



AGENDA FOR THE CANTERBURY BANKSTOWN LOCAL PLANNING PANEL MEETING

11 October 2021 - 6.00pm

Canterbury Bankstown Local Planning Panel - 11 October 2021

ITEM 1	Draft Affordable Housing Contribution Scheme and Planning Proposal
APPLICANT	Council initiated
OWNERS	Various
AUTHOR	Planning

PURPOSE AND BACKGROUND

This report seeks advice from the Canterbury Bankstown Local Planning Panel to proceed with a planning proposal to implement a Draft Affordable Housing Contribution Scheme (the Draft Scheme). Council will consider this advice as part of a report to decide whether to proceed with the planning proposal. The planning proposal and Draft Scheme are provided in Attachments A and B.

ISSUE

State and local policies recommend that Council prepare the Draft Scheme to reduce the level of housing stress experienced by residents in Canterbury Bankstown. The State policies include the Region and District Plans, and the local policies include Council's adopted Local Strategic Planning Statement '*Connective City 2036*', Housing Strategy and Affordable Housing Strategy. The Department of Planning, Industry and Environment has endorsed Council's Housing Strategy.

Draft Scheme

The intent of the Draft Scheme is for Council to own affordable housing dwellings that are rented to tenants within the very low to moderate income households. Councils that currently operate schemes in the Greater Sydney Region include Canada Bay, Randwick, Sydney, Waverley and Willoughby Councils. Whilst the Draft Scheme will not resolve the wider issue of housing stress in the Greater Sydney Region, it is an additional mechanism to provide more affordable housing to the relevant target groups of very low to moderate income households.

In summary, the template of the Draft Scheme comprises:

- Affordable Housing Contribution Rates: The Draft Scheme would set out how, where and at what rate contributions can be collected for affordable housing (monetary contribution, land or dedication of dwellings).
- Application: The Draft Scheme would apply to centres that are subject to Council's master planning process and where uplift is proposed to occur. In areas of uplift, it would be expected that a portion of the total residential gross floor area would be dedicated to Council for the delivery of affordable housing.

According to Council's Affordable Housing Strategy and Bankstown Master Plan, the Draft Scheme would initially apply to development in the Bankstown Strategic Centre that choose to benefit from the affordable housing option under the incentive height and floor space provision. In future:

- Council's master planning process may identify other centres where the Draft Scheme may apply, subject to viability testing.
- Council's Planning Agreements Policy will apply to site specific rezoning applications not identified by the Draft Scheme.
- Excluded Development from the Draft Scheme:
 - Affordable housing or social housing that choose the affordable housing option under the incentive height and floor space provision, provided it is managed by a registered community housing provider and the total residential gross floor area is used solely for the purpose of the provision of affordable housing or social housing in perpetuity.
 - Development that provide infrastructure or employment floor space as part of the incentive height and floor space provision.
- Administration: Council would use the dedication of dwellings, land and monetary contributions to develop, purchase and manage affordable housing. Council would also partner with a community housing provider to manage the tenancies. The community housing provider would select tenants within the very low to moderate household income brackets and seek rent based on 30% of the household income.

Planning Proposal

The Environmental Planning and Assessment Act 1979 and the State Environmental Planning Policy No. 70—Affordable Housing (Revised Schemes) set out the requirements to implement the Draft Scheme. The requirements include preparing a planning proposal to reference the Draft Scheme in Council's Local Environmental Plans. This will enable Council to impose a condition on development consents to levy the affordable housing contribution.

RECOMMENDATION That -

1. The planning proposal, as provided in Attachment A, proceed to Gateway.
2. Council seek authority from the Department of Planning, Industry and Environment to exercise the delegation in relation to the plan making functions under section 3.36(2) of the Environmental Planning and Assessment Act 1979.
3. Subject to the issue of a Gateway Determination, Council exhibit the planning proposal and the Draft Affordable Housing Contribution Scheme concurrently, and the matter be reported to Council following the exhibition.

ATTACHMENTS

- A. Planning Proposal
- B. Draft Affordable Housing Contribution Scheme

POLICY IMPACT

Policy Framework

The Background Report (page 13) to Council's Affordable Housing Strategy identifies the need for more affordable housing in Canterbury Bankstown:

As of 2016, in Canterbury Bankstown there were 15,441 households that were renters experiencing rental stress. This represents 39.1% of renting households in the LGA (compared to 26.4% in Greater Sydney). As of 2016, in Canterbury Bankstown there were 5,707 households that had mortgages and were experiencing mortgage stress. This represents 17.8% of households with a mortgage in the LGA (compared to 10.3% in Greater Sydney). These figures indicate that renters experience housing stress more so than those households with a mortgage.

Existing mechanisms to provide affordable housing under the NSW planning system include:

- Social housing, which is State-owned infrastructure delivered by the Land and Housing Corporation. The issue is social housing is not meeting demand.
- The State Environmental Planning Policy (Affordable Rental Housing) 2009, which encourages development to provide affordable housing by offering bonus floor space. The issue is the availability of the affordable housing supply is limited to 10–15 years.
- Council's Planning Agreements Policy, which allows contributions under planning agreements to be in the form of affordable housing, monetary payment or land dedication. The issue is planning agreements focus on site specific planning proposals, rather than precinct master plans.

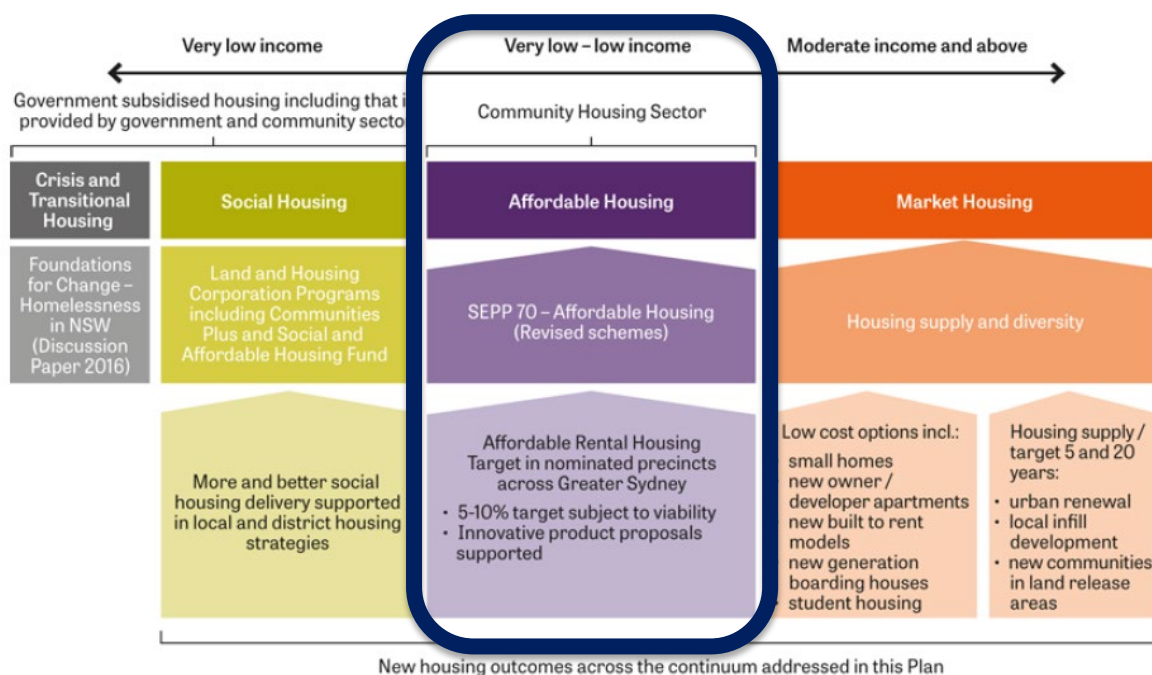
State and local policies conclude that stronger intervention is required to achieve affordability for the relevant target groups of very low to moderate income households. The State and local policies include:

- NSW Housing Strategy 'Housing 2041' (Department of Planning, Industry and Environment, March 2021)
- Greater Sydney Region Plan (Greater Sydney Commission, March 2018)
- South District Plan (Greater Sydney Commission, March 2018)
- Local Strategic Planning Statement 'Connective City 2036' (Council, March 2020)
- Canterbury Bankstown Housing Strategy (Council, June 2020)
- Canterbury Bankstown Affordable Housing Strategy (Council, June 2020)
- Affordable Housing Strategy-Background Report (Council, February 2020)
- Bankstown Master Plan (Council, March 2021)
- Development Feasibility Analysis (Atlas Urban Economics, February 2021).

The State and local policies recommend that Council prepare an Affordable Housing Contribution Scheme (the Scheme). The intent of the Scheme is for Council to own affordable housing dwellings that are rented to tenants within the very low to moderate income households. According to the analyses, the Scheme would focus on locations where lower income households are paying over 30% of their income on rent. The priority areas include Bankstown, Campsie, Lakemba, Punchbowl and Wiley Park, where housing stress is most common.

Whilst the Scheme will not resolve the wider issue of housing stress in the Greater Sydney Region, it is an additional mechanism to provide more affordable housing to support very low to moderate income households who are experiencing housing stress as shown in Figure 1.

Figure 1: Housing continuum, initiatives and programs (Greater Sydney Region Plan, page 69)



Draft Affordable Housing Contribution Scheme

Council has prepared a Draft Affordable Housing Contribution Scheme (the Draft Scheme) in accordance with the Environmental Planning and Assessment Act 1979 (section 7.32), SEPP No. 70–Affordable Housing (Revised Schemes) and the Department of Planning, Industry and Environment’s *Guideline for Developing an Affordable Housing Contribution Scheme*. The Draft Scheme is provided in Attachment B. The template of the Draft Scheme comprises:

1. Affordable Housing Contribution Rates

The Draft Scheme sets out how, where and at what rate contributions can be collected for affordable housing. A contribution is to be calculated based on the total residential gross floor area of the development to which the development application relates.

The Draft Scheme would allow landowners and developers to satisfy the affordable housing contribution requirement by:

- dedicating in favour of Council—
 - one or more dwellings, each having a gross floor area of not less than 50 square metres and each complying with the NSW Apartment Design Guide’s solar access and natural ventilation requirements, with any remainder paid as a monetary contribution to Council, or
 - other land approved by Council in accordance with the Draft Scheme, with any remainder paid as a monetary contribution to the Council, or
- if the person chooses, by monetary contribution to be calculated in accordance with the Draft Scheme.

In addition, Council would be able to take monetary contributions in situations where the affordable housing dwellings are considered unsuitable or where the dedication of dwellings is deficit of more than 1 square metre. There would be no 'savings' or 'credit' for existing floor space on the site, even if the building is being adapted and reused.

2. Application

The Draft Scheme would apply to centres that are subject to Council's master planning process and where uplift is proposed to occur. In areas of uplift, it would be expected that a portion of the total residential gross floor area would be dedicated to Council for the delivery of affordable housing.

According to the Affordable Housing Strategy (Action 2.2, page 8) and Bankstown Master Plan, the Draft Scheme would initially apply to development in the Bankstown Strategic Centre that choose to benefit from the affordable housing option under the incentive height and floor space provision. In future:

- Council's master planning process may identify other centres where the Draft Scheme may apply, subject to viability testing.
- Council's Planning Agreements Policy will apply to site specific rezoning applications not identified by the Draft Scheme.

3. Excluded Development from the Draft Scheme

In relation to the Bankstown Strategic Centre, it is recognised that affordable housing and social housing may benefit from the affordable housing option under the incentive height and floor space provision.

The Draft Scheme would exclude the following development from the affordable housing contribution requirement:

- Affordable housing or social housing that choose the affordable housing option under the incentive height and floor space provision, provided:
 - the total residential gross floor area is used solely for the purpose of the provision of affordable housing or social housing in perpetuity, to be confirmed with a covenant registered in the title of the site, and
 - the affordable housing or social housing is managed by a registered community housing provider.
- Development that provide on site infrastructure or a minimum 50% employment generating gross floor area under the incentive height and floor space provision.

4. Administration

Council would use the dedication of dwellings, land and monetary contributions to develop, purchase and manage affordable housing. Council would also partner with a community housing provider to manage the tenancies. The community housing provider would select tenants within the very low to moderate household income brackets and seek rent based on 30% of the household income.

5. Viability Testing

According to the Department of Planning, Industry and Environment's *Guideline for Developing an Affordable Housing Contribution Scheme* (page 19), *as part of developing an affordable housing contribution scheme and preparing a planning proposal to amend an LEP to levy developer contributions, councils will need to prepare and provide evidence that affordable housing contribution rates are viable*. The viability testing is to ensure that the rates are viable and will not impact on development feasibility and overall housing supply.

To understand the economic impacts of the proposed affordable housing contributions, Council sought independent economic advice to undertake viability testing as part of the Bankstown Master Plan (pages 35, 119).

The viability testing suggests that development would not be able to achieve the aspirational affordable rental housing target of 15% set by *Connective City 2036* or the 5–10% range set by the Greater Sydney Commission at this time. The viability testing recommends that 3% of the total residential gross floor area of development can be feasibly dedicated to Council, or paid as a monetary contribution at \$198 per square metre subject to adjustments on a quarterly basis.

The Draft Scheme would take a staged implementation approach to allow the market to adjust. By phasing in the requirement, it can be considered ahead of time in land purchases and development projects.

Date of determination of development application	Percentage of the total residential gross floor area
Within 12 months of the Bankstown Strategic Centre's LEP Amendments being published on the NSW legislation website	1%
After 12 months but before 24 months of the Bankstown Strategic Centre's LEP Amendments being published on the NSW legislation website	2%
On or after 24 months of the Bankstown Strategic Centre's LEP Amendments being published on the NSW legislation website	3%

FINANCIAL IMPACT

The Draft Scheme (Section 3) outlines the processes to administer and implement the Draft Scheme. In summary:

- Council would establish a fund to pool and manage the contributions to develop, purchase and manage affordable housing.
- Council would partner with a community housing provider to manage the tenancies.

In relation to likely contributions received from the Draft Scheme, a possible scenario may be the 100% uptake (which is unlikely) of the affordable housing option under the incentive height and floor space provision over the life of the Draft Scheme. The maximum yield would be around 340 affordable housing dwellings. However, it is recognised that this scenario is a high-level optimistic estimate where a 100% uptake is achieved, which is unlikely to occur in practice.

Following the adoption of the proposed built form planning controls in the Bankstown Master Plan, the economic consultant is currently confirming that the independent economic advice for the Bankstown Strategic Centre remains consistent to inform the report to the Council Ordinary Meeting. This advice will provide input into likely contributions received from the Draft Scheme.

COMMUNITY IMPACT

Council's Community Plan 'CBCity 2028' and Local Strategic Planning Statement 'Connective City 2036' recognise the needs and aspirations of the community. The community highlighted the need for more affordable housing (CBCity 2028, page 44).

This need is supported by the Background Report (page 27) to Council's Affordable Housing Strategy, which reads: *A greater proportion of households in Canterbury Bankstown experience housing stress than in Greater Sydney, and this proportion has grown in the past decade. The Sydenham to Bankstown corridor is home to one of the largest concentrations of lower income renters in Sydney and has a relatively younger population compared to the rest of Canterbury Bankstown. Planning intervention is required to secure the economic and social benefits that affordable housing offers existing and future residents and workers in growing mixed use centres.*

This planning proposal addresses the social and economic effects by implementing the Draft Scheme via the local environmental plan. The intent of the Draft Scheme is for Council to own affordable housing dwellings that are rented to tenants within the very low to moderate income range. Based on the analyses, it is recommended to prioritise the delivery of affordable housing in the Bankstown Strategic Centre. This approach is in addition to the other mechanisms that exist under the NSW planning system to deliver affordable housing.

DETAILED INFORMATION

Planning Proposal

The intended outcomes of the planning proposal are:

- To ensure there are opportunities for very low to moderate income households to live in Canterbury Bankstown.
- To facilitate a coordinated approach towards the provision of affordable housing.
- To provide affordable housing on land where there is an increase in floor area, where a need for affordable housing is identified and where development viability can be maintained.
- To permit the imposition of conditions relating to the provision of affordable housing.

The planning proposal will achieve the intended outcomes by including a new local provision that:

1. Identifies that the Affordable Housing Contribution Scheme will apply to development in the Bankstown Strategic Centre that:
 - choose to benefit from the affordable housing option under the incentive height and floor space provision, and
 - is located on land in accordance with the proposed Affordable Housing Contribution Scheme Map provided in Part 4 of the planning proposal.
2. Identifies the percentage of the total residential gross floor area of development that the affordable housing contribution requirement is to apply.

Date of determination of development application	Percentage of the total residential gross floor area
Within 12 months of the Bankstown Strategic Centre's LEP Amendments being published on the NSW legislation website	1%
After 12 months but before 24 months of the Bankstown Strategic Centre's LEP Amendments being published on the NSW legislation website	2%
On or after 24 months of the Bankstown Strategic Centre's LEP Amendments being published on the NSW legislation website	3%

3. Imposes a condition on development consents that requires landowners and developers to satisfy the affordable housing contribution requirement by:
 - dedicating in favour of Council—
 - one or more dwellings, each having a gross floor area of not less than 50 square metres and each complying with the NSW Apartment Design Guide's solar access and natural ventilation requirements, with any remainder paid as a monetary contribution to Council, or
 - other land approved by Council in accordance with the Affordable Housing Contributions Scheme, with any remainder paid as a monetary contribution to the Council, or
 - if the person chooses, by monetary contribution to be calculated in accordance with the Affordable Housing Contribution Scheme.

4. Confirms there are no 'savings' or 'credit' for existing floor space on the site.
5. Excludes the following development from the affordable housing contribution requirement:
 - Affordable housing or social housing that choose the affordable housing option under the incentive height and floor space provision, provided:
 - the affordable housing or social housing is managed by a registered community housing provider, and
 - the total residential gross floor area is used solely for the purpose of the provision of affordable housing or social housing in perpetuity, to be confirmed with a covenant registered in the title of the site.
 - Development that provide on site infrastructure or a minimum 50% employment generating gross floor area under the incentive height and floor space provision.

Considerations

Based on the Environmental Planning and Assessment Act 1979 and the Department of Planning, Industry and Environment's guidelines, the following key policies informed the planning proposal:

- Greater Sydney Region Plan and South District Plan
- State Environmental Planning Policy No. 70—Affordable Housing (Revised Schemes) (SEPP 70)
- Ministerial Directions
- Council's Local Strategic Planning Statement '*Connective City 2036*'
- Council's Housing Strategy, Affordable Housing Strategy, Bankstown Master Plan and Development Feasibility Analysis
- Department of Planning, Industry and Environment's publications: *A Guide to Preparing Local Environmental Plans* and *A Guide to Preparing Planning Proposals*.
- The Department of Planning, Industry and Environment's endorsement of Council's Housing Strategy.

Strategic Merit Test

The table addresses the Department of Planning, Industry and Environment's Strategic Merit Test as outlined in *A Guide to Preparing Local Environmental Plans*. The intended outcome is to demonstrate that the planning proposal has strategic merit to proceed to Gateway.

Strategic Merit Test	Consistent
<p>Does the planning proposal give effect to the relevant district plan within the Greater Sydney Region?</p> <p>The Greater Sydney Region Plan and South District Plan apply to Canterbury Bankstown.</p> <p>The Plans seek to provide more affordable housing to meet changing demographic needs. The Greater Sydney Region Plan (Strategy 11.1, page 72) and the South District Plan (Action 17, page 44) recommend an Affordable Rental Housing Target Scheme as a mechanism to deliver an additional supply of affordable housing for very low to low income households. The Scheme would set an affordable rental housing target</p>	<p>Yes</p>

<p>generally in the range of 5–10% of new residential floor space subject to viability testing. The Scheme would apply in defined precincts prior to rezoning.</p> <p>The planning proposal gives effect to the Plans by implementing the Draft Scheme via the local environmental plan.</p> <p>According to the Affordable Housing Strategy (Action 2.2, page 8), the Draft Scheme would initially apply to the Bankstown Strategic Centre. In areas of uplift, it would be expected that a portion of the total residential gross floor area would be dedicated to Council for the purpose of affordable housing.</p> <p>The viability testing undertaken as part of the Bankstown Master Plan suggests that development would not be able to achieve the 5–10% range set by the Greater Sydney Region Plan and South District Plan at this time. The viability testing recommends that 3% of the total residential gross floor area of development can be feasibly dedicated to Council, or paid as a monetary contribution at \$198 per square metre subject to adjustments on a quarterly basis. A staged implementation approach would be taken to allow the market to adjust.</p>	
<p>Does the planning proposal give effect to a relevant local strategy that has been endorsed by the Department?</p> <p><u>Local Strategic Planning Statement ‘Connective City 2036’</u> Council adopted <i>Connective City 2036</i> in 2019 and the Greater Sydney Commission has assured <i>Connective City 2036</i>, confirming it is consistent with State priorities. <i>Connective City 2036</i> is the first comprehensive strategic planning vision for Canterbury Bankstown, and looks at the most appropriate way to respond to the Greater Sydney Commission’s requirement to deliver dwellings and jobs to 2036.</p> <p><i>Connective City 2036</i> identifies the need for more affordable housing to support very low to moderate income households who are experiencing housing stress. <i>Connective City 2036</i> found that (page 74):</p> <ul style="list-style-type: none"> • There is a need to provide affordable housing to support a range of demographic groups and to support members of the community who would otherwise rely on social housing. • Renewal could displace lower income households, particularly those who live in older homes, which is generally more affordable. There is the need to explore initiatives to offset this displacement as part of the renewal process. <p>To address this need, <i>Connective City 2036</i> recommends (page 75):</p> <ul style="list-style-type: none"> • To test a more aspirational target of 15% of all new development in growth precincts, subject to viability (Action E6.11.136). • To prepare the Draft Scheme (Action E6.11.138). <p>The viability testing undertaken as part of the Bankstown Master Plan suggests that development would not be able to achieve the aspirational affordable rental housing target of 15% set by <i>Connective City 2036</i> at this time. The viability testing recommends that 3% of the total residential gross floor area of development can be feasibly dedicated to Council, or paid as a monetary contribution at \$198 per square metre subject to adjustments on a quarterly basis. A staged implementation approach would be taken to allow the market to adjust.</p> <p>The planning proposal gives effect to <i>Connective City 2036</i> by implementing the Draft Scheme via the local environmental plan.</p>	<p>Yes</p>

<p><u>Housing Strategy</u> Council adopted its Housing Strategy in 2020 and the Department of Planning, Industry and Environment has endorsed the Housing Strategy.</p> <p>The Housing Strategy provides a vision for how housing growth would be accommodated in Canterbury Bankstown. The main purpose is to explore how much, where and what type of new housing Canterbury Bankstown should accommodate over the next 20 years, taking into consideration the vision set out by <i>Connective City 2036</i>.</p> <p>The analyses identified the need to retain and protect an existing affordable housing supply and that households are increasingly experiencing housing stress, particularly rental households. More affordable housing is required to support residents who are experiencing housing stress in centres or may be priced out of Canterbury Bankstown (page 93).</p> <p>The vision is informed by community and stakeholder feedback through the community strategic planning process. The vision reads: <i>Canterbury Bankstown will have housing that meets the needs of its growing and changing population. New housing development will provide a mix of housing types and sizes in a range of price points. Larger developments will provide affordable housing. New housing growth will be targeted to centres that can offer residents a high level of amenity and access to jobs, services and community facilities</i> (page 131).</p> <p>To achieve the vision, Strategic Direction 5 recommends the preparation of the Draft Scheme to levy affordable housing contributions through SEPP 70 (pages 34, 132). The planning proposal gives effect to the Housing Strategy by implementing the Draft Scheme via the local environmental plan.</p>	
<p>Does the planning proposal respond to a change in circumstances, such as the investment in new infrastructure or changing demographic trends that have not been recognised by existing planning controls?</p> <p>An objective of the Environmental Planning and Assessment Act 1979 is to promote the delivery and maintenance of affordable housing. The Act (section 7.32) enables councils to levy contributions for affordable housing.</p> <p>To do this, the Act requires SEPP 70 to name Council’s local government area. Once this occurs, Council can seek to amend its local environmental plans to have reference to an affordable rental housing contribution scheme and to levy affordable housing contributions.</p> <p>In February 2019, the Department of Planning, Industry and Environment amended SEPP 70 to include all councils across NSW (thus meeting the Act’s requirements of a council being named in a SEPP). The amendment removes the administrative step of entering a LGA into SEPP 70, thereby expediting Council’s ability to investigate and develop an affordable housing contribution scheme.</p> <p>The planning proposal responds to this change in circumstances as a result of the SEPP Amendment. Council has prepared a Draft Scheme and the next step is to amend its local environmental plans to reference the Draft Scheme in accordance with the Act and SEPP 70.</p>	Yes

Other Justification

The planning proposal provides additional justification in accordance with the Department of Planning, Industry and Environment's publications: *A Guide to Preparing Local Environmental Plans* and *A Guide to Preparing Planning Proposals*. The justification does not identify the need for further information to be provided prior to and post Gateway, should Council decide to proceed with the planning proposal.

Planning Proposal

Affordable Housing Contribution Scheme

CONTENTS

Introduction

Part 1–Intended Outcomes

Part 2–Explanation of Provisions

Part 3–Justification

Section A–Need for the planning proposal

Section B–Relationship to strategic planning framework

Section C–Environmental, social and economic impact

Section D–State and Commonwealth interests

Part 4–Maps

Part 5–Community Consultation

Part 6–Project Timeline

Abbreviations used in this planning proposal

Act	Environmental Planning and Assessment Act 1979
Canterbury Bankstown	Canterbury Bankstown Local Government Area
Council	Canterbury Bankstown Council
Department	Department of Planning, Industry and Environment
LGA	Local Government Area
LEP	Local Environmental Plan
Scheme	Affordable Housing Contribution Scheme
SEPP	State Environmental Planning Policy
SEPP 70	State Environmental Planning Policy No. 70–Affordable Housing (Revised Schemes)

Documents referenced in this planning proposal

Affordable Housing Strategy	Canterbury Bankstown Affordable Housing Strategy (Canterbury Bankstown Council, June 2020)
Background Report	Affordable Housing Strategy–Background Report (Canterbury Bankstown Council, February 2020)
Bankstown Master Plan	Bankstown Master Plan (Canterbury Bankstown Council, March 2021)
Connective City 2036	Local Strategic Planning Statement (Canterbury Bankstown Council, March 2020)
Feasibility Study	Development Feasibility Analysis (Atlas Urban Economics, February 2021)
Greater Sydney Region Plan	Greater Sydney Region Plan (Greater Sydney Commission, March 2018)
Guideline	Guideline for Developing an Affordable Housing Contribution Scheme (Department of Planning, Industry and Environment, February 2019)
Housing Strategy	Canterbury Bankstown Housing Strategy (Canterbury Bankstown Council, June 2020)
NSW Housing Strategy	NSW Housing Strategy ‘Housing 2041’ (Department of Planning, Industry and Environment, March 2021)
South District Plan	South District Plan (Greater Sydney Commission, March 2018)

INTRODUCTION

Background

State and local policies identify the need for more affordable housing to reduce the level of housing stress experienced by residents in Canterbury Bankstown. Affordable housing is defined as housing for very low to moderate income households.

Existing mechanisms to provide affordable housing under the NSW planning system include:

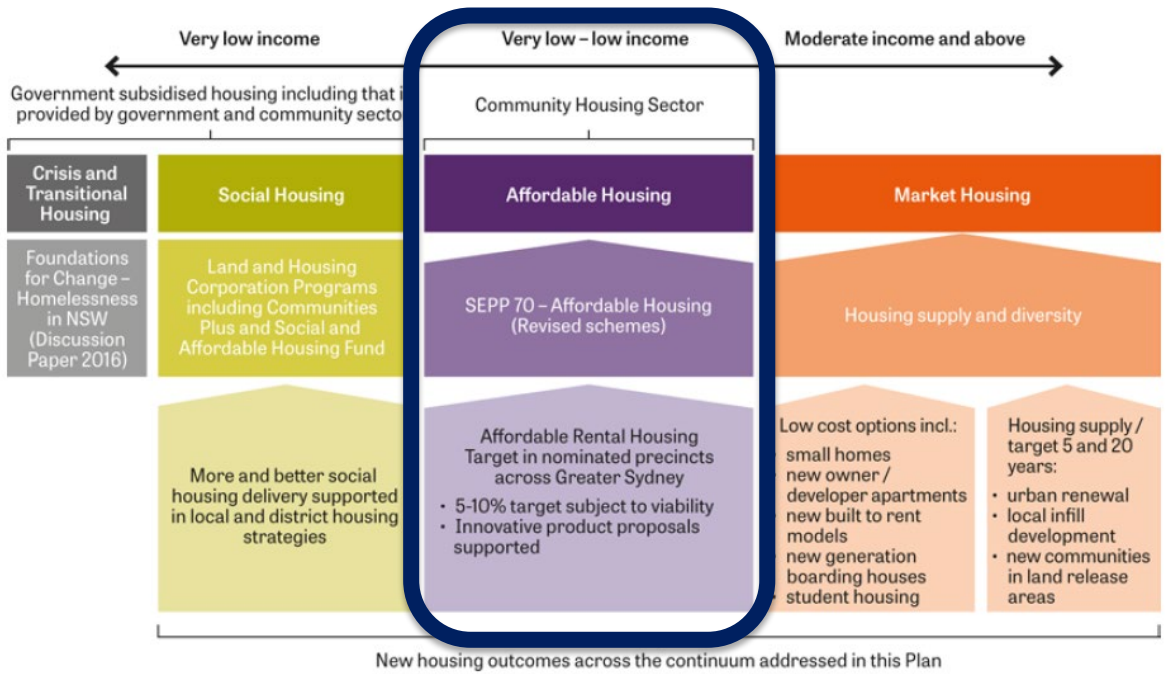
- Social housing, which is State-owned infrastructure delivered by the Land and Housing Corporation. The issue is social housing is not meeting demand.
- The State Environmental Planning Policy (Affordable Rental Housing) 2009, which encourages development to provide affordable housing by offering bonus floor space. The issue is the availability of the affordable housing supply is limited to 10–15 years.
- Council's Planning Agreements Policy, which allows contributions under planning agreements to be in the form of affordable housing (monetary payment, land or dedication of dwellings). The issue is planning agreements focus on site specific planning proposals, rather than precinct master plans.

State and local policies conclude that stronger intervention is required to achieve affordability for the relevant target groups of very low to moderate income households with a focus on locations where lower income households are paying over 30% of their income on rent. The priority areas include Bankstown, Campsie, Lakemba, Punchbowl and Wiley Park, where housing stress is most common.

State and local policies recommend that Council prepare an Affordable Housing Contribution Scheme. The intent of the Scheme is for Council to own affordable housing dwellings that are rented to tenants within the very low to moderate income households. Councils that currently operate schemes in the Greater Sydney Region include Canada Bay, Randwick, Sydney, Waverley and Willoughby Councils.

Whilst the Scheme will not resolve the wider issue of housing stress in the Greater Sydney Region, it is an additional mechanism to provide more affordable housing to support very low to moderate income households who are experiencing housing stress as shown in Figure 1. The Scheme would apply to centres that are subject to Council's master planning process and where uplift is proposed to occur.

Figure 1: Housing continuum, initiatives and programs (Greater Sydney Region Plan, page 69)



What is the Affordable Housing Contribution Scheme?

The Scheme sets out how, where and at what rate contributions can be collected for affordable housing. A contribution is to be calculated based on the total residential gross floor area of the development to which the development application relates. The possible ways to make the contribution include:

- dedication of one or more affordable housing dwellings subject to certain criteria, or
- dedication of land subject to certain criteria, or
- a monetary contribution, or
- any combination of the three.

There are no ‘savings’ or ‘credit’ for existing floor space on the site, even if the building is being adapted and reused.

Council would use the dedication of dwellings, land and monetary contributions to develop, purchase and manage affordable housing. Council would also partner with a community housing provider to manage the tenancies. The community housing provider would select tenants within the very low to moderate household income brackets and seek rent based on 30% of the household income.

Where would the Scheme apply?

The Scheme would apply to centres that are subject to Council's master planning process and where uplift is proposed to occur. Uplift means a change of planning controls (such as floor space ratio) which enables greater residential density. This ensures contributions are drawn from the increase in land value generated by the uplift in keeping with the affordable housing targets established by State and local policies.

According to Council's Affordable Housing Strategy and Bankstown Master Plan, the Draft Scheme would initially apply to development in the Bankstown Strategic Centre that choose to benefit from the affordable housing option under the incentive height and floor space provision. In areas of uplift, it would be expected that a portion of the total residential gross floor area would be dedicated to Council for the purpose of affordable housing.

The viability testing undertaken as part of the Bankstown Master Plan suggests that development would not be able to achieve the aspirational affordable rental housing target of 15% set by *Connective City 2036* or the 5–10% range set by the Greater Sydney Commission at this time.

The viability testing recommends that 3% of the total residential gross floor area of development can be feasibly dedicated to Council, or paid as a monetary contribution at \$198 per square metre subject to adjustments on a quarterly basis. A staged implementation approach would be taken to allow the market to adjust.

According to the Affordable Housing Strategy, in future:

- Council's master planning process may identify other centres where the Scheme may apply, subject to viability testing.
- Council's Planning Agreements Policy will apply to site specific rezoning applications not identified by the Draft Scheme.

Why prepare this planning proposal?

The Environmental Planning and Assessment Act 1979 (section 7.32) sets out the requirements to implement the Scheme.

The requirements include preparing this planning proposal to reference the Scheme in Council's local environmental plans. This proposed amendment will enable Council to impose a condition on development consents to levy the affordable housing contribution.

PART 1–OBJECTIVES OR INTENDED OUTCOMES

The intended outcomes of this planning proposal are to amend the Bankstown Local Environmental Plan 2015, Canterbury Local Environmental Plan 2012 and Canterbury Bankstown Local Environmental Plan [Year] (PP–2020–684):

1. To ensure there are opportunities for very low to moderate income households to live in Canterbury Bankstown.
2. To facilitate a coordinated approach towards the provision of affordable housing.
3. To provide affordable housing on land where there is an increase in floor area, where a need for affordable housing is identified and where development viability can be maintained.
4. To permit the imposition of conditions relating to the provision of affordable housing.

PART 2—EXPLANATION OF PROVISIONS

This planning proposal will achieve the intended outcomes by including a new local provision that:

1. Identifies that the Affordable Housing Contribution Scheme will apply to development in the Bankstown Strategic Centre that:
 - choose to benefit from the affordable housing option under the incentive height and floor space provision, and
 - is located on land in accordance with the proposed Affordable Housing Contribution Scheme Map provided in Part 4 of the planning proposal.
2. Identifies the percentage of the total residential gross floor area of development that the affordable housing contribution requirement is to apply.

Date of determination of development application	Percentage of the total residential gross floor area
Within 12 months of the Bankstown Strategic Centre's LEP Amendments being published on the NSW legislation website	1%
After 12 months but before 24 months of the Bankstown Strategic Centre's LEP Amendments being published on the NSW legislation website	2%
On or after 24 months of the Bankstown Strategic Centre's LEP Amendments being published on the NSW legislation website	3%

3. Imposes a condition on development consents that requires landowners and developers to satisfy the affordable housing contribution requirement by:
 - dedicating in favour of Council—
 - one or more dwellings, each having a gross floor area of not less than 50 square metres and each complying with the NSW Apartment Design Guide's solar access and natural ventilation requirements, with any remainder paid as a monetary contribution to Council, or
 - other land approved by Council in accordance with the Affordable Housing Contributions Scheme, with any remainder paid as a monetary contribution to the Council, or
 - if the person chooses, by monetary contribution to be calculated in accordance with the Affordable Housing Contribution Scheme.
4. Confirms there are no 'savings' or 'credit' for existing floor space on the site.

5. Excludes the following development from the affordable housing contribution requirement:
- Affordable housing or social housing that choose the affordable housing option under the incentive height and floor space provision, provided:
 - the affordable housing or social housing is managed by a registered community housing provider, and
 - the total residential gross floor area is used solely for the purpose of the provision of affordable housing or social housing in perpetuity, to be confirmed with a covenant registered in the title of the site.
 - Development that provide on site infrastructure or a minimum 50% employment generating gross floor area under the incentive height and floor space provision.

PART 3–JUSTIFICATION

SECTION A–Need for the planning proposal

1. Is the planning proposal a result of an endorsed Local Strategic Planning Statement, strategic study or report?

Summary

Section 1.1–Connective City 2036

This planning proposal gives effect to *Connective City 2036* by implementing the Affordable Housing Contribution Scheme in accordance with Action E6.11.138 (page 75).

Section 1.2–Affordable Housing Contribution Scheme

The Affordable Housing Contribution Scheme proposes:

- a. To apply the affordable housing contribution requirement to development in the Bankstown Strategic Centre that choose to benefit from the affordable housing option under the incentive height and floor space provision, in areas shown on the proposed Affordable Housing Contribution Scheme Map provided in Part 4 of this planning proposal.

The viability testing undertaken as part of the Bankstown Master Plan suggests that development would not be able to achieve the aspirational affordable rental housing target of 15% set by *Connective City 2036* or the 5–10% range set by the Greater Sydney Commission at this time. The viability testing recommends that 3% of the total residential gross floor area of development can be feasibly dedicated to Council, or paid as a monetary contribution at \$198 per square metre subject to adjustments on a quarterly basis.

- b. To stage the implementation of the affordable housing contribution requirement.

Date of determination of development application	Percentage of the total residential gross floor area
Within 12 months of the Bankstown Strategic Centre’s LEP Amendments being published on the NSW legislation website	1%
After 12 months but before 24 months of the Bankstown Strategic Centre’s LEP Amendments being published on the NSW legislation website	2%
On or after 24 months of the Bankstown Strategic Centre’s LEP Amendments being published on the NSW legislation website	3%

The purpose of staging the requirement over time is to allow the market to adjust. By phasing in the requirement, it can be considered ahead of time in land purchases and development projects.

- c. To allow landowners and developers to satisfy the affordable housing contribution requirement by:
- dedicating in favour of Council—
 - one or more dwellings, each having a gross floor area of not less than 50 square metres and each complying with the NSW Apartment Design Guide’s solar access and natural ventilation requirements, with any remainder paid as a monetary contribution to Council, or
 - other land approved by Council in accordance with the Affordable Housing Contributions Scheme, with any remainder paid as a monetary contribution to the Council, or
 - if the person chooses, by monetary contribution to be calculated in accordance with the Affordable Housing Contribution Scheme.
- d. To confirm there are no ‘savings’ or ‘credit’ for existing floor space on the site.
- e. To exclude the following development from the affordable housing contribution requirement:
- Affordable housing or social housing that choose the affordable housing option under the incentive height and floor space provision, provided:
 - the affordable housing or social housing is managed by a registered community housing provider, and
 - the total residential gross floor area is used solely for the purpose of the provision of affordable housing or social housing in perpetuity, to be confirmed with a covenant registered in the title of the site.
 - Development that provide on site infrastructure or a minimum 50% employment generating gross floor area under the incentive height and floor space provision.

1.1 *Connective City 2036*

This planning proposal is the result of the Local Strategic Planning Statement '*Connective City 2036*'. Council adopted *Connective City 2036* in 2019 and the Greater Sydney Commission has assured *Connective City 2036*, confirming it is consistent with State priorities.



Connective City 2036 is the first comprehensive strategic planning vision for Canterbury Bankstown, and looks at the most appropriate way to respond to the Greater Sydney Commission's requirement to deliver dwellings and jobs to 2036.

1.1.1 Need for affordable housing

Connective City 2036 identifies the need for more affordable housing to reduce the level of housing stress experienced by residents in Canterbury Bankstown. *Connective City 2036* found that (page 74):

- There is a need to provide affordable housing to support a range of demographic groups and to support members of the community who would otherwise rely on social housing.
- Renewal could displace lower income households, particularly those who live in older homes, which is generally more affordable. There is the need to explore initiatives to offset this displacement as part of the renewal processes.

To address this need, the Greater Sydney Commission proposes affordable rental housing targets in the range of 5–10% of new residential floor space, subject to viability. *Connective City 2036* proposes a more aspirational target of 15% of all new development in growth precincts (page 74).

1.1.2 Action to deliver more affordable housing

To address the need for more affordable housing, *Connective City 2036* recommends:

- To test a more aspirational target of 15% of all new development in growth precincts, subject to viability (Action E6.11.136) (page 75).
- To prepare the Draft Scheme (Action E6.11.138) (page 75).

The viability testing undertaken as part of the Bankstown Master Plan (pages 35, 119) suggests that development would not be able to achieve the aspirational affordable rental housing target of 15% set by *Connective City 2036* or the 5–10% range set by the Greater Sydney Commission at this time.

The viability testing recommends that 3% of the total residential gross floor area of development can be feasibly dedicated to Council, or paid as a monetary contribution at \$198 per square metre subject to adjustments on a quarterly basis. A staged implementation approach would be taken to allow the market to adjust.

This planning proposal gives effect to *Connective City 2036* by proposing to implement the Affordable Housing Contribution Scheme via Council’s local environmental plans.

1.2 Affordable Housing Contribution Scheme

According to the Department of Planning, Industry and Environment’s publication ‘*Guideline for Developing an Affordable Housing Contribution Scheme*’ (February 2019):

Affordable housing contribution schemes are council-led documents which set out how, where, and at what rate development contributions can be collected by councils for affordable housing. They also give local communities greater clarity about the affordable rental housing planned for in their areas, and affordable housing contribution schemes provide developers certainty and transparency about how affordable rental housing contributions will be determined, and the contribution rate that will be applied in a condition of consent (page 5).



Council must prepare an Affordable Housing Contribution Scheme in accordance with the Environmental Planning and Assessment Act 1979 and the SEPP 70. The Act (section 7.32) sets out the requirements that must be met to impose a condition on development consents to levy affordable housing contributions.

1.2.1 Steps to preparing the Affordable Housing Contribution Scheme

Figure 2 outlines the key steps to preparing the Affordable Housing Contribution Scheme.

Figure 2: Process for preparing an affordable housing contribution scheme (Guideline for Developing an Affordable Housing Contribution Scheme, page 13)



1.2.2 Establish an evidence base (refer to Figure 2)

The data gathering and analyses that form the basis of the Housing Strategy and Affordable Housing Strategy have been used to inform the Affordable Housing Contribution Scheme.

In relation to identifying the need for more affordable housing to reduce the level of housing stress experienced by residents in Canterbury Bankstown, the Background Report to the Affordable Housing Strategy reads (page 13):

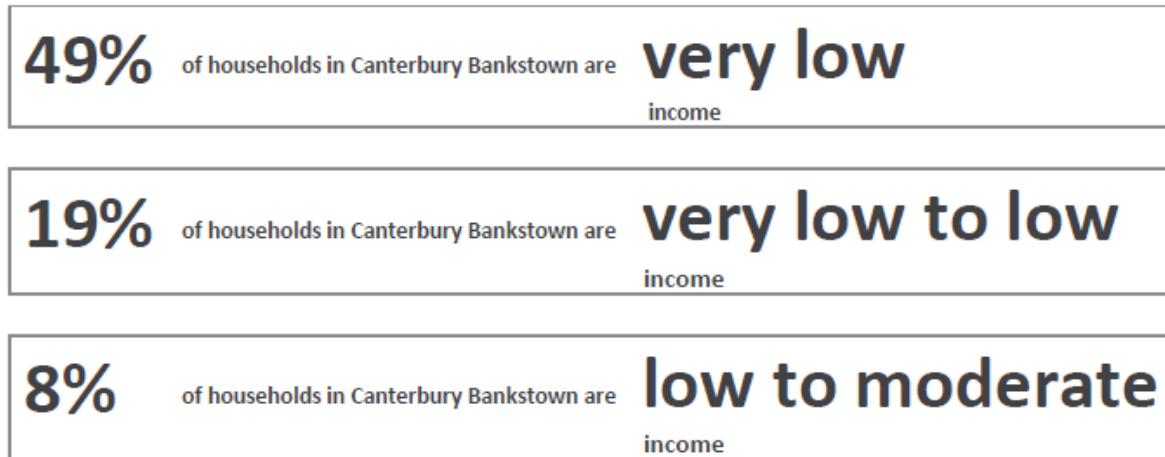
As of 2016, in Canterbury Bankstown there were 15,441 households that were renters experiencing rental stress. This represents 39.1% of renting households in the LGA (compared to 26.4% in Greater Sydney). As of 2016, in Canterbury Bankstown there were 5,707 households that had mortgages and were experiencing mortgage stress. This represents 17.8% of households with a mortgage in the LGA (compared to 10.3% in Greater Sydney). These figures indicate that renters experience housing stress more so than those households with a mortgage.

The Background Report reads (page 27):

A greater proportion of households in Canterbury Bankstown experience housing stress than in Greater Sydney, and this proportion has grown in the past decade. The Sydenham to Bankstown corridor is home to one of the largest concentrations of lower income renters in Sydney and has a relatively younger population compared to the rest of Canterbury Bankstown. Planning intervention is required to secure the economic and social benefits that affordable housing offers existing and future residents and workers in growing mixed use centres.

Increasing the stock of studio, one and two-bedroom dwellings in the LGA is likely to provide dwellings at a more affordable price point for rent and purchase, however historically these are still unaffordable for very low and low income renters (a growing demographic). Further increases to housing costs, disproportionate to income growth, is likely to maintain or increase levels of housing stress in the LGA. Stronger intervention is required to replace the stock of affordable dwellings in the area and achieve affordability for the relevant target groups of very low and low income households.

Figure 3: Household income in Canterbury Bankstown (Background Report, page 18)



The Background Report makes the following findings:

- Role of social housing (page 22): *A portion of very low income households will seek housing in Land and Housing Corporation owned social housing dwellings through. Other households will continue to seek housing in the private market, often experiencing housing stress. Housing stress can cause labour and skill shortages as key demographics are pushed out of the area by unaffordable rents. A supply of low income housing that is not social housing can accommodate these groups (very low, low and moderate income households, key workers and students) that generate a wide employment base.*
- Provide an increasing proportion of smaller, more affordable dwellings to meet the changing needs of households (page 37): *It is suggested that the minimum size of affordable housing should be 50m², consistent to a one bedroom apartment under the Apartment Design Code. This is to ensure that reasonable, liveable sized apartments are delivered for rent.*
- Rationale for capturing land value increment through relevant planning mechanisms (page 28): *The NSW Environmental Planning and Assessment Act 1979 (the Act) provides the legislative framework for the provision of affordable housing by local government. This involves capturing a reasonable and equitable share of land value uplift created through the planning and development approvals process. Land value capture in the context of urban development involves a planning authority capturing public benefit from increased land value where the planning authority has increased the development potential of the land. Land value capture mechanisms are already part of the NSW planning scheme, such as Section 7.11 contributions, where the cost of infrastructure is recovered through a levy to development.*

Planning agreements under Section 7.32 of the Act intend to capture a share of the unearned increase to private land values resulting from a rezoning.

The land value capture outlined as part of the affordable housing strategy are designed to gain a reasonable share of the increased land value on the basis that the unearned increment be shared by the planning authority whose planning activities (e.g. rezoning, maximum building height increase) resulted in land value uplift. It follows that a share of this unearned increment of land value uplift be used by the community as a public purpose. The level of profit yielded from land sale and development varies based on a range of market forces and can differ by place. Therefore, value uplift must be calculated within a local market or submarket context.

A precinct-specific land value capture mechanism, which uses the unearned increment of land value uplift to address housing affordability issues, is required to address the varying types of housing stress across Canterbury Bankstown. It is within Council's capacity to build policy that would grow a stock of affordable housing and ensure that it is managed with reference to the approaches outlined in this document. It is the state government's role to assess proposed changes to the LEP that Council puts forward, including an affordable housing contributions scheme and planning agreements.

1.2.3 Identify areas for rezoning (refer to Figure 2)

Based on the findings, the Background Report recommends prioritising the delivery of affordable housing in the centres of Bankstown, Campsie and Lakemba (page 29).

Figure 4: Top ten suburbs – households experiencing housing stress (Background Report, page 15)

Area	Number of households in stress	Total number of households	Percentage of households in stress
Campsie - Clemton Park	2,136	8,858	24.1
Bankstown CBD	1,989	6,714	29.6
Lakemba	1,640	5,195	31.6
Greenacre - Mount Lewis - Chullora	1,441	6,946	20.8
Punchbowl	1,413	5,914	23.9
Yagoona	1,197	5,513	21.7
Wiley Park	949	3,335	28.5
Belmore	859	4,550	18.9
Chester Hill	783	3,761	20.8
Riverwood	703	2,627	26.8
Revesby - Revesby Heights	685	5,358	12.8

At the Ordinary Meeting of 24 September 2019, Council considered the implementation of *Connective City 2036* in four stages, being:

- Stage 1 (immediately) – the consolidation of the Canterbury and Bankstown LEPs, alignment of Council’s current policy positions and giving effect to parts of *Connective City 2036*.
- Stage 2 (6 months following the gazettal of the Canterbury Bankstown LEP) – Prepare and exhibit the master plans for Bankstown and Campsie.
- Stage 3 (12–24 months following the gazettal of the Canterbury Bankstown LEP): Prepare and exhibit the master plans for Lakemba, Belmore and Canterbury.
- Stage 4 (24–36 months following gazettal of the Canterbury Bankstown LEP): Prepare and exhibit the master plans for Punchbowl, Wiley Park, Earlwood, Belfield, Croydon Park and other centres across Canterbury Bankstown.

In 2021, Council prepared and exhibited the Bankstown Master Plan in accordance with Stage 2 of the implementation of *Connective City 2036*.

The Bankstown Master Plan (pages 35, 119) found that *on sites achieving a significant uplift, of more than 1:1, it would be expected that a portion of residential floor space be dedicated to Council for the delivery of affordable housing.*

The Affordable Housing Contribution Scheme would therefore initially apply to development in the Bankstown Strategic Centre that choose to benefit from the affordable housing option under the incentive height and floor space provision. These areas are identified on the proposed Affordable Housing Contribution Scheme Map provided in Part 4 of this planning proposal. In future:

- Council’s master planning process may identify other centres where the Scheme may apply, subject to viability testing.
- Council’s Planning Agreements Policy will apply to site specific rezoning applications not identified by the Draft Scheme.

1.2.4 Establish an affordable housing contribution rate (refer to Figure 2)

The viability testing undertaken as part of the Bankstown Master Plan (pages 35, 119) suggests that development would not be able to achieve the aspirational affordable rental housing target of 15% set by *Connective City 2036* or the 5–10% range set by the Greater Sydney Commission at this time.

The viability testing recommends that 3% of the total residential gross floor area of development can be dedicated to Council, or paid as a monetary contribution at \$198 per square metre*.

* Note: Contribution rates will be adjusted on a quarterly basis, being the first days of March, June, September and December, to ensure that the contributions reflect the cost associated with the provision of affordable housing. Rates are adjusted with reference to movements in the median price for strata dwellings in Canterbury Bankstown. The median strata dwelling price is published quarterly in the NSW Government Rent and Sales Report, Table: Sales Price – Greater Metropolitan Region – Strata. The Rent and Sales Report is available on the NSW Government, Family and Community Services website.

This rate is considered financially feasible for development on the basis that a staged implementation approach would be taken. The purpose of staging the requirement over time is to allow the market to adjust. By phasing in the requirement, it can be considered ahead of time in land purchases and development projects.

Date of determination of development application	Percentage of the total residential gross floor area
Within 12 months of the Bankstown Strategic Centre’s LEP Amendments being published on the NSW legislation website	1%
After 12 months but before 24 months of the Bankstown Strategic Centre’s LEP Amendments being published on the NSW legislation website	2%
On or after 24 months of the Bankstown Strategic Centre’s LEP Amendments being published on the NSW legislation website	3%

The Scheme would allow landowners and developers to satisfy the affordable housing contribution requirement by:

- dedicating in favour of Council—
 - one or more dwellings, each having a gross floor area of not less than 50 square metres and each complying with the NSW Apartment Design Guide’s solar access and natural ventilation requirements, with any remainder paid as a monetary contribution to Council, or
 - other land approved by Council in accordance with the Affordable Housing Contributions Scheme, with any remainder paid as a monetary contribution to the Council, or
- if the person chooses, by monetary contribution to be calculated in accordance with the Affordable Housing Contribution Scheme.

Council would use the dedication of dwellings, land and monetary contributions to develop, purchase and manage affordable housing. Council would also partner with a community housing provider to manage the tenancies. The community housing provider would select tenants within the very low to moderate household income brackets and seek rent based on 30% of the household income.

In addition, Council would be able to take monetary contributions in situations where the affordable housing dwellings are considered unsuitable or where the dedication of dwellings is deficit of more than 1 square metre. There would be no 'savings' or 'credit' for existing floor space on the site, even if the building is being adapted and reused.

Development to be excluded from the affordable housing contribution requirement include:

- Affordable housing or social housing that choose the affordable housing option under the incentive height and floor space provision, provided:
 - the affordable housing or social housing is managed by a registered community housing provider, and
 - the total residential gross floor area is used solely for the purpose of the provision of affordable housing or social housing in perpetuity, to be confirmed with a covenant registered in the title of the site.
- Development that provide on site infrastructure or a minimum 50% employment generating gross floor area under the incentive height and floor space provision.

1.2.5 Produce scheme using template (refer to Figure 2)

Council prepared the Affordable Housing Contribution Scheme in accordance with State legislation and the Department of Planning, Industry and Environment's publication *Guideline for Developing an Affordable Housing Contribution Scheme* (February 2019).

1.2.6 Action to deliver affordable housing

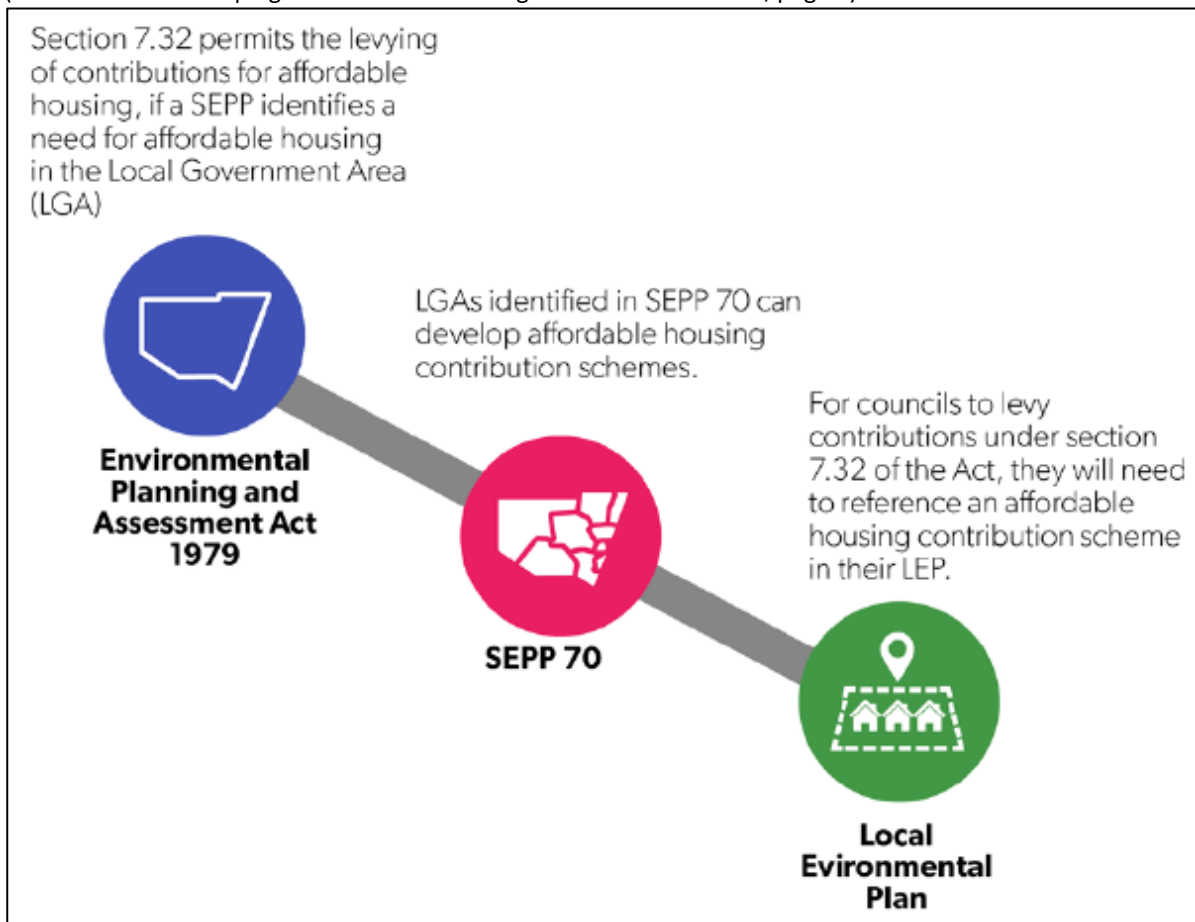
This planning proposal gives effect to the Affordable Housing Contribution Scheme by proposing to implement the Scheme via Council's local environmental plans.

2. Is the planning proposal the best means of achieving the objectives or intended outcomes, or is there a better way?

This planning proposal is the best means of achieving the intended outcomes. The reason is State and local policies recommend that Council prepare an Affordable Housing Contribution Scheme as an additional mechanism to support very low to moderate income households who are experiencing housing stress.

The Environmental Planning and Assessment Act 1979 (section 7.32) sets out the requirements to implement the Scheme. The requirements include preparing this planning proposal to reference the Scheme in Council’s local environmental plans. This proposed amendment will enable Council to impose a condition on development consents to levy the affordable housing contribution as shown in Figure 5.

Figure 5: Relationship between State legislation and Council’s LEP to deliver affordable housing (Guideline for Developing an Affordable Housing Contribution Scheme, page 5)



SECTION B–Relationship to strategic planning framework

3. Will the planning proposal give effect to the objectives and actions of the applicable regional, or district plan or strategy (including any exhibited draft plans or strategies)?

Summary

Section 3.1–NSW Housing Strategy

The NSW Housing Strategy identifies the need for affordable housing.

Section 3.2–Greater Sydney Region Plan and South District Plan

The Greater Sydney Region Plan (Strategy 11.1, page 72) and South District Plan (Action 17, page 44) recommend the preparation of an Affordable Rental Housing Target Scheme to support very low to moderate income households who are experiencing housing stress. This planning proposal gives effect to the NSW Housing Strategy, Greater Sydney Region Plan and South District Plan by proposing to implement the Affordable Housing Contribution Scheme via Council’s local environmental plans.

3.1 NSW Housing Strategy

The NSW Housing Strategy represents a 20 year vision to deliver better housing outcomes in NSW. A key priority is to increase the supply of affordable housing to meet agreed targets (page 26).

In relation to implementation, the NSW Housing Strategy recognises:

- The NSW planning system helps to provide a greater supply of affordable housing via contributions (page 32).
- At the local level, councils are developing and implementing local strategic planning statements and local housing strategies, which identify local housing need based on contemporary analysis and establish local housing priorities. Concurrently with regional plans and polices, local strategic planning statements and local housing strategies will guide local development investment into the future (page 40).



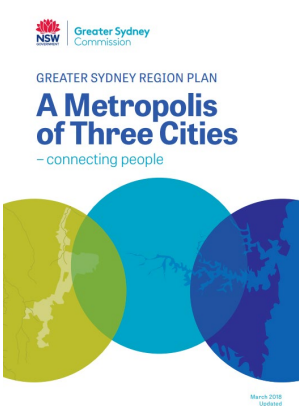
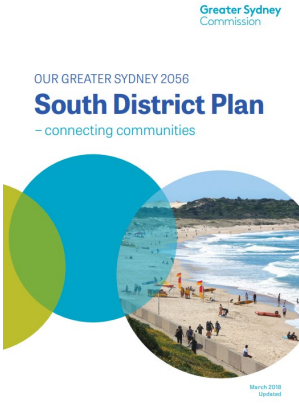
This planning proposal gives effect to the NSW Housing Strategy by proposing to implement the Affordable Housing Contribution Scheme via Council’s local environmental plans.

3.2 Greater Sydney Region Plan and South District Plan

The Plans present a vision for managing Greater Sydney’s growth to 2036. According to the Greater Sydney Region Plan (page 68):

Across Greater Sydney, both home renters and purchasers face housing affordability challenges. Greater Sydney has been measured as being one of the least affordable housing markets globally 12 and is the least affordable Australian city. This has been exacerbated in the past five years by rapid home price growth. Factors that contribute to rental and purchasing affordability challenges include the limited availability of smaller dwellings to meet the growing proportion of small households as well as the growing distance between areas where housing is affordable and the location of employment and education opportunities ... A range of housing choices, including affordable rental housing reduces the need for people to go into social housing and also supports a pathway for people to move out of social housing.

The Plans recommend an Affordable Rental Housing Target Scheme as a mechanism to support very low to moderate income households who are experiencing housing stress.

 <p>Greater Sydney Commission NSW GREATER SYDNEY REGION PLAN A Metropolis of Three Cities – connecting people March 2018 Updated</p>	<p>Greater Sydney Region Plan</p>	<p>Actions</p>
	<p>Objective 11 (page 70)</p> <p>Strategy 11.1 (page 72)</p>	<p>The Plan seeks to provide more affordable housing to meet changing demographic needs.</p> <p>The Plan recommends an Affordable Rental Housing Target Scheme as a mechanism to deliver an additional supply of affordable housing for very low to low income households. The Scheme would set an affordable rental housing target generally in the range of 5–10% of new residential floor space subject to viability testing. The Scheme would apply in defined precincts prior to rezoning.</p>
 <p>Greater Sydney Commission OUR GREATER SYDNEY 2056 South District Plan – connecting communities March 2018 Updated</p>	<p>South District Plan</p>	<p>Actions</p>
	<p>Planning Priority S5 (page 44)</p> <p>Action 17 (page 44)</p>	<p>The Plan seeks to provide more affordable housing to meet changing demographic needs.</p> <p>The Plan recommends an Affordable Rental Housing Target Scheme as a mechanism to deliver an additional supply of affordable housing for very low to low income households. The Scheme would set an affordable rental housing target generally in the range of 5–10% of new residential floor space subject to viability testing. The Scheme would apply in defined precincts prior to rezoning.</p>

This planning proposal gives effect to the Plans by proposing to implement the Affordable Housing Contribution Scheme via Council's local environmental plans.

The Affordable Housing Contribution Scheme would initially apply to development in the Bankstown Strategic Centre that choose to benefit from the affordable housing option under the incentive height and floor space provision. These areas are identified on the proposed Affordable Housing Contribution Scheme Map provided in Part 4 of this planning proposal.

The viability testing undertaken as part of the Bankstown Master Plan (pages 35, 119) suggests that development would not be able to achieve the 5–10% affordable rental housing target range set by the Greater Sydney Region Plan and South District Plan at this time.

The viability testing recommends that 3% of the total residential gross floor area of development can be dedicated to Council, or paid as a monetary contribution at \$198 per square metre subject to adjustments on a quarterly basis.

This rate is considered financially feasible for development on the basis that a staged implementation approach would be taken. The purpose of staging the requirement over time is to allow the market to adjust. By phasing in the requirement, it can be considered ahead of time in land purchases and development projects.

In future:

- Council's master planning process may identify other centres where the Scheme may apply, subject to viability testing.
- Council's Planning Agreements Policy will apply to site specific rezoning applications not identified by the Draft Scheme.

4. Will the planning proposal give effect to a council's endorsed local strategic planning statement, or another endorsed local strategy or strategic plan?

Summary

Sections 4.1–4.5

The following strategies recommend the preparation of an Affordable Housing Contribution Scheme to support very low to moderate income households who are experiencing housing stress:

- 4.1 *Connective City 2036* (Action E6.11.138, page 75).
- 4.2 Housing Strategy (Strategic Direction 5, pages 34, 132)
- 4.3 Affordable Housing Strategy (Actions 1.1 and 2.1–2.4, page 7)
- 4.4 Bankstown Master Plan (Action 1.3.3, page 35 and Action 9.2.1, page 119)

This planning proposal gives effect to the strategies by proposing to implement the Affordable Housing Contribution Scheme via Council's local environmental plans.

4.1 *Connective City 2036*

This planning proposal is the result of the Local Strategic Planning Statement '*Connective City 2036*'. Council adopted *Connective City 2036* in 2019 and the Greater Sydney Commission has assured *Connective City 2036*, confirming it is consistent with State priorities.

Connective City 2036 is the first comprehensive strategic planning vision for Canterbury Bankstown, and looks at the most appropriate way to respond to the Greater Sydney Commission's requirement to deliver dwellings and jobs to 2036.



4.1.1 Need for more affordable housing

Connective City 2036 identifies the need for more affordable housing to reduce the level of housing stress experienced by residents in Canterbury Bankstown. *Connective City 2036* found that (page 74):

- There is a need to provide affordable housing to support a range of demographic groups and to support members of the community who would otherwise rely on social housing.

- Renewal could displace lower income households, particularly those who live in older homes, which is generally more affordable. There is the need to explore initiatives to offset this displacement as part of the renewal processes.

To address this need, the Greater Sydney Commission proposes affordable rental housing targets in the range of 5–10% of new residential floor space, subject to viability. *Connective City 2036* proposes a more aspirational target of 15% of all new development in growth precincts (page 74).

4.1.2 Action to deliver more affordable housing

To address the need for more affordable housing, *Connective City 2036* recommends:

- To test a more aspirational target of 15% of all new development in growth precincts, subject to viability (Action E6.11.136) (page 75).
- To prepare the Draft Scheme (Action E6.11.138) (page 75).

The viability testing undertaken as part of the Bankstown Master Plan (pages 35, 119) suggests that development would not be able to achieve the aspirational affordable rental housing target of 15% set by *Connective City 2036* or the 5–10% range set by the Greater Sydney Commission at this time.

The viability testing recommends that 3% of the total residential gross floor area of development can be feasibly dedicated to Council, or paid as a monetary contribution at \$198 per square metre subject to adjustments on a quarterly basis. A staged implementation approach would be taken to allow the market to adjust.

This planning proposal gives effect to *Connective City 2036* by proposing to implement the Affordable Housing Contribution Scheme via Council's local environmental plans.

4.2 Housing Strategy

Council adopted its Housing Strategy in 2020 and the Department of Planning, Industry and Environment has endorsed the Housing Strategy.

The Housing Strategy provides a vision for how housing growth would be accommodated in Canterbury Bankstown.

The main purpose is to explore how much, where and what type of new housing Canterbury Bankstown should accommodate over the next 20 years, taking into consideration the vision set out by *Connective City 2036* and the need to provide more affordable housing to reduce the number of very low to moderate income earners in housing stress.



4.2.1 Need for more affordable housing

The Housing Strategy reads (page 79):

Housing stress is defined using the NATSEM (National Centre for Social and Economic Modelling) model. Under this model households are identified as being in stress if they fall within the lowest 40% of equivalised incomes (income adjusted by ABS using equivalence factors to remove the effect of household size and composition on income nationally), who are paying more than 30% of their usual gross weekly income on mortgage or rent repayments.

More specifically, a household is defined as being in housing stress when it:

- *Is in the bottom two quintiles (40 per cent) of equivalent disposable household income distribution (in the respective state or territory); and*
- *Has a housing cost (rent minus rent assistance or mortgage) that represents 30 per cent or more of its disposable income (exclusive of rent assistance).*

Mortgage stress and rental stress are defined using the same criteria but pertain only to households of those occupancy types. In the Canterbury-Bankstown LGA, the overall proportion of households experiencing housing stress at the 2016 Census was higher than the average for Greater Sydney (11.8%), with 18.6% of households earning in the lowest 40% paying rent or housing repayments greater than 30% of their household income. As of 2016, in Canterbury Bankstown there were 15,441 households that were renters experiencing rental stress. This represents 39.1% of renting households in the LGA (compared to 26.4% in Greater Sydney).

The analyses identified the need to retain and protect an existing affordable housing supply and that households are increasingly experiencing housing stress, particularly rental households. More affordable housing is required to support residents who are experiencing housing stress in centres or may be priced out of Canterbury Bankstown (page 93).

4.2.3 Vision and Guiding Principle

The vision is informed by community and stakeholder feedback through the community strategic planning process. The vision reads: *Canterbury Bankstown will have housing that meets the needs of its growing and changing population. New housing development will provide a mix of housing types and sizes in a range of price points. Larger developments will provide affordable housing. New housing growth will be targeted to centres that can offer residents a high level of amenity and access to jobs, services and community facilities* (page 131).

To achieve the vision, a Guiding Principle is to have more affordable housing to support the community and to reduce housing stress (page 10), with a focus on delivering affordable housing suited to very low to moderate income households and key workers (page 102). An Affordable Housing Strategy has been prepared concurrently with the Housing Strategy, which identifies the need for more affordable housing in Canterbury Bankstown.

4.2.4 Recommendations

Strategic Direction 5 recommends the preparation of an Affordable Housing Contribution Scheme to levy affordable housing contributions through the SEPP 70 (pages 34, 132):

The SEPP is a mechanism that allows specified councils to prepare an affordable housing contribution scheme for certain precincts, areas or developments within their local government area. The EP&A Act enables councils to levy contributions for affordable housing once a LGA is named in State Environmental Planning Policy No. 70 – Affordable Housing (Revised Schemes) (SEPP 70).

In LGAs listed in SEPP 70, the council can seek to amend its LEP to reference an affordable rental housing contribution scheme and to levy affordable housing contributions. In February 2019, the NSW Department of Planning, Industry and Environment published an amendment to SEPP 70 and released a guideline including all councils across the State in SEPP 70, including Canterbury Bankstown. The aim is to make it easier for councils to prepare affordable housing contribution schemes and increase affordable housing across NSW.

Canterbury Bankstown Council can seek inclusion within SEPP 70 for precincts where, subject to feasibility, affordable housing contributions can be levied. An Affordable Housing Contribution Scheme and a planning proposal would need to be prepared prior to levying for affordable housing. In considering the provision of affordable housing as part of this local housing strategy, some relevant principles include:

- Affordable housing is to be created and managed so that a socially diverse residential population representative of all income groups is present in a locality.*
- Affordable housing is to be made available to a mix of very low, low and moderate income households.*
- Affordable housing is to be rented to appropriately qualified tenants and at an appropriate rate of gross household income.*
- Land provided for affordable housing is to be used for the purpose of the provision of affordable housing.*
- Monies collected 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.*
- Affordable housing is to be constructed to a standard that, in the opinion of the consent authority, is consistent with other dwellings in the vicinity.*

4.2.5 Action to deliver affordable housing

This planning proposal gives effect to the Housing Strategy by proposing to implement the Affordable Housing Contribution Scheme via Council's local environmental plans.

4.3 Affordable Housing Strategy

Council adopted its Affordable Housing Strategy in 2020 to provide the key actions and directions to reduce the level of housing stress experienced by residents.

The Background Report supports the Affordable Housing Strategy. It sets out a definition and benchmarks for affordable housing in accordance with relevant legislation, and summarises research and analyses from the Housing Strategy to support the Affordable Housing Strategy.



It also outlines statutory mechanisms and initiatives that could be used to grow the stock of affordable rental housing across Canterbury Bankstown. Section 1.1 of this planning proposal summarises the key findings of the Background Report.

4.3.1 Need for more affordable housing

The Affordable Housing Strategy identifies the need for more affordable housing and reads (page 4):

While some people who are on very low incomes live in social or public housing, other people are in circumstances where they struggle to pay for their housing in the private market. Being priced out of areas or having to sacrifice other necessities to pay for housing have consequences that negatively affect quality of life. Poor housing affordability results in economic and social issues including:

- *Low income households forced out of market.*
- *Loss of talent, essential and professional workers.*
- *Skilled labour shortages*
- *Reduced productivity, creativity, innovation*
- *Rising inequalities within cities*
- *Increasing social disadvantage*
- *Loss of engagement and participation between people in a mixed community - social cohesion*
- *Loss of cultural vitality - artists and musicians*
- *Loss of social bonds/links - i.e. stay in an area longer; variety/diverse housing offers options for different life stages.*

The ongoing loss of more affordable dwellings through redevelopment and gentrification, combined with increasing housing costs, is leading to an undersupply of affordable accommodation in Greater Sydney. Local government can play a role in facilitating affordable housing delivery and promoting the provision/retention of affordable housing through strategic planning, the regulation of housing supply and its form, infrastructure planning and pricing policies, rate setting and community service delivery. Through careful planning, the application of these functions can create opportunities for additional housing, guide the form of housing in response to needs, and influence the cost of production and the availability of services.

Based on the analyses, the Guiding Principles are (page 6):

- *Increase the supply of affordable housing in Canterbury Bankstown.*
- *Locate affordable housing near established centres to allow residents better access to transport, jobs and services.*
- *Focus on alleviating housing stress for very low and low income households and key workers.*
- *Establish clear processes for the delivery and dedication of affordable housing dwellings.*

4.3.2 Recommendations and actions to deliver more affordable housing

This planning proposal gives effect to the Affordable Housing Strategy by proposing to implement the Affordable Housing Contribution Scheme via Council’s local environmental plans as outlined in the following actions:

Affordable Housing Strategy–Recommended Actions (page 7)		Planning Proposal Actions
1.1	In future master planning of growth precincts, ensure that the affordable housing targets established by Council’s Community Strategic Plan and Local Strategic Planning Statement are tested and an appropriate levy be applied subject to viability and feasibility testing.	This planning proposal implements the Bankstown Master Plan, which determined the contribution rate based on viability testing.
2.1	Include provisions in the LEP via a Planning Proposal to enable Council to: <ul style="list-style-type: none"> • Reference an Affordable Housing Contribution Scheme in the LEP(s) • Require an affordable housing contribution, consistent with an affordable housing contribution scheme. 	This planning proposal references the Affordable Housing Contribution Scheme in Council’s LEPs.
2.2	Prepare an Affordable Housing Contribution Scheme that identifies sites/precincts where affordable housing contributions are required and the rate of the contribution. The Scheme is to include a methodology for determining feasibility, which is to be applied as part of the master plans. The rate is to be based on feasibility testing for each site/precinct.	Council prepared the Affordable Housing Contribution Scheme in accordance with State legislation and the Department of Planning, Industry and Environment’s

	<p>Initially, this would apply in Bankstown and Campsie following the completion of master plans for those centres, however further sites and precincts will be added to the scheme as they are master planned. Following testing, implement a contribution rate for development applications in areas where uplift has recently or is proposed to occur. Dedicated dwellings will need to be a mix of sizes, types and locations within a building or development to ensure an acceptable standard of amenity and a mix of dwelling types to meet the needs of a range of households.</p>	<p>publication <i>Guideline for Developing an Affordable Housing Contribution Scheme</i> (February 2019).</p>
2.3	<p>In relation to planning proposals, it is proposed to amend the Planning Agreements Policy to conform with the Ministerial Direction (March 2019) and include a requirement for a 5% affordable housing contribution for planning proposals resulting in uplift of more than 1,000 sqm of residential floor space, unless otherwise agreed with Council.</p> <p>An alternative rate may be negotiated subject to feasibility testing and/or where other types of public benefits are warranted. Feasibility testing provided by a proponent is to be the subject of independent verification.</p> <p>Other types of public benefits are to be considered as part of the broader Planning Agreement Policy on a case by case basis, including consideration of prioritisation of other community infrastructure. Dedicated dwellings will need to be a mix of sizes, types and locations within a building or development to ensure an acceptable standard of amenity and a mix of dwelling types to meet the needs of a range of households.</p>	<p>At the Ordinary Meeting of 23 June 2020, Council adopted amendments to the Planning Agreements Policy to implement this action.</p>
2.4	<p>Undertake regular reviews of the contribution rates in the Affordable Housing Contribution Scheme with the aim of increasing affordable housing contributions by 1% annually, subject to feasibility testing and market considerations.</p> <p>Add new precincts/sites to the Affordable Housing Contribution Scheme as they are master planned, with affordable housing contributions to be determined for each precinct/site through feasibility testing of built form controls (tipping point analysis). These master plans should test the provision of 15 percent of residential floor space as affordable housing, consistent with <i>CBCity 2028</i> and <i>Connective City 2036</i> actions</p>	<p>Council's master planning process may identify other centres where the Scheme may apply, subject to viability testing.</p>

4.4 Bankstown Master Plan

Council prepared and exhibited the Bankstown Master Plan in 2021.

The Master Plans are growth strategies that leverage the opportunities provided by investment in infrastructure and services and sets the foundations for revised planning controls to deliver on the established vision for the Bankstown Strategic Centre. To realise this future, the Master Plan will:

- Set a 20 year vision to 2036.
- Establish a spatial framework for growth and change across the strategic centres.
- Inform future changes to planning controls.
- Assist Council advocate for infrastructure delivery and investment.



4.4.1 Need for more affordable housing

The Bankstown Master Plan (pages 35, 119) identifies that the ongoing loss of affordable dwelling through redevelopment and gentrification, combined with increasing housing costs, has led to a significant undersupply of affordable accommodation in Bankstown.

The lack of low cost housing detrimentally affects the quality of life of individuals and families. Households are likely to sacrifice other basic necessities to pay for housing. The loss of young families and workers in lower paid service jobs can also adversely affect local economies by reducing the local workforce.

Council's Housing Strategy and Affordable Housing Strategy identify a need for the delivery of affordable housing in Canterbury Bankstown. As per the affordable housing directions in the South District Plan and Affordable Housing Strategy, in areas of uplift, it would be expected that development contribute to the delivery of affordable housing where viable.

Affordable housing is different to the concept of housing affordability. Housing affordability refers to the relationship between housing costs and household incomes (if housing costs rise more quickly than income, housing affordability decreases).

Affordable housing is a specific type of housing defined under the Environmental Planning and Assessment Act 1979. Affordable housing means housing that specifically targeted for people on very low to moderate incomes as set out in the Affordable Housing Strategy. It is generally subsidised or offered at below market rents and managed by community housing providers, who are not-for-profit organisations that build and/or manage housing. The SEPP 70 is the overarching planning mechanism that allows Council to prepare an Affordable Housing Contribution Scheme for certain precincts within the local environmental plan.

4.4.2 Recommendations

The Bankstown Master Plan recommends:

- Action 1.3.3 (page 35)
Prepare an Affordable Housing Scheme which outlines the process for contributing towards the delivery of affordable housing.
- Action 9.2.1 (page 119)
Introduce an Affordable Housing Contributions Scheme in the LEP as part of achieving an incentive height and floor space ratio, requiring new developments to provide 3% of total dwellings as affordable dwellings, or a monetary contribution of \$198 per square metre* of total residential gross floor area to be dedicated to the development of affordable housing. Developments providing on site infrastructure and/or substantial proportions of floor space for employment generating floor space will be exempt from the provision of affordable housing.

*Note: Contribution rates will be adjusted on a quarterly basis, being the first days of March, June, September and December, to ensure that the contributions reflect the cost associated with the provision of affordable housing. Rates are adjusted with reference to movements in the median price for strata dwellings in Canterbury Bankstown. The median strata dwelling price is published quarterly in the NSW Government Rent and Sales Report, Table: Sales Price – Greater Metropolitan Region – Strata. The Rent and Sales Report is available on the NSW Government, Family and Community Services website.

4.4.3 Recommended areas to apply the Scheme

The Bankstown Master Plan (pages 35, 119) found that *on sites achieving a significant uplift, of more than 1:1, it would be expected that a portion of residential floor space be dedicated to Council for the delivery of affordable housing*. These areas are shown on the proposed Affordable Housing Contribution Scheme Map provided in Part 4 of this planning proposal.

4.4.4 Viability testing to support the Scheme

The viability testing undertaken as part of the Bankstown Master Plan (pages 35, 119) suggests that development would not be able to achieve the aspirational affordable rental housing target of 15% set by *Connective City 2036* or the 5–10% range set by the Greater Sydney Commission at this time. The viability testing recommends that 3% of the total residential gross floor area of development can be feasibly dedicated to Council, or paid as a monetary contribution at \$198 per square metre subject to adjustments on a quarterly basis.

A staged implementation approach would be taken to allow the market to adjust. By phasing in the requirement, it can be considered ahead of time in land purchases and development projects.

Date of determination of development application	Percentage of the total residential gross floor area
Within 12 months of the Bankstown Strategic Centre's LEP Amendments being published on the NSW legislation website	1%
After 12 months but before 24 months of the Bankstown Strategic Centre's LEP Amendments being published on the NSW legislation website	2%
On or after 24 months of the Bankstown Strategic Centre's LEP Amendments being published on the NSW legislation website	3%

4.4.5 Action to deliver more affordable housing

This planning proposal gives effect to the Bankstown Master Plan by proposing to implement the Affordable Housing Contribution Scheme via Council's local environmental plans.

5. Is the planning proposal consistent with applicable State Environmental Planning Policies?

This planning proposal is consistent with applicable State Environmental Planning Policies as summarised in Attachment A, namely the State Environmental Planning Policy No. 70–Affordable Housing (Revised Schemes).

5.1 State Environmental Planning Policy No. 70–Affordable Housing (Revised Schemes)

An objective of the Environmental Planning and Assessment Act 1979 is to promote the delivery and maintenance of affordable housing. The Act (section 7.32) enables councils to levy contributions for affordable housing.

The aims of the SEPP 70 are to identify that there is a need for affordable housing, describe the kinds of households for which affordable housing may be provided, and make a requirement with respect to the imposition of conditions relating to the provision of affordable housing.

The SEPP 70 provides the mechanism for Council to develop an Affordable Housing Contribution Scheme and to levy developer contributions for affordable housing.

To activate the mechanism, the Act requires the SEPP 70 to name a council's local government area. Once this occurs, a council can seek to amend its local environmental plan to have reference to an Affordable Housing Contribution Scheme and to levy affordable housing contributions. According to the Act (section 7.32), any condition imposed on a development consent must comply with the requirements of this Policy, be authorised by an LEP and must be in accordance with an Affordable Housing Contribution Scheme.

In February 2019, the Department of Planning, Industry and Environment amended the SEPP 70 to include all councils across NSW (thus meeting the Act's requirements of a council being named in a SEPP). The amendment removes the administrative step of entering a local government area into the SEPP 70, thereby expediting Council's ability to investigate and develop an Affordable Housing Contribution Scheme.

This planning proposal responds to the change in circumstances as a result of the SEPP Amendment. This planning proposal gives effect to the SEPP 70 by proposing to implement the Affordable Housing Contribution Scheme via Council's local environmental plans. Section 1.2 of this planning proposal summarises the Affordable Housing Contribution Scheme.

6. Is the planning proposal consistent with applicable Ministerial Directions?

6.1 Consistency with applicable Ministerial Directions

This planning proposal is consistent with applicable Ministerial Directions as summarised in Attachment B, namely:

- Ministerial Direction 1.1–Business and Industrial Zones
- Ministerial Direction 3.1–Residential Zones
- Ministerial Direction 5.10–Implementation of Regional Plans.

Ministerial Direction	Objectives	Application	Consistency
Ministerial Direction 1.1	To protect employment land in business zones. To support the viability of identified centres.	This planning proposal applies to the business zones within the Bankstown Strategic Centre.	This planning proposal is consistent with clause 4 as it implements the directions set by the Master Plan, as outlined in Section 4.4 of this planning proposal. This planning proposal also retains the areas and locations of existing business zones, and does not reduce the total potential floor space area for employment uses and related public services in business zones.
Ministerial Direction 3.1	To encourage a variety and choice of housing types to provide for existing and future housing needs.	This planning proposal applies to the residential zones within the Bankstown Strategic Centre.	This planning proposal is consistent with clauses 4 and 5 as it encourages the provision of housing, and does not contain provisions which will reduce the permissible residential density of land.
Ministerial Direction 5.10	To give legal effect to the vision, land use strategy, goals, directions and actions contained in Regional Plans.	This planning proposal applies to land within the Greater Sydney Region.	This planning proposal is consistent with the Greater Sydney Region Plan and South District Plan as outlined in Section 3.2 of this planning proposal.

6.2 Inconsistency with applicable Ministerial Directions

This planning proposal is inconsistent with the Ministerial Direction 6.3 in relation to site specific provisions.

The objective of this direction is to discourage unnecessarily restrictive site specific planning controls. This planning proposal is inconsistent with clause 4(c) as it proposes to impose a development requirement in addition to those already contained in the principal environmental planning instruments being amended.

Clause 6 states that a planning proposal may be inconsistent with the terms of this direction only if the relevant planning authority can satisfy the Director-General of the Department of Planning (or an officer of the Department nominated by the Director-General) that the provisions of the planning proposal that are inconsistent are of minor significance.

This planning proposal satisfies clause 6 as it implements the Affordable Housing Contribution Scheme via Council's local environmental plans.

SECTION C—Environmental, Social and Economic Impact**7. Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected as a result of the proposal?**

This planning proposal will not adversely affect critical habitat or threatened species, populations or ecological communities, or their habitats.

8. Are there any other likely environmental effects as a result of the planning proposal and how are they proposed to be managed?

There are no other likely environmental effects as a result of this planning proposal.

9. Has the planning proposal adequately addressed any social and economic effects?

According to the South District Plan, housing has a dual social and economic role across Greater Sydney. Communities require housing that meets changing demographic needs over time and that provides stability. At the same time housing has an economic productivity role by providing housing choice and affordability for a cross section of workers (page 44).

The Background Report to the Affordable Housing Strategy reads (page 27):

A greater proportion of households in Canterbury Bankstown experience housing stress than in Greater Sydney, and this proportion has grown in the past decade. The Sydenham to Bankstown corridor is home to one of the largest concentrations of lower income renters in Sydney and has a relatively younger population compared to the rest of Canterbury Bankstown. Planning intervention is required to secure the economic and social benefits that affordable housing offers existing and future residents and workers in growing mixed use centres.

This planning proposal adequately addresses the social and economic effects by proposing to implement the Affordable Housing Contribution Scheme via Council's local environmental plans.

Summary

Section 9.1–Housing stress and the need for more affordable housing

- Households are increasingly experiencing housing stress, particularly rental households.

Section 9.2–Existing mechanisms to provide affordable housing

- Social housing is not meeting demand.
- The availability of the affordable housing supply under the Affordable Rental Housing SEPP is limited to 10–15 years.
- Planning agreements focus on site specific planning proposals, rather than precinct master plans.
- Stronger intervention is required to achieve affordability for the relevant target groups of very low to moderate income households with a focus on locations where lower income households are paying over 30% of their income on rent.

Section 9.3–Affordable Housing Contribution Scheme

- State and local policies recommend that Council prepare an Affordable Housing Contribution Scheme to support households who are experiencing housing stress.

Section 9.4–Preliminary economic advice to support the Scheme

- Prioritise more affordable housing in the centres of Bankstown, Campsie, Wiley Park, Lakemba and Punchbowl, where housing stress is most common.
- Formulate affordable housing contributions rates concurrent with determining built form planning controls as part of the master planning process to be undertaken for centres.

Section 9.5–Viability testing to support the Scheme in Bankstown

- 3% of the total residential gross floor area of development can be feasibly dedicated to Council, or paid as a monetary contribution at \$198 per square metre subject to adjustments on a quarterly basis.
- A staged implementation approach would be taken to allow the market to adjust.

9.1 Housing stress and the need for more affordable housing

With a 2019 population of around 380,000, Canterbury Bankstown is the most populous local government area within the Greater Sydney Region. The population is forecast to grow to 500,000 by 2036.

According to demographic trends, more people are renting. The share of households renting has risen by approximately 4% since 2006, becoming the most prevalent tenure type in Canterbury Bankstown, with outright and mortgage base ownership not far behind. Most households in Canterbury Bankstown pay \$450–\$549 in rent, and most household earnings range from \$400–\$1,249 per week (equivalised).

Figure 6: Tenure type totals and growth rates in Canterbury Bankstown (2006–2016)

Year	Owned outright	Owned with a mortgage	Being purchased under a rent/buy scheme	Rented	Being occupied rent-free	Being occupied under a life tenure scheme	Other tenure type
2016	32,638	31,908	121	38,521	985	295	446
2011	33,712	31,827	380	32,784	801	231	483
2006	34,717	27,825	345	31,528	755	208	360
Growth (Total)	-2,079	4,083	-224	6,993	230	87	86
Growth (CAGR %)	-3.04%	7.09%	-40.78%	10.54%	14.22%	19.09%	11.31%

Source: ABS Census 2006, 2011 and 2016 (TableBuilder Pro)

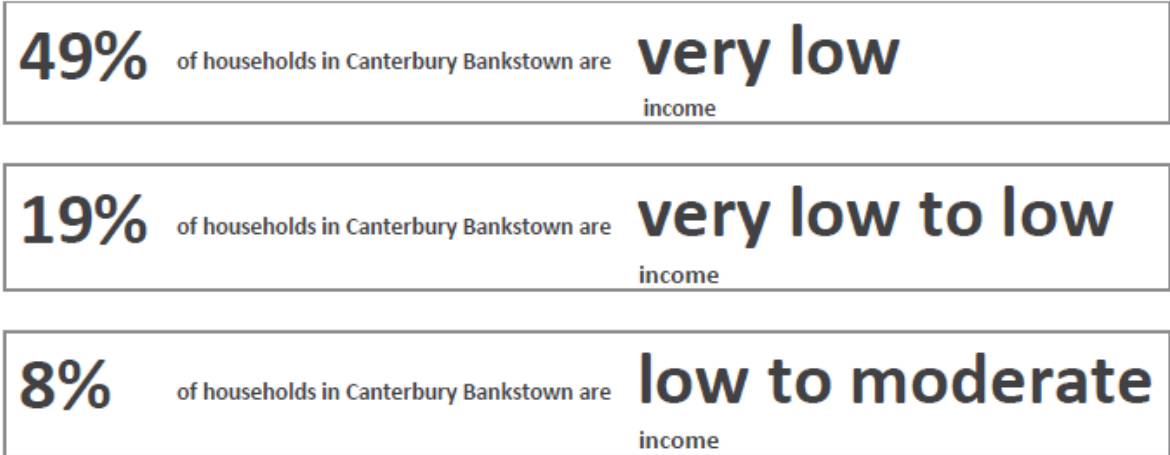
The Background Report found 17.8% of households were experiencing mortgage stress and 39.1% were experiencing rental stress. The Background Report reads (page 13):

In the Canterbury Bankstown LGA, the overall proportion of households experiencing housing stress (either rental or mortgage stress) at the 2016 Census was higher than the average for Greater Sydney (11.8%), with 18.6 per cent of households earning in the lowest 40 per cent paying rent or housing repayments greater than 30 per cent of their household income. As of 2016, in Canterbury Bankstown there were 15,441 households that were renters experiencing rental stress. This represents 39.1% of renting households in the LGA (compared to 26.4% in Greater Sydney). As of 2016, in Canterbury Bankstown there were 5,707 households that had mortgages and were experiencing mortgage stress. This represents 17.8% of households with a mortgage in the LGA (compared to 10.3% in Greater Sydney).



Almost 22,000 households experience housing stress in Canterbury Bankstown, or 18.6% compared to 11.8% in Greater Sydney. Households on moderate, low or very low incomes and key workers, who spend more than 30 per cent of their income on housing are impacted in their ability to pay for essential items like food, clothing, transport and utilities and are said to be experiencing housing stress. Affordable housing is targeted specifically to these groups to assist these households to remain in the private housing market.

Figure 7: Household income in Canterbury Bankstown (Background Report, page 18)



As shown in Figure 8, the top suburbs by number of households experiencing rental and mortgage stress are Bankstown, Campsie and Lakemba.

Figure 8: Top ten suburbs – households experiencing housing stress (Background Report, page 15)

Area	Number of households in stress	Total number of households	Percentage of households in stress
Campsie - Clemton Park	2,136	8,858	24.1
Bankstown CBD	1,989	6,714	29.6
Lakemba	1,640	5,195	31.6
Greenacre - Mount Lewis - Chullora	1,441	6,946	20.8
Punchbowl	1,413	5,914	23.9
Yagoona	1,197	5,513	21.7
Wiley Park	949	3,335	28.5
Belmore	859	4,550	18.9
Chester Hill	783	3,761	20.8
Riverwood	703	2,627	26.8
Revesby - Revesby Heights	685	5,358	12.8

Implications

- Households are increasingly experiencing housing stress, particularly rental households.

9.2 Existing mechanisms to provide affordable housing

9.2.1 Definition

Affordable housing is where households who are considered to have very low, low or moderate incomes are paying less than 30% of their gross income on rent or mortgage repayments. This ratio is considered generally sufficient to meet other basic living costs such as food, clothing, transport, medical care and education.

The SEPP 70 defines affordable housing as:

For the purposes of the definition of affordable housing in section 1.4 (1) of the Act, very low income households, low income households and moderate income households are those whose gross incomes fall within the following ranges of percentages of the median household income for the time being for the Greater Sydney (Greater Capital City Statistical Area) or the Rest of NSW (Greater Capital City Statistical Area) according to the Australian Bureau of Statistics:

<i>Very low income household</i>	<i>less than 50%</i>
<i>Low income household</i>	<i>50 or more but less than 80%</i>
<i>Moderate income household</i>	<i>80–120%</i>

9.2.2 Social housing

As of 30 June 2018, there were 11,437 social housing residential dwellings in Canterbury Bankstown. Public housing accounted for 77% of these dwellings and community housing accounted for 22%.

According to the NSW Department of Communities and Justice's guide to expected waiting times for social housing at 30 June 2020, the waiting time for a one bedroom dwelling is 5–10 years and the waiting time for all other dwellings is 10+ years. There are over 2,800 applicants on the waitlist for social housing. The issue is social housing is not meeting demand.

Figure 9: Existing supply of affordable housing in Canterbury Bankstown

	Public Housing		Aboriginal Housing Office		Community Housing		Indigenous Community Housing		Total
	No.	%	No.	%	No.	%	No.	%	
Burwood	368	82.9	5	1.1	70	15.8	1	0.2	444
Canada Bay	783	78.9	6	0.6	203	20.5	0	0.0	992
Canterbury-Bankstown	8,841	77.1	106	0.9	2,510	21.9	16	0.1	11,473
Inner West	2,034	57.5	130	3.7	1,327	37.5	44	1.2	3,535
Strathfield	537	80.9	3	0.5	124	18.7	0	0.0	664
Sydney	4,769	88.8	46	0.9	549	10.2	7	0.1	5,370
Sydney district	17,332	77.1	296	1.3	4,783	21.3	68	0.3	22,478
NSW	111,341	73.4	4,603	3.0	30,757	20.3	4,971	5.3	151,672

Source: FACS Administrative Data, unpublished.

9.2.3 State Environmental Planning Policy (Affordable Rental Housing) 2009

The State Environmental Planning Policy (Affordable Rental Housing) 2009 encourages development to provide affordable housing by offering bonus floor space.

In relation to the existing supply of affordable housing, *accurate data has been difficult to obtain as there are a number of housing providers managing affordable housing across the city* (Housing Strategy, page 78).

The issue is the availability of the affordable housing supply is limited to 10–15 years.

9.2.4 Council's Planning Agreements Policy

At the Ordinary Meeting of 23 June 2020, Council adopted amendments to the Planning Agreements Policy in accordance with the Affordable Housing Strategy. Where a planning proposal is seeking an uplift of residential floor space that exceeds 1,000m² of gross floor area, the equivalent of at least 5% of the increased residential floor space may be dedicated to Council in the form of dwellings or as a monetary payment for the purpose of affordable housing. An alternative rate may be negotiated subject to feasibility testing (page 14). To date, there are no planning agreements for affordable housing.

The issue is the process to negotiate with landowners focuses on site specific planning proposals, rather than precinct master plans which involve multiple landowners over a wide area.

9.2.5 Rationale for more affordable housing in Canterbury Bankstown

The Background Report reads (page 27):

The data above provides evidence that not enough affordable housing is provided through the market. Less than one percent of the rental market for two-bedroom apartments is considered affordable for a very low-income household. People on very low incomes are priced out of almost the entire rental market, and usually enter housing stress, receive rental assistance or live in social housing to meet basic housing needs. In Canterbury Bankstown, 49% of households are considered to have a very low-income (less than 50% of Greater Sydney median income), which indicates that Canterbury Bankstown is significantly vulnerable to rising housing costs in the context of Greater Sydney.

In 2016, 72% of two-bedroom houses in Canterbury Bankstown were affordable for renters on a low-income. There is a scarcity of social housing in the LGA and the expected wait time for social housing is over ten years. Very low- and low-income households are also likely to be excluded from affordable purchases in Canterbury Bankstown LGA in the future, given increasing housing costs and only a small pipeline of social dwellings. Moderate-income households have more options for rent, although this represents between 3 and 8 percent of the population. One hundred percent of the rental market for two-bedroom houses is affordable for medium income households and 91% of the market of three-bedroom houses are affordable for moderate income households.

As per the Draft Canterbury Bankstown Housing Strategy, the City will deliver 50,000 homes by 2036. The LSPS aims for 80% of this growth to be directed to activity centres, where there is a greater proportion of renters experiencing housing stress. Increasing the stock of studio, one and two-bedroom dwellings in the LGA is likely to provide dwellings at a more affordable price point for rent and purchase, however historically these are still unaffordable for very low and low income renters (a growing demographic). Further increases to housing costs, disproportionate to income growth, is likely to maintain or increase levels of housing stress in the LGA.

The implication is stronger intervention is required to achieve affordability for the relevant target groups of very low to moderate income households.

Implications

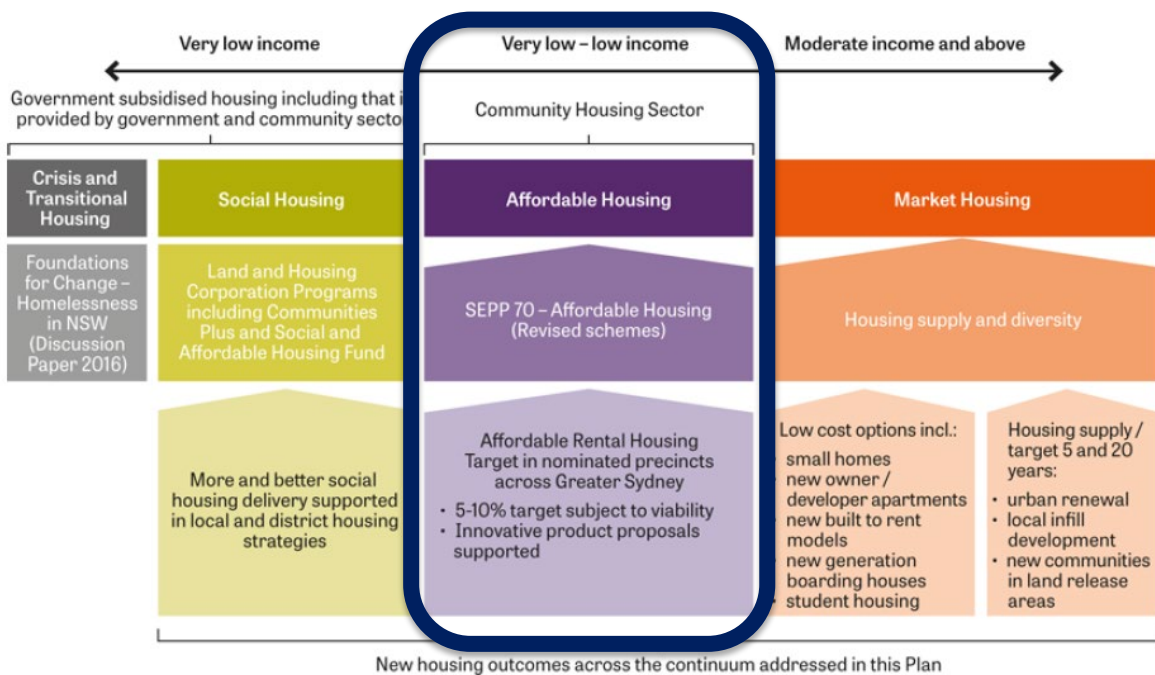
- Social housing is not meeting demand.
- The availability of the affordable housing supply under the Affordable Rental Housing SEPP is limited to 10–15 years.
- Planning agreements focus on site specific planning proposals, rather than precinct master plans.
- Stronger intervention is required to achieve affordability for the relevant target groups of very low to moderate income households with a focus on locations where lower income households are paying over 30% of their income on rent.

9.3 Affordable Housing Contribution Scheme

State and local policies recommend that Council prepare an Affordable Housing Contribution Scheme. The intent of the Scheme is for Council to own affordable housing dwellings that are rented to tenants within the very low to moderate income households. Councils that currently operate a Scheme in the Greater Sydney Region include Canada Bay, Randwick, Sydney, Waverley and Willoughby Councils.

Whilst the Scheme will not resolve the wider issue of housing stress in the Greater Sydney Region, it is an additional mechanism to provide more affordable housing to support very low to moderate income households who are experiencing housing stress as shown in Figure 10. The Scheme would apply to centres that are subject to Council’s master planning process and where uplift is proposed to occur.

Figure 10: Housing continuum, initiatives and programs (Greater Sydney Region Plan, page 69)



The Scheme sets out how, where and at what rate contributions can be collected for affordable housing. A contribution is to be calculated based on the total residential gross floor area of the development to which the development application relates. The possible ways to make the contribution include:

- dedication of one or more affordable housing dwellings subject to certain criteria, or
- dedication of land subject to certain criteria, or
- a monetary contribution, or
- any combination of the three.

There are no 'savings' or 'credit' for existing floor space on the site, even if the building is being adapted and reused.

Council would use the dedication of dwellings, land and monetary contributions to develop, purchase and manage affordable housing. Council would also partner with a community housing provider to manage the tenancies. The community housing provider would select tenants within the very low to moderate household income brackets and seek rent based on 30% of the household income. Section 1.2 of this planning proposal summarises the Affordable Housing Contribution Scheme.

Implications

- State and local policies recommend that Council prepare an Affordable Housing Contribution Scheme to support households who are experiencing housing stress.

9.4 Preliminary economic advice to support the Scheme

To understand the economic impacts of the proposed affordable housing contributions, Council commissioned Hill PDA to provide independent economic advice, which informed the Background Report to the Affordable Housing Strategy. The key findings are (page 74):

- *The contribution rates may not be viable in all scenarios due to factors such as land purchase price, construction cost escalation and market absorption of the end products. It is likely that larger projects seeking higher uplifts have a greater capacity of absorbing an affordable housing contribution levy.*
- *Our results revealed that areas with a strong residential market such as Bankstown and Canterbury show that development is not adversely affected if an affordable housing contribution provision is introduced. However, secondary markets such as Chester Hill show a sensitivity towards the affordable housing levy. We would recommend either a lower affordable housing contribution or permit a site by site open-book assessment in areas considered to be secondary residential locations.*
- *Our sensitivity analysis showed that as the residential unit market recovers to previous peak values, more favourable development margins are achievable, increasing a project's possibility of absorbing the contribution rate levy in the developer margin.*
- *To ensure a wide acceptance to the concept of affordable housing, we would recommend the following:*
 - *Adequate transition period to ensure current DAs are not affected*
 - *Early communication to the industry to ensure the cost of providing affordable housing are priced into development site acquisition. This is to avoid unrealistic owner expectations.*

The key recommendations are (page 75):

- *Affordable housing should be focused on key areas to support a strong employment base and social cohesion.*
 - *Affordable housing could be prioritised in the centres of Bankstown, Campsie, Wiley Park, Lakemba and Punchbowl where housing stress is most common.*
 - *Affordable housing should be directed towards very low and low income households.*
 - *Key worker housing should be prioritised in Bankstown and Campsie.*
- *Council-led planning intervention that generates affordable housing stock is required in Canterbury Bankstown to address social and economic inequality. This can include:*
 - *Leveraging affordable housing during voluntary planning agreements.*
 - *Implementing an affordable housing contribution scheme to acquire new dwellings in value capture scenarios.*
- *Based on these findings it is appropriate to formulate affordable housing contributions rates concurrent with determining built form planning controls as part of the master planning process to be undertaken for centres.*

Implications

- Prioritise affordable housing in the centres of Bankstown, Campsie, Wiley Park, Lakemba and Punchbowl, where housing stress is most common.
- Formulate affordable housing contributions rates concurrent with determining built form planning controls as part of the master planning process to be undertaken for centres.

9.5 Viability testing to support the Scheme in Bankstown

To understand the economic impacts of the proposed affordable housing contributions in the Bankstown Strategic Centre, Council sought independent economic advice to undertake viability testing in these strategic centres. Council commissioned Atlas Urban Economics to undertake the viability testing, which informed the Master Plan.

The viability testing suggests that development would not be able to achieve the aspirational affordable rental housing target of 15% set by *Connective City 2036* or the 5–10% range set by the Greater Sydney Commission at this time. Viability testing recommends that 3% of the total residential gross floor area of development can be dedicated to Council, or paid as a monetary contribution at \$198 per square metre*.

* Note: Contribution rates will be adjusted on a quarterly basis, being the first days of March, June, September and December, to ensure that the contributions reflect the cost associated with the provision of affordable housing. Rates are adjusted with reference to movements in the median price for strata dwellings in Canterbury Bankstown. The median strata dwelling price is published quarterly in the NSW Government Rent and Sales Report, Table: Sales Price – Greater Metropolitan Region – Strata. The Rent and Sales Report is available on the NSW Government, Family and Community Services website.

This rate is considered financially feasible for development on the basis that a staged implementation approach would be taken. The purpose of staging the requirement over time is to allow the market to adjust. By phasing in the requirement, it can be considered ahead of time in land purchases and development projects.

Date of determination of development application	Percentage of the total residential gross floor area
Within 12 months of the Bankstown Strategic Centre’s LEP Amendments being published on the NSW legislation website	1%
After 12 months but before 24 months of the Bankstown Strategic Centre’s LEP Amendments being published on the NSW legislation website	2%
On or after 24 months of the Bankstown Strategic Centre’s LEP Amendments being published on the NSW legislation website	3%

Implications

- 3% of the total residential gross floor area of development can be feasibly dedicated to Council, or paid as a monetary contribution at \$198 per square metre subject to adjustments on a quarterly basis.
- A staged implementation approach would be taken to allow the market to adjust.

SECTION D–State and Commonwealth interests**10. Is there adequate public infrastructure for the planning proposal?**

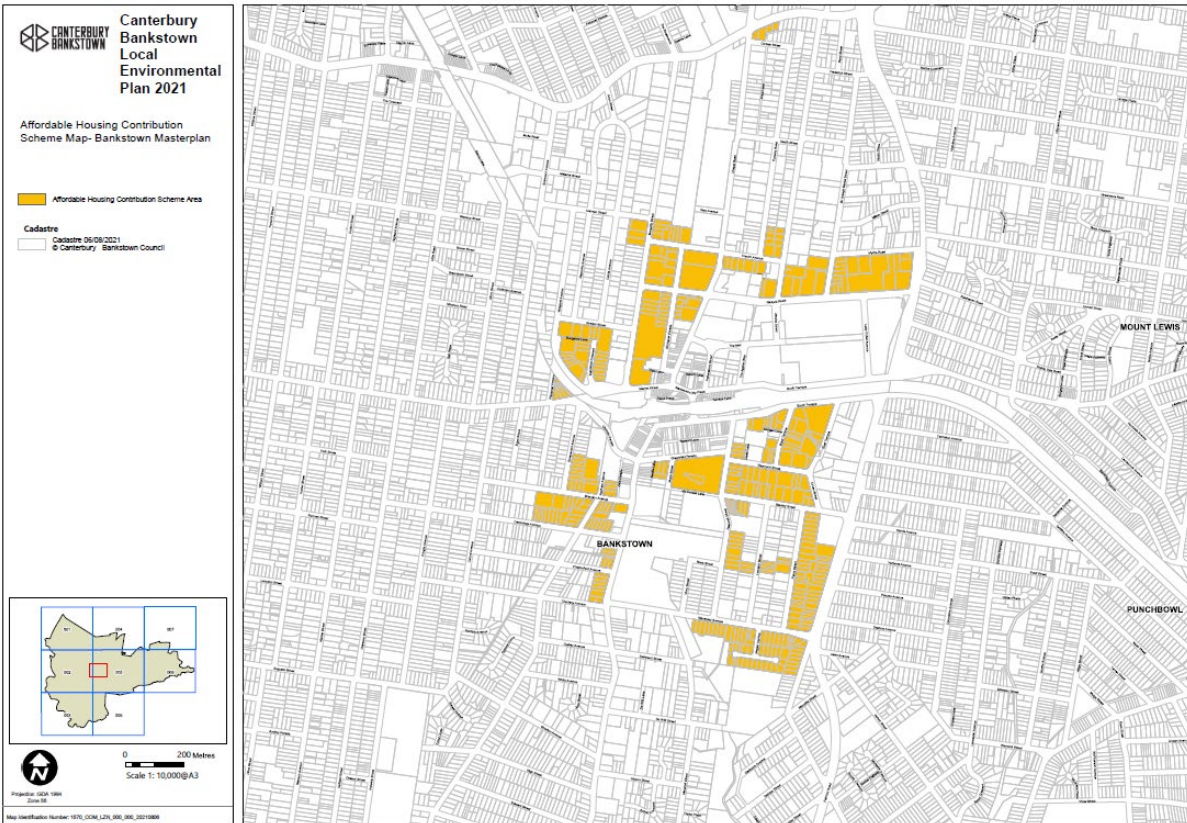
This planning proposal does not result in additional development or further demands on public infrastructure.

11. What are the views of state and Commonwealth public authorities consulted in accordance with the Gateway Determination?

An update to this section of the planning proposal will occur following consultation with the State and Commonwealth public authorities in accordance with the Gateway Determination.

PART 4–MAPS

This planning proposal includes the proposed Affordable Housing Contribution Scheme Map.



Note: Council adopted the Bankstown Master Plan at its Ordinary Meeting of 28 September 2021. This map may be updated following certain site testing as required by the Council resolution of 28 September 2021.

PART 5–COMMUNITY CONSULTATION

The exhibition period for this planning proposal would comprise the following, subject to any restrictions related to the COVID-19 pandemic:

- Notification in the local newspaper that circulates in the area affected by the planning proposal.
- Displays at the Council administration building (Bankstown and Campsie Branches) and corporate website.
- Written notification to affected property owners in the Bankstown Strategic Centre.
- Written notifications to community housing providers operating in the area, and the NSW Land and Housing Corporation.

PART 6–PROJECT TIMELINE

Dates	Project timeline
May 2022	Issue of Gateway Determination
July 2022	Exhibit planning proposal
October 2022	Report to Council following the exhibition
November 2022	Submit planning proposal to the Department of Planning, Industry and Environment to draft and finalise the local environmental plan

ATTACHMENT A–State Environmental Planning Policies

SEPPs (as at October 2021)		Applicable	Consistent
19	Bushland in Urban Areas	Yes	Yes
21	Caravan Parks	Yes	Yes
33	Hazardous & Offensive Development	Yes	Yes
36	Manufactured Home Estates	No	N/A
47	Moore Park Showground	No	N/A
50	Canal Estate Development	Yes	Yes
55	Remediation of Land	Yes	Yes
64	Advertising & Signage	Yes	Yes
65	Design Quality of Residential Apartment Development	Yes	Yes
70	Affordable Housing (Revised Schemes)	Yes	Yes
	(Aboriginal Land) 2019	No	N/A
	(Activation Precincts) 2020	No	N/A
	(Affordable Rental Housing) 2009	Yes	Yes
	(Building Sustainability Index: BASIX) 2004	Yes	Yes
	(Coastal Management) 2018	Yes	Yes
	(Concurrences and Consents) 2018	Yes	Yes
	(Educational Establishments & Child Care Facilities) 2017	Yes	Yes
	(Exempt & Complying Development Codes) 2008	Yes	Yes
	(Gosford City Centre) 2018	No	N/A
	(Housing for Seniors or People with a Disability) 2004	Yes	Yes
	(Infrastructure) 2007	Yes	Yes
	(Koala Habitat Protection) 2021	No	N/A
	(Kosciuszko National Park–Alpine Resorts) 2007	No	N/A
	(Kurnell Peninsula) 1989	No	N/A
	(Major Infrastructure Corridors) 2020	No	N/A
	(Mining, Petroleum Production & Extractive Industries) 2007	Yes	Yes
	(Penrith Lakes Scheme) 1989	No	N/A
	(Primary Production & Rural Development) 2019	Yes	Yes
	(State & Regional Development) 2011	Yes	Yes
	(State Significant Precincts) 2005	Yes	Yes
	(Sydney Drinking Water Catchment) 2011	No	N/A
	(Sydney Region Growth Centres) 2006	No	N/A
	(Three Ports) 2013	No	N/A
	(Urban Renewal) 2010	No	N/A
	(Vegetation in Non–Rural Areas) 2017	Yes	Yes
	(Western Sydney Aerotropolis) 2020	No	N/A
	(Western Sydney Employment Area) 2009	No	N/A
	(Western Sydney Parklands) 2009	No	N/A

Deemed SEPPs (as at October 2021)	Applicable	Consistent
	Greater Metropolitan REP No.2–Georges River Catchment	Yes
	Sydney REP (Sydney Harbour Catchment) 2005	No
		N/A

ATTACHMENT B–Ministerial Directions

Ministerial Directions (as at October 2021)		Applicable	Consistent
1	Employment and Resources		
1.1	Business and Industrial Zones	No	N/A
1.2	Rural Zones	No	N/A
1.3	Mining, Petroleum Production & Extractive Industries	No	N/A
1.4	Oyster Aquaculture	No	N/A
1.5	Rural Lands	No	N/A
2	Environment and Heritage		
2.1	Environment Protection Zones	Yes	Yes
2.2	Coastal Protection	No	N/A
2.3	Heritage Conservation	Yes	Yes
2.4	Recreation Vehicle Areas	Yes	Yes
2.5	Application of E2 and E3 Zones in Far North Coast LEPs	No	N/A
2.6	Remediation of Contaminated Land	Yes	Yes
3	Housing, Infrastructure and Urban Development		
3.1	Residential Zones	Yes	Yes
3.2	Caravan Parks & Manufactured Home Estates	Yes	Yes
3.3	Home Occupations	Yes	Yes
3.4	Integrating Land Use & Transport	Yes	Yes
3.5	Development Near Licensed Aerodromes	Yes	Yes
3.6	Shooting Ranges	No	N/A
3.7	Non-Hostel Short Term Rental Accommodation	No	N/A
4	Hazard and Risk		
4.1	Acid Sulfate Soils	Yes	Yes
4.2	Mine Subsidence & Unstable Land	No	N/A
4.3	Flooding	Yes	Yes
4.4	Planning for Bushfire Protection	No	N/A
5	Regional Planning		
5.1	Implementation of Regional Strategies [Revoked]	No	N/A
5.2	Sydney Drinking Water Catchments	No	N/A
5.3	Farmland on the NSW Far North Coast	No	N/A
5.4	Development along the Pacific Highway, North Coast	No	N/A
5.5	Development in the Cessnock LGA [Revoked]	No	N/A
5.6	Sydney to Canberra Corridor [Revoked]	No	N/A
5.7	Central Coast [Revoked]	No	N/A
5.8	Second Sydney Airport: Badgerys Creek [Revoked]	No	N/A
5.9	North West Rail Link Corridor Strategy	No	N/A
5.10	Implementation of Regional Plans	Yes	Yes
5.11	Development of Aboriginal Land Council Land	No	N/A

6	Local Plan Making		
6.1	Approval & Referral Requirements	Yes	Yes
6.2	Reserving Land for Public Purposes	Yes	Yes
6.3	Site Specific Provisions	Yes	No
7	Metropolitan Planning		
7.1	Implementation of A Plan for Growing Sydney [Revoked]	No	N/A
7.2	Greater Macarthur Land Release Investigation [Revoked]	No	N/A
7.3	Parramatta Road Corridor Urban Transformation Strategy	No	N/A
7.4	Implementation of North West Priority Growth Area Plan	No	N/A
7.5	Implementation of Greater Parramatta Priority Growth Area Plan	No	N/A
7.6	Implementation of Wilton Priority Growth Area Interim Plan	No	N/A
7.7	Implementation of Glenfield to Macarthur Renewal Corridor	No	N/A
7.8	Implementation of Western Sydney Aerotropolis Plan	No	N/A
7.9	Implementation of Bayside West Precincts 2036 Plan	No	N/A
7.10	Implementation of Planning Principles for Cooks Cove Precinct	No	N/A
7.11	Implementation of St Leonards and Crows Nest Plan	No	N/A
7.12	Implementation of Greater Macarthur 2040	No	N/A
7.13	Implementation of the Pymont Peninsula Place Strategy	No	N/A

Draft Affordable Housing Contribution Scheme

CONTENTS

Section 1–Strategic Context and Background

Section 2–Affordable Housing Contributions

Section 3–Administration and Implementation

Appendix A–Local Housing Needs Assessment

Appendix B–Viability Assessment

SECTION 1—STRATEGIC CONTEXT AND BACKGROUND

This Affordable Housing Contribution Scheme (this Scheme) sets out how, where and at what rate contributions are collected for affordable housing. This Scheme has been prepared in accordance with the Environmental Planning and Assessment Act 1979, State Environmental Planning Policy No. 70—Affordable Housing (Revised Schemes) and the Department of Planning, Industry and Environment’s *Guideline for Developing an Affordable Housing Contribution Scheme*.

1.1 Objectives of this Scheme

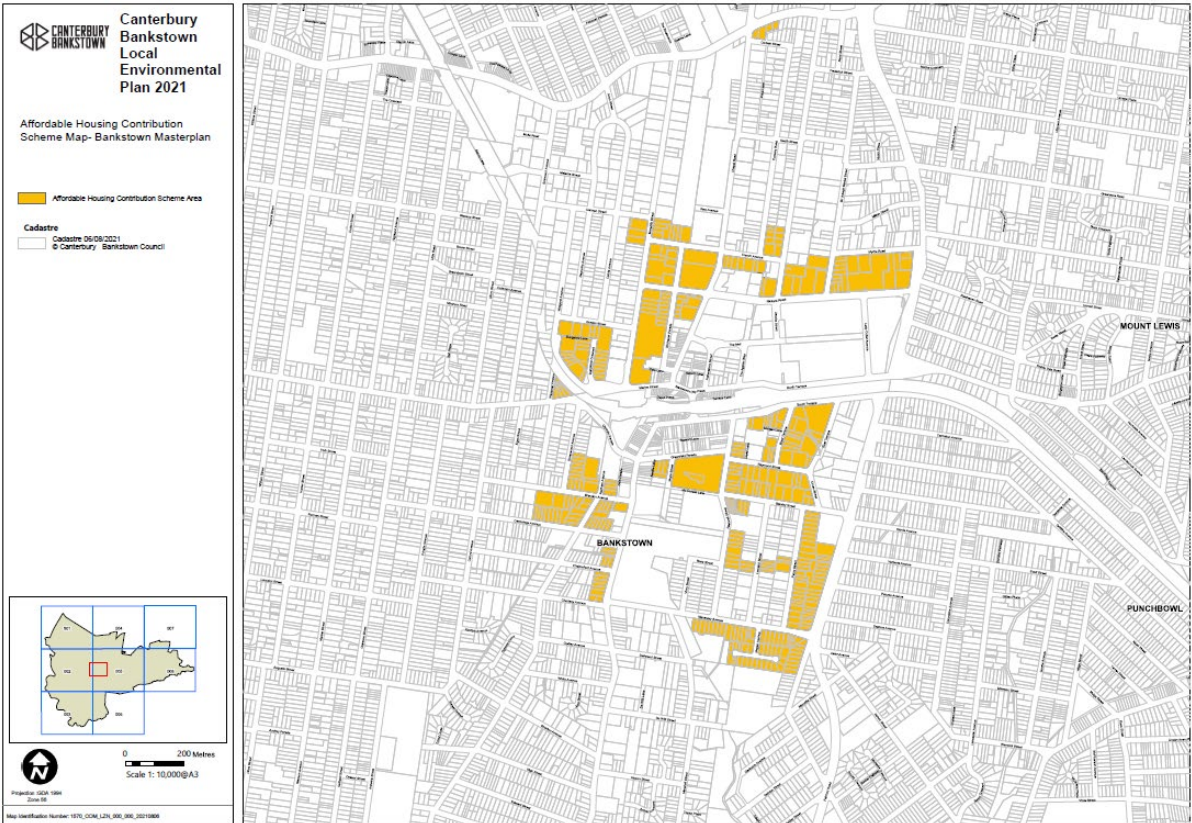
The objectives of this Scheme are:

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

1.2 Where does this Scheme apply?

This Scheme applies to land shown in Figure 1.

Figure 1: Bankstown Strategic Centre



Note: Council adopted the Bankstown Master Plan at its Ordinary Meeting of 28 September 2021. This map may be updated following certain site testing as required by the Council resolution of 28 September 2021.

1.3 What types of development does this Scheme apply to?

This Scheme applies to development in the Bankstown Strategic Centre that choose to benefit from the affordable housing option under the incentive height and floor space provision, but does not include:

- Affordable housing or social housing that choose the affordable housing option under the incentive height and floor space provision, provided:
 - the affordable housing or social housing is managed by a registered community housing provider, and
 - the total residential gross floor area is used solely for the purpose of the provision of affordable housing or social housing in perpetuity, and
 - the following covenant is registered in the title of the site prior to the issuance of the Occupation Certificate:

Affordable Housing Covenant

In accordance with section 88E of the Conveyancing Act 1919, the covenant will:

- require affordable housing to be retained as affordable housing in perpetuity;
 - require affordable housing to be managed in accordance with the affordable housing principles;
 - allow at the sole discretion of the Canterbury Bankstown Council for the removal of the covenant to facilitate the sale of affordable housing where the Council is satisfied equivalent or better replacement stock is to be provided within the Canterbury Bankstown Local Government Area; and
 - allow for the lifting of the covenant at the sole discretion of the Canterbury Bankstown Council in the circumstance that the eligible community housing provider becomes insolvent and another eligible community housing provider, or the Canterbury Bankstown Council, is unable or unwilling to take over the interest in the asset.
- Development that provide on site infrastructure or a minimum 50% employment generating gross floor area under the incentive height and floor space provision.

1.4 Overview – Affordable housing need

This section provides an overview of the housing affordability issues that this Scheme aims to address. More detailed analyses of demographics and housing needs are provided at Appendix A.

The Background Report (page 13) to Council's Affordable Housing Strategy identifies the need for more affordable housing in Canterbury Bankstown:

As of 2016, in Canterbury Bankstown there were 15,441 households that were renters experiencing rental stress. This represents 39.1% of renting households in the LGA (compared to 26.4% in Greater Sydney). As of 2016, in Canterbury Bankstown there were 5,707 households that had mortgages and were experiencing mortgage stress. This represents 17.8% of households with a mortgage in the LGA (compared to 10.3% in Greater Sydney). These figures indicate that renters experience housing stress more so than those households with a mortgage.

Existing mechanisms to provide affordable housing under the NSW planning system include:

- Social housing, which is State-owned infrastructure delivered by the Land and Housing Corporation. The issue is social housing is not meeting demand.
- The State Environmental Planning Policy (Affordable Rental Housing) 2009, which encourages development to provide affordable housing by offering bonus floor space. The issue is the availability of the affordable housing supply is limited to 10–15 years.
- Council's Planning Agreements Policy, which allows contributions under planning agreements to be in the form of affordable housing (monetary payment, land or dedication of dwellings). The issue is planning agreements focus on site specific planning proposals, rather than precinct master plans.

State and local policies conclude that stronger intervention is required to achieve affordability for the relevant target groups of very low to moderate income households.

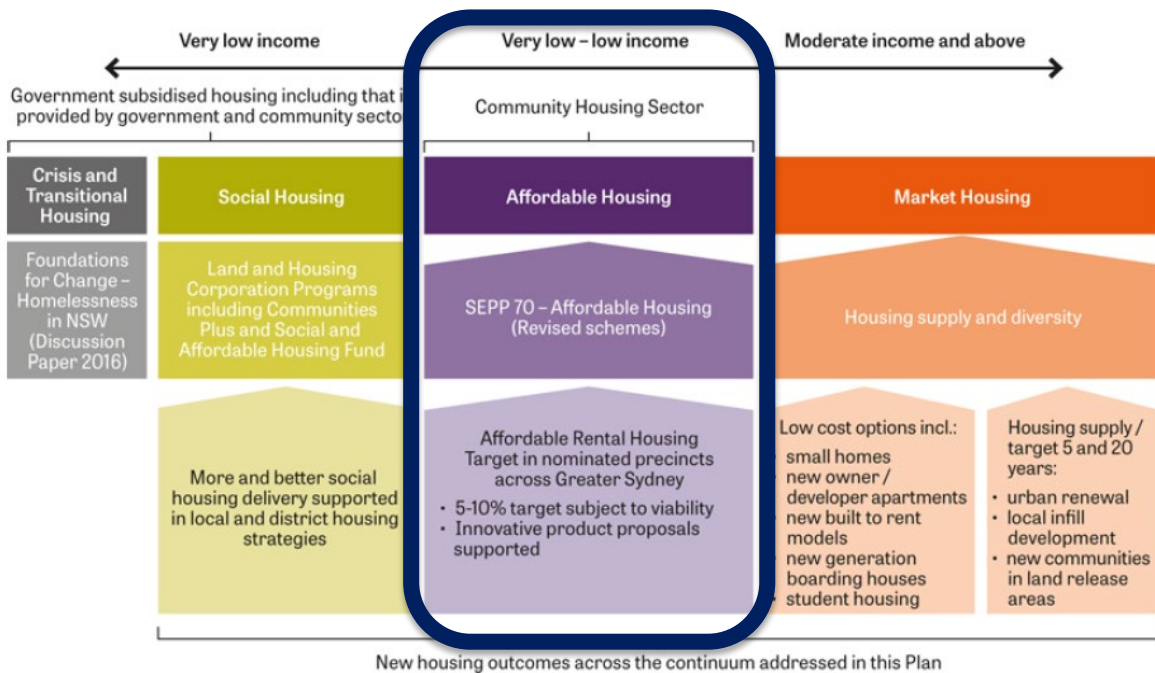
The State and local policies include:

- NSW Housing Strategy 'Housing 2041' (Department of Planning, Industry and Environment, March 2021)
- Greater Sydney Region Plan (Greater Sydney Commission, March 2018)
- South District Plan (Greater Sydney Commission, March 2018)
- Local Strategic Planning Statement 'Connective City 2036' (Council, March 2020)
- Canterbury Bankstown Housing Strategy (Council, June 2020)
- Canterbury Bankstown Affordable Housing Strategy (Council, June 2020)
- Affordable Housing Strategy–Background Report (Council, February 2020)
- Bankstown Master Plan (Council, March 2021)
- Development Feasibility Analysis (Atlas Urban Economics, February 2021).

The State and local policies recommend that Council prepare this Scheme. The intent of this Scheme is for Council to own affordable housing dwellings that are rented to tenants within the very low to moderate income households. According to the analyses, this Scheme would focus on locations where lower income households are paying over 30% of their income on rent. The priority areas include Bankstown, Campsie, Lakemba, Punchbowl and Wiley Park, where housing stress is most common.

Whilst this Scheme will not resolve the wider issue of housing stress in the Greater Sydney Region, it is an additional mechanism to provide more affordable housing to support very low to moderate income households who are experiencing housing stress as shown in Figure 1.

Figure 1: Housing continuum, initiatives and programs (Greater Sydney Region Plan, page 69)



1.5 Legislative basis for affordable housing contributions

An objective of the Environmental Planning and Assessment Act 1979 (the Act) is to promote the delivery and maintenance of affordable housing. The Act (section 7.32) enables Council to levy contributions for affordable housing.

The State Environmental Planning Policy No. 70—Affordable Housing (Revised Schemes) (SEPP 70) supports the Act by providing the mechanism for Council to develop this Scheme and to levy developer contributions for affordable housing.

To activate the mechanism, the Act requires the SEPP 70 to name Council's local government area. Once this occurs, Council can seek to amend its local environmental plan to reference this Scheme and to levy affordable housing contributions. According to the Act (section 7.32), any condition imposed on a development consent must comply with the requirements of the SEPP 70, be authorised by an LEP and must be in accordance with this Scheme.

In February 2019, the Department of Planning, Industry and Environment amended the SEPP 70 to include all councils across NSW (thus meeting the Act's requirements of a council being named in a SEPP). The amendment removes the administrative step of entering a local government area into the SEPP 70, thereby expediting Council's ability to investigate and develop this Scheme.

1.6 Relationship to other affordable housing provisions in the LGA

At the Ordinary Meeting of 23 June 2020, Council adopted amendments to its Planning Agreements Policy in accordance with its Affordable Housing Strategy. Where a planning proposal is seeking an uplift of residential floor space that exceeds 1,000 square metres of gross floor area, the equivalent of at least 5% of the increased residential floor space may be dedicated to Council in the form of dwellings or as a monetary payment for the purpose of affordable housing. An alternative rate may be negotiated subject to feasibility testing.

This Scheme would apply to centres that are subject to Council's master planning process and where uplift is proposed to occur. In areas of uplift, it would be expected that a portion of the total residential gross floor area would be dedicated to Council for the delivery of affordable housing. In future:

- Council's master planning process will identify centres where the Scheme may apply, subject to viability testing.
- The Planning Agreements Policy will apply to site specific rezoning applications not identified by the Draft Scheme.

1.7 Affordable housing principles

This Scheme will be managed in accordance with the following principles set out in the 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 made available to very low, low or moderate income households, or any combination of these.
3. Affordable housing is to be rented to appropriately qualified tenants and at an appropriate rate of gross household income.
4. Land provided for affordable housing is to be used for the purpose of the provision of affordable housing.
5. Buildings provided for affordable housing are to be managed so as to maintain their continued use for affordable housing.
6. 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.
7. 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.

1.8 Definitions

Affordable housing has the same meaning as in the Environmental Planning and Assessment Act 1979, which 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.

Canterbury Bankstown means the Canterbury Bankstown Local Government Area.

Contribution rate means the contribution rate that is used in the calculation of the monetary contribution for a relevant development and is adjusted quarterly to take into account indexation.

Council means the Canterbury Bankstown Council

Gross floor area (GFA) has the same meaning as in the Canterbury Bankstown Local Environmental Plan [Year], which means 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—
 - (i) storage, and
 - (ii) vehicular access, loading areas, garbage and services, and
- (f) plant rooms, lift towers and other areas used exclusively for mechanical services or ducting, and
- (g) car parking to meet any requirements of the consent authority (including access to that car parking), and
- (h) any space used for the loading or unloading of goods (including access to it), and
- (i) terraces and balconies with outer walls less than 1.4 metres high, and
- (j) voids above a floor at the level of a storey or storey above.

LGA means Local Government Area.

Non-residential development means any development that does not include residential accommodation.

Registered community housing provider means a community housing provider who is registered under the National Regulatory System of Community Housing. In NSW, a community housing provider 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.

SEPP 65 means the State Environmental Planning Policy No. 65—Design Quality of Residential Apartment Development.

SEPP 70 means the State Environmental Planning Policy No. 70—Affordable Housing (Revised Schemes).

Very low, low and moderate income households have the same meaning as in the State Environmental Planning Policy No. 70—Affordable Housing (Revised Schemes), which means households whose gross incomes fall within the following ranges of percentages of the median household income for the time being for the Greater Sydney (Greater Capital City Statistical Area) or the Rest of NSW (Greater Capital City Statistical Area) according to the Australian Bureau of Statistics:

Very low income household	less than 50%
Low income household	50 or more but less than 80%
Moderate income household	80–120%

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).

Affordable housing 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 an affordable housing dwelling is considered unsuitable, then it must be made as a monetary contribution.
- If the contribution is less than 50 square metres, 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.
- A change of use 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(s) of consent has been satisfied prior to the granting of a Construction Certificate.

The rates of affordable housing contributions required under this Scheme are listed below.

2.1.1 Bankstown Strategic Centre

Date of determination of development application	Percentage of the total residential gross floor area
Within 12 months of the Bankstown Strategic Centre’s LEP Amendments being published on the NSW legislation website	1%
After 12 months but before 24 months of the Bankstown Strategic Centre’s LEP Amendments being published on the NSW legislation website	2%
On or after 24 months of the Bankstown Strategic Centre’s LEP Amendments being published on the NSW legislation website	3%

Appendix B includes the viability testing for the Bankstown Strategic Centre. 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
- dedication of land (refer section 2.4).

The development application should confirm the preferred method of contribution.

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 housing dwellings and meet the following requirements:

- Align with the affordable housing principles in section 1.7 of this Scheme.
- The location, size and quality of the affordable housing dwellings are to be to the satisfaction of Council and its nominated community housing provider and generally consistent with the standard of new housing in Canterbury Bankstown. The dwellings should not be distinguishable from market housing within Canterbury Bankstown. 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.
- The total gross floor area must not be less than 50 square metres. If the gross floor area is less than 50 square metres, a monetary contribution will instead be payable (as described in section 2.3 of this Scheme).
- If the dedicated dwellings are part of a development requiring consideration of the SEPP 65 (or equivalent), each dwelling must comply with the NSW Apartment Design Guide's solar access and natural ventilation requirements.
- Where only part of a contribution is satisfied through dedication of completed dwellings, any remaining requirement is to be paid as a monetary contribution.

2.2.1 Calculating dedication of dwellings

Example 1—Residential development (residential GFA of 8,000 square metres) approved 24 months after the adoption of this Scheme

Formula: 8,000sqm GFA (residential uses) x 3% affordable housing contribution rate (CR) = required affordable housing square metre provision.

Calculation for Affordable Housing GFA required to be dedicated:
 = 8,000sqm (residential GFA) x 3% (contribution rate)
 = 240sqm

Example 2–Mixed use development (total GFA of 8,000 square metres, comprising residential GFA of 7,000 square metres and non–residential GFA of 1,000 square metres) approved 24 months after the adoption of this Scheme

Formula:

- Total GFA – non–residential GFA = residential GFA
- Residential GFA x 3% = required affordable housing square metre provision

Calculation for residential GFA: 8,000sqm (Total GFA) – 1,000sqm (non-residential GFA) = 7,000sqm (residential GFA)

Calculation for Affordable Housing GFA required to be dedicated:
 = 7,000sqm (residential GFA) x 3% (contribution rate)
 = 210sqm

Example 3–Change of use (GFA 2,000sqm from non–residential use to residential use) approved 24 months after the adoption of this Scheme

Formula: Affordable Housing contribution provision = Contribution rate x converted residential GFA

Calculation for Affordable Housing GFA required to be dedicated:
 = 2,000sqm (converted residential GFA) x 3% (contribution rate)
 = 60 sqm

2.3 Equivalent monetary contribution

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

2.3.1 Bankstown Strategic Centre

The contribution rate (CR) to be used is:

Contribution rate (% RATE)	Contribution rate /sqm GFA (CR) – based on September 2020 NSW FACs Sales and Rent Report
First year of this Scheme: 1%	\$66
Second year of this Scheme: 2%	\$132
Third year of this Scheme and thereafter: 3%	\$198

The monetary contribution amount is reviewed and indexed on a quarterly basis with reference to NSW Family and Community Services Sales and Rent Reports, which are updated and issued quarterly. Refer to indexing in Section 3.2 of this Scheme.

2.3.2 Calculating monetary contributions

Example 1–Residential development (residential GFA of 8,000 square metres) approved 24 months after the adoption of this Scheme

Formula: 8,000 sqm Gross floor area (Residential Uses) x affordable housing monetary contribution rate (CR) = required affordable housing monetary contribution provision.

Calculation for the equivalent monetary contributions to be dedicated:
 = 8,000sqm (residential GFA) x \$198 (monetary contribution rate)
 = \$1,584,000

Example 2–Mixed use development (total GFA of 8,000 square metres, comprising residential GFA of 7,000 square metres and non–residential GFA of 1,000 square metres) approved 24 months after the adoption of this Scheme

Formula:

- **Total GFA – non–residential GFA = residential GFA**
- **Residential GFA x monetary contributions rate = required affordable housing monetary contribution provision**

Calculation for residential GFA: 8,000sqm (Total GFA) – 1,000sqm (non–residential GFA) = 7,000sqm (residential GFA)

Calculation for the equivalent monetary contributions to be dedicated:
 = 7,000sqm (residential GFA) x \$198 (contribution rate)
 = \$1,386,000

Example 3–Change of use (GFA 2,000sqm from non–residential use to residential use) approved 24 months after the adoption of this Scheme

Formula: Affordable Housing contribution provision = Contribution rate x converted residential GFA

Calculation for the equivalent monetary contributions to be dedicated:
 = 2,000sqm (converted residential GFA) x \$198 (contribution rate)
 = \$396,000

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, in consultation with the community housing sector and Council's partner community housing provider.

The following requirements are identified to guide the assessment of suitability:

- The dedicated land must allow the development of the intended affordable housing development in accordance with Council's Local Environmental Plan and Development Control Plan.
- Within a five minute walking catchment (400 metres) of a bus stop or a ten minute walking catchment (800 metres) of a railway station.
- Not to be subject to environmental constraints, such as:
 - Contamination or requiring remediation
 - Flooding or flood constraints.
- Have access, locational and site characteristics comparable to the proposed residential development.

The value of the dedicated land should be equivalent to the monetary contribution calculated under this Scheme. The value of the dedicated land should be determined by an independent valuer considering the following:

- Assess if the land to be dedicated meets Council's requirements.
- If the 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 the 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 the land to be dedicated and any residual amount for which a monetary contribution is required.
- Identify the land proposed for dedication on the subdivision plans.
- 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 this Scheme.

2.5 Development that is exempt from this Scheme

The types of development which are exempt from affordable housing contributions are listed below.

Type of development	Reason
Affordable housing or social housing that is managed by a registered community housing provider and the total residential gross floor area is used solely for the purpose of the provision of affordable housing or social housing in perpetuity.	Delivers the intended outcome of this Scheme.
Development that provide on site infrastructure or a minimum 50% employment generating gross floor area under the incentive height and floor space provision.	The Scheme is to apply to development that choose to benefit from the affordable housing option under the incentive height and floor space provision.

2.6 Condition(s) of consent for affordable housing

Council will levy developer contributions for affordable housing via condition(s) of consent. The condition(s) 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 the time of determination (for any monetary contributions).
- (e) A requirement to demonstrate that the title of any dwellings will be transferred to 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 the approved plans in the same development application and referenced in the affordable housing condition(s).
- (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

Development to which this Scheme applies (other than development excluded from this Scheme) is required to provide affordable housing. This requirement will be by way of condition(s) 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.

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

3.1.1 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.

3.1.2 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(s) of development consent. The contribution must be paid to Council prior to the issue of any Construction Certificate.

Council may consider deferred payment of monetary contributions in special circumstances. An applicant seeking deferral of payment must demonstrate to Council's satisfaction that their circumstances warrant consideration of deferred payment.

Any application for deferral will be considered on its merits. If granted it will be subject to the following conditions:

- The period of time for the deferring payment will be limited to prior to the issuance of the Occupation Certificate.
- The applicant must provide a suitable Bank Guarantee.
- Interest will be charged on deferred contributions. The Bank Guarantee is to be equal to the amount of the monetary contribution to be paid plus the interest accrued over the deferral period.
- The interest rate payable on the deferred contribution is the same as the Commonwealth Bank's base lending rate at the time of the release of the approved building plans or subdivision plan.
- A Bank Guarantee must not impose an expiry date or any other condition that may prejudice Council's ability to call on the Guarantee if required.
- An administrative fee will be charged for deferred payment. Refer to Council's Fees and Charges for the current fee.
- Should the contributions not be paid within 7 days from the end of the deferral period, the Council reserves the rights to call up the Banks Guarantee without further notice.

3.1.3 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 community housing provider 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 community housing provider.

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 Canterbury Bankstown. 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 current contribution rates will be displayed on Council's website.

3.3 Refund policy

Council's policy is that there are no refunds of monetary contributions made under this Scheme. Council may however consider giving a refund in the case of a surrendered development consent or complying development certificate provided that:

- (a) the development application or complying development certificate had not lapsed; and
- (b) the surrendered development consent and complying development certificate takes effect in accordance with the Environmental Planning and Assessment Act 1979; and
- (c) no demolition, building, engineering or construction work has physically commenced that results in gross floor area on the site; and
- (d) Council is to retain 10% of the monetary contribution payment where any works have commenced.

3.4 Processes for the distribution and management of funds

Contributions will be pooled and managed by Council to develop, purchase and manage affordable housing. 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 Management Procedures. This will ensure returns are re-invested in affordable housing stock in the form of property maintenance, renewal and replacement.

3.5 Registered community housing providers and delivery program

Affordable housing sites acquired or achieved under this Scheme or by any other means, are to be transferred in property title to Canterbury Bankstown.

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 Affordable Housing Management Procedures. Council will enter into a management agreement for the affordable housing dwellings with the successful housing manager following the selection process.

Council will provide a delivery program that outlines how funds raised or dwellings provided under this Scheme will be used and requirements for reporting and transparency.

3.6 Monitoring and review of this Scheme

This Scheme will be reviewed on an annual basis. Key considerations will include:

- A review of evidence relating to this 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 housing 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 housing.
- Affordable housing dwellings are designed and constructed to a standard which, in the opinion of Council, is generally consistent with other dwellings in Canterbury Bankstown, that is they are not differentiated as affordable housing compared with the design of other housing.

APPENDIX A–LOCAL HOUSING NEEDS ASSESSMENT

An overview of the affordable housing issues is provided in this Scheme, as shown in section 1.4. This appendix provides more detail and the supporting data and analysis.

Summary

Section A1–Housing stress and the need for more affordable housing

- Households are increasingly experiencing housing stress, particularly rental households.
- Prioritise affordable housing in the centres of Bankstown, Campsie, Wiley Park, Lakemba and Punchbowl, where housing stress is most common.

Section A2–Existing mechanisms to provide affordable housing

- Social housing is not meeting demand.
- The availability of the affordable housing supply under the Affordable Rental Housing SEPP is limited to 10–15 years.
- Planning agreements focus on site specific planning proposals, rather than precinct master plans.
- Stronger intervention is required to achieve affordability for the relevant target groups of very low to moderate income households with a focus on locations where lower income households are paying over 30% of their income on rent.

A1. Housing stress and the need for more affordable housing

With a 2019 population of around 380,000, Canterbury Bankstown is the most populous local government area within the Greater Sydney Region. The population is forecast to grow to 500,000 by 2036.

According to demographic trends, more people are renting. The share of households renting has risen by approximately 4% since 2006, becoming the most prevalent tenure type in Canterbury Bankstown, with outright and mortgage base ownership not far behind. Most households in Canterbury Bankstown pay \$450–\$549 in rent, and most household earnings range from \$400–\$1,249 per week (equivalised).

Figure 6: Tenure type totals and growth rates in Canterbury Bankstown (2006–2016)

Year	Owned outright	Owned with a mortgage	Being purchased under a rent/buy scheme	Rented	Being occupied rent-free	Being occupied under a life tenure scheme	Other tenure type
2016	32,638	31,908	121	38,521	985	295	446
2011	33,712	31,827	380	32,784	801	231	483
2006	34,717	27,825	345	31,528	755	208	360
Growth (Total)	-2,079	4,083	-224	6,993	230	87	86
Growth (CAGR %)	-3.04%	7.09%	-40.78%	10.54%	14.22%	19.09%	11.31%

Source: ABS Census 2006, 2011 and 2016 (TableBuilder Pro)

The Background Report found 17.8% of households were experiencing mortgage stress and 39.1% were experiencing rental stress.

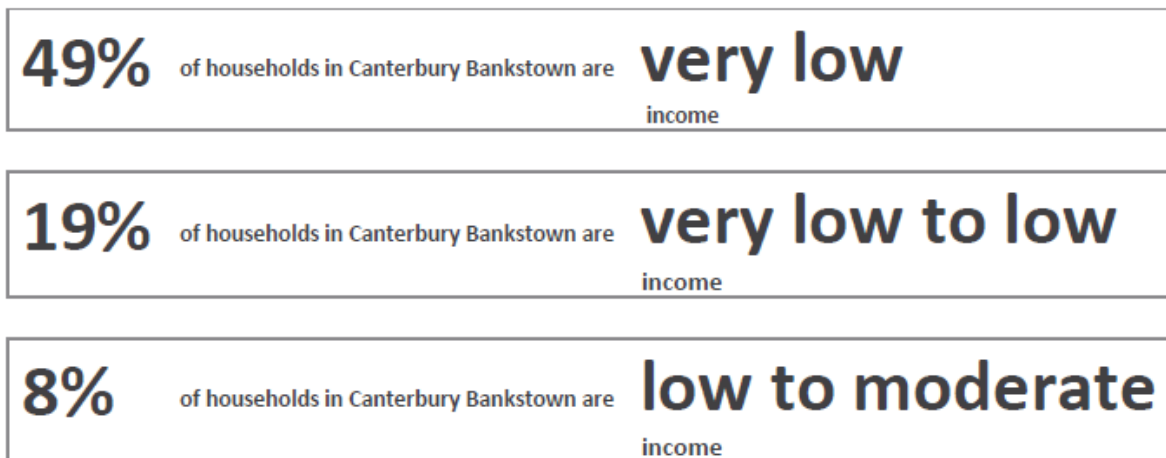
The Background Report reads (page 13):

In the Canterbury Bankstown LGA, the overall proportion of households experiencing housing stress (either rental or mortgage stress) at the 2016 Census was higher than the average for Greater Sydney (11.8%), with 18.6 per cent of households earning in the lowest 40 per cent paying rent or housing repayments greater than 30 per cent of their household income. As of 2016, in Canterbury Bankstown there were 15,441 households that were renters experiencing rental stress. This represents 39.1% of renting households in the LGA (compared to 26.4% in Greater Sydney). As of 2016, in Canterbury Bankstown there were 5,707 households that had mortgages and were experiencing mortgage stress. This represents 17.8% of households with a mortgage in the LGA (compared to 10.3% in Greater Sydney).



Almost 22,000 households experience housing stress in Canterbury Bankstown, or 18.6% compared to 11.8% in Greater Sydney. Households on moderate, low or very low incomes and key workers, who spend more than 30 per cent of their income on housing are impacted in their ability to pay for essential items like food, clothing, transport and utilities and are said to be experiencing housing stress. Affordable housing is targeted specifically to these groups to assist these households to remain in the private housing market.

Figure 7: Household income in Canterbury Bankstown (Background Report, page 18)



As shown in Figure 8, the top suburbs by number of households experiencing rental and mortgage stress are Bankstown, Campsie and Lakemba.

Figure 8: Top ten suburbs – households experiencing housing stress (Background Report, page 15)

Area	Number of households in stress	Total number of households	Percentage of households in stress
Campsie - Clemton Park	2,136	8,858	24.1
Bankstown CBD	1,989	6,714	29.6
Lakemba	1,640	5,195	31.6
Greenacre - Mount Lewis - Chullora	1,441	6,946	20.8
Punchbowl	1,413	5,914	23.9
Yagoona	1,197	5,513	21.7
Wiley Park	949	3,335	28.5
Belmore	859	4,550	18.9
Chester Hill	783	3,761	20.8
Riverwood	703	2,627	26.8
Revesby - Revesby Heights	685	5,358	12.8

The Background Report to the Affordable Housing Strategy reads (page 27):

A greater proportion of households in Canterbury Bankstown experience housing stress than in Greater Sydney, and this proportion has grown in the past decade. The Sydenham to Bankstown corridor is home to one of the largest concentrations of lower income renters in Sydney and has a relatively younger population compared to the rest of Canterbury Bankstown. Planning intervention is required to secure the economic and social benefits that affordable housing offers existing and future residents and workers in growing mixed use centres.

Implications

- Households are increasingly experiencing housing stress, particularly rental households.
- Prioritise affordable housing in the centres of Bankstown, Campsie, Wiley Park, Lakemba and Punchbowl, where housing stress is most common.

A2. Existing mechanisms to provide affordable housing

A2.1 Definition

Affordable housing is where households who are considered to have very low, low or moderate incomes are paying less than 30% of their gross income on rent or mortgage repayments. This ratio is considered generally sufficient to meet other basic living costs such as food, clothing, transport, medical care and education.

The SEPP 70 defines affordable housing as:

For the purposes of the definition of affordable housing in section 1.4 (1) of the Act, very low income households, low income households and moderate income households are those whose gross incomes fall within the following ranges of percentages of the median household income for the time being for the Greater Sydney (Greater Capital City Statistical Area) or the Rest of NSW (Greater Capital City Statistical Area) according to the Australian Bureau of Statistics:

<i>Very low income household</i>	<i>less than 50%</i>
<i>Low income household</i>	<i>50 or more but less than 80%</i>
<i>Moderate income household</i>	<i>80–120%</i>

A2.2 Social housing

As of 30 June 2018, there were 11,437 social housing residential dwellings in Canterbury Bankstown. Public housing accounted for 77% of these dwellings and community housing accounted for 22%.

According to the NSW Department of Communities and Justice’s guide to expected waiting times for social housing at 30 June 2020, the waiting time for a one bedroom dwelling is 5–10 years and the waiting time for all other dwellings is 10+ years. There are over 2,800 applicants on the waitlist for social housing. The issue is social housing is not meeting demand.

Figure 9: Existing supply of affordable housing in Canterbury Bankstown

	Public Housing		Aboriginal Housing Office		Community Housing		Indigenous Community Housing		Total
	No.	%	No.	%	No.	%	No.	%	
Burwood	368	82.9	5	1.1	70	15.8	1	0.2	444
Canada Bay	783	78.9	6	0.6	203	20.5	0	0.0	992
Canterbury-Bankstown	8,841	77.1	106	0.9	2,510	21.9	16	0.1	11,473
Inner West	2,034	57.5	130	3.7	1,327	37.5	44	1.2	3,535
Strathfield	537	80.9	3	0.5	124	18.7	0	0.0	664
Sydney	4,769	88.8	46	0.9	549	10.2	7	0.1	5,370
Sydney district	17,332	77.1	296	1.3	4,783	21.3	68	0.3	22,478
NSW	111,341	73.4	4,603	3.0	30,757	20.3	4,971	5.3	151,672

source: FACS Administrative Data, unpublished.

A2.3 State Environmental Planning Policy (Affordable Rental Housing) 2009

The State Environmental Planning Policy (Affordable Rental Housing) 2009 encourages development to provide affordable housing by offering bonus floor space.

In relation to the existing supply of affordable housing, *accurate data has been difficult to obtain as there are a number of housing providers managing affordable housing across the city* (Housing Strategy, page 78).

The issue is the availability of the affordable housing supply is limited to 10–15 years.

A2.4 Council's Planning Agreements Policy

At the Ordinary Meeting of 23 June 2020, Council adopted amendments to the Planning Agreements Policy in accordance with the Affordable Housing Strategy. Where a planning proposal is seeking an uplift of residential floor space that exceeds 1,000m² of gross floor area, the equivalent of at least 5% of the increased residential floor space may be dedicated to Council in the form of dwellings or as a monetary payment for the purpose of affordable housing. An alternative rate may be negotiated subject to feasibility testing (page 14). To date, there are no planning agreements for affordable housing.

The issue is the process to negotiate with landowners focuses on site specific planning proposals, rather than precinct master plans which involve multiple landowners over a wide area.

A2.5 Rationale for more affordable housing in Canterbury Bankstown

The Background Report reads (page 27):

The data above provides evidence that not enough affordable housing is provided through the market. Less than one percent of the rental market for two-bedroom apartments is considered affordable for a very low-income household. People on very low incomes are priced out of almost the entire rental market, and usually enter housing stress, receive rental assistance or live in social housing to meet basic housing needs. In Canterbury Bankstown, 49% of households are considered to have a very low-income (less than 50% of Greater Sydney median income), which indicates that Canterbury Bankstown is significantly vulnerable to rising housing costs in the context of Greater Sydney.

In 2016, 72% of two-bedroom houses in Canterbury Bankstown were affordable for renters on a low-income. There is a scarcity of social housing in the LGA and the expected wait time for social housing is over ten years. Very low- and low-income households are also likely to be excluded from affordable purchases in Canterbury Bankstown LGA in the future, given increasing housing costs and only a small pipeline of social dwellings. Moderate-income households have more options for rent, although this represents between 3 and 8 percent of the population. One hundred percent of the rental market for two-bedroom houses is affordable for medium income households and 91% of the market of three-bedroom houses are affordable for moderate income households.

As per the Draft Canterbury Bankstown Housing Strategy, the City will deliver 50,000 homes by 2036. The LSPS aims for 80% of this growth to be directed to activity centres, where there is a greater proportion of renters experiencing housing stress. Increasing the stock of studio, one and two-bedroom dwellings in the LGA is likely to provide dwellings at a more affordable price point for rent and purchase, however historically these are still unaffordable for very low and low income renters (a growing demographic). Further increases to housing costs, disproportionate to income growth, is likely to maintain or increase levels of housing stress in the LGA.

The implication is stronger intervention is required to achieve affordability for the relevant target groups of very low to moderate income households.

Implications

- Social housing is not meeting demand.
- The availability of the affordable housing supply under the Affordable Rental Housing SEPP is limited to 10–15 years.
- Planning agreements focus on site specific planning proposals, rather than precinct master plans.
- Stronger intervention is required to achieve affordability for the relevant target groups of very low to moderate income households with a focus on locations where lower income households are paying over 30% of their income on rent.

APPENDIX B—VIABILITY ASSESSMENT

Summary

Section B1—Preliminary economic advice to support the Scheme

- Prioritise more affordable housing in the centres of Bankstown, Campsie, Wiley Park, Lakemba and Punchbowl, where housing stress is most common.
- Formulate affordable housing contributions rates concurrent with determining built form planning controls as part of the master planning process to be undertaken for centres.

Section B2—Viability testing to support the Scheme in Bankstown

- 3% of the total residential gross floor area of development can be feasibly dedicated to Council, or paid as a monetary contribution at \$198 per square metre subject to adjustments on a quarterly basis.
- A staged implementation approach would be taken to allow the market to adjust.

B1. Preliminary economic advice to support the Scheme

To understand the economic impacts of the proposed affordable housing contributions, Council commissioned Hill PDA to provide independent economic advice, which informed the Background Report to the Affordable Housing Strategy. The key findings are (page 74):

- *The contribution rates may not be viable in all scenarios due to factors such as land purchase price, construction cost escalation and market absorption of the end products. It is likely that larger projects seeking higher uplifts have a greater capacity of absorbing an affordable housing contribution levy.*
- *Our results revealed that areas with a strong residential market such as Bankstown and Canterbury show that development is not adversely affected if an affordable housing contribution provision is introduced. However, secondary markets such as Chester Hill show a sensitivity towards the affordable housing levy. We would recommend either a lower affordable housing contribution or permit a site by site open-book assessment in areas considered to be secondary residential locations.*
- *Our sensitivity analysis showed that as the residential unit market recovers to previous peak values, more favourable development margins are achievable, increasing a project's possibility of absorbing the contribution rate levy in the developer margin.*
- *To ensure a wide acceptance to the concept of affordable housing, we would recommend the following:*
 - *Adequate transition period to ensure current DAs are not affected*

- *Early communication to the industry to ensure the cost of providing affordable housing are priced into development site acquisition. This is to avoid unrealistic owner expectations.*

The key recommendations are (page 75):

- *Affordable housing should be focused on key areas to support a strong employment base and social cohesion.*
 - *Affordable housing could be prioritised in the centres of Bankstown, Campsie, Wiley Park, Lakemba and Punchbowl where housing stress is most common.*
 - *Affordable housing should be directed towards very low and low income households.*
 - *Key worker housing should be prioritised in Bankstown and Campsie.*
- *Council-led planning intervention that generates affordable housing stock is required in Canterbury Bankstown to address social and economic inequality. This can include:*
 - *Leveraging affordable housing during voluntary planning agreements.*
 - *Implementing an affordable housing contribution scheme to acquire new dwellings in value capture scenarios.*
- *Based on these findings it is appropriate to formulate affordable housing contributions rates concurrent with determining built form planning controls as part of the master planning process to be undertaken for centres.*

Implications

- *Prioritise affordable housing in the centres of Bankstown, Campsie, Wiley Park, Lakemba and Punchbowl, where housing stress is most common.*
- *Formulate affordable housing contributions rates concurrent with determining built form planning controls as part of the master planning process to be undertaken for centres.*

B2. Viability testing to support the Scheme in Bankstown

To understand the economic impacts of the proposed affordable housing contributions in the Bankstown Strategic Centre, Council sought independent economic advice to undertake viability testing in these strategic centres. Council commissioned Atlas Urban Economics to undertake the viability testing, which informed the Master Plan.

The viability testing suggests that development would not be able to achieve the aspirational affordable rental housing target of 15% set by *Connective City 2036* or the 5–10% range set by the Greater Sydney Commission at this time. Viability testing recommends that 3% of the total residential gross floor area of development can be dedicated to Council, or paid as a monetary contribution at \$198 per square metre*.

* Note: Contribution rates will be adjusted on a quarterly basis, being the first days of March, June, September and December, to ensure that the contributions reflect the cost associated with the provision of affordable housing. Rates are adjusted with reference to movements in the median price for strata dwellings in Canterbury Bankstown. The median strata dwelling price is published quarterly in the NSW Government Rent and Sales Report, Table: Sales Price – Greater Metropolitan Region – Strata. The Rent and Sales Report is available on the NSW Government, Family and Community Services website.

This rate is considered financially feasible for development on the basis that a staged implementation approach would be taken. The purpose of staging the requirement over time is to allow the market to adjust. By phasing in the requirement, it can be considered ahead of time in land purchases and development projects.

Date of determination of development application	Percentage of the total residential gross floor area
Within 12 months of the Bankstown Strategic Centre's LEP Amendments being published on the NSW legislation website	1%
After 12 months but before 24 months of the Bankstown Strategic Centre's LEP Amendments being published on the NSW legislation website	2%
On or after 24 months of the Bankstown Strategic Centre's LEP Amendments being published on the NSW legislation website	3%

Implications

- 3% of the total residential gross floor area of development can be feasibly dedicated to Council, or paid as a monetary contribution at \$198 per square metre subject to adjustments on a quarterly basis.
- A staged implementation approach would be taken to allow the market to adjust.

-END-

