



IRF22/2795

Gateway determination report – PP-2022-2535

City of Sydney Affordable Housing Program Update

August 22

Published by NSW Department of Planning and Environment

dpie.nsw.gov.au

Title: Gateway determination report – PP-2022-2523

Subtitle: City of Sydney Affordable Housing Program Update

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Acknowledgment of Country

The Department of Planning and Environment acknowledges the Traditional Owners and Custodians of the land on which we live and work and pays respect to Elders past, present and future.

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Table 1 Reports and plans supporting the proposal

Relevant reports and plans
Attachment A - Draft City of Sydney Affordable Housing Program Amendment 2022
Attachment B - Draft City of Sydney Interim Affordable Housing Contributions Distribution Plan 2022

1 Planning proposal

1.1 Overview

Table 2 Planning proposal details

LGA	City of Sydney
PPA	City of Sydney Council
NAME	Affordable Housing Program Update (potentially up to 1,950 new homes)
NUMBER	PP-2022-2523
LEP TO BE AMENDED	Sydney Local Environment Plan 2012 (SLEP 2012); Sydney Local Environment Plan (Green Square Town Centre) 2013 (GSLEP 2013); Sydney Local Environment Plan (Green Square Town Centre – Stage 2) 2013 (GSLEP-2 2013)
ADDRESS	Whole of LGA
RECEIVED	13/07/2022
FILE NO.	IRF22/2795
POLITICAL DONATIONS	There are no donations or gifts to disclose and a political donation disclosure is not required
LOBBYIST CODE OF CONDUCT	There have been no meetings or communications with registered lobbyists with respect to this proposal

1.2 Objectives of planning proposal

The planning proposal contains objectives and intended outcomes that adequately explain the intent of the proposal.

The objective of the planning proposal is to increase affordable housing contributions in the City of Sydney, while maintaining development viability.

The objectives of this planning proposal are clear and adequate.

1.3 Explanation of provisions

The planning proposal seeks to amend the SLEP 2012, GSLEP 2013 and GSLEP-2 2013 to update references to the City of Sydney Affordable Housing Program (Program), from the version adopted by Council on 24 August 2020 to the updated version adopted by Council on (date of adoption TBC).

In the SLEP 2012 only, the planning proposal seeks to:

- update Clause 7.13(2A) and 7.13(4)(b) to include land in Ultimo-Pyrmont under the same contribution rates as Green Square and the Southern Employment lands

- repeal Clauses 7.13(2B) and 7.13(4)(a) to remove reference to Pyrmont-Ultimo housing contribution rates and references to the *Revised City West Affordable Housing Program 2010*.

All other planning controls remain the same.

The planning proposal contains an explanation of provisions that adequately explains how the objectives of the proposal will be achieved. While not specified in the planning proposal, the Department notes that Clause 7.13(2A) and 7.13(4)(b) of the SLEP 2012 also refer to 'Pyrmont Peninsula land' (as a result of a recent SEPP amendment). The Department therefore recommends a condition of the Gateway Determination that the planning proposal be updated to reflect this.

Affordable Housing Program 2020

In amending the relevant LEPs, the proposal seeks to bring into effect an updated Program and an Interim Distribution Plan (Plan). Council adopted the current version of the Program on 24 August 2020, which came into effect on 1 July 2021.

The Program sets out a variety of affordable housing contribution rates (contributions) for different areas, including Green Square, the Southern Enterprise Areas, Central Sydney and 'residual land' (being all other areas that are not otherwise excluded). Contributions for these areas are currently as follows:

- **Green Square and the Southern Employment Lands** (remitted to City West Housing):
 - 1% of non-residential floor space; and
 - 3% of residential floor space.
- **Central Sydney and residual land** (remitted to the Department of Communities and Justice):
 - 1% of non-residual floor space (prior to 1 July 2022, the rate was 0.5%); and
 - 3% of non-residual floor space (prior to 1 July, the rate was 1.5%).

The Program also sets out:

- a recommended Community Housing Provider (CHP) list (noting that at present, the Program does not have an associated distribution plan)
- additional contribution requirements for 'planning proposal land' (i.e., land that benefits from uplift).

Areas that are currently excluded from the Program include:

- areas where the City is not the consent authority;
- areas where the LEPs **do not** apply;
- the Redfern Waterloo Authority operational area (where the Redfern Waterloo Authority Affordable Housing Contributions Plan 2006 applies); and
- Ultimo-Pyrmont (where the Revised City West Affordable Housing Program applies).

Draft Affordable Housing Program 2022

On 27 June 2022, Council approved the draft Affordable Housing Program Amendment 2022 (**Attachment A**) and draft Interim Affordable Housing Contribution Distribution Plan (**Attachment B**).

A detailed list of proposed changes in the updated Program are set out in Table 3 below:

Table 3 Summary of proposed changes to City of Sydney Affordable Housing Program 2020

Document and Part	Existing Program	Proposed Changes
Affordable Housing Program - Application	<ul style="list-style-type: none"> Excludes the Ultimo-Pyrmont area, as covered by the <i>Revised City West Affordable Housing Program 2010</i>) and funds are remitted to City West Housing. 	<ul style="list-style-type: none"> Incorporates the Ultimo-Pyrmont area into the program Extends the program to all land subject to SLEP 2012, GSLEP 2013 and GS-2 LEP 2013 so that over time, the Program will apply to any site that is incorporated into these LEPs and identified as 'residual land'.
Affordable Housing Program – Contribution rates	<ul style="list-style-type: none"> Current rates for the Ultimo-Pyrmont area are: <ul style="list-style-type: none"> 1.1% of non-residential floor space; and 0.8% of residential floor space. No rates exist for planning proposal land in the CBD. No contribution cap is currently in force. 	<ul style="list-style-type: none"> Applies the Green Square and Southern Employment contribution rates to the Ultimo-Pyrmont area, being <ul style="list-style-type: none"> 1% of non-residential floor space; and 3% of residential floor space. Adjusts contribution rates for planning proposal land to: <ul style="list-style-type: none"> introduce a 13% contribution to new residential floor area (subject to site specific viability testing) in Central Sydney reduce contributions from 24% to 21% in the East Precinct. Establishes 'soft' contribution requirements for 'planning proposal land' in the CBD (i.e., contributions that can be varied depending on the delivery of other infrastructure). Implements a contribution cap of 15% of the agreed cost of construction for development that would otherwise trigger a contribution amount of more than 15%.
Affordable Housing Program – Recommended CHPs	<ul style="list-style-type: none"> City West Housing is currently the only Recommended CHP. No distribution plan currently exists to direct funding. In-kind contributions are currently dedicated to Council (who then transfer the dwellings to a CHP). 	<ul style="list-style-type: none"> Delete the Recommended CHP list from the Program and delete information on how an entity maybe identified as a Recommended CHP. Require all contribution funds to be redirected/ remitted as per any Distribution Plan adopted by Council. Allow for in-kind contributions to be given to a Recommended CHP. Where a Recommended CHP does not want to receive the in-kind contribution, it may be given to another Tier 1 or Tier 2 CHP.
Affordable Housing Program – General updates	N/A	<ul style="list-style-type: none"> Update Appendix A of the program to ensure information is up-to-date and relevant. Undertake general housekeeping amendments to the Program (e.g., correct errors, improve readability, remove superfluous information)

Document and Part	Existing Program	Proposed Changes
Interim Distribution Plan	<ul style="list-style-type: none"> No Distribution Plan currently exists. 	<ul style="list-style-type: none"> Prepare an Interim Distribution Plan which includes an expanded list of recommended CHPs (including City West Housing, Bridge Housing and St George Community Housing) who can deliver affordable housing in the LGA.

1.4 Site description and surrounding area

The planning proposal seeks to expand the Program to include the Ultimo-Pyrmont area. Table 4 and Figure 1 below describe the current application of the Program:

Table 4 Application of the Affordable Housing Program 2020 compared to the proposed Program

	Current Program 2020	Proposed Program
Applies	<ul style="list-style-type: none"> Central Sydney Green Square Southern Employment Lands Residual land 	<ul style="list-style-type: none"> Central Sydney Green Square Southern Employment Lands Residual land Ultimo-Pyrmont.
Does not apply	<ul style="list-style-type: none"> Areas where the SLEP 2012 or the GS LEP's 2013 do not apply The Redfern Waterloo Authority operational area (where the Redfern Waterloo Authority Affordable Housing Contributions Plan applies) Ultimo-Pyrmont areas (where the Revised City West Affordable Housing Program applies). 	<ul style="list-style-type: none"> Areas where the SLEP 2012 or the GS LEP's 2013 do not apply The Redfern Waterloo Authority operational area (where the Redfern Waterloo Authority Affordable Housing Contributions Plan applies).

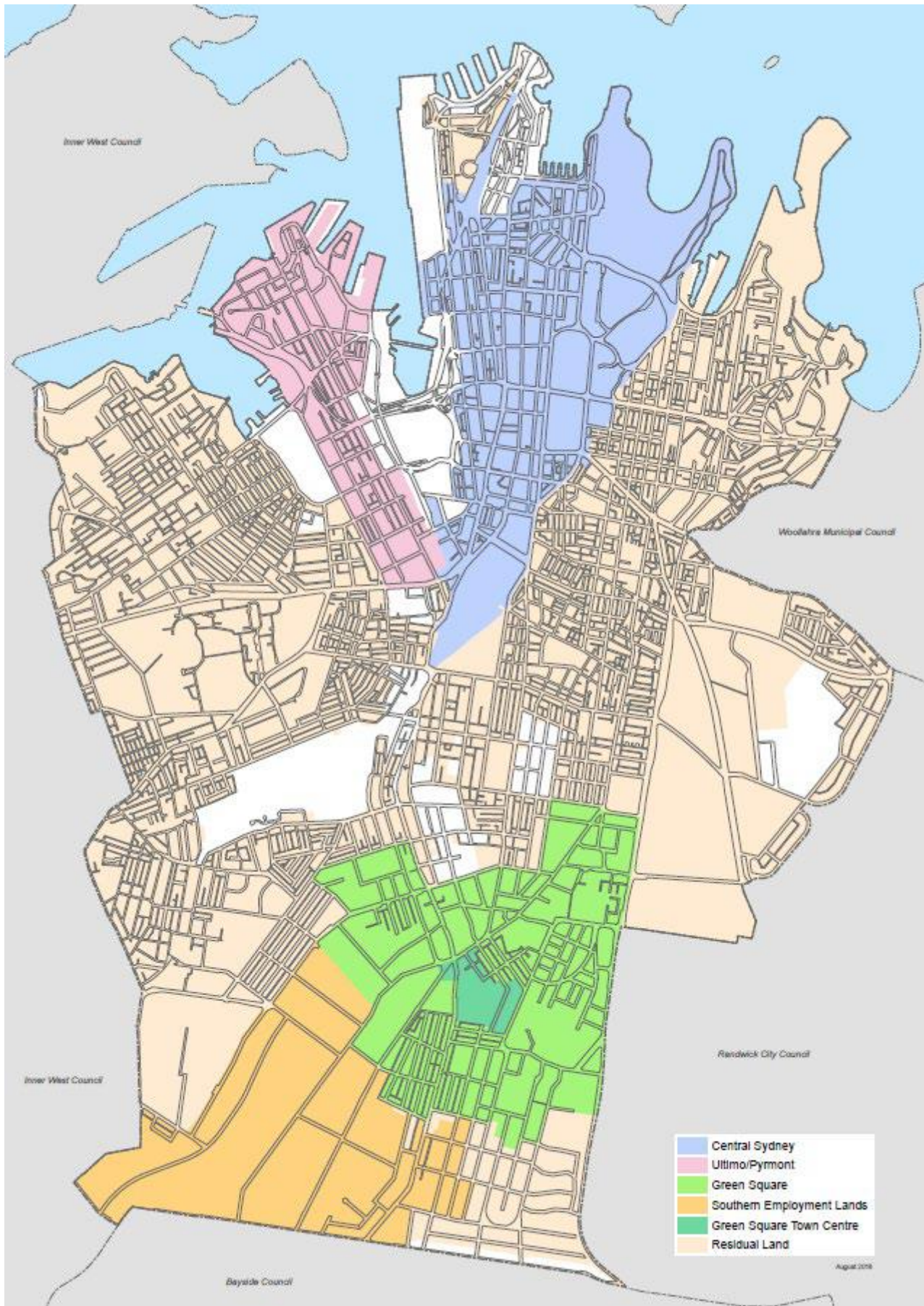


Figure 1: Subject site (source: Draft City of Sydney Affordable Housing Program Amendment 2022)

1.5 Mapping

The planning proposal does not require any mapping changes.

1.6 Background

- The City of Sydney has operated multiple Affordable Housing Schemes over the past two decades.
- Following a review of their Affordable Housing Scheme, Council lodged a planning proposal with the Department in 2017 to introduce an Affordable Housing Program into the SLEP 2012. This planning proposal was finalised by the Department in 2021.
- Council adopted the current Affordable Housing Program in 2020, and this came into effect through the aforementioned planning proposal in 2021.
- The current housing affordability contributions scheme for the Ultimo-Pyrmont area remain as the *Revised City West Housing Program*, adopted in 2010.
- The Pyrmont Peninsula Place Strategy (PPPS) was published in December 2020. The first stage of the strategy's implementation was progressed by the Department between early 2021 and mid-2022. Part of this implementation included the preparation of an Affordable Housing Study by Atlas Urban Economics (29 July 2022). This study supported amendments to affordable housing contributions for four sites in the Pyrmont Peninsula.

2 Need for the planning proposal

Is the planning proposal a result of an assured local strategic planning statement, or Department approved local housing strategy, employment strategy or strategic study or report?

Yes. Amendments relating to the increase in contribution rates in Ultimo-Pyrmont are a result of the PPPS which included a vision to *Deliver a diversity of housing, including new and affordable social housing* and a Direction (#9) to *deliver great homes that suit the needs of more people*, specifically by:

- reconciling the revised City West Affordable Housing Program with the City of Sydney's affordable housing approach as part of work to unify the planning framework; and
- reviewing and updating the existing affordable housing contribution rates.

The PPPS is enforced through Ministerial Direction 1.15, which requires that planning proposal be consistent with the PPPS, its vision and directions.

The first phase of the PPPS' implementation (undertaken by the Department, in collaboration with Council) included the preparation of an Affordable Housing Feasibility Study by Atlas Urban Economics (29 July 2022), which supports the extension of Council's program to the Ultimo-Pyrmont area.

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

Council note that a planning proposal is the only way to amend the affordable housing provisions in the SLEP 2012, GSLEP 2013 and GSLEP-2 2013.

As the current Affordable Housing Program is identified in the SLEP 2012, GSLEP 2013 and GSLEP-2 2013, the Department agrees that a planning proposal is the best means of achieving the intended outcomes (alongside Council's adoption of an updated program and plan).

3 Strategic assessment

3.1 Regional Plan

The following table provides an assessment of the planning proposal against relevant aspects of the Sydney Regional Plan.

Table 5 Regional Plan assessment

Regional Plan Objectives	Justification
Objective 10 – Greater Housing Supply	The planning proposal seeks to increase affordable housing contributions in various part of the LGA, and increase the number of CHPs that can draw from the contribution scheme to deliver affordable housing. Both these aspects of the proposal will assist in increasing the supply of housing (particularly affordable housing options and improving the diversity of housing options).
Objective 11 – Housing is more diverse and affordable	See above.

3.2 District Plan

The site is within the Eastern District and the Greater Sydney Commission released the Eastern District Plan on 18 March 2018. The plan contains planning priorities and actions to guide the growth of the district while improving its social, economic and environmental assets.

The planning proposal is consistent with the priorities for infrastructure and collaboration, liveability, productivity, and sustainability in the plan as outlined below.

The Department is satisfied the planning proposal gives effect to the District Plan in accordance with section 3.8 of the *Environmental Planning and Assessment Act 1979*. The following table includes an assessment of the planning proposal against relevant directions and actions.

Table 6: District Plan assessment

District Plan Priorities	Justification
Housing Diversity and Affordability	<p>The district plan has set a 20-year strategic target for housing and employment growth, including a 2036 target of 157,500 dwellings and a 5- year housing target of 46,550 new dwellings. Within these targets, the City aims to deliver 7.5% of all housing as affordable</p> <p>Within these targets, the City's levies are estimated to deliver up to 1,950 additional affordable dwellings to 2036.</p> <p>The planning proposal seeks to increase affordable housing contributions in various part of the LGA and increase the number of CHPs that can draw from the contribution scheme to deliver affordable housing. Both these aspects of the proposal will assist in increasing the supply of housing (particularly affordable housing options) and improving the diversity of housing options.</p>

3.3 Local

The proposal states that it is consistent with the following local plans and endorsed strategies. It is also consistent with the strategic direction and objectives, as stated in the table below:

Table 7: Local strategic planning assessment

Local Strategies	Justification
Local Strategic Planning Statement	<p>The planning proposal will deliver on the LSPS priorities and actions by:</p> <ul style="list-style-type: none"> contributing to additional housing supply, choice and affordability in the LGA; helping deliver housing that is close to employment and services that will contribute to a '30-minute city'; and enabling vibrant and diverse communities and economies.

Local Strategies	Justification
Sustainable Sydney 2030-2050	<p>The planning proposal aligns with several directions of Sustainable Sydney, including:</p> <ul style="list-style-type: none"> Direction 6 - Resilient and inclusive local communities Direction 8 - Housing for a Diverse Population. <p>It will also help achieve the plans target to deliver 7.5 percent of all housing as social housing, and 7.5 percent as affordable housing. Based on a private dwelling target of about 160,000 to 2036, the plan estimates that 12,000 affordable dwellings are required to achieve the City's target to 2036.</p> <p>The planning proposal to increase contribution rates in the Ultimo-Pyrmont area will assist in delivering this target. The City estimates that their levies will deliver up to 1,950 additional affordable dwellings to 2036, which is approximately one quarter of the total forecast delivery (4,200, including built, pipeline, expected and projected) of affordable housing dwellings to 2036.</p>
Housing for All	<p>The planning proposal gives effect to the City's 'Housing for All' Local Housing Strategy by:</p> <ul style="list-style-type: none"> contributing to the City's housing targets, in particular the delivery of affordable housing; and increasing diversity and choice in housing in the City of Sydney, providing more affordable housing for people on very low to moderate incomes. <p>The City estimates that their levies will help deliver up to 1,950 additional affordable dwellings by 2036.</p>

3.4 Section 9.1 Ministerial Directions

The planning proposal's consistency with relevant section 9.1 Directions is discussed below:

Table 8: 9.1 Ministerial Direction assessment

Directions	Consistent/ Not Applicable	Reasons for Consistency or Inconsistency
1.1 Implementation of Regional Plans	Yes	The planning proposal will enhance affordable housing contributions in the Sydney LGA. This will boost the supply of affordable housing options and deliver on the Sydney Region Plan Objectives 10 and 11 that seek to increase housing supply, and increase housing diversity and affordability.
1.15 Implementation of the Pyrmont Peninsula Place Strategy (PPPS)	Yes	<p>The planning proposal is consistent with this Direction as it will deliver a diversity of housing, including new and affordable social housing.</p> <p>It also actively delivers on the PPPS' Direction #9 (<i>deliver great homes that suit the needs of more people</i>) by:</p> <ul style="list-style-type: none"> Reconciling the revised City West Affordable Housing Program with the City of Sydney's affordable housing approach as part of work to unify the planning framework; and Reviewing and updating the existing affordable housing contribution rates.

Directions	Consistent/ Not Applicable	Reasons for Consistency or Inconsistency
4.5 Acid Sulfate Soils	Yes	Part of the Sydney LGA is affected by acid sulfate soils. The proposal remains consistent with this Direction as the proposal will not result in the intensification of use, but rather facilitate new development in suitable locations.
6.1 Residential Zones	Yes	The planning proposal is consistent with this Direction as it will: <ul style="list-style-type: none"> • Broaden the choice of housing by facilitating more affordable housing; and • Increase the amount of affordable housing in the City of Sydney that is well serviced by public infrastructure and services;

3.5 State environmental planning policies (SEPPs)

The planning proposal is consistent with all relevant SEPPs as discussed in the table below.

Table 9: Assessment of planning proposal against relevant SEPPs

SEPPs	Consistent/ Not Applicable	Reasons for Consistency or Inconsistency
SEPP (Precincts - Eastern Harbour City) 2021	Consistent	This planning proposal is consistent with the aims of Chapter 4.3 of the SEPP, relating to the establishment of planning principles for regionally significant development, and orderly and economic development in City West (including the Ultimo-Pyrmont area). Additionally, the proposal is consistent with Appendix 3 – Redfern-Waterloo Authority sites as this area remains excluded from the Sydney LEP 2012. Therefore, the proposed changes to the contribution program does not apply to this area.
SEPP (Housing) 2021	Consistent	The planning proposal will facilitate affordable housing developments. Future developments will need to consider Part 2 of this SEPP (in relation to Affordable Housing).

4 Site-specific assessment

4.1 Environmental

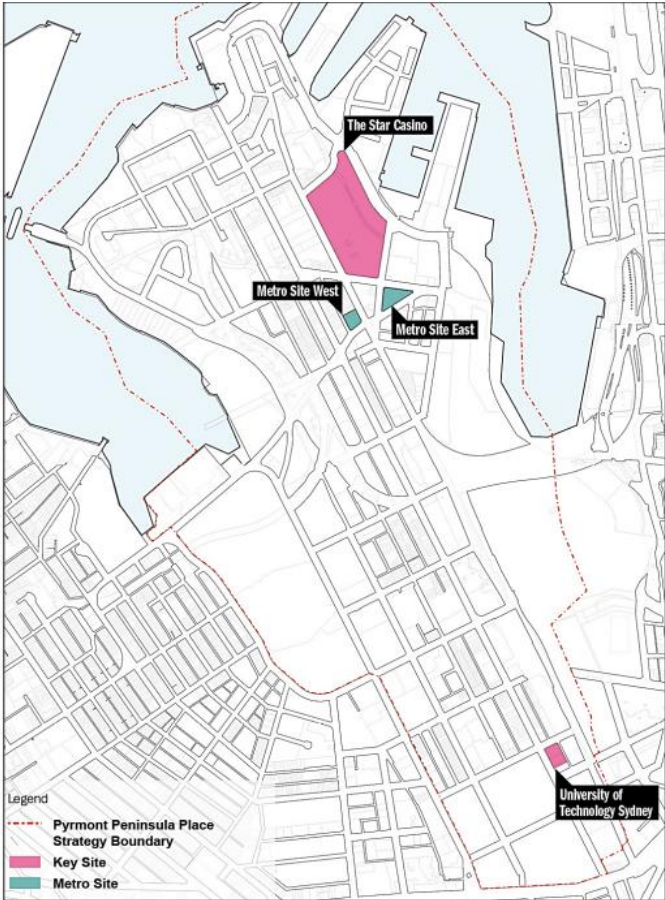
The proposal does not impact on environmental consideration including critical habitats or threatened species, populations or ecological communities or their habitats.

4.2 Social and economic

The following table provides an assessment of the potential social and economic impacts associated with the proposal.

Table 10: Social and economic impact assessment

Social and Economic Impact	Assessment
Social impacts	
More affordable housing	<p>In the Sydney LGA, increasing housing costs are expected to have an increasingly detrimental impact on socioeconomic diversity. Gentrification of inner-city neighbourhoods has increased the gap among those who can and cannot afford housing, and there is a growing disconnect between households able to afford private market housing and highly socioeconomically disadvantaged households living in inner-city public housing estates.</p> <p>The City of Sydney has a long history of addressing affordable housing issues. To date, Council has collected over \$340 million in levies, and has provided ~\$18 million in discounted land and ~\$10 million in grants. At July 2021, the City has built 1,328 affordable housing units in the local area, with another 386 dwellings in the development pipeline and a further 532 that are expected to be built in the future.</p> <p>The City estimates that their levies will deliver up to 1,950 additional affordable dwellings to 2036, which is approximately one quarter of the total forecast delivery (4,200, including built, pipeline, expected and projected) of affordable housing dwellings to 2036.</p>
Economic Impacts	
Ultimo-Pyrmont Feasibility Assessment	<p>The PPPS was released in December 2020. As part of the Department's implementation phase of the PPPS, a range of supporting studies and analysis were undertaken, including a housing affordability feasibility assessment.</p> <p>The study undertook 'generic' feasibility testing (i.e. not site specific) of hypothetical planning controls to examine the financial implications applying Council's Program to the Pyrmont Peninsula.</p> <p>The key findings of the study were that sites achieving additional residential floor area under site-specific planning proposals would have the capacity to contribute up to 12% of the additional floor space for affordable housing and remain a viable development option. That is sites that benefit from an uplift in planning controls will have the capacity to pay the proposed Ultimo-Pyrmont affordable housing contributions.</p> <p>The study also considered the implication of other levies in the Ultimo-Pyrmont area (e.g. the proposed Special Infrastructure Contribution which will fund the new Pyrmont station for the Sydney Metro West line). The results of the testing maintained that development remained feasible on sites with development uplift.</p> <p>Given the results of the feasibility testing, the Department supports the proposed expansion of the program to the Ultimo-Pyrmont area.</p>

Social and Economic Impact	Assessment
Pymont Peninsula Land	<p>The Department is concerned that in expanding affordable housing contribution rates to the Ultimo-Pymont area (Figure 1), the contribution rates will be duplicated over 'Pymont Peninsula land' (as detailed in Clauses 6.63-6.66 of the SLEP 2012).</p> <p>This complication has arisen as a result of the recent Pymont Peninsula SEPP amendment (gazetted on 29 July 2022). The contribution rate (as tested and confirmed by the feasibility assessment) already applies to four sites (Figure 2) that were 'rezoned' as part of the first implementation phase of the PPPS. These sites are:</p> <ul style="list-style-type: none"> • Star Casino (20-80 Pymont Street, Pymont) • UTS Building 15 (622-632, 643-642 and 644-644A Harris St, Ultimo) • Pymont Metro Station West and East (37-69 Union Street, Pymont and 26-32 Pymont Bridge Road, Pymont). <p>A duplication of controls across Pymont Peninsula Land sites would not be in keeping with best practice and may complicate the affordable housing contributions for these sites.</p> <p>To ensure that contribution requirements are not duplicated across Pymont Peninsula Land sites, it forms a condition of the Gateway determination that Council consider and address how the Ultimo-Pymont area can be best incorporated into the Program.</p>  <p>The map displays the Pymont Peninsula Land area, outlined by a dashed red line. Key sites are highlighted: The Star Casino (pink), Metro Site West (teal), Metro Site East (teal), and the University of Technology Sydney (pink). A legend in the bottom left corner defines the symbols: a dashed red line for the Pymont Peninsula Place Strategy Boundary, a pink square for a Key Site, and a teal square for a Metro Site.</p>

Social and Economic Impact	Assessment
	<p>Figure 2: Sites that were amended as part of the first PPPS implementation phase (Source: DPE Pyrmont Exhibition Discussion Paper, December 2021)</p>
Feasibility Study staging recommendations	<p>The proposed increase to the contributions rates were tested by Atlas Urban Economics during the PPPS implementation phase, and it was found that the increased levies would not impact on development viability in the area.</p> <p>In particular, the study recommended that advance notice (at least 12 months) of 'Tier 1 AH contributions' is provided to the market, as clear notice to the market will ensure any adverse impact to future investment can be mitigated as far as possible.</p> <p>It is noted that the initial adoption of the Program introduced a phase-in period, during which time the required contributions were incrementally increased from 0% to 100% over a 12-month period.</p> <p>The planning proposal has not provided any commentary on the recommendations of the feasibility study (including market awareness and phasing). The Department considers that updates to the planning proposal to address these recommendations are required, and a condition to this effect forms part of the Gateway conditions.</p>
Planning Proposal Land contributions	<p>In addition to extending the program to Ultimo-Pyrmont, the draft program seeks to amend the 'planning proposal land' contributions (i.e., land where a higher contribution requirement applies to new residential floor space resulting from a planning proposal).</p> <p>The proposed changes:</p> <ul style="list-style-type: none"> • Introduce a 13% contribution to new residential floor area (subject to site specific viability testing) in Central Sydney • reduce contributions from 24% to 21% in the East Precinct <p>The planning proposed explains that rates were originally established based on an independent feasibility analysis that "<i>determined the tolerance of development to make the contributions in the different sub-markets across the local government area</i>". The proposal goes on to explain that the amendment of these rates is based on a "<i>periodical review to ensure that they continue to align with current market realities</i>".</p> <p>However, the proposal lacks any specific rationale or justification for the additional CBD contribution rate of up to 13%, beyond explaining that the rate would be adjusted based on a site-specific feasibility analysis.</p> <p>The proposal also lacks clarity on when these rates would come into effect. The proposed Program includes an edit that effectively removes the '1 March 2017- 28 February 2018' time period in which these additional contributions applied. As such, it is unclear if the new rates would be applied retrospectively to planning proposals lodged after 28 February 2018, or if there are any savings and transitional periods.</p> <p>The Department considers that the proposal requires further detail and justification for the amended rates, and further explanation of when the rates would be applied. This is included as a condition of the Gateway determination.</p>

Social and Economic Impact	Assessment
	<p>The proposal also notes an intention to include a 'soft' contribution requirement to new floor space in the CBD. These are rates not established in a local environmental plan that can be varied depending on other public infrastructure required of the development. The Department seeks further clarification on:</p> <ul style="list-style-type: none"> • what planning proposal land this applies to (non/residential) • how the contribution rate has been determined, and how it reflects the 10 per cent affordable housing target in the Region Plan <p>A condition to this effect will be included in the Gateway Determination.</p>
15% Contributions cap	<p>The Program currently sets out the circumstances where development may be exempt from making a contribution (i.e. when development would result in affordable housing contributions amounting to more than 15% of the agreed cost of construction). However, it is proposed to implement a contribution cap of 15% of the agreed cost of construction.</p> <p>The Department supports the capping of contributions as it ensures that contributions can still be collected for affordable housing purposes.</p>
New Community Housing Providers and redirection of funds from the Southern Employment Lands	<p>The proposed Program plans to remove the current 'Schedule A - Recommended' Community Housing Providers' (which currently only lists City West Housing Pty Ltd), and instead adopt an Interim Distribution Plan.</p> <p>The draft plan sets out how contributions received under the Program are to be distributed to Recommended CHPs. Importantly, it includes an expanded list of recommended CHPs that will receive an equal distribution of contributions. The list in the draft Plan includes:</p> <ul style="list-style-type: none"> • City West Housing • St George Community Housing; and • Bridge Housing. <p>The draft plan also outlines future ambitions to update the plan following further consultation with the City's Housing for All working group and the community housing sector, which may change the allocation of funding.</p> <p>The Department understands that the City received an application from Bridge Housing to be added as a CHP. The City considered this request based on list of matters to be addressed in the current Program, including:</p> <ul style="list-style-type: none"> • the potential impacts on the outcomes of the Program; • the potential impacts on other Recommended CHPs; • consultation with the Department of Communities and Justice; and • how funds are to be distributed to multiple CHPs <p>Accordingly, the City has consulted with City West Housing and the Department of Communities and Justice, and undertaken an economic analysis of adding an additional CHP. The development of the Interim Distribution plan was prepared to address the final point.</p> <p>Broadly, the analysis found that including Bridge Housing as a CHP would enable greater opportunity for debt funding leverage and increase of affordable housing stock.</p>

Social and Economic Impact	Assessment
	<p>The Department notes that the economic analysis prepared by Atlas Urban Economic did not form part of the submitted material, nor did it outline the rationale for adding St George Community Housing to the list of CHPs. It forms a condition of the Gateway that the economic analysis be included as part of the planning proposal package for exhibition, and that the proposal be updated to address the inclusion of St George Community Housing.</p> <p><u>Southern Employment Lands</u></p> <p>The proposal also outlines that currently, affordable housing contributions collected from the Southern Employment Lands are remitted to the Department of Communities and Justice (DoCJ), who allocate the funds to a community housing provider. This approach was originally implemented so that community housing providers other than City West Housing might benefit from the City's affordable housing contribution schemes. With a distribution plan now in preparation, the City no longer considers this necessary.</p> <p>The Department notes that the draft Plan will change how contributions are allocated. It is agreed that if the purpose of remitting funds to the DoCJ was to spread the funds broadly among other CHPs, then the Plan effectively removes DoCJ's role. However, it forms a condition of the Gateway that the DoCJ be formally consulted on the proposal.</p>

4.3 Infrastructure

The proposal does not impact on infrastructure services or delivery.

5 Consultation

5.1 Community

Council proposes a community consultation period of 30 working days.

The exhibition period proposed is considered appropriate, and forms a condition of the Gateway determination.

5.2 Agencies

The proposal does not specifically identify which agencies will be consulted.

It is recommended the following agencies be consulted on the planning proposal and given 30 days to comment:

- NSW Department of Communities and Justice
- NSW Land and Housing Commission.

6 Timeframe

Council proposes a 6 month time frame to complete the LEP.

While the Department supports Council's intention to expedite the planning proposal, the Department recommends that a 12 month timeframe is more realistic for the proposal to be amended and exhibited prior to finalisation.

A condition to the above effect is included in the Gateway determination.

7 Local plan-making authority

Council has advised that it would like to exercise its functions as a Local Plan-Making authority.

Council has requested to be the local plan-making authority. Given the potential impact on state government policy and to ensure development remains economically viable, the Department recommends not issuing authorisation for Council to exercise delegation to make this plan.

8 Assessment summary

The planning proposal is supported to proceed with conditions for the following reasons:

- The planning proposal delivers on the vision and Direction 9 of the Pyrmont Peninsula Place Strategy.
- The existing affordable housing contribution rates under the Council's current Program will be expanded to Ultimo-Pyrmont to replace *the Revised City West Housing Scheme 2010*. This will increase contributions in the LGA and help deliver on local, regional and district plans and strategies for improved housing diversity and affordability.
- The proposal will result in additional 'priority' affordable housing providers, which will boost opportunities and capacity to deliver affordable housing in the City.
- The proposed increase and expansion to the Affordable Housing Contributions have undergone feasibility testing, which has confirmed that their application will maintain development viability in Ultimo-Pyrmont.

Based on the assessment outlined in this report, the proposal must be updated before consultation to:

- Update the planning proposal to accurately reflect the wording of Clause 7.13(2A) and 7.13(4)(b) of the SLEP 2012 and address the parameters of extending the Program to Ultimo-Pyrmont noting the potential for duplication of controls.
- Address the recommendations of the Affordable Housing Feasibility Assessment, including staging of contributions.
- Include all economic analyses undertaken to support the proposal.
- Provide a detailed discussion and rationale for the proposed changes to planning proposal land contributions, and clarify when these contributions will apply from.
- Address the inclusion of St George Community Housing as a recommended Community Housing Provider in the draft Interim Distribution Plan.
- Clarify the aim and intention of 'soft' contributions, and how they relate to planning proposal land contributions.
- Include a map that clearly identifies all areas that the Affordable Housing Program currently applies to, and all new areas proposed for inclusion.
- Update the project timeline in order that the LEP amendments be finalised within 12 months.

9 Recommendation

It is recommended the delegate of the Minister determine that the planning proposal should proceed subject to the following conditions:

1. The planning proposal is to be updated to:
 - a) Update the planning proposal to accurately reflect the current wording of Clause 7.13(2A) and 7.13(4)(b) of the SLEP 2012
 - b) Review the extension of the Affordable Housing Program to Ultimo-Pyrmont with consideration to how it will address 'Pyrmont Peninsula land' that is already identified in Clause 7.13 of the SLEP 2012.
 - c) Provide a detailed explanation and justification for:
 - the proposed changes to 'planning proposal land' contributions and confirm when these contributions are expected to apply from
 - Proposed 'soft' contributions, including how they relate to 'planning proposal land' contributions, what planning proposal land this applies to (non/residential), how the contribution rate has been determined, and how it reflects the 10 per cent affordable housing target in the Region Plan.
 - d) Address the recommendations of the Affordable Housing Feasibility Study (Atlas Urban Economics, 29 July 2022), including the recommendation that application of the contributions be staged.
 - e) Provide justification for the inclusion of St George Community Housing as a recommended Community Housing Provider in the draft Interim Distribution Plan.
 - f) Include all supporting studies and analyses as part of the exhibition package.
 - g) Include a map that clearly identifies all areas that the Affordable Housing Program currently applies to, and all new areas proposed for inclusion.
 - h) Include an updated project timeline.
2. Prior to community consultation, the planning proposal is to be revised to address conditions 1 and forwarded to the Department for review and endorsement.
3. Consultation is required with the following public authorities:
 - NSW Department of Communities and Justice
 - NSW Land and Housing Commission.
4. The planning proposal should be made available for community consultation for a minimum of 30 working days.
5. The timeframe for completing the LEP is 12 months from the date of the Gateway determination.
6. Given the nature of the proposal, Council should not be authorised to be the local plan-making authority.



19 August 2022

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