that will result in the creation of less than 200 square metres of gross floor area,
  - (d) development for the purposes of residential accommodation that is used to provide affordable housing or public housing,
  - (e) development for the purposes of community facilities, schools, public roads or public utility undertakings,
  - (f) development on land in Zone IN1 General Industrial.
  - (g) refurbishment or repair of a building that results in additional residential floorspace less than 100 sqm

## 1.8 Relationship to other affordable housing provisions in the LGA

### City of Canada Bay Local Environmental Plan 2013 (as amended xxx)

The Affordable Housing Contributions Scheme is affected by the inclusionary zoning provisions in the City of Canada Bay Local Environmental Plan 2013 (as amended xxx) which are authorised under the Environmental Planning and Assessment Act 1979 and State Environmental Planning Policy No. 70 Affordable Housing (Revised Schemes).

Under these provisions all residential development in the nominated locations (unless excluded) is required to provide affordable housing contributions. This can be achieved by dedicating affordable housing dwellings on-site or by a monetary contribution or by land dedication of suitable land to Council.

## City of Canada Bay Local Strategic Planning Statement

The City of Canada Bay Local Strategic Planning Statement sets out the following affordable housing provisions:

- Action 2.1 includes Council's intention for 5% of new housing to be provided as affordable housing in the Rhodes Peninsula.
- Action 5.1 states that an Affordable Housing Contributions Scheme will be prepared for the Parramatta Road Corridor.
- Action 5.5 requires a minimum of 5% of the Gross Floor Area of new development to be dedicated as affordable housing for: Planned Precincts; Parramatta Road Corridor precincts; and where there is an increase in density arising from a planning proposal. It also states that 'an affordable housing contribution plan is required before the rezoning of above precincts/sites.

The targets outlined in the Local Strategic Planning Statement are subject to detailed viability testing. Viability testing undertaken to inform the Affordable Housing Contributions Scheme has shown that it is not viable to require the 5% target contribution within the Parramatta Road Corridor, therefore a 4% contribution requirement will be applied, to be reviewed and amended in future, if conditions change and the 5% target is found to be viable.

## Voluntary Planning Agreements

Council has a Planning Agreements Policy which sets out its policy, principles and procedures relating to planning agreements under section 7.4 of the Environmental Planning and Assessment Act 1979.

The minimum requirements for affordable housing as set out in this AHCS will apply to applicable development regardless whether a Voluntary Planning Agreement is negotiated with Council. In some instances, contributions additional to Affordable Housing will be negotiated and required in a Voluntary Planning Agreement.

Where Council is negotiating the terms of a proposed planning agreement that includes provision for affordable housing in connection with a development application or proposed development application, it will follow the requirements set out in Environmental Planning and Assessment (Planning Agreements) Ministerial Direction 2019.

## City of Canada Bay Affordable Housing Policy

The City of Canada Bay Affordable Housing Policy provides a set of principles and clarifies the intent of Council's involvement in affordable housing. The principles are:

- Council supports the production of affordable housing stock; whether through inclusionary zoning, voluntary planning agreements or working with developers to encourage appropriately designed affordable housing
- Council aims to provide increased flexibility for a diverse range of housing types and sizes for varying stages of life. Council may achieve this by updating the LEP and DCP following detailed community engagement and analysis in order to understand needs

- Council undertakes the role of advocacy, and where possible, undertake mitigation to reduce further loss to affordable housing stock

It also provides management guidelines for the ongoing operation of affordable housing units owned by Council.

### **Rezoning Review – RR\_2019\_CANAD\_001\_00**

On 31 March 2020, the Sydney Eastern City Planning Panel considered a rezoning review for 160 Burwood Road, Concord (Bushell's site). This site is an affordable housing contribution area (figure 1.3 above). The panel recommended that the planning proposal proceed to Gateway and that certain matters be attached as conditions of any such Gateway determination, including that:

- satisfactory arrangements be in place prior to the instrument being made to allow for, at least, the maintenance on the site of a minimum of 10% affordable housing to be provided in perpetuity.

Appendix B – Affordable Housing Viability Assessment presents Council's viability testing undertaken to support this Affordable Housing Contribution Scheme. The testing found that a contribution rate of 5% was feasible for 160 Burwood Road, Concord. The contribution rates were premised on an equivalent monetary contribution of affordable housing.

Appendix D - 160 Burwood Rd Affordable Housing Contributions and Feasibility Testing sets out in more detail the feasibility options for the site, at 5% and 10% and with FSRs of 1.1:1 and 1.25:1. The testing found that an affordable housing contribution of 10% is possible where apartments are dedicated in kind.

## **1.9 Affordable housing principles**

In addition to those principles provided in the City of Canada Bay Affordable Housing Policy, the AHCS will be managed in accordance with the following principles set out in SEPP 70:

1. Where any of the circumstances described in section 7.32 (1) (a), (b), (c) or (d) of the Act occur, and a State Environmental Planning Policy or Local Environmental Plan authorises an affordable housing condition to be imposed, such a condition should be imposed so that mixed and balanced communities are created.
2. Affordable housing is to be created and managed so that a socially diverse residential population representative of all income groups is developed and maintained in a locality.
3. Affordable housing is to be made available to very low, low or moderate income households, or any combination of these.
4. Affordable housing is to be rented to appropriately qualified tenants and at an appropriate rate of gross household income.
5. Land provided for affordable housing is to be used for the purpose of the provision of affordable housing.
6. Buildings provided for affordable housing are to be managed so as to maintain their continued use for affordable housing.
7. Rental from affordable housing, after deduction of normal landlord's expenses (including management and maintenance costs and all rates and taxes payable in connection with the

dwellings), is generally to be used for the purpose of improving or replacing affordable housing or for providing additional affordable housing.

8. Affordable housing is to consist of dwellings constructed to a standard that, in the opinion of the consent authority, is consistent with other dwellings in the vicinity.

## 1.10 Definitions

<b>Affordable Housing</b>	As defined by Environmental Planning and Assessment Act 1979: means housing for very low-income households, low income households or moderate-income households, being such households as are prescribed by the regulations or as are provided for in an environmental planning instrument.
<b>Affordable Rental Housing</b>	Is affordable rental housing that is owned by the City of Canada Bay that is managed by a registered Community Housing Provider and rented to very low, low and moderate income households.
<b>Contribution rate</b>	The contribution rate that is used in the calculation of the monetary contribution for a relevant development and is annually adjusted to take into account indexation.
<b>Dwelling in-kind</b>	Dedication to the City of Canada Bay of affordable housing on-site
<b>Gross Floor Area (GFA)</b>	As defined by Canada Bay Local Environmental Plan 2013: The sum of the floor area of each floor of a building measured from the internal face of external walls, or from the internal face of walls separating the building from any other building, measured at a height of 1.4 metres above the floor, and includes: a) the area of a mezzanine, and b) habitable rooms in a basement or an attic, and c) any shop, auditorium, cinema, and the like, in a basement or attic,  but excludes: d) any area for common vertical circulation, such as lifts and stairs, and e) any basement: f) storage, and g) vehicular access, loading areas, garbage and services, and h) plant rooms, lift towers and other areas used exclusively for mechanical services or ducting, and i) car parking to meet any requirements of the consent authority (including access to that car parking), and j) any space used for the loading or unloading of goods (including access to it), and k) terraces and balconies with outer walls less than 1.4 metres high, and l) voids above a floor at the level of a storey or storey above.
<b>Housing affordability</b>	Refers to the relationship between expenditure on housing cost (whether a mortgage payment or a rental payment) and household incomes. A common benchmark measure is no more than 30% of gross household income is spent on housing costs.



<b>Inclusionary zoning</b>	A planning intervention by government that mandates a certain proportion of development is required (or included) as affordable housing dwellings as a condition of planning consent. This mandatory requirement is specified as a certain proportion of affordable housing to be 'included' within the development.
<b>In-lieu contribution</b>	Contribution rates for monetary contributions in lieu of affordable housing units. The Contribution Rate is expressed as dollar amount of affordable housing required. A contribution in-lieu of (instead of) cash could be made in-kind, whether as a contribution of land or contribution of completed dwellings.
<b>Land in-kind</b>	Dedication to the City of Canada Bay of land for affordable housing
<b>Low, very low &amp; moderate income households</b>	As defined in State Environmental Planning Policy 70 Affordable Housing (Revised Schemes), Very low to moderate income households are those households whose gross incomes fall within the following ranges of percentages of the median household income for the time being for the Sydney Statistical Division according to the Australian Bureau of Statistics: <ul style="list-style-type: none"> <li>• Very low-income household &lt; 50%</li> <li>• Low income household 50% -80%</li> <li>• Moderate income household 80% to 120%</li> </ul>
<b>Registered Community Housing Provider</b>	Community housing providers who are registered under the National Regulatory System of Community Housing. In NSW a community housing provide must be registered by the Registrar of Community Housing to receive assistance from the Department of Family and Community Services or the NSW Land and Housing Corporation.
<b>Net Saleable Area (NSA)</b>	A term used for residential property which refers to the internal floor area including internal walls, mezzanines, bathrooms and hallways but excludes common spaces and uncovered areas such as balconies, patios and verandahs.

## SECTION 2: AFFORDABLE HOUSING CONTRIBUTIONS

### 2.1 Contribution rates

Affordable housing contributions are in addition to other contributions including local infrastructure contributions (s7.11 or s7.12) and special infrastructure contributions (Subdivision 4 of the Act).

All development in the Affordable Housing Contribution Areas must contribute to affordable housing, required through a condition of development consent. Contributions must meet the following requirements:

- A contribution is to be calculated in accordance with the requirements of this section. There are no savings or credits for floor space that may exist on the site, even if the building is being adapted or reused.
- If the contribution is less than 50 sqm then it must be made as a monetary contribution.
- A contribution in some instances may comprise a combination of in-kind dedication and monetary contribution.
- Adaptable floor area (from existing commercial/industrial to residential) is calculated in the total residential gross floor area for the purpose of calculating an affordable housing contribution.
- In all instances Council will require evidence that the condition of consent has been satisfied prior to the granting of a Construction Certificate.

The rates of affordable housing contributions required under the AHCS are as follows:

#### Rhodes East Affordable Housing Contribution Areas

**Rhodes East Affordable Housing Contribution Area:** 5% of the total gross floor area that is to be used for residential uses.

#### Parramatta Road Corridor Affordable Housing Contribution Areas:

- **Kings Bay Affordable Housing Contribution Area** - 4% of the total gross floor area that is to be used for residential uses.
- **Burwood Affordable Housing Contribution Area** - 4% of the total gross floor area that is to be used for residential uses.
- **Homebush Affordable Housing Contribution Area** - 4% of total gross floor area (except for 3 King St and 176 George Street in Concord West where 5% of additional gross floor area applies)<sup>9</sup>

#### 160 Burwood Road, Concord Affordable Housing Contribution Area:

**160 Burwood Road, Concord:** 10% of the total gross floor area that is to be used for residential uses.

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<sup>9</sup> The affordable housing contributions rates in the Homebush Scheme Area are different for the sites at 3 King St and 176 George St, West Concord, as these are subject to negotiated Voluntary Planning Agreements where an agreement was made that 5% of additional gross floor area would be required as affordable housing contributions.

A detailed justification for the above rates and description of the viability testing for each of the locations can be found in Appendix B.

There are three methods by which a contribution requirement may be satisfied:

- Dedication of completed dwellings (refer section 2.2);
- Making an equivalent monetary contribution (refer section 2.3); or
- Contribution of land for affordable housing (refer section 2.4).

When submitting a DA, the documentation should confirm which method of contribution is proposed.

## **2.2 Dedication of dwellings**

The affordable housing contribution requirement may be satisfied through the dedication of completed dwellings free of cost, and to the satisfaction of Council. The completed dwellings must be purposed as affordable rental dwellings and meet the following requirements:

- Align with the affordable housing principles in Section 1. 7.
- The location, size and quality of the affordable housing dwellings are to be to the satisfaction of Council and its nominated Community Housing Provider (CHP) and generally consistent with the standard of new housing in the LGA. They should not be distinguishable from market housing within the LGA. If not to its satisfaction, Council may require the contribution to be satisfied by way of an equivalent monetary contribution.
- Completed dwellings (and land) are dedicated to Council in perpetuity and free of cost. Council or its Community Housing Provider will be responsible for rental arrangements.
- Total gross floor area (GFA) exceeds 50sqm. If the GFA is less than 50sqm, a monetary contribution will instead be payable (as described in section 2.3 of the Scheme).
- The internal living space (net saleable area, NSA) of the competed dwellings is to be a similar efficiency ratio to the overall residential dwellings.
- The dwellings shall meet the minimum sustainability and energy-efficiency requirements set out in the City of Canada Bay LEP and DCP.
- Where only part of a contribution is satisfied through dedication of completed dwellings, any remaining requirement is to be paid as a monetary contribution.

**CALCULATING DWELLING CONTRIBUTION FOR 5% RATE (APPLIES TO RHODES EAST, 3 KING ST AND 176 GEORGE STREET, CONCORD WEST AFFORDABLE HOUSING CONTRIBUTION AREAS)**

*For 3 King St and 176 George Street in Concord West: GFA refers to additional gross floor area.*

**Calculating the Contribution -Residential development**

**Calculation:** Gross floor area x 5% = required affordable housing square metre provision.

*(3 King St and 176 George Street in Concord West: Additional gross floor area x 5% = required affordable housing square metre provision)*

**Example:** A development application for a new residential development comprising 8,000 square metres of GFA.

$$\begin{aligned} &= 8,000\text{sqm} \times 5\% \\ &= 400\text{sqm affordable housing GFA required to be dedicated} \end{aligned}$$

**Calculating the Contribution -Mixed-use development**

**Calculation:** Total GFA - non-residential GFA = residential GFA

**Residential GFA x 5% = required affordable housing square metre provision**

**Example:** A development application for a new 8,000sqm mixed use development comprising 7,000sqm of residential GFA and 1,000sqm of non-residential GFA.

$$\begin{aligned} &= 8,000\text{sqm} - 1,000\text{sqm} = 7,000\text{sqm Residential GFA} \\ &= 7,000\text{sqm} \times 5\% \\ &= 350\text{sqm affordable housing GFA required to be dedicated} \end{aligned}$$

**Calculating the Contribution -Adaptable Use**

A change of use of an existing non-residential use to a residential use would attract an affordable housing contribution.

Affordable Housing contribution provision:

$$\begin{aligned} &= \text{contribution rate} \times \text{converted residential gross floor area} \\ &= \text{CR} \times \text{RGFA} \end{aligned}$$

**Example:** A development application for a conversion of a of an existing 2,000 SQM commercial/industrial space to residential GFA.

$$\begin{aligned} &2,000\text{sqm of converted GFA} \\ &= 2,000\text{sqm} \times 5\% \\ &= 100 \text{sqm affordable housing GFA required to be dedicated} \end{aligned}$$

### **CALCULATING DWELLING CONTRIBUTION FOR 4% RATE (APPLIES TO HOMEBUSH\*, BURWOOD-AND KINGS BAY AFFORDABLE HOUSING CONTRIBUTION AREAS)**

*\*Excluding 3 King St and 176 George Street in Concord West.*

#### **Calculating the Contribution -Residential development**

**Calculation:** Gross floor area x 4% = required affordable housing square metre provision.

**Example:** A development application for a new residential development comprising 8,000 square metres of GFA.

$$\begin{aligned} &= 8,000\text{sqm} \times 4\% \\ &= 320 \text{ sqm affordable housing GFA required to be dedicated} \end{aligned}$$

#### **Calculating the Contribution -Mixed-use development**

**Calculation:** Subtract the non-residential gross floor area from the total building gross floor area to determine the residential gross floor area

Therefore: **Total GFA - non-residential GFA = residential GFA**

**Residential GFA x 4% = required affordable housing square metre provision**

**Example:** A development application for a new 8,000sqm mixed use development comprising 7,000sqm of residential GFA and 1,000sqm of non-residential GFA.

$$\begin{aligned} &= 8,000\text{sqm} - 1,000\text{sqm} = 7,000\text{sqm Residential GFA} \\ &= 7,000\text{sqm} \times 4\% \\ &= 280 \text{ sqm affordable housing GFA required to be dedicated} \end{aligned}$$

#### **Calculating the Contribution -Adaptable Use**

A change of use of an existing non-residential use to a residential use would attract an affordable housing contribution.

Monetary contribution provision:

$$\begin{aligned} &= \text{contribution rate} \times \text{converted residential gross floor area} \\ &= \text{CR} \times \text{RGFA} \end{aligned}$$

**Example:** A development application for a conversion of a of an existing 2,000 SQM commercial/industrial space to residential GFA.

$$\begin{aligned} &2,000\text{sqm of converted GFA} \\ &= 2,000\text{sqm} \times 4\% \\ &= 80\text{sqm affordable housing GFA required to be dedicated} \end{aligned}$$

*\*If the dedication of dwellings is in deficit of more than 1 sqm, the full balance of the GFA is paid as a monetary contribution using the methodology detailed in section 2.3.*

*If the dedication of dwellings exceeds the gross floor area required, the amount is not recoverable by the developer. Each affordable housing dwelling is required to have a gross floor area of 50sqm or greater.*

Where dedication of dwellings exceeds the GFA requirement, there is no offset available against other contributions.

### **CALCULATING DWELLING CONTRIBUTION FOR 10% RATE (APPLIES TO 160 BURWOOD ROAD, CONCORD AFFORDABLE HOUSING CONTRIBUTION AREAS)**

*For 160 Burwood road, Concord: GFA refers to additional gross floor area.*

#### **Calculating the Contribution -Residential development**

**Calculation:** Gross floor area x 10% = required affordable housing square metre provision.

*(160 Burwood Road, Concord: Additional gross floor area x 10% = required affordable housing square metre provision)*

**Example:** A development application for a new residential development comprising 8,000 square metres of GFA.

$$\begin{aligned} &= 8,000\text{sqm} \times 10\% \\ &= 800\text{sqm affordable housing GFA required to be dedicated} \end{aligned}$$

#### **Calculating the Contribution -Mixed-use development**

**Calculation:** Total GFA - non-residential GFA = residential GFA

**Residential GFA x 10% = required affordable housing square metre provision**

**Example:** A development application for a new 8,000sqm mixed use development comprising 7,000sqm of residential GFA and 1,000sqm of non-residential GFA.

$$\begin{aligned} &= 8,000\text{sqm} - 1,000\text{sqm} = 7,000\text{sqm Residential GFA} \\ &= 7,000\text{sqm} \times 10\% \\ &= 700\text{sqm affordable housing GFA required to be dedicated} \end{aligned}$$

#### **Calculating the Contribution -Adaptable Use**

A change of use of an existing non-residential use to a residential use would attract an affordable housing contribution.

Affordable Housing contribution provision:

$$\begin{aligned} &= \text{contribution rate} \times \text{converted residential gross floor area} \\ &= \text{CR} \times \text{RGFA} \end{aligned}$$

**Example:** A development application for a conversion of a of an existing 2,000 SQM commercial/industrial space to residential GFA.

$$\begin{aligned} &2,000\text{sqm of converted GFA} \\ &= 2,000\text{sqm} \times 10\% \\ &= 200 \text{sqm affordable housing GFA required to be dedicated} \end{aligned}$$

## 2.3 Equivalent monetary contribution

Where a monetary contribution is to be made in lieu of the on-site dedication of completed dwellings, an equivalent monetary contribution will be made and indexed annually and the contribution rate will be reviewed periodically. The monetary contribution and sample calculations are outlined below.

The contribution rate (CR) to be used for each affordable housing contribution area is:

<b>Affordable housing contribution area</b>	<b>Contribution rate (% RATE)</b>	<b>Contribution rate /sqm GFA (CR)</b>
Rhodes East	5%	\$488.75
Homebush, Burwood, Kings Bay precincts	4%	\$430.70
3 King St and 176 George Street in Concord West	5% additional	\$538.35
160 Burwood Road, Concord	10%	\$578.00

## **CALCULATING DWELLING CONTRIBUTION – APPLIES TO ALL AFFORDABLE HOUSING CONTRIBUTION AREAS**

### **Calculating the Contribution -Residential development**

**Calculation:** Gross Floor Area x Contribution rate = required affordable housing square metre provision (CR).

*(For 3 King St and 176 George Street in Concord West, Additional Gross Floor Area x 5% = required affordable housing square metre provision.)*

= Contribution rate multiplied by gross floor area

= CR x GFA

**Example:** A development application for a new residential development comprising 8,000 square metres of GFA in Rhodes East.

= CR x GFA

= \$538.35 x 8,000sqm

**Total payable contribution = \$4,306,800.00**

### **Calculating the Contribution -Mixed-use development**

**Calculation:** Subtract the non-residential gross floor area from the total building gross floor area to determine the residential gross floor area

Therefore: **Total GFA - non-residential GFA = residential GFA**

Monetary contribution provision:

= contribution rate x residential gross floor area

= CR x RGFA

**Example:** A development application in Rhodes East for a new 8,000sqm mixed use development comprising 7,000sqm of residential GFA and 1,000sqm of non-residential GFA.

= 8,000sqm - 1,000sqm = 7,000sqm Residential GFA

= 7,000sqm x CR (\$488.75 for Rhodes East)

**Total payable contribution = \$3,421,250.00**

### **Calculating the Contribution -Adaptable Use**

A change of use of an existing non-residential use to a residential use would attract an affordable housing contribution.

Monetary contribution provision:

= contribution rate x converted residential gross floor area

= CR x RGFA

**Example:** A development application in Rhodes East for a conversion of an existing commercial/industrial space to residential GFA.

1,000sqm of converted GFA

= 1,000sqm x \$488.75

**Total payable contribution = \$488,750.00**



The monetary contribution amount is reviewed and indexed on an annual basis with reference to NSW Family and Community Services Sales and Rent Reports, which are updated and issued quarterly. The updated Contributions rates will be provided on Council's website.

## 2.4 Dedication of Land

The acceptability of land for dedication (as an alternative to dedication of dwellings or monetary contribution) is subject to Council's discretion and approval, in consultation with the community housing sector and Council's partner CHP. The following requirements are identified to guide the assessment of suitability.

- Minimum area of 800sqm
- Within 5-min walking catchment (400m) of bus station or 10-min walking catchment (800m) of train station
- Not be subject to environmental constraints, in particular:
  - Be of residential building quality, not contaminated or require remediation
  - Be of good quality building land, not subject to flooding or flood constraints
- Have access, locational and site characteristics comparable to the proposed residential development.

The value of the dedicated land (assuming the associated floorspace potential is not transferred/ realised elsewhere on the site) should be equivalent to the monetary contribution calculated under the AHCS.

If the floorspace potential of the dedicated land is able to be transferred and developed elsewhere on the site, the land should be dedicated to Council at nominal cost (\$200/sqm to cover cost of legal and administrative matters) and a monetary contribution will still be required for affordable housing.

If the floorspace potential of the dedicated land is not transferred and developed elsewhere on the site, the expertise of a valuer/ land economist is required. In this circumstance, the following steps are relevant for the dedication of land as a contribution.

- Assess if the land to be dedicated meets with the identified requirements
- If land is suitable for dedication, identify the proposed land in a subdivision plan to be approved by Council
- Calculate the equivalent monetary contribution payable
- Obtain independent valuation of land to be dedicated
- If the assessed land value is less than the equivalent monetary contribution payable, subject to acceptability by Council, pay the difference in monetary contribution.

If the assessed land value exceeds the equivalent monetary contribution, no offset or refund is applicable.

A development application must include the following information:

- The quantum and location of land to be dedicated and any residual amount for which a monetary contribution is required
- Identify on the subdivision plans the land proposed for dedication
- Demonstrate the value of the land to be dedicated against the equivalent monetary contribution

- Demonstrate the appropriateness of the land proposed for dedication with reference to the principles of the AHCS.

### CALCULATING LAND DEDICATION CONTRIBUTION (Equivalent Monetary Contribution Payable)

**Contribution rates:** In 2019, Contribution rate/sqm GFA (CR) was equivalent to % contribution

Affordable Housing Contribution Area	Contribution rate /sqm GFA (CR)
Rhodes East	\$488.75
Homebush, Burwood, Kings Bay precincts	\$430.70
3 King St and 176 George Street in Concord West	\$538.35
160 Burwood Road, Concord	\$578.00

### Calculating the Contribution -Residential development

**Example:** A development in the Kings Bay Precinct proposes new residential floorspace of 4,000sqm GFA. The affordable housing contribution rate of 4% is applied to the residential GFA as follows:

4,000sqm GFA x 4% = 160sqm GFA to be completed and dedicated as affordable housing

An equivalent monetary contribution of \$1,722,800 (4,000sqm x \$430.70) is required.

If contribution through land dedication is proposed, consideration should be given to whether the floorspace potential associated with the dedicated land can be transferred and developed elsewhere on the site, or if the floorspace potential is foregone with the land that is dedicated.

These two scenarios are illustrated below:

- Scenario 1 - floorspace potential cannot be transferred/ developed elsewhere
  - If the land proposed for dedication is valued at \$2,000,000, its value exceeds the equivalent monetary contribution of \$1,722,720 required. If accepted for dedication, no offset or refund is applicable.
  - If the land proposed for dedication is valued at \$1,500,000, its value is less than the equivalent monetary contribution of \$1,722,720 required. A monetary contribution of \$222,720 is required.
- Scenario 2 - floorspace potential can be transferred and developed elsewhere on the site
  - In this example, the land should be transferred to Council at nominal cost (\$200/sqm) and a monetary contribution (\$1,722,720) made.
  - If the land proposed for dedication measured 800sqm, a monetary contribution of \$1,562,720 would be required, calculated below:

$$= \$1,722,720 - \$160,000 (800\text{sqm} \times \$200/\text{sqm})$$

$$= \$1,562,720$$

## 2.5 Development that is exempt from the affordable housing contribution scheme

The following development is exempt from the AHCS:

- a) Development for non-residential floorspace (unless identified as adaptable floor space)
- b) Exempt development
- c) A dwelling house that results in the creation of less than 200sqm of residential floor space;
- d) Refurbishment or repair of a building that results in additional residential floorspace less than 100 sqm
- e) Development for the purposes of affordable housing or social housing
- f) Development of community facilities, public roads or public utility undertakings.

The justification for granting exemptions to these development categories is:

- In the case of a) and f), above, the development of non-residential floorspace and community facilities, public roads or public utility undertakings are excluded from affordable housing levies. This is because they are considered to have community value due to their ability to accommodate jobs (commercial or community development) and/ or community services (community facilities).
- In the case of b), c), and d), the works are considered to be of a minor nature and imposition of an affordable housing levy is considered an unfair burden in such minor circumstances.
- In the case of e), development for the purposes of affordable or social housing will already contribute substantially to the aims of the AHCS.

## 2.6 Conditions of consent for affordable housing

Council will levy developer contributions for affordable housing via conditions of consent.

The condition of consent must include the following information:

- a) The total residential gross floor area of the development that was used to calculate the contribution or the monetary contribution required.
- b) the different floor areas that can contribute to the total contribution amount (this only applies in instances where rates differ between development types or between commercial and residential floor space)
- c) the relevant contribution rates
- d) the indexation period at time of determination (for any monetary contributions).
- e) a requirement to demonstrate that the title of any dwellings will be transferred to a community housing provider or council prior to the granting a Construction Certificate.
- f) a requirement to make any monetary payment at a specified time or stage in the development application process
- g) a requirement that any dwellings that will be dedicated are shown on approved plans in the same development application and referenced in the affordable housing condition.
- h) The dedicated affordable housing is to be constructed to a standard which in the opinion of Council is consistent with other dwellings in the development.
- i) If a staged development, affordable housing must be provided at each stage.

## **SECTION 3: ADMINISTRATION AND IMPLEMENTATION**

### **3.1 How to make a contribution**

All development to which this AHCS applies (other than development excluded by Canada Bay LEP 2013) is required to provide affordable housing. This requirement will be by way of a condition of development consent.

There are three different ways to make the required affordable housing contribution. The first is the dedication of affordable housing dwellings to Council. Secondly where it is not possible or practical for affordable housing to be dedicated an equivalent monetary contribution can be made. The third and least preferred is the dedication of land and is expected to apply in exceptional situations.

A contribution requirement forms part of a development consent. Council will require evidence that the affordable housing contribution requirement is satisfied prior to granting of any construction certificate or complying development certificate. Where no construction certificate is required, evidence that the affordable housing contribution requirement is satisfied will be required by Council before commencement of use/occupation.

The Scheme also includes a methodology for the dedication of land, however it is expected that this approach would only occur in exceptional circumstances.

#### **Dedicating affordable housing dwellings**

Where affordable housing is proposed to be dedicated on site, the applicant must transfer the titles of the dwellings to Council. An agreement to transfer the titles must be made and evidence provided to Council prior to the granting of a Construction Certificate.

Council must be satisfied that the nominated dwellings achieve the affordable housing principles and design details as set out in this Scheme. Where appropriate Council will seek comment from the Community Housing Provider to ensure this.

Council and the Community Housing Provider (as appropriate) will also consider the suitability of the proposed dedication and quantum of dwellings from an operational perspective, that is, the cost implications of management and maintenance.

The affordable housing contribution will be satisfied when the title is transferred to Council prior to issue of an Occupancy Certificate.

#### **Paying a monetary contribution**

Where an applicant is to make a monetary contribution towards affordable housing the amount of the contribution will be specified in the condition of development consent. The contribution must be paid to Council prior to the issue of any Construction Certificate.

If the applicant is unable to pay the monetary contribution at Construction Certificate stage, evidence must be provided to Council to this effect and arrangements made for Council to secure payment such as a Bank Guarantee or equivalent at a later stage in the development period.

### Dedicating land

Where land is proposed to be dedicated as a contribution, Council will ensure the proposed land satisfies Council's requirements and refer the application to a preferred CHP for comment.

Council will undertake an assessment of the appropriateness of land proposed for dedication with reference to the affordable housing principles and comment received from the preferred CHP.

### 3.2 Indexing of payments

Contribution rates will be adjusted quarterly within one week of the first of March, June, September and December, to ensure that the contributions reflect the costs associated with the provision of affordable housing over time. Rates will be adjusted with reference to movement in the median price for strata dwellings in the City of Canada Bay LGA. All monetary contributions must be indexed at the time of payment to ensure funds received will cover the full costs of delivering the required affordable housing contributions.

The median strata price is published quarterly in the NSW Government Rent and Sales Report, Table: Sales Price - Greater Metropolitan Region - Strata.

The formula for the adjustment is:

$$\text{Next Quarter's Contribution Rate} = \text{Current Contribution Rate} \times (\text{MDP2}/\text{MDP1})$$

Where:

**MDP1** is the median strata dwelling price for the PREVIOUS quarter

**MDP2** is the median strata dwelling price for the CURRENT quarter

The City of Canada Bay's website will display the current rates for the AHCS.

### 3.3 Processes for the distribution and management of funds

Contributions will be pooled and managed by Canada Bay Council or its nominated Community Housing Provider until there is sufficient funding available to issue a tender or request for expressions of interest. Any financial return resulting from the management of funds in waiting is to be used for the purpose of developing affordable housing in accordance with this Scheme.

Rental income received from affordable housing stock will be managed in accordance with the terms outlined in Council's Affordable Housing policy. This will ensure returns are re-invested in affordable housing stock in the form of property maintenance and renewal and replacement.

### 3.4 Registered community housing providers and delivery program

Affordable Housing properties acquired or achieved under this AHCS or by any other means, are to be transferred in property title to the City of Canada Bay Council. Alternatively, the City of Canada Bay Council may nominate a Community Housing Provider, to which the property title is transferred.

Council will outsource the management of the affordable housing contributions and dwellings to a Housing Manager with demonstrated experience and expertise in the management of affordable housing. Selection of the Housing Manager to manage the dwellings will be conducted in accordance with Council's Procurement Policy. Council will enter into a management agreement for the affordable rental housing dwellings with the successful Housing Manager following the selection process.

A Council inter-departmental Affordable Housing Steering Committee will be involved in the ongoing management of the Affordable Housing program and preparation of a management agreement that clearly delineate the responsibilities of both Council and the Community Housing Provider. Council will also provide a delivery program that outlines how funds raised or dwelling provided under the scheme will be used and requirements for reporting and transparency.

### **3.5 Monitoring and review of scheme**

The AHCS will be reviewed by the Affordable Housing Steering Committee on an annual basis. Key considerations will include:

- A review of evidence relating to the Affordable Housing Contribution Scheme where monitoring identifies issues or considerable change in market conditions.
- number of delivered affordable housing dwellings
- total amount of funds in waiting
- allocation of funding within that year
- Size, type, quality and locational appropriateness of dwellings
- Maintenance and management issues
- Retention and use of affordable housing revenue by Council
- Social capital objectives – community building and connectedness
- Access to and use of support services by tenants
- Performance of the Housing Manager in accordance with the Management Agreement
- Internal management issues for Council
- an affordable housing covenant is registered on the title of the land;
- affordable rental dwellings are rented to very low, low and moderate income households at a per cent of gross household income or at a discount-to-market rent;
- all rent received after deduction of management and maintenance costs will be used only for the purpose of improving, replacing, maintaining or providing additional affordable rental housing; and
- affordable rental dwellings are designed and constructed to a standard which, in the opinion of Council, is generally consistent with other dwellings in the LGA, that is they are not differentiated as affordable housing compared with the design of other housing.

### **Affordable Housing Covenants**

The affordable housing covenant ensures the benefits of affordable housing are secured in accordance with this Program in the long term.

The affordable housing covenant will be required to be registered, before the date of the issue of the occupation certificate, against the title of the property, in accordance with section 88E of the Conveyancing Act 1919. The covenant will:

- require affordable rental housing to be retained as affordable rental housing in perpetuity;
- require affordable rental housing to be managed in accordance with the Affordable Rental Housing Principles;
- allow at the sole discretion of Council for the removal of the covenant to facilitate the sale of affordable rental housing where Council is satisfied equivalent or better replacement stock is to be provided within the LGA; and
- allow for the lifting of the covenant at the sole discretion of Council in the circumstance that the eligible community housing provider becomes insolvent and another eligible community housing provider, or the Council, is unable or unwilling to take over the interest in the asset.