



**Canterbury Bankstown
Affordable Housing
Contribution Scheme
(DRAFT)**

October 2021





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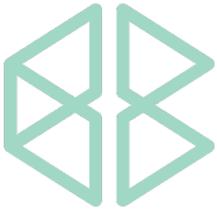
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SECTION 1—STRATEGIC CONTEXT AND BACKGROUND

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:

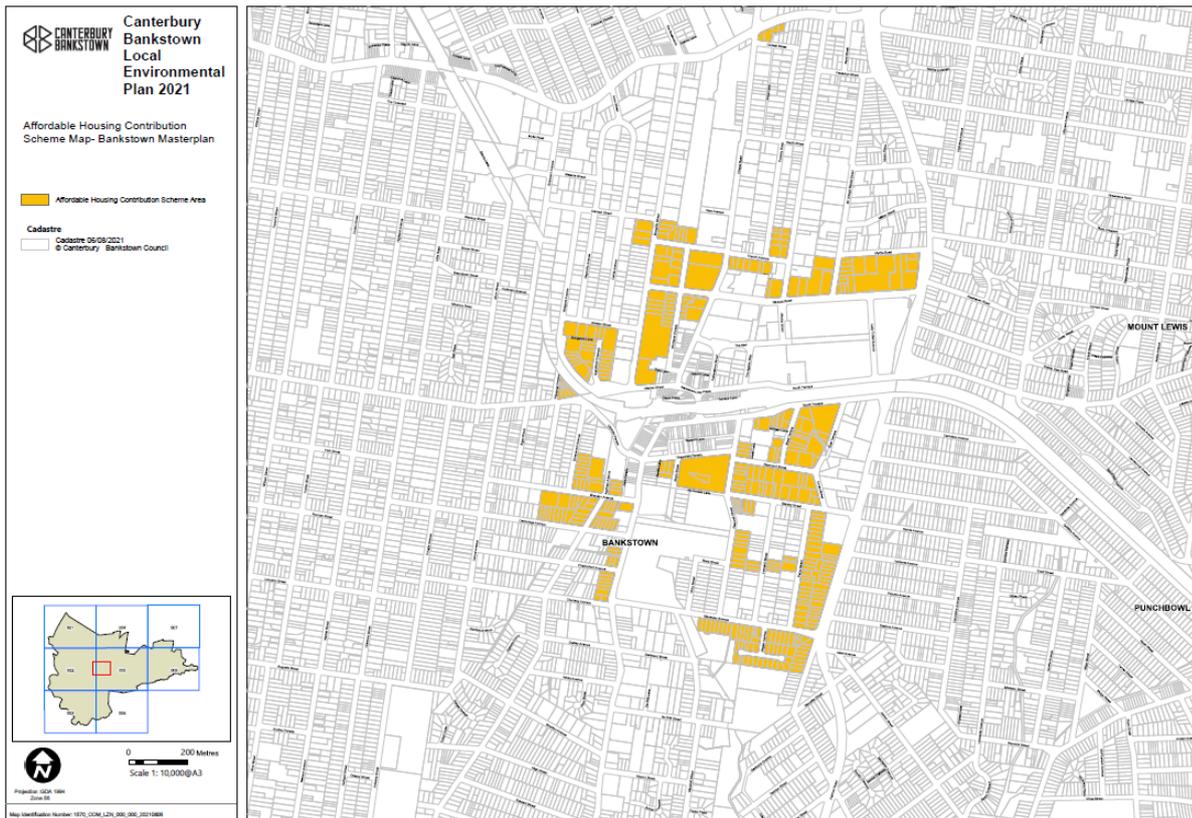
- To recognise the provision of affordable housing as infrastructure to support sustainable growth.
- To contribute to meeting the needs of very low to moderate income households for affordable housing in Canterbury Bankstown.
- To provide certainty around the requirements for affordable housing in Canterbury 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?

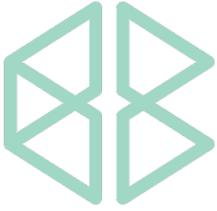
This Scheme applies to land shown in Figure 1.



Figure 1: Bankstown City 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 City 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 the affordable housing to be retained as affordable housing in perpetuity unless otherwise allowed to be terminated by a term of this covenant;
- require the 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 onsite 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)

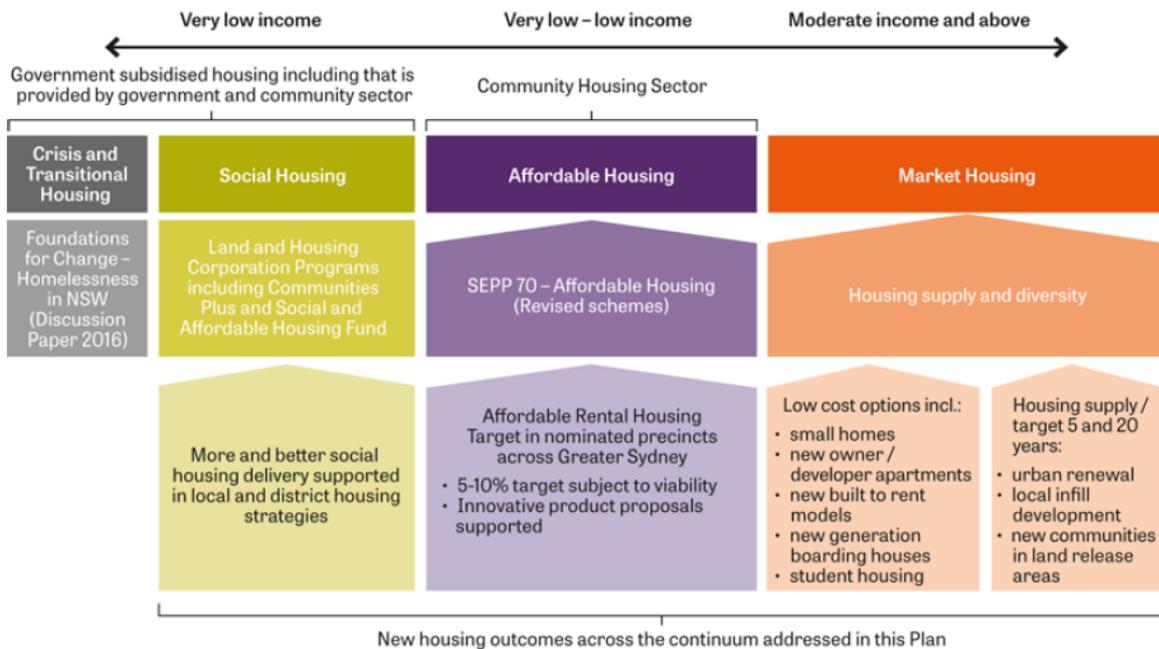


- Bankstown Master Plan (Council, March 2021)
- Development Feasibility Analysis (Atlas Urban Economics, February 2021).

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 2.

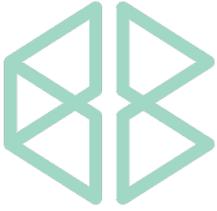
Figure 2: Housing continuum, initiatives and programs (Greater Sydney Region Plan, page 69)



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.

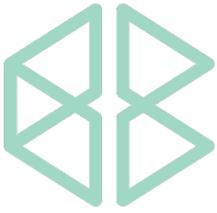
This Scheme would apply to centres that are subject to Council's master planning process and where uplift is proposed to occur. In areas of uplift, it would be expected that a portion of the total residential gross floor area would be dedicated to Council for the delivery of affordable housing. In future:

- 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.

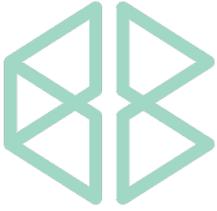
Residential Accommodation has the same meaning as in the Canterbury Bankstown Local Environmental Plan [Year].

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.

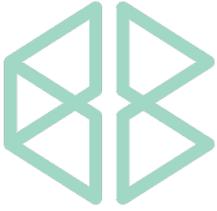
2.1.1 Bankstown City Centre

Table 1: Rates of affordable housing contributions required under this Scheme

Date of determination of development application	Business Zone	Residential Zone
Within 12 months of the LEP Amendments (Bankstown) being gazetted	1%	1%
After 12 months but before 24 months of the LEP Amendments (Bankstown) being gazetted	2%	2.5%
On or after 24 months of the LEP Amendments (Bankstown) being gazetted	3%	4%

Appendix B includes the viability testing for the Bankstown City 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 although the ultimate decision rests with the consent authority.

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 will be purposed as affordable housing dwellings by the Council and must 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 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 will be responsible for rental arrangements, whether of its own accord or via its community housing provider.
- 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.
- If the dedicated dwellings are part of a development requiring consideration of the SEPP 65 (or equivalent), each dwelling must have the benefit of solar access and natural ventilation that meets the standards identified in the NSW Apartment Design Guide.
- Where only part of a contribution is satisfied through dedication of completed dwellings, any remaining requirement is to be paid as a monetary contribution.

Formula: Amount of total residential GFA x applicable percentage in Table 1.

2.2.1 Calculating dedication of dwellings

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

Formula: 8,000sqm GFA (residential uses) x 4% 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 4% (contribution rate)
= 320sqm



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) in the business zone 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) in the business zone 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 City Centre

The contribution rate (CR) to be used is:

Contribution rate (% RATE)	<u>Business Zone</u>	<u>Residential Zone</u>
	Contribution rate /sqm GFA (CR) – based on September 2020 NSW FACs Sales and Rent Report	Contribution rate /sqm GFA (CR) – based on September 2020 NSW FACs Sales and Rent Report
First year of this Scheme: 1%	\$66 per sqm	\$66 per sqm
Second year of this Scheme: 2%	\$132 per sqm	\$165 per sqm
Third year of this Scheme and thereafter: 3%	\$198 per sqm	\$264 per sqm



Table 2: Monetary contribution rate

Formula: Amount of total residential GFA x Applicable Contribution Rate in Table 2.

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) in the residential zone 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 \$264 (monetary contribution rate)
= \$2,112,000

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) in the business zone 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

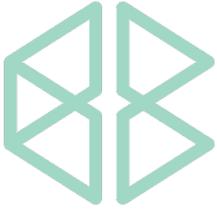
Calculation for residential GFA: 8,000sqm (Total GFA) – 1,000sqm (non-residential GFA) = 7,000sqm (residential GFA)

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) in the business zone 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, at the applicant's cost, 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

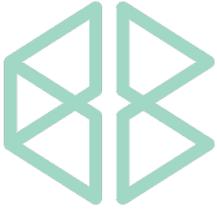
The types of development which are exempt from affordable housing contributions are listed below, as identified in Section 1.3 of this Scheme.

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 onsite 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. For monetary contributions, Council will require evidence that the affordable housing contribution requirement is satisfied prior to granting of any construction certificate or complying development certificate. For dedication of dwellings, the contribution will need to be provided prior to the grant of an occupation 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.

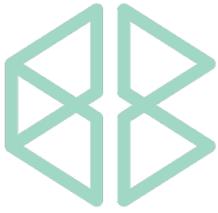
This Scheme also includes a methodology for the dedication of land, however it is expected that this approach would only occur in exceptional circumstances.

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:

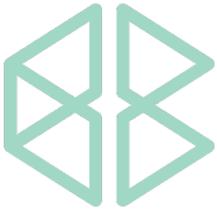
- The period of time for the deferring payment will be limited to prior to the issuance of the Occupation Certificate.
- The applicant must provide a suitable Bank Guarantee.
- The amount payable will increase in accordance with any indexation of the relevant contribution rate up until the date of payment. The Bank Guarantee is to be equal to the amount of the monetary contribution to be paid plus a reasonable estimate of the indexation likely to occur over the deferral period.
- A Bank Guarantee must not have 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, the applicant must transfer the title to the land to Council. An agreement, consistent with any legislative requirements, that will effect transfer of the relevant land to Council must be entered into with Council prior to the granting of a Construction Certificate.

Council will ensure the proposed land satisfies Council's requirements and refer the application to a preferred community housing provider for comment.

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 at payment is:

$$\text{Monetary Contribution} = \text{Base Contribution Rate} \times (\text{MDP2}/\text{MDP1})$$

Where:

Base Contribution Rate is the amount obtained from the Notice of Determination and based on the contribution rates at the time of determination of the development application

MDP1 is the median strata dwelling price that applied at the time of consent

MDP2 is the median strata dwelling price that applied at the time of payment

The current contribution rates will be displayed on Council's website, based on the following formula:

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) the development has not been physically commenced for the purposes of the Environmental Planning and Assessment Act 1979.

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 may outsource the management of the 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.

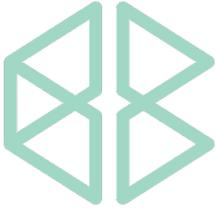
3.6 Monitoring and review of this Scheme

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 3: 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

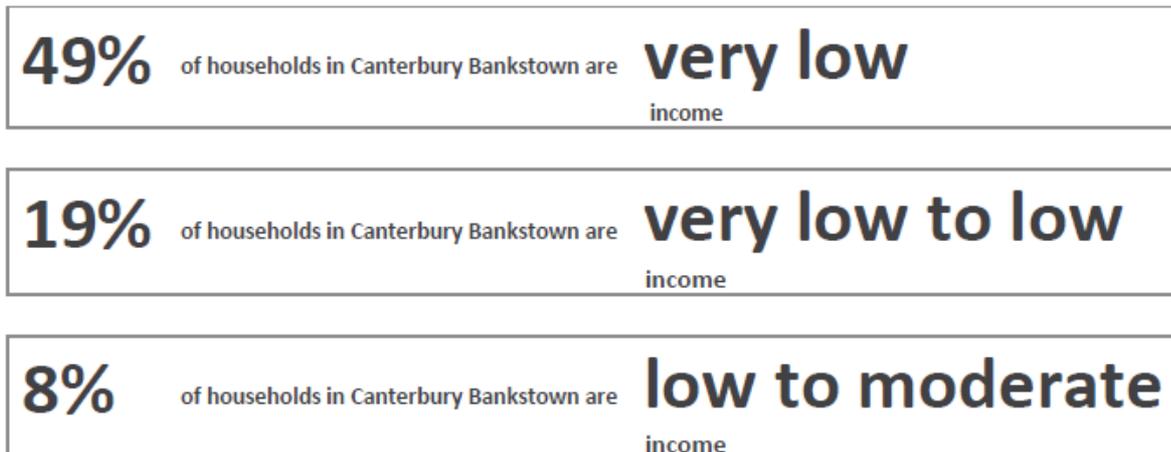


Canterbury Bankstown there were 5,707 households that had mortgages and were experiencing mortgage stress. This represents 17.8% of households with a mortgage in the LGA (compared to 10.3% in Greater Sydney).



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





As shown in Figure 5, the top suburbs by number of households experiencing rental and mortgage stress are Bankstown, Campsie and Lakemba.

Figure 5: 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.

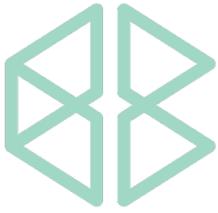


Figure 6: Existing supply of affordable housing in Canterbury Bankstown

	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

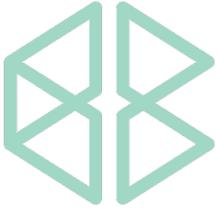
The State Environmental Planning Policy (Affordable Rental Housing) 2009 encourages development to provide affordable housing by offering bonus floor space.

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

- 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 in the business zone and 4% of the total residential gross floor area of development in the residential zone can be feasibly dedicated to Council, or paid as a monetary contribution subject to indexation on a quarterly basis.
- A staged implementation approach would be taken to allow the market to adjust.

B1. Preliminary economic advice

Council commissioned Hill PDA to provide preliminary 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 ... 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



Council commissioned Atlas Urban Economics to undertake viability testing to understand the economic impacts of the proposed affordable housing contributions in the Bankstown City Centre.

The viability testing recommends that 3% of the total residential gross floor area of development in the business zone and 4% of the total residential gross floor area of development in the residential zone can be feasibly dedicated to Council, or paid as a monetary contribution subject to indexation 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	Business Zone	Residential Zone
Within 12 months of the LEP Amendments (Bankstown) being gazetted	1% (or \$66 per sqm)	1% (or \$66 per sqm)
After 12 months but before 24 months of the LEP Amendments (Bankstown) being gazetted	2% (or \$132 per sqm)	2.5% (or \$165 per sqm)
On or after 24 months of the LEP Amendments (Bankstown) being gazetted	3% (or \$198 per sqm)	4% (or \$264 per sqm)

Note: The monetary contributions are based on the September 2020 NSW FACs Sales and Rent Report and will be subject to indexation on a quarterly basis.

Implications

- 3% of the total residential gross floor area of development in the business zone and 4% of the total residential gross floor area of development in the residential zone can be feasibly dedicated to Council, or paid as a monetary contribution subject to indexation on a quarterly basis.
- A staged implementation approach would be taken to allow the market to adjust.