



# **Planning Proposal**

## **Affordable Rental Housing Contributions Scheme**

**November 2022**



# Contents

---

Introduction .....	2
1. Purpose of Planning Proposal .....	2
2. Background .....	2
Part 1 – Objectives or Intended Outcomes .....	8
Part 2 – Explanation of Provisions .....	9
Part 3 – Justification .....	11
Section A – Need for the Planning Proposal .....	11
Section B – Relationship to Strategic Planning Framework .....	12
Section C – Environmental, Social and Economic Impacts .....	19
Section D – State and Commonwealth Interests .....	20
Part 4 – Mapping .....	22
Part 5 – Community Consultation .....	23
Part 6 - Project Timeline .....	24
Appendices .....	25

## Appendices

1	Draft Affordable Rental Housing Contributions Scheme
2	Local Planning Panel Advice 22 June 2022
3	Ordinary Council Meeting Report and Confirmed Minutes 25 July 2022

# Introduction

---

## 1. Purpose of Planning Proposal

An amendment to the *Penrith Local Environmental Plan 2010* (LEP 2010) is proposed to establish an affordable rental housing scheme by introducing a new local provision to collect affordable rental housing development contributions for the delivery of affordable rental housing in the Penrith Local Government Area (LGA). This scheme applies to the nominated urban release areas of Glenmore Park Stage 3 and Orchard Hills North initially, with potential to expand across other residential growth areas of Penrith LGA.

The Department of Planning and Environment's (DPE) Gateway Process is the current process for making or amending Local Environmental Plans (LEPs). The process has several steps which are outlined in Table 1. The preparation of a Planning Proposal is the first step in the DPE's Gateway Process for amending LEP 2010.

**Table 1: Gateway Process**

No.	Step	Explanation
1	Planning Proposal	Council prepares a Planning Proposal explaining the intended effect of a proposed LEP and sets out the justification for making the LEP.
2	Gateway Determination	The Department of Planning and Environment, as a delegate of the Minister for Planning and Public Spaces, determines whether a Planning Proposal can proceed.
3	Community Consultation	The Planning Proposal is placed on public exhibition for the period identified in the Gateway Determination.
4	Assessment	Council considers the submissions received in response to the public exhibition and varies the Planning Proposal if required.
5	Drafting	Parliamentary Counsel prepares a draft local environmental plan.
6	Decision	The relevant planning authority approves the local environmental plan and it is published on the NSW legislation website making it law.

## 2. Background

Housing affordability has risen as a central issue across much of Australia's east coast over the past two decades. Significant and sustained price growth in property values has outpaced wage rises, resulting in declining housing affordability and growing public debate around the need to improve accessibility to the housing market.

Affordable Housing is housing for very low, low and moderate income households as defined by the *State Environmental Planning Policy (Housing) 2021*, Chapter 2 – Affordable Housing (the Housing SEPP) and the *Environmental Planning and Assessment Act 1979* (the Act). The social costs associated with deteriorating housing affordability are significant. Households on very low, low and moderate incomes can be displaced from local areas, resulting in poor community diversity and social cohesion. Furthermore, displacement of 'key

workers' can result in a reduced labour force of those workers who are essential to local economies.

The median dwelling price in Greater Sydney was some 10.1 times greater than the median household income in June 2021, compared to 6.6 times in June 2009. The number of years required for a typical household to save a 20% deposit on a median dwelling in Greater Sydney was recorded at 13.5 years in June 2021, up from 8.8 years in June 2009 (ANZ/CoreLogic, 2021<sup>1</sup>). For households earning *below* the median annual income, there is increasingly no alternative other than renting on a permanent basis.

The need for affordable rental housing in the Penrith LGA is based on evidence in both the draft *Western Sydney Affordable Housing Strategy* (WSAHS) and the draft *Penrith Local Housing Strategy*.

In 2016, there were some 2,411 low and 5,726 moderate income households experiencing mortgage and rental stress respectively. In addition to these households, demand for affordable rental housing is driven by Penrith's other specialised groups who could equally require affordable rental housing, including:

- 2,343 households across the Penrith LGA renting in social housing accommodation and the 1,973 households currently on the waiting list.
- 10,150 residents who require assistance with core activities due to a disability.
- 2,218 individuals who required some form of homelessness service in the Penrith area (2021).
- 12,250 higher education students residing in the Penrith LGA, including 6,900 university students.

The capacity of these various groups to enter the private housing market without experiencing high levels of housing stress are limited. Analysis suggests that very low and low income households would be unable to afford to rent most forms of private housing accommodation without entering housing stress.

Analysis (SGS, 2021<sup>2</sup>) suggests that approximately 17.4% of Penrith residents were in housing stress in 2016, with 18.3% projected to be in housing stress by 2041.

This Planning Proposal has largely been informed by the following documents:

- *Draft Western Sydney Affordable Housing Strategy (WSAHS) 2021* – The draft Western Sydney Affordable Housing Strategy establishes a strategic direction for the provision of affordable rental housing within the Western City District, providing a broader policy vision and set of policy objectives relating to affordable rental housing. This includes the Penrith LGA.
- *Draft Penrith Local Housing Strategy* – This document identifies a need for additional affordable rental housing supply across the Penrith LGA.

---

<sup>1</sup> Australia and New Zealand Banking Group (2021); CoreLogic RP Data (2021). *Housing Affordability Report 2021*. Accessible from: [https://news.anz.com/content/dam/news/articles/2021/November/ANZ\\_CoreLogic\\_Housing\\_Affordability\\_Report\\_2021\\_Final\\_Ir.pdf](https://news.anz.com/content/dam/news/articles/2021/November/ANZ_CoreLogic_Housing_Affordability_Report_2021_Final_Ir.pdf)

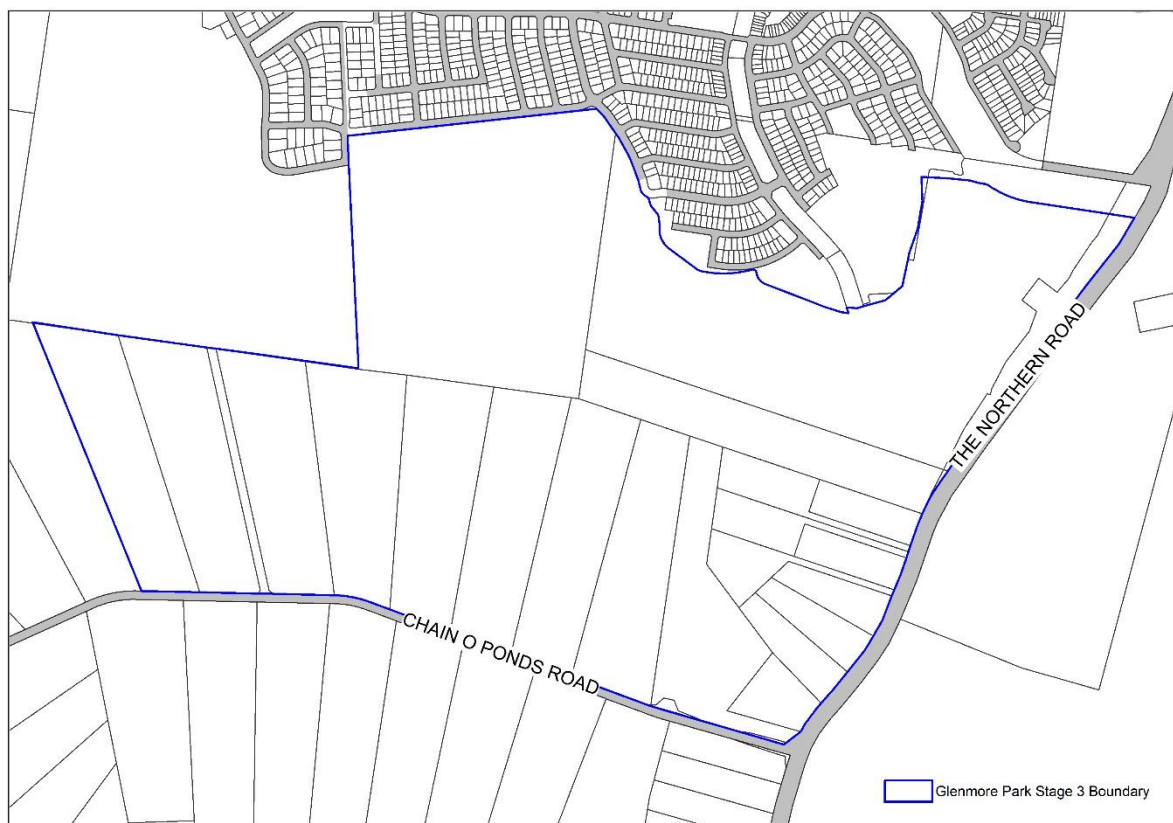
<sup>2</sup> SGS (2021). *Western Sydney Draft Affordable Housing Contributions Scheme*. SGS, Sydney.

- *Penrith Local Strategic Planning Statement 2040* - Increasing the supply of affordable rental housing is a key objective under Planning Priority 4 (Improve the affordability of housing). A key action under Planning Priority 4 is to develop an Affordable Housing Policy in the immediate term.
- *Sustainability Blue Print for Urban Release Areas 2005* - Under Principle 3 of the Blueprint, social infrastructure requirements for new development are identified. Affordable housing is specifically identified as an item of social infrastructure which should be incorporated into the development of new residential release areas.

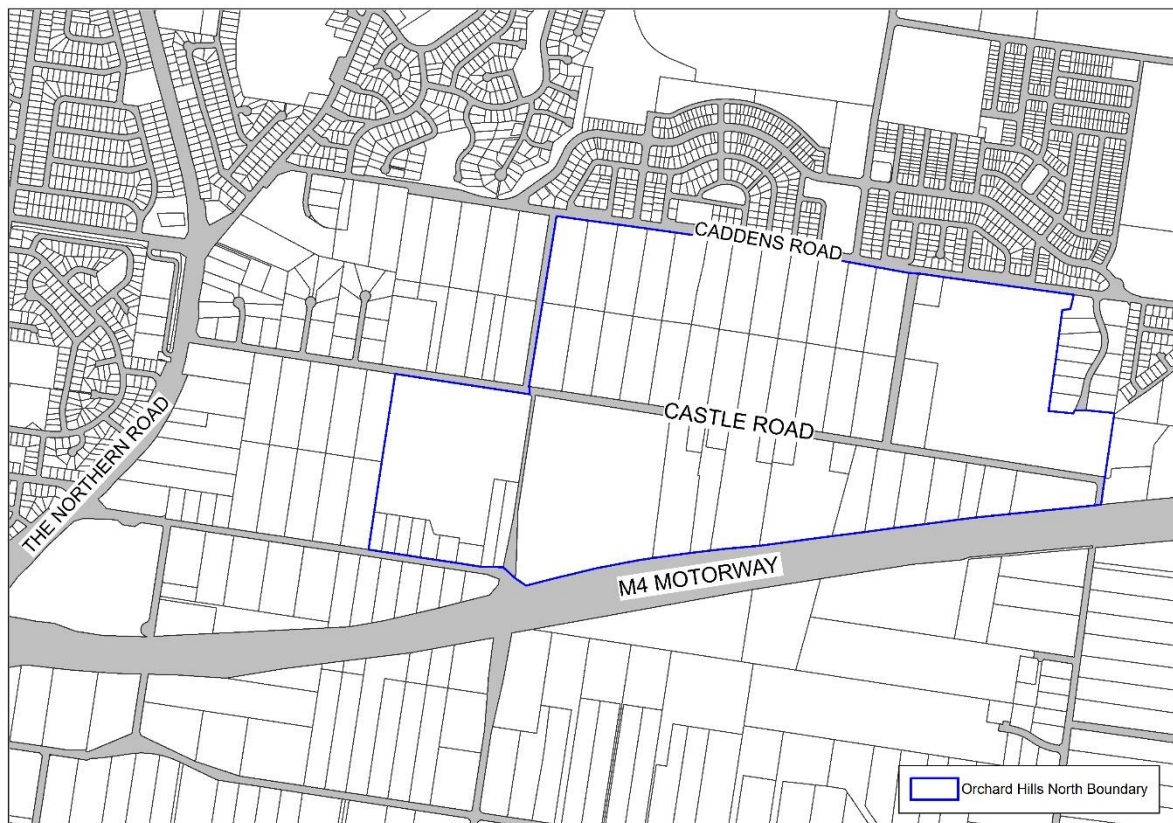
Council currently seeks the provision of 3% affordable rental housing for all its release areas under its *Sustainability Blueprint for Urban Release Areas*. The only mechanism currently available to ensure the delivery of affordable rental housing is by negotiating this through a Voluntary Planning Agreement (VPA), which can be challenging when release areas have fragmented land ownership.

#### *The Proposal*

The proposed framework seeks to apply affordable rental housing contributions to areas seeking to be rezoned for residential development. This LEP clause will allow a condition of consent to be included on future development applications to collect contributions within the nominated urban release areas of Glenmore Park Stage 3 and Orchard Hills North as identified in Figures 1 and 2. These residential release areas are currently subject to two separate Planning Proposals.



**Figure 1 – Glenmore Park Stage 3 Boundary Map**



**Figure 2 – Orchard Hills North Boundary Map**

#### *Glenmore Park Stage 3 Planning Proposal*

The Glenmore Park Stage 3 Planning Proposal seeks to amend the LEP 2010 for a 206-hectare site located south of the established residential suburb of Glenmore Park, known as “Glenmore Park Stage 3”.

The Planning Proposal seeks to amend the current rural and environmental management planning controls for the rezoning area to facilitate urban development. The rezoning area will provide approximately 2,300 dwellings on varying lot sizes, plus provision for some shop top housing, a network of public open space and environmental corridors, a new neighbourhood precinct, a primary school, retail shops and sporting fields.

The masterplan proposes the following:

- 2,300 dwellings in the residential (R2 and R3) and environmental living (C4) zones.
- Housing diversity through a combination of dwelling caps, minimum lot sizes and residential development controls,
- A neighbourhood precinct comprising a retail centre, school and sports fields and new pedestrian connections. The retail shops will have provision for up to 100 shop-top dwellings. Open space has been designed to maintain the primary view line from The Northern Road,
- A green spine of environmental corridors (zoned C2) that loop through the site and connect the Mulgoa Nature Reserve, existing suburb of Glenmore Park, Chain-O-Ponds Road, the school, sports fields and shops. These corridors will provide a dual purpose of environmental conservation and passive recreation. Key dams will be retained for aesthetics and stormwater management.
- Five playing fields and local parks within 400m walking distance of the majority of all residents.



- A 10m wide landscape buffer in a widened perimeter road reserve adjacent to The Northern Road. This will remove existing driveway access points with The Northern Road and visually separate the rezoning area and The Northern Road.
- Collector road connections to the north, The Northern Road and Chain-O-Ponds Road.
- Allocate low impact residential development (in an environmental living zone) on the periphery of the site where there is special aesthetic and environmental values and to provide appropriate land use transitions to adjoining non-residential interfaces.

The Planning Proposal received a Gateway determination in September 2021. The Planning Proposal was placed on public exhibition from 19 August 2022 to 16 September 2022. All submissions are currently being reviewed and will be reported to a future Council meeting.

### *Orchard Hills North Planning Proposal*

The Orchard Hills North Planning Proposal seeks to amend Penrith LEP 2010 for a 146.1ha site located at Caddens Road, Kingswood Road, Frogmore Road and Castle Road in Orchard Hills. The subject area is currently zoned RU4 Primary Production Small Lots under LEP 2010 and is utilised predominantly for rural residential lifestyle properties.

The rezoning area is proposed to be rezoned from RU4 Primary Production Small Lots to R1 General Residential (for the new housing areas), B2 Local Centre (for the neighborhood centre/village centre), RE1 Public Recreation (for parks and sportsfields), C2 Environmental Conservation (for the Claremont Creek corridor), and C3 Environmental Management (for the large lot housing area).

A maximum building height control of 8.5m is proposed for most of the rezoning area, except for the neighborhood centre (16m) and medium density housing areas (9m).

The new minimum lot size for small lot housing will be 220m<sup>2</sup>. A minimum lot size of 300m<sup>2</sup> will be retained for the remaining general residential areas. However, to ensure that the impacts of small lot housing are managed appropriately, a LEP clause will be inserted requiring an integrated development application for all lots smaller than 300m<sup>2</sup>. An integrated development application includes assessing the subdivision of the land and the proposed dwelling at the same time and assessing suitability of the lot size to enable suitable amenity and landscaping (including tree planting). Lot sizes for blocks with greater than 10% slope will need to be a minimum of 450sqm.

It is envisaged that the development of the rezoning area would deliver approximately 1,729 dwellings in a broad mix of housing types, and a population of around 5,187 people. A neighborhood centre/village centre is proposed in the rezoning area to contain around 6-8,000sqm of retail floorspace, and a community facility. New parks, sportsfields, stormwater facilities and roads are planned to support the additional population.

The rezoning area is anticipated to potentially deliver a total of 1,729 lots. Of these, 177 lots (10%) would be small lot integrated housing (having a minimum lot size of 220sqm). Approximately 74 lots (4%) are anticipated to have a minimum size above 450sqm due to having a slope greater than 10%.

The Planning Proposal received an alteration to Gateway Determination on 24 February 2022. The Planning Proposal was placed on public exhibition from 25 July 2022 to 22 August 2022. All submissions are currently being reviewed and will be reported to a future Council meeting.





## Part 1 – Objectives or Intended Outcomes

---

The objective of this Planning Proposal is to amend the Penrith LEP 2010 to collect affordable rental housing development contributions for the delivery of affordable rental housing in the Penrith LGA.

The intended outcomes of this Planning Proposal are to:

- Provide for the delivery of affordable rental housing through the planning system, recognising its role as a vital economic and social infrastructure.
- Ensure Penrith LGA provides affordability advantages and remains an attractive and inclusive location for a range of residents.
- Provide a transparent framework for development to make equitable affordable rental housing contributions.
- Provide certainty and clarity for landowners and developers seeking to develop land in the Penrith LGA.
- Achieve the actions within Penrith LSPS and Local Housing Strategy to collect affordable rental housing contributions on land with significant residential uplift and provide affordable rental housing where required and development viability can be maintained.

## Part 2 – Explanation of Provisions

---

The objective and intended outcomes of the Planning Proposal will be achieved by amending LEP 2010. The proposed changes are presented in this Part of the Planning Proposal.

It is proposed to introduce a new local provision in the Penrith LEP 2010 to collect affordable rental housing development contributions for the delivery of affordable rental housing in the Penrith LGA. This scheme is proposed to apply to the residential release areas of Glenmore Park Stage 3 and Orchard Hills North.

The objective of this planning proposal is to increase the amount of affordable rental housing within Penrith. It provides a comprehensive and transparent framework which gives local communities greater clarity about the affordable rental housing planned for in their areas, and affordable rental housing contribution schemes provide developers certainty and transparency about how affordable rental housing contributions will be determined and the contribution rate that will be applied in a condition of consent.

This scheme applies to all residential development except:

- Developments which do not result in at least one additional dwelling being created,
- Exempt development,
- Secondary dwellings,
- Development solely for the purpose of social and/or affordable rental housing,
- Boarding housing,
- All non-residential development is exempt from the Scheme.

Affordable rental housing contribution rates are in addition to other contributions across the LGA, including local infrastructure contributions (s7.11 or s7.12), state and regional infrastructure contributions. As a condition of development consent at the subdivision stage, all eligible development in the nominated urban release areas must contribute to affordable rental housing according to the rates as provided below. The Scheme will replace the need to negotiate separate Voluntary Planning Agreements (VPA) for affordable rental housing in these areas, unless where proponents seek to deliver over and above the Scheme.

Development, where affordable rental housing contributions are imposed as a condition of consent, is levied on the basis that:

- Redevelopment and renewal of areas where additional development capacity is provided will reduce the availability of affordable private rental stock in these locations. As these locations are typically endowed with good access to infrastructure, employment and amenities, there is a strong case for the provision of affordable rental housing alongside private market development.
- As growth and renewal occur across the Penrith LGA, the proportion of dwellings available at affordable rates, either via social/affordable housing or private market rental, will reduce if intervention does not occur. Therefore, the proportion of households living in housing stress is also highly likely to increase. This provides justification for the imposition of affordable rental housing contributions as an inclusionary development standard across the Penrith LGA.

The benefits of the proposed approach are:

- Facilitate the practical implementation of the district local plan into the planning framework.
- Contribution rates have been tested with reference to the various housing sub-markets in the LGA to ensure development viability is not adversely affected.
- It will provide a clear and consistent approach to securing contributions for affordable rental housing where there is an increase in development capacity. This increases certainty for land owners and developers and ensures equity in the application of contribution requirements.

As a condition of development consent at the subdivision stage, all land to which the draft Scheme applies is required to provide contributions for affordable rental housing according to the rates provided. A monetary contribution required to be made under the Scheme is to be paid at the time specified in the condition. The contribution rate is derived from the draft WSHAS, which recommends that an affordable rental housing contribution rate be based on a percentage of the Gross Realisation Value (GRV) of development. The GRV is proposed to be set at **\$7,600,000 per/ha NDA**. Feasibility testing has determined that this approach is viable. The viability assessment is included in Appendix 1.

Different contribution rates are to apply in the contribution areas of Glenmore Park Stage 3 and Orchard Hills North:

1. Glenmore Park Stage 3

Year of commencement	Contribution per ha NDA	Contribution Rate (% GRV)
2024	\$152,000	2%
2027	\$304,000	4%

2. Orchard Hills North

Year of commencement	Contribution per ha NDA	Contribution Rate (% GRV)
2024	\$76,000	1%
2027	\$152,000	2%

Contributions can be made as a monetary contribution or in-kind as land or dwellings for the purpose of affordable rental housing. A monetary contribution is required as part of this scheme within urban release areas as it is not practical to provide affordable rental housing within these areas. Community Housing Providers have advised affordable rental housing that is near railway stations and city centres closer to services and facilities is preferred.

Collected contributions will be pooled and affordable rental housing can then be provided in areas close to transport and access to services. A policy framework on how Council will collect and use affordable rental housing contributions will be prepared, with input from Council's Property and City Activation Community and Place teams.

## Part 3 – Justification

---

This part of the Planning Proposal provides details on the need for the proposed amendment to the Penrith LEP 2010, the relationship with the strategic planning framework, the impacts of the proposed amendment, and State and Commonwealth interests.

### Section A – Need for the Planning Proposal

#### **Q1. Is the Planning Proposal a result of an endorsed local strategic planning statement, strategic study or report?**

The *Penrith Local Strategic Planning Statement* (LSPS), adopted by Council on 23 March 2020, sets out the 20-year vision for land use in the Penrith LGA taking into consideration the economic, social and environmental needs of the community. It recognises the special characteristics that contribute to Penrith's local identity and outlines how growth and change will be managed into the future.

The LSPS highlights the need to address housing affordability in Penrith and includes Planning *Priority 4: Improve the affordability of housing* and *Action 4.1 Develop an Affordable Housing Policy*. This Planning Proposal achieves both the planning priority and action.

The LSPS also acknowledges, under *Planning Priority 3: Provide new homes to meet the diverse needs of our growing community*, that a sufficient supply of well-located and serviced land for new homes will deliver a range of benefits. This includes providing homes close to jobs, shops and services. The Planning Proposal responds to this planning priority by proposing a new provision to collect affordable rental housing development contributions for the delivery of affordable rental housing that is near railway stations and city centres, closer to services and facilities.

The Planning Proposal is also the result of a number of outcomes from the following documents:

- *Draft Penrith Local Housing Strategy* has been established to guide housing change and manage population growth in Penrith City over a period of 20 years, from 2016 to 2036. One of the key themes of this strategy is housing affordability. This document identifies a need for additional affordable housing supply across the Penrith LGA.
- *Sustainability Blue Print for Urban Release Areas 2005* - Under Principle 3 of the Blueprint, social infrastructure requirements for new development are identified. This document specifically identifies affordable rental housing as an item of social infrastructure which should be incorporated into the development of new residential release areas.
- *Western Sydney Affordable Housing Strategy 2021* establishes a strategic direction for the provision of affordable rental housing within the Western City District, providing a broader policy vision and set of policy objectives relating to affordable rental housing.

To inform the preparation of this Planning Proposal a *Draft Affordable Rental Housing Contributions Scheme* was prepared which includes a feasibility assessment that examined the capacity of development to tolerate affordable rental housing contributions within the residential release areas of Glenmore Park Stage 3 and Orchard Hills North. This is provided as Appendix 1. These sites are included in the nominated area as two developments where land is proposed to be rezoned for residential development resulting in significant uplift and increase in land value.

It is through this value increase that development can contribute to affordable rental housing contributions.

The Scheme has been prepared in accordance and is consistent with Section 7.32 of the Act, Chapter 2 of the Housing SEPP and DPE's Guideline for *Developing an Affordable Housing Contribution Scheme*.

**Q2. Is the Planning Proposal the best means of achieving the objectives or intended outcomes, or is there a better way?**

This Planning Proposal provides a transparent framework for development to make equitable affordable rental housing contributions and provides certainty and clarity for landowners and developers seeking to develop land in the Penrith LGA.

Section 7.32 of the *Environmental Planning and Assessment Act 1979* allows for the collection of development contributions for the purpose of affordable housing provision by NSW councils. This can occur where a need is identified within a planning instrument and where:

- The consent authority is satisfied that the proposed development will or is likely to reduce the availability of affordable housing within the area, or
- The consent authority is satisfied that the proposed development will create a need for affordable housing within the area, or
- The proposed development is allowed only because of the initial zoning of a site, or the rezoning of a site, or
- The regulations provide for this section to apply to the application.

The Housing SEPP identifies that there is a need for affordable rental housing in Penrith. The Housing SEPP is the mechanism through which Council can mandate a contribution to affordable rental housing from new development. This provision will provide Council with a sound framework to collect contributions for affordable rental housing for greenfield areas. For other areas contributions towards affordable rental housing where residential uplift is proposed would still be subject to negotiation through VPAs, however Council would have a sound basis to enter into those negotiations.

The Planning Proposal is to facilitate a new affordable rental housing contribution scheme within Penrith. This Planning Proposal is the only way to achieve this.

**Section B – Relationship to Strategic Planning Framework**

**Q3. Will the planning proposal give effect to the objectives and actions of the applicable regional, or district plan or strategy (including any exhibited draft plans or strategies)?**

*Greater Sydney Region Plan – Metropolis of Three Cities*

In March 2018, the Greater Sydney Commission published the *Greater Sydney Region Plan – A Metropolis of Three Cities*. The Plan sets a 40-year vision (to 2056) of three cities where most residents live within 30 minutes of their jobs, education and health facilities, services and great places. The Plan also establishes a 20-year plan to manage growth and change for Greater Sydney in the context of social, economic and environmental matters, and guide the delivery of infrastructure. It also informs district and local plans and the assessment of planning proposals.

The Plan includes two key objectives in response to housing affordability:

- Objective 10: Greater Housing Supply, supported by Action 3: updated local environmental plans that respond to housing strategies; and
- Objective 11: Housing is more diverse and affordable, supported by Strategy 11.1: Prepare Affordable Rental Housing Target Scheme.

This Planning Proposal is consistent with several relevant directions, objectives and strategies of the plan. Specifically, the Planning Proposal will increase the supply of affordable rental housing in Penrith LGA.

#### *Western City District Plan*

In March 2018, the Greater Sydney Commission published the *Western City District Plan*. This is a 20-year plan to manage growth in the context of economic, social and environmental matters to achieve the 40-year vision for Greater Sydney. It guides the implementation of the Greater Sydney Region Plan at a district level and provides the link between regional and local planning. The District Plan informs local strategic planning statements, like the Penrith LSPS, and local environmental plans, like Penrith LEP 2010. It also informs the assessment of planning proposals.

The district plan encourages councils to develop local housing strategies and actions to address the range of housing needs in their LGAs, including affordable rental housing. The District Plan includes one key planning priority in response to housing affordability, being Planning Priority W5: Providing housing supply, choice and affordability, with access to jobs, services and public transport.

The Planning Proposal supports the district plan's priority of 'Housing Diversity and Affordability' by facilitating the delivery of affordable rental housing in Penrith through the planning framework.

#### **Q4. Will the planning proposal give effect to a council's endorsed local strategic planning statement, or another endorsed local strategy or strategic plan?**

The Planning Proposal will give effect to the Penrith LSPS and specifically Planning Priority 4: Improve the affordability of housing and Action 4.1 Develop an Affordable Housing Policy. The Planning Proposal will also help give effect to Planning Priority 3: Provide new homes to meet the diverse needs of our growing community.

As discussed under Q1 above, the Planning Proposal will also give effect to:

- *Draft Penrith Local Housing Strategy* which identifies the need for additional affordable rental housing supply across the Penrith LGA.
- *Sustainability Blue Print for Urban Release Areas 2005* which specifically identifies affordable rental housing as an item of social infrastructure which should be incorporated into the development of new residential release areas.
- *Western Sydney Affordable Housing Strategy 2021* which identifies the need for affordable rental housing in the Penrith LGA.

The *Penrith Community Plan* was adopted by Council on 26 June 2017 and represents the community's vision for the City as it grows over the next 20 years. That vision is one of a sustainable and prosperous Regional City with a harmony of urban and rural qualities and a strong commitment to environmental protection and enhancement.

The Penrith Community Plan identifies seven community outcomes:

1. We can work close to home



2. We plan for our future growth
3. We can get around our City
4. We have safe, vibrant places
5. We care for our environment
6. We are healthy and share a strong community spirit
7. We have confidence in our Council.

Under outcome 2, the Plan acknowledges the desire to provide housing that meets community needs without compromising the character and amenity of the neighbourhoods. Particularly Strategy 2.1: Facilitate development in the City that considers the current and future needs of our community. It indicates that Council will ensure different housing types to suit different types of households and work with developers to ensure they make a fair contribution and make sure homes keep up with changing needs. The Planning Proposal is consistent with the Community Plan.

**Q5. Is the planning proposal consistent with applicable State Environmental Planning Policies?**

The NSW Government publishes State Environmental Planning Policies (SEPPs) and Sydney Regional Environmental Plans (deemed SEPPs). These documents deal with matters of State or regional planning significance. The Planning Proposal is consistent with applicable SEPPs, as demonstrated in Table 2.

**Table 2: State Environmental Planning Policies**

SEPP Title	Applicable	Consistent
State Environmental Planning Policy (Primary Production) 2021	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy (Resources and Energy) 2021	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy (Resilience and Hazards) 2021	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy (Industry and Employment) 2021	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy (Transport and Infrastructure) 2021	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy (Biodiversity and Conservation) 2021	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy (Planning Systems) 2021	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.

SEPP Title	Applicable	Consistent
State Environmental Planning Policy (Precincts – Eastern Harbour City) 2021	No	Not applicable
State Environmental Planning Policy (Precincts – Central River City) 2021	No	Not applicable
State Environmental Planning Policy (Precincts – Western Parkland City) 2021	No	Not applicable
State Environmental Planning Policy (Precincts – Regional) 2021	No	Not applicable
State Environmental Planning Policy (Housing) 2021	Yes	Consistent – The framework to develop an affordable housing scheme is through Chapter 2 – Affordable Housing. This SEPP identifies that there is a need for affordable rental housing across NSW and is the mechanism through which Council can mandate a contribution to affordable rental housing from new development.
State Environmental Planning Policy (Building Sustainability Index: BASIX) 2004	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy (Exempt and Complying Development Codes) 2008	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy No 65—Design Quality of Residential Apartment Development	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.

**Q6. Is the planning proposal consistent with applicable Ministerial Directions (s.9.1 directions)?**

The Minister for Planning and Public Spaces issues Local Planning Directions that councils must follow when preparing planning proposals. The directions cover the following broad categories:

- Planning Systems
- Biodiversity and Conservation
- Resilience and Hazards
- Transport and Infrastructure
- Housing
- Industry and Employment
- Resources and Energy
- Primary Production

The Planning Proposal is considered to be consistent with all applicable Section 9.1 Local Planning Directions, as demonstrated in Table 3.

**Table 3: Section 9.1 Ministerial Directions - Local Planning Directions**

Direction	Applicable	Consistent	Comment
<b>1 Planning Systems</b>			
1.1 Implementation of Regional Plans	Yes	Yes	The Planning Proposal applies to land within the Greater Sydney Region Plan and Western City District Plan. The Planning Proposal will give effect to these Plans as discussed under Q3 above.
1.2 Development of Aboriginal Land Council land	No	N/A	
1.3 Approval and Referral Requirements	Yes	Consistent	The Planning Proposal will not include any provisions requiring concurrence, consultation or referral of development applications to a Minister or public authority or identify development as designated development.
1.4 Site Specific Provisions	Yes	Consistent	The Planning Proposal does not propose a provision allowing a particular development to be carried out.
<b>1 Planning Systems – Place-based</b>			
1.5 Parramatta Road Corridor Urban Transformation Strategy	No	N/A	
1.6 Implementation of North West Priority Growth Area Land Use and Infrastructure Implementation Plan	No	N/A	
1.7 Implementation of Greater Parramatta Priority Growth Area Interim Land Use and Infrastructure Implementation Plan	No	N/A	
1.8 Implementation of Wilton Priority Growth Area Interim Land Use and Infrastructure Implementation Plan	No	N/A	
1.9 Implementation of Glenfield to Macarthur Urban Renewal Corridor	No	N/A	
1.10 Implementation of the Western Sydney Aerotropolis Plan	Yes	Consistent	The Planning Proposal does not apply to land shown on the Aerotropolis SEPP's Land Application Map. It also does not apply to the additional land shown on the Aerotropolis Boundary Map, as that land is zoned for rural purposes.

Direction	Applicable	Consistent	Comment
			The Planning Proposal is consistent with the Western Sydney Aerotropolis Plan as it will not prevent the application of the airport safeguards provisions in the SEPP.
1.11 Implementation of Bayside West Precincts 2036 Plan	No	N/A	
1.12 Implementation of Planning Principles for the Cooks Cover Precinct	No	N/A	
1.13 Implementation of St Leonards and Crows Nest 2036 Plan	No	N/A	
1.14 Implementation of Greater Macarthur 2040	No	N/A	
1.15 Implementation of the Pymont Peninsula Place Strategy	No	N/A	
1.16 North West Rail Link Corridor Strategy	No	N/A	
1.17 Implementation of the Bays West Place Strategy	No	N/A	
<b>2 Design and Place</b>			
<b>3 Biodiversity and Conservation</b>			
3.1 Conservation Zones	Yes	Consistent	The Planning Proposal does not apply to land within a conservation zone or land otherwise identified for environment conservation/ protection purposes in the Penrith LEP 2010.
3.2 Heritage Conservation	Yes	Consistent	The Planning Proposal will not affect existing heritage conservation provisions in LEP 2010.
3.3 Sydney Drinking Water Catchments	No	N/A	
3.4 Application of C2 and C3 Zones and Environmental Overlays in Far North Coast LEPS 26	No	N/A	
3.5 Recreation Vehicle Areas	Yes	Consistent	The Planning Proposal does not propose a provision allowing land to be developed for the purpose of a recreation vehicle area.
<b>4 Resilience and Hazards</b>			
4.1 Flooding	No	N/A	The Planning Proposal will not affect existing provisions in LEP 2010 relating to flood planning and the flood planning area.

Direction	Applicable	Consistent	Comment
4.2 Coastal Management	No	N/A	
4.3 Planning for Bushfire Protection	Yes	Consistent	<p>The Planning Proposal applies to some land that is mapped as bushfire prone land or in proximity to land mapped as bushfire prone land.</p> <p>The Planning Proposal does not propose to rezone any land or increase development densities.</p> <p>In accordance with this direction, consultation with the NSW Rural Fire Service will be undertaken, following receipt of a Gateway Determination and prior to community consultation, and any comments made considered.</p>
4.4 Remediation of Contaminated Land	Yes	Consistent	The Planning Proposal does not propose a change of use of land.
4.5 Acid Sulfate Soils	No	N/A	
4.6 Mine Subsidence and Unstable Land	No	N/A	
<b>5. Transport and Infrastructure</b>			
5.1 Integrating Land Use and Transport	Yes	Consistent	The Planning Proposal proposes a provision to collect affordable rental housing development contributions for the delivery of affordable rental housing that is near railways stations and city centres, closer to services and facilities. This achieves the objective of this direction to improve access to housing by walking, cycling and public transport.
5.2 Reserving Land for Public Purposes	Yes	Consistent	This Planning Proposal does not create, alter, reduce, rezone existing zonings or reservations of land for public purposes.
5.3 Development Near Regulated Airports and Defence Airfields	Yes	Consistent	The Planning Proposal will not affect any provisions relating to residential development within the 20 ANEC/ANEF contour for Western Sydney Airport.
5.4 Shooting Ranges	No	N/A	
<b>6. Housing</b>			
6.1 Residential Zones	Yes	Consistent	The Planning Proposal applies to the Glenmore Park Stage 3 and Orchard Hills North residential release areas currently subject to

Direction	Applicable	Consistent	Comment
			two separate Planning Proposal that propose residential development.  This Planning Proposal proposes to introduce a clause that will collect development contributions for the delivery of affordable rental housing within the Penrith LGA. As such, it will support the objectives of this direction to encourage a variety and choice of housing types to provide for existing and future housing needs.
6.2 Caravan Parks and Manufactured Home Estates	No	N/A	
<b>7. Industry and Employment</b>			
7.1 Business and Industrial Zones	No	N/A	
7.2 Reduction in non-hosted short-term rental accommodation period	No	N/A	
7.3 Commercial and Retail Development along the Pacific Highway, North Coast	No	N/A	
<b>8. Resources and Energy</b>			
8.1 Mining, Petroleum Production and Extractive Industries	No	N/A	
<b>9. Primary Production</b>			
9.1 Rural Zones	Yes	Consistent	This Planning Proposal does not rezone land or increase the density of development.
9.2 Rural Lands	No	N/A	
9.3 Oyster Aquaculture	No	N/A	
9.4 Farmland of State and Regional Significance on the NSW Far North Coast	No	N/A	

## Section C – Environmental, Social and Economic Impacts

**Q7. Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected as a result of the proposal?**

The Planning Proposal will not adversely affect the critical habitat or threatened species, populations or ecological communities or their habitats.

**Q8. Are there any other likely environmental effects as a result of the planning proposal and how are they proposed to be managed?**

It is unlikely that this Planning Proposal would have any adverse environmental effects.

**Q9. Has the planning proposal adequately addressed any social and economic effects?**

The socio-economic profile of Penrith indicates a clear and critical need to provide affordable rental housing for very low to moderate income households in the Penrith LGA. Significant and sustained price growth in property values has outpaced wage rises, resulting in declining housing affordability and growing debate around the need to improve accessibility to the housing market.

Housing is a fundamental human right and one of the universal determinants of health and wellbeing. The social cost associated with deteriorating housing affordability are significant. Households on very low, low and moderate incomes can be displaced from local areas, resulting in poor community diversity and social cohesion. Furthermore, displacement of 'key workers' can result in a reduced labour force of those workers who are essential to local economies.

Increasing the supply of affordable rental housing across Greater Sydney is a priority for all levels of government across. Ensuring that affordable rental housing and social housing is delivered to meet the needs of very low, low, and moderate-income households is essential to enhancing the social sustainability of the Penrith community as it grows.

Less affordable rental housing negatively impacts individuals, the community and the local economy. Approximately 17.4% of Penrith residents were in housing stress in 2016, with 18.3% projected to be in housing stress by 2041. In 2016, there were some 2,411 and 5,726 low to moderate income households experiencing mortgage and rental stress respectively.

A critical consideration in introducing new contribution requirements in the Penrith LEP 2010 is the impact on development viability. To understand the economic impacts of the proposed affordable rental housing contribution rates, independent work was undertaken to test the local housing needs of Penrith and assessed the feasibility that examined the capacity of development to tolerate affordable rental housing contributions within the urban release areas of Glenmore Park Stage 3 and Orchard Hills North.

The Planning Proposal addresses these social and economic effects by proposing a local provision to collect affordable rental housing development contributions for the delivery of affordable rental housing in the Penrith LGA and the proposed contribution rates have been tested to ensure development viability.

There will be a further opportunity to identify and assess any additional social and economic effects of the Planning Proposal when it is exhibited for community and stakeholder feedback.

**Section D – State and Commonwealth Interests**

**Q10. Is there adequate public infrastructure for the planning proposal?**

While this Planning Proposal will facilitate additional affordable rental housing, it will not result in an increase in density greater than that already anticipated for the two residential release areas and is not expected to result in any additional burden on existing public infrastructure.

This Planning Proposal proposes a new local provision to collect affordable rental housing development contributions for the delivery of affordable rental housing in the Penrith LGA.



**Q11. What are the views of State and Commonwealth public authorities consulted in accordance with the Gateway determination?**

The Gateway Determination will provide details on the consultation to be undertaken with State and Commonwealth public authorities.

## Part 4 – Mapping

---

There are no amendments proposed to the LEP 2010 map tiles.

## Part 5 – Community Consultation

---

The Planning Proposal will be publicly exhibited in accordance with the requirements of Schedule 1, Clause 4 of the *Environmental Planning and Assessment Act 1979* and the Department of Planning and Environment's 'Guide to Preparing Local Environmental Plans'. The Gateway Determination will outline the community consultation to be undertaken.

The Planning Proposal and all exhibition material will be available to view on Council's website and the NSW Planning Portal.

Notice of the public exhibition will be given in the local newspaper and on Council's website. Consultation with public authorities will be undertaken in accordance with the requirements of the Gateway Determination.

## Part 6 - Project Timeline

---

Milestone	Timeframe
Local Planning Panel's advice on the Planning Proposal	22 June 2022
Council's endorsement to send the Planning Proposal to the Department of Planning and Environment	25 July 2022
Submission to the Department of Planning and Environment	29 July 2022
Gateway Determination issued	22 October 2022
Public exhibition and public authority consultation	November - December 2022
Consideration of submissions	January 2023
Reporting of the Planning Proposal to Council	February 2023
Submission to the Department of Planning and Environment	March 2023
Publication of LEP amendment	April 2023

These timeframes are estimates only and subject to change due, in part, to factors beyond Council's control.

## Appendices

---

# APPENDIX 1

## Draft Affordable Rental Housing Contributions Scheme



# Glenmore Park and Orchard Hills North

## Affordable Rental Housing Contributions Scheme

Penrith City Council

April 2022



# Document Control

---

Project Manager: Jacob Vince  
Email: jacob.vince@atlasurbaneconomics.com  
Telephone: 1300 149 151

Job ID: J209  
Job Name: Penrith Affordable Housing  
Contributions Scheme

Client: Penrith City Council  
Client Contact: Natalie Stanowski

Document Name: Penrith Affordable Housing Contributions  
Scheme OHN & GP3 final v3

Last Saved: 15/11/2022 10:22 AM

Version	Date	Approved by	Reviewed by
Draft	7 April 2022	Jacob Vince	Esther Cheong
Final Draft	6 May 2022	Jacob Vince	Esther Cheong
Final	2 September 2022	Jacob Vince	Esther Cheong
Final reissued	23 September 2022	Jacob Vince	Esther Cheong
Final for Exhibition	8 November 2022	Jacob Vince	Esther Cheong

Liability limited by a scheme approved under Professional Standards Legislation

All care and diligence has been exercised in the preparation of this report. Forecasts or projections developed as part of the analysis are based on adopted assumptions and can be affected by unforeseen variables. Consequently, Atlas Urban Economics Pty Ltd does not warrant that a particular outcome will result and accepts no responsibility for any loss or damage that may be suffered as a result of reliance on this information

# Table of Contents

---

Document Control .....	i
Table of Contents.....	1
Glossary of Terms .....	2
Glossary of Abbreviations .....	4
1. Strategic Context and Background .....	5
1.1 Objectives of the Scheme .....	5
1.2 Where Does the Scheme Apply?.....	5
1.3 What Types of Development Does the Scheme Apply To? .....	6
1.4 Need for Affordable Rental Housing .....	6
1.5 Legislative Basis for Affordable Housing Contributions .....	8
1.6 Relationship to Other Affordable Housing Provisions in the LGA .....	8
1.7 Affordable Rental Housing Principles.....	9
2. Affordable Housing Contributions .....	10
2.1 Contribution Rates.....	10
2.2 Equivalent Monetary Contributions.....	10
2.3 Exemptions and Exclusions.....	11
2.4 Potential Affordable Housing Outcomes.....	11
3. Administration and Implementation.....	12
3.1 How to Make a Contribution .....	12
3.2 Conditions of Consent for Affordable Rental Housing .....	13
3.3 Where a Contribution has Previously Been Made.....	14
3.4 Adjustment of a Monetary Contribution on a Development Consent .....	14
3.5 Distribution and Management of Funds .....	14
3.6 Monitoring and Review of the Scheme.....	14
References.....	15
 <b>Schedules</b>	
1 EVIDENCE BASE - LOCAL HOUSING NEEDS ASSESSMENT .....	17
2 VIABILITY ASSESSMENT .....	32

# Glossary of Terms

---

<b>Affordable Housing</b>	Housing for Very Low, Low and Moderate income households (as defined by State Environmental Planning Policy (Housing) 2021, Chapter 2 - Affordable Housing and the Environmental Planning and Assessment Act 1979).
<b>Affordable Rental Housing</b>	Affordable housing managed by a community housing provider and rented to Very Low, Low or Moderate income level households.
<b>'As Is' Value</b>	The 'as is' value of land and/or property, also referred to as 'existing use' value, refers to the value of land and/or property in its current use notwithstanding its potential value in alternative uses.
<b>Community Housing Provider</b>	Community housing providers are 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 NSW Land and Housing Corporation.
<b>Contribution Rate</b>	The contribution rate that is used in the calculation of the monetary contribution for a relevant development and is annually adjusted for indexation purposes.
<b>In-kind Dedication</b>	Dedication of a completed affordable rental housing dwelling on-site to a planning authority.
<b>Gross Floor Area</b>	<p>As defined in the Penrith Local Environmental Plan 2010, gross floor area 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:</p> <ul style="list-style-type: none"><li>(a) the area of a mezzanine, and</li><li>(b) habitable rooms in a basement or an attic, and</li><li>(c) any shop, auditorium, cinema, and the like, in a basement or attic, but excludes:</li><li>(d) any area for common vertical circulation, such as lifts and stairs, and</li><li>(e) any basement:<ul style="list-style-type: none"><li>(i) storage, and</li><li>(ii) vehicular access, loading areas, garbage and services, and</li></ul></li><li>(f) plant rooms, lift towers and other areas used exclusively for mechanical services or ducting, and</li><li>(g) car parking to meet any requirements of the consent authority (including access to that car parking), and</li><li>(h) any space used for the loading or unloading of goods (including access to it), and</li><li>(i) terraces and balconies with outer walls less than 1.4 metres high, and</li><li>(j) voids above a floor at the level of a storey or storey above.</li></ul>
<b>Gross Realisation Value</b>	The value of new housing stock upon completion of development.
<b>Housing Affordability</b>	The relationship between expenditure on housing cost (whether a mortgage payment or a rental payment) and household income. An accepted benchmark measure of housing affordability is where no more than 30% of gross household income is spent on housing costs.

<b>Inclusive Housing</b>	Inclusive housing refers to housing that caters to a wide range of users, including households in housing stress, seniors, people with disabilities, students, key workers, and section of the broader residential market (e.g. First Home Buyers).
<b>Inclusionary Zoning</b>	A planning intervention which mandates a certain proportion of development be delivered (or included) as affordable housing dwellings as a condition of planning consent.
<b>Land Dedication</b>	Dedication of land on-site to a planning authority for the purposes of affordable housing.
<b>Low Income Household</b>	As defined under State Environmental Planning Policy (Housing) 2021, Chapter 2 - Affordable Housing, households with gross incomes between 50% and 80% of the median household income of the Sydney Statistical Division (i.e. Greater Sydney).
<b>Market Housing</b>	Housing provided in the private market which is sold and rented at market rates.
<b>Moderate Income Household</b>	As defined under State Environmental Planning Policy (Housing) 2021, Chapter 2 - Affordable Housing, households with gross incomes between 80% and 120% of the median household income of the Sydney Statistical Division (i.e. Greater Sydney).
<b>Residual Land Value</b>	The maximum price a developer would be prepared to pay for a site in exchange for the opportunity to develop the site, whilst achieving target hurdle rates for profit and project return. It is a commonly used valuation approach to assess the value of land as a hypothetical development and involves assessing the value of the completed product, making a deduction for development costs and further deduction for profit and risk, all while ensuring the development achieves the target project margin and return. Land value is a 'residual' that remains.
<b>Western City District</b>	The Western City District as defined in the Greater Sydney Region Plan comprising the Blue Mountains, Camden, Campbelltown, Fairfield, Hawkesbury, Liverpool, Penrith and Wollondilly LGAs.
<b>Very Low-Income Household</b>	As defined under State Environmental Planning Policy (Housing) 2021, Chapter 2 - Affordable Housing, households with gross incomes less than 50% of the median household income of the Sydney Statistical Division (i.e. Greater Sydney).

# Glossary of Abbreviations

---

ABS	Australian Bureau of Statistics
ANZSIC	Australia New Zealand Standard Industry Classification. The ANZSIC is hierarchical classification with four levels: Division (the broadest level), Subdivisions, Groups and Classes (the finest level).
PCC	Penrith City Council
CHP	Community Housing Provider
DCP	Development Control Plan
DPE	NSW Department of Planning and Environment
ERP	Estimated Resident Population
DCJ	Department of Communities and Justice
FSR	Floor Space Ratio
GFA	Gross Floor Area
GRV	Gross Realisation Value
GSC	Greater Sydney Commission
LEP	Local Environmental Plan
LGA	Local Government Area
LHS	Local Housing Strategy
LSPS	Local Strategic Planning Statement
NDA	Net Developable Area
RBA	Reserve Bank of Australia
RFB	Residential Flat Building
RLV	Residual Land Value

# 1. Strategic Context and Background

## 1.1 Objectives of the Scheme

The purpose of the Penrith Affordable Rental Housing Contributions Scheme (the Scheme) is to provide for the collection of development contributions for the delivery of affordable rental housing in the Penrith LGA. This relates to several key policy objectives to:

- Identify existing and projected unmet need for affordable rental housing in the Penrith LGA.
- Provide for the delivery of affordable rental housing through the planning system, recognising its role as vital economic and social infrastructure.
- Capture some of the increase in land value to landowners via the planning approvals process.
- Ensure that the Penrith LGA retains its affordability advantages and remains an attractive and inclusive location for a range of residents.

## 1.2 Where Does the Scheme Apply?

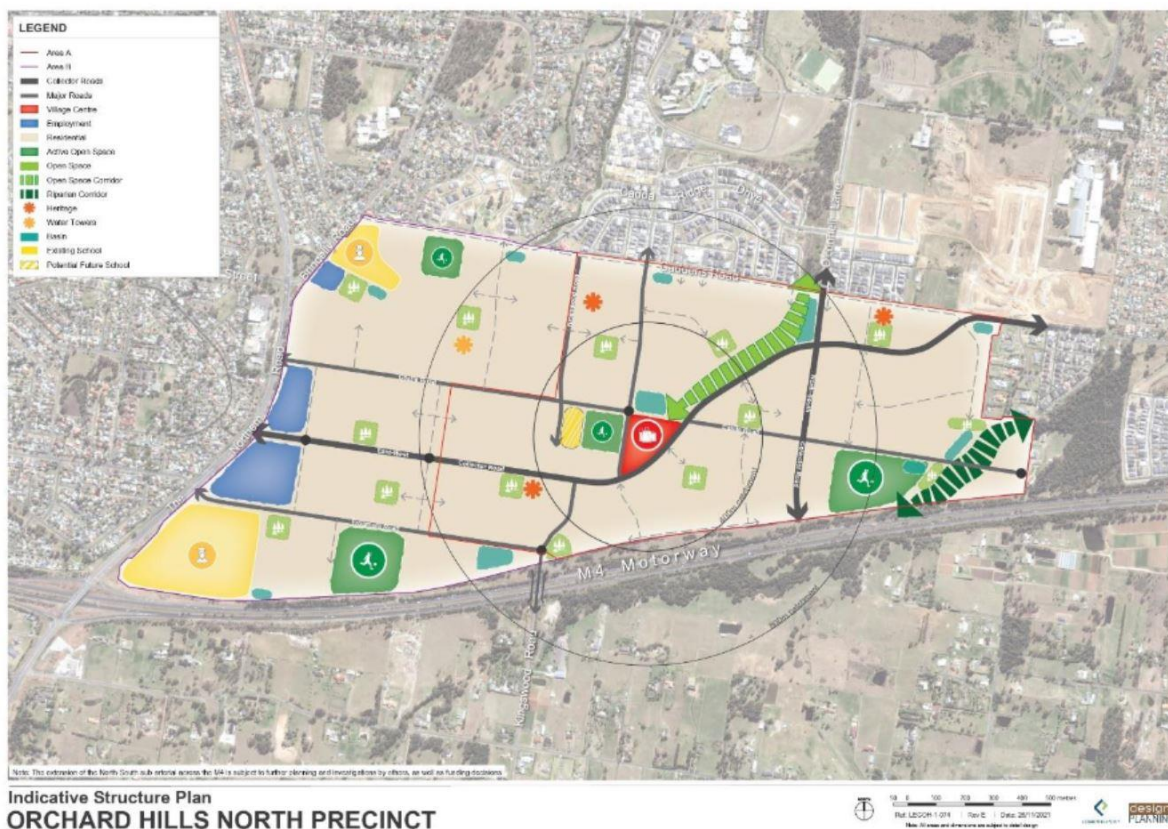
The Scheme applies to the areas shown in **Table 1.1**, referred to as 'Contribution Areas'.

**Table 1.1: Areas to which the Scheme Applies**

Location	Area Status
Orchard Hills North	Greenfield
Glenmore Park Stage 2	Greenfield

The areas are depicted in **Figure 1.1** and **Figure 1.2**, both of which are subject to planning proposals which would permit additional residential development.

**Figure 1.1: Orchard Hills North Contribution Area**





**Figure 1.2: Glenmore Park (Stage 3) Contribution Area**



Source: Penrith City Council

### 1.3 What Types of Development Does the Scheme Apply To?

The Scheme applies to all residential land except:

- Developments which do not result in at least one additional dwelling being created.
- All non-residential development.
- Exempt development.
- Secondary dwellings.
- Development solely for the purpose of social and/or affordable rental housing.
- Boarding houses.

For development which comprises a mix of market housing and affordable rental housing and/or social housing, this Scheme will only apply to the proportion of the private housing within the development.

### 1.4 Need for Affordable Rental Housing

#### The Evidence Base

The need for affordable rental housing in the Penrith LGA has been considered in both the:

- The draft Western Sydney Affordable Housing Contributions Scheme (SGS, 2021)
- The Penrith Local Housing Strategy (Ethos Urban, 2020).

This Scheme draws upon this evidence base and supplements with targeted research and analysis (refer to Schedule 1).

#### Overview

Housing affordability has risen as a central issue for both State and local government across much of Australia's east coast over the past two decades. Significant and sustained price growth in property values has outpaced wage rises, resulting in declining housing affordability and growing public debate around the need to improve accessibility to the housing market.



Sydney is at the forefront of Australia's housing affordability debate. Not only is Greater Sydney the least affordable capital city in Australia (ANZ/CoreLogic, 2021), it has been consistently ranked amongst top three most unaffordable cities globally and is now only outranked by Hong Kong in terms of unaffordability (Demographia, 2022).

The median dwelling price in Greater Sydney was some 10.1 times greater than the median household income in June 2021, compared to 6.6 times in June 2009. The number of years required for a typical household to save a 20% deposit on a median dwelling in Greater Sydney was recorded at 13.5 years in June 2021, up from 8.8 years in June 2009 (ANZ/CoreLogic, 2021). For households earning *below* the median annual income, there is increasingly no alternative other than renting on a permanent basis.

The social cost associated with deteriorating housing affordability are significant. Households on very low, low and moderate incomes can be displaced from local areas, resulting in poor community diversity and social cohesion. Furthermore, displacement of 'key workers' can result in a reduced labour force of key workers essential to local economies.

### Demand for Affordable Rental Housing

In 2016, there were some 2,411 and 5,726 low to moderate income households experiencing mortgage and rental stress respectively. In addition to these households, demand for affordable rental housing is driven by Penrith's other specialised groups who could equally require affordable rental housing, including:

- The 2,343 households across the Penrith LGA renting in social housing accommodation and the 1,973 households currently on the waiting list.
- The ~10,150 residents who require assistance with core activities due to a disability.
- The 2,218 individuals who were required some form of homelessness services in the Penrith area (2021).
- The ~12,250 students (non-school) residing in the Penrith LGA, including 6,900 university students.

The capacity of these various groups to enter the private housing market without entering high levels of housing stress are limited. Analysis suggests that very low and low income households would be unable to afford renting most forms of private housing accommodation without entering housing stress.

Analysis (SGS, 2021) suggests that approx 17.4% of Penrith residents were in housing stress in 2016, with 18.3% projected to be in housing stress by 2041.

### Existing Supply of Affordable Housing

As at March 2022, the Penrith LGA comprised a total 3,286 social and affordable housing properties. In addition to this social and affordable housing stock, there are around ~500 additional dwellings/rooms located throughout Penrith which provide accommodation for other specialist groups. These are summarised below.

- **Social Housing**  
As at March 2022, a total of 2,908 social housing dwellings were identified in the Penrith LGA. There are primarily managed by the Department of Communities and Justice.
- **Affordable Rental Housing**  
As at March 2022, a total of 378 affordable rental housing dwellings with these managed by various CHPs.
- **Boarding Houses**  
As at March 2022, a total of 16 registered boarding houses within the Penrith LGA with a total of 282 rooms were identified (Atlas Economics; NSW Fair Trading 2022).
- **Special Needs Housing**  
At December 2021, a total of 217 Specialist Disability Accommodation within the Nepean Blue Mountains region (NDIS, 2021).

Schedule 1 (The Evidence Base) provides a more detailed analysis of the need for affordable rental housing in the Penrith LGA.

## 1.5 Legislative Basis for Affordable Housing Contributions

Section 7.32 of the *Environmental Planning and Assessment Act 1979* (the Act) allows for the collection of development contributions for the purpose of affordable rental housing provision by NSW councils. This can occur where a need is identified within a planning instrument and where:

- The consent authority is satisfied that the proposed development will or is likely to reduce the availability of affordable rental housing within the area, or
- The consent authority is satisfied that the proposed development will create a need for affordable rental housing within the area, or
- The proposed development is allowed only because of the initial zoning of a site, or the rezoning of a site, or
- The regulations provide for this section to apply to the application.

As of February 2019, all NSW councils where these requirements have been met are authorised to require these contributions as a condition in their local environmental plan (LEP).

Development where affordable housing contributions are imposed as a condition of consent is levied on the basis that:

- Redevelopment and renewal of areas where additional development will reduce the availability of affordable private rental stock in these locations. As these locations are typically endowed with good access to infrastructure, employment and amenities, there is a strong case for the provision of affordable housing alongside private market development.
- As growth and renewal occurs across the Penrith LGA, the proportion of dwellings available at affordable rates, either via social/affordable housing or private market rental, will reduce without intervention. Therefore, the proportion of households living in housing stress is also likely to increase. This provides justification for the imposition of affordable housing contributions as an inclusionary development standard across the Penrith LGA.

## 1.6 Relationship to Other Affordable Housing Provisions in the LGA

### State Environmental Planning Policy (Housing) 2021

Where an applicant seeks to utilise bonus provisions for affordable housing provided in the State Environmental Planning Policy (Housing) 2021, this contributions plan does not apply.

### Draft Western Sydney Affordable Housing Strategy

The draft Western Sydney Affordable Housing Strategy establishes a strategic direction for the provision of affordable housing within the Western City District, providing a broader policy vision and set of policy objectives relating to affordable housing. This includes the Penrith LGA.

### Penrith Local Strategic Planning Statement 2040

Increasing the supply of affordable rental housing is a key objective under Planning Priority 4 (Improve the affordability of housing) of the Penrith Local Strategic Planning Statement 2040 (LSPS 2040).

A key action under Planning Priority 4 is to develop and Affordable Housing Policy in the immediate term.

### Penrith Local Housing Strategy (2019)

The Penrith Local Housing Strategy (LHS) identified a need for additional affordable housing supply across the Penrith LGA. Several key recommendations were provided in the LHS, including:

- Explore the establishment of a broad-based scheme for affordable housing delivery that includes a combination of mechanisms including affordable housing contributions and incentive mechanisms so there is flexibility for the housing industry to deliver or make financial contributions towards affordable housing in Penrith.
- Investigate broad-based funding options that recognise the delivery of market-priced housing creates a need for targeted affordable housing provision to ensure all residents have the ability to access housing.

- Focus specific measures for the delivery of affordable housing on locations that maximise access to jobs, health and education, and that affordable housing is 'tenure blind' and meets the same amenity standards as market housing.
- Investigate the inclusion of affordable housing targets, inclusionary zoning, development incentives and affordable housing funding schemes in identified Housing Diversity Precincts, particularly locations likely to benefit from new public transport infrastructure.
- Balance plans for the renewal of precincts with growth potential with the retention of existing affordable housing stock to maintain a market-driven supply of affordable housing.

#### Sustainability Blueprint for Urban Release Areas (2005)

The Sustainability Blueprint for Urban Release Areas (the Blueprint) applies to the residential release areas in the Penrith LGA. Under Principle 3 of the Blueprint, social infrastructure requirements for new development are identified.

Affordable housing is specifically identified as an item of social infrastructure which should be incorporated into the development of new residential release areas. Specifically, the Blueprint identifies:

- At least 3% of residential allotments should be provided for the purpose of affordable housing.
- Alternatively, an appropriate monetary contribution can be provided for delivery of affordable housing elsewhere in the City of Penrith. However, on-site provision is encouraged and preferred.

## 1.7 Affordable Rental Housing Principles

Consistent with the principles for affordable rental housing provided in the State Environmental Planning Policy (Housing) 2021, the principles for affordable rental housing in the Penrith LGA are:

- Affordable rental housing is to be created and managed in Penrith so that a socially diverse residential population representative of all income groups is developed and maintained across the Penrith LGA.
- Affordable rental housing is to be made available to Very Low, Low or Moderate income households, as per the following percentage ranges of median household income. These are based on the current median income for the Sydney Statistical Division 4, as calculated by the Australian Bureau of Statistics (ABS) (see **Table 1.2**).

**Table 1.2: Classification of Household Income Levels**

Income Band	Percentage of Median Household Income	Annual Household Income (Sydney) 2020-2021
Very Low	<50% median	<\$49,300
Low	50%-80% median	<\$78,900
Moderate	80%-120% median	<\$118,300

Source: DCJ (2022)

- Affordable rental housing is to be rented to these households at rates no greater than 30% of their household income.
- Contributions made via the dedication of land is to be used for the purpose of affordable housing provision.
- Dwellings provided for affordable rental housing are to be managed so as to maintain their continued use for affordable housing.
- Rental income from affordable housing received by or on behalf of Council, after deduction of normal landlord's expenses (including management and maintenance costs and all rates and taxes payable in connection with the dwellings), must be used for the purpose of improving or replacing affordable housing or for providing additional affordable housing in the Penrith LGA.
- Affordable rental 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.

## 2. Affordable Housing Contributions

### 2.1 Contribution Rates

Affordable housing contribution rates provided in the Scheme are in addition to other contributions across the LGA, including local infrastructure contributions (s7.11 or s7.12), state and regional infrastructure contributions.

As a condition of development consent, all eligible development in the Contribution Areas must contribute to affordable housing according to the rates provided in the Scheme. Other conditions of consent are provided in section 3.2.

Different contribution rates are to apply in the Contribution Areas:

- Orchard Hills North
- Glenmore Park (Stage 3)

#### Orchard Hills North

The following contribution rates apply in Orchard Hills North:

**Table 2.1: Affordable Housing Contribution Rates, Orchard Hills North**

Year of Commencement	Contribution per ha NDA	Equivalent Contribution per ha NDA
2024	\$76,000	1%
2027	\$152,000	2%

Source: Atlas Economics

#### Glenmore Park (Stage 3)

The following contribution rates apply in Glenmore Park (Stage 3).

**Table 2.2: Affordable Housing Contribution Rates, Glenmore Park (Stage 3)**

Year of Commencement	Contribution per ha NDA	Equivalent Contribution per ha NDA
2024	\$152,000	2%
2027	\$304,000	4%

Source: Atlas Economics

### 2.2 Equivalent Monetary Contributions

Where a monetary contribution is to be made, the contribution amount will be calculated as a percentage of GRV, according to rates provided in **Table 2.3**.

This percentage of floorspace will then be valued according to the market value of the type of floorspace developed, expressed as GRV per ha NDA.

#### **Calculation:**

$$(\% \text{ of contributions required}) \times (\text{GRV per ha NDA})$$

**Table 2.3: Gross Realisation Value Rates**

Location	GRV per ha NDA (2022)
Orchard Hills North	\$7,600,000
Glenmore Park (Stage 3)	\$7,600,000

Source: Atlas Economics

## 2.3 Exemptions and Exclusions

The following development is exempt from the AHCS:

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

The justification for granting exemptions to these development categories is:

- In the case of i and v, above, the development of non-residential floorspace and community facilities, public roads or public utility undertakings are excluded from affordable housing contributions given they provide community value, employment opportunities and/ or community services (community facilities).
- In the case of iii the works are considered to be of a minor nature and imposition of an affordable housing contribution is not considered necessary in such circumstances.
- In the case of iv, development for the purposes of affordable or social housing will already contribute substantially to the aims of the AHCS.
- For development which comprises a mix of market housing and affordable rental housing and/or social housing, this Scheme will only apply to the proportion of the private housing within the development.

## 2.4 Potential Affordable Housing Outcomes

The quantum of affordable rental housing which could be achieved via this Scheme can be estimated through calculating the potential contributions in both Contribution Areas. This is undertaken in the following steps:

- Define the total residential yield in both Contribution Areas.
- Apply the applicable contribution rates for each Contribution Area (as per section 2.1) to the total residential yields to calculate the maximum theoretical monetary contributions that could be received. The maximum amount of contributions received will vary dependent on when development applications within the Contribution Areas are made (a lower contribution requirement is adopted in 2024 with a higher contribution requirement proposed in 2027).
- Convert the theoretical monetary contributions into median priced strata dwellings (based on the December 2021 median price of \$561,000 for strata-titled dwellings in the Penrith LGA<sup>1</sup>).

As shown in **Table 2.4**, the Scheme has the potential to secure delivery of between 63 and 125 median priced strata dwellings purchased from monetary contributions received in the Contribution Areas, dependent on when development applications within each Contribution Area are lodged.

**Table 2.4: Theoretical Affordable Housing Outcomes, Contribution Areas**

Contribution Area	Total Residential NDA (ha)	Applicable Monetary Contribution Rate (\$/ha)		Theoretical Monetary Contributions (\$)*		Equivalent Dwellings @ \$561,000 per unit^	
		2024 (b)	2027 (c)	2024	2027	2024	2027
				(d1) = (a x b)	(d2) = (a x c)	(e) = (d1 or d2) ÷ \$561,000	
Orchard Hills North	164.8	\$76,000	\$152,000	\$12,524,800	\$25,049,600	22	45
Glenmore Park (Stage 3)	148.6	\$152,000	\$304,000	\$22,587,200	\$45,174,400	40	81
<b>Total</b>	<b>313.4</b>			<b>\$35,112,000</b>	<b>\$70,224,000</b>	<b>63</b>	<b>125</b>

\*Theoretical monetary contributions as per the 2022 contribution rates as per **Table 2.1** and **Table 2.2**

^may not sum due to rounding

Source: Atlas Economics

<sup>1</sup> As defined in the NSW Department of Communities and Justice *Rent and Sales Report*

## 3. Administration and Implementation

### 3.1 How to Make a Contribution

All land to which the Scheme applies to is required to provide contributions for affordable rental housing as a condition of development consent. A monetary contribution required to be made under the Scheme is to be paid at the time specified in the condition. Contribution payments will be required at the subdivision certificate stage prior to the release of the subdivision certificate.

The contributions will need to be updated at the time of payment to the most recent indexed values, in accordance with the indexation formula set out in this section.

Unless otherwise agreed, contributions are to be made as a monetary contribution for the purpose of affordable rental housing and as follows:

- Where a monetary contribution toward affordable housing is being made, the amount of the contribution will be specified in the conditions of development consent.
- If the applicant is unable to make this payment at the issue of a subdivision certificate, Council must be provided with evidence to this effect. In such cases, a deferred payment can be arranged via a bank guarantee where:
  - The guarantee is by an Australian bank for the total or outstanding contribution amount plus interest.
  - The guarantee requires the bank to unconditionally pay the guaranteed sum to the Council at the time specified in the agreement.
  - The applicant will be required to pay all costs incurred in the establishment, operation, administration or discharge of the bank guarantee.
  - The bank's obligations are discharged when payment to the Council is made in accordance with the guarantee, or when the Council notifies the bank in writing that the guarantee is no longer required, or if the related consent lapses.

The decision to accept a deferred payment is at the sole discretion of the Council. Indexing of Payments

Rates included in this plan have been derived from the viability assessment (see Schedule 2 of the Scheme). This assessment should be updated prior to the implementation of new contribution rates in 2024 to account for changes in market conditions and costs of development.

#### Monetary Contributions

The contribution amount will be based on the gross realisation value (GRV) per square metre or ha for that location. Initial GRV per square metre/ ha rates are provided in Table S2.2 in Schedule 2 of the Scheme.

These should be adjusted annually by Council, within one week of the first of July. Rates will be adjusted according to movement in the median price of dwellings in the LGA. This is published quarterly in the NSW Government *Rent and Sales Report*, Table: Sales Price - Greater Metropolitan Region - Strata.

#### **Calculation:**

$$(\text{new GRV per sqm/ ha}) = (\text{initial GRV per sqm/ ha}) \times (\text{updated median price} / \text{former median price})$$

All monetary contributions should be indexed at the time of payment to ensure that they are reflective of these adjustments.

## Calculation of Monetary Contributions

Hypothetical example calculations below illustrate how an affordable housing contribution will be required.

<b>Example 1</b> <b>(Orchard Hills North)</b>	<p>Hypothetical mixed-use subdivision in the Orchard Hills North precinct comprising 50ha of residential NDA, 20ha of employment NDA and 3ha of town centre NDA. Residential DAs are lodged in two stages - 30ha in 2025 and 20ha in 2027.</p> <p>For the purposes of this example, it is assumed that the median strata price for the Penrith LGA in 2025 is \$600,000 and in 2027 is \$620,000.</p> <p>Affordable housing contributions only to apply to residential NDA.</p>
DA Stage 1 Calculation	<p>Residential NDA x Base Contribution Rate = Required monetary contribution</p> <p>2022 Contribution Rate (Base) = 1% (\$76,000 per ha NDA)</p> <p>2025 Contribution Rate (Indexed) = (\$76,000) x (\$600,000/\$561,0000)</p> <p>= \$81,283 per ha NDA</p> <p>30ha of residential NDA x \$81,283 per ha NDA</p> <p><b>Total Contribution Payable = \$2,438,490</b></p>
DA Stage 2 Calculation	<p>Residential NDA x Base Contribution Rate = Required monetary contribution</p> <p>2022 Contribution Rate (Base) = 2% (\$76,000 per ha NDA)</p> <p>2027 Contribution Rate (Indexed) = (\$152,000) x (\$620,000/\$561,0000)</p> <p>= \$167,986 per ha NDA</p> <p>20ha of residential NDA x \$167,986 per ha NDA</p> <p><b>Total Contribution Payable = \$3,359,715</b></p>
<b>Example 2</b> <b>(Glenmore Park Stage 3)</b>	<p>Hypothetical mixed-use subdivision in the Glenmore Park Stage 3 precinct comprising 50ha of residential NDA lodged in two stages - 30ha in 2025 and 20ha in 2027.</p> <p>For the purposes of this example, it is assumed that the median strata price for the Penrith LGA in 2025 is \$600,000 and in 2027 is \$620,000.</p>
DA Stage 1 Calculation	<p>Residential NDA x Base Contribution Rate = Required monetary contribution</p> <p>2022 Contribution Rate (Base) = 2% (\$152,000 per ha NDA)</p> <p>2025 Contribution Rate (Indexed) = (\$152,000) x (\$600,000/\$561,0000)</p> <p>= \$162,567 per ha NDA</p> <p>30ha of residential NDA x \$162,567 per ha NDA</p> <p><b>Total Contribution Payable = \$4,877,005</b></p>
DA Stage 2 Calculation	<p>Residential NDA x Base Contribution Rate = Required monetary contribution</p> <p>2022 Contribution Rate (Base) = 4% (\$304,000 per ha NDA)</p> <p>2027 Contribution Rate (Indexed) = (\$304,000) x (\$620,000/\$561,0000)</p> <p>= \$335,971 per ha NDA</p> <p>20ha of residential NDA x \$335,971 per ha NDA</p> <p><b>Total Contribution Payable = \$6,719,430</b></p>

## 3.2 Conditions of Consent for Affordable Rental Housing

Council will levy developer contributions for affordable housing via conditions of consent. These conditions will require that the following details be stated/ provided upon lodgement of a Development Application:

- The total amount of residential net developable area on which an affordable housing contribution is applicable to.
- The total amount of land area being developed for the purpose of affordable and/or social housing (if any).
- The relevant contribution rates.
- Satisfactory evidence that any monetary payment payable will be paid upon issuing of a subdivision certificate.

### 3.3 Where a Contribution has Previously Been Made

For development that has already been the subject of a condition under the Scheme relating to the subdivision of the land on which the development is to be carried out, then a subsequent contribution is generally not required at the future built form stage, unless the proposed works increase demand for or reduce availability of affordable rental housing within the development.

### 3.4 Adjustment of a Monetary Contribution on a Development Consent

Where a condition requiring a monetary contribution has been imposed, the contribution amount will be indexed to when the payment is made. The approach to indexing monetary contributions is outlined in section 3.1.

As specified in section 3.2, if a portion of land area is proposed for development of affordable and/or social housing within a broader residential or mixed-use development, this must be specified upon lodgement of a Development Application. This portion of land is not subject to contributions in this Scheme.

If this land designated for affordable and/or social housing is later proposed to be developed as market housing, ARH contributions under this Scheme would become payable.

### 3.5 Distribution and Management of Funds

Contributions will be pooled and managed by Penrith City Council. As sufficient funding becomes available through the Scheme, Council will seek proposals from eligible community housing providers for the development of affordable housing within the Penrith LGA. Council is to provide advice about the terms of tenders or requests for expressions of interest.

Tenders or requests for expressions of interest may be issued for:

- Immediate use of contribution funds for development in the LGA;
- Allocation of funding for eligible community housing providers to seek development opportunities in the LGA; or
- Land and funding packages, where land is made available by supplementary sources for the purpose of developing affordable housing.

Terms will include, amongst other things, that proposals demonstrate how the resulting affordable rental housing will be consistent with the principles, objectives and requirements outlined in this AHCS. Proposals will also be required to demonstrate how funding will be leveraged to maximise the quantum of affordable housing dwellings. Priority will be given to eligible community housing providers who have appropriate experience. Proposals are to be evaluated by a tender assessment panel, convened by Penrith City Council

Council will appoint a CHP to take ownership of contributions accrued via the Scheme. The contract for this appointment will last for a term of five years, after which a new tender will be issued for the next term.

The appointed CHP will take full ownership and management responsibilities for any monetary or in-kind affordable housing contributions gained during their term. Affordable housing contributions transferred to the appointed CHP will be done so on the condition that all will be retained for the purpose of affordable housing in perpetuity.

Council will also provide a delivery program that outlines how funds raised or property assets provided under the Scheme will be used and requirements for reporting and transparency. This will clearly delineate the responsibilities of the appointed CHP and will aim to ensure that each council is apportioned a share of the funds equal to their individual contribution over the course of a 15-year period. Council may provide direction on the CHP's procurement in relation to target demographics or locations for affordable housing.

### 3.6 Monitoring and Review of the Scheme

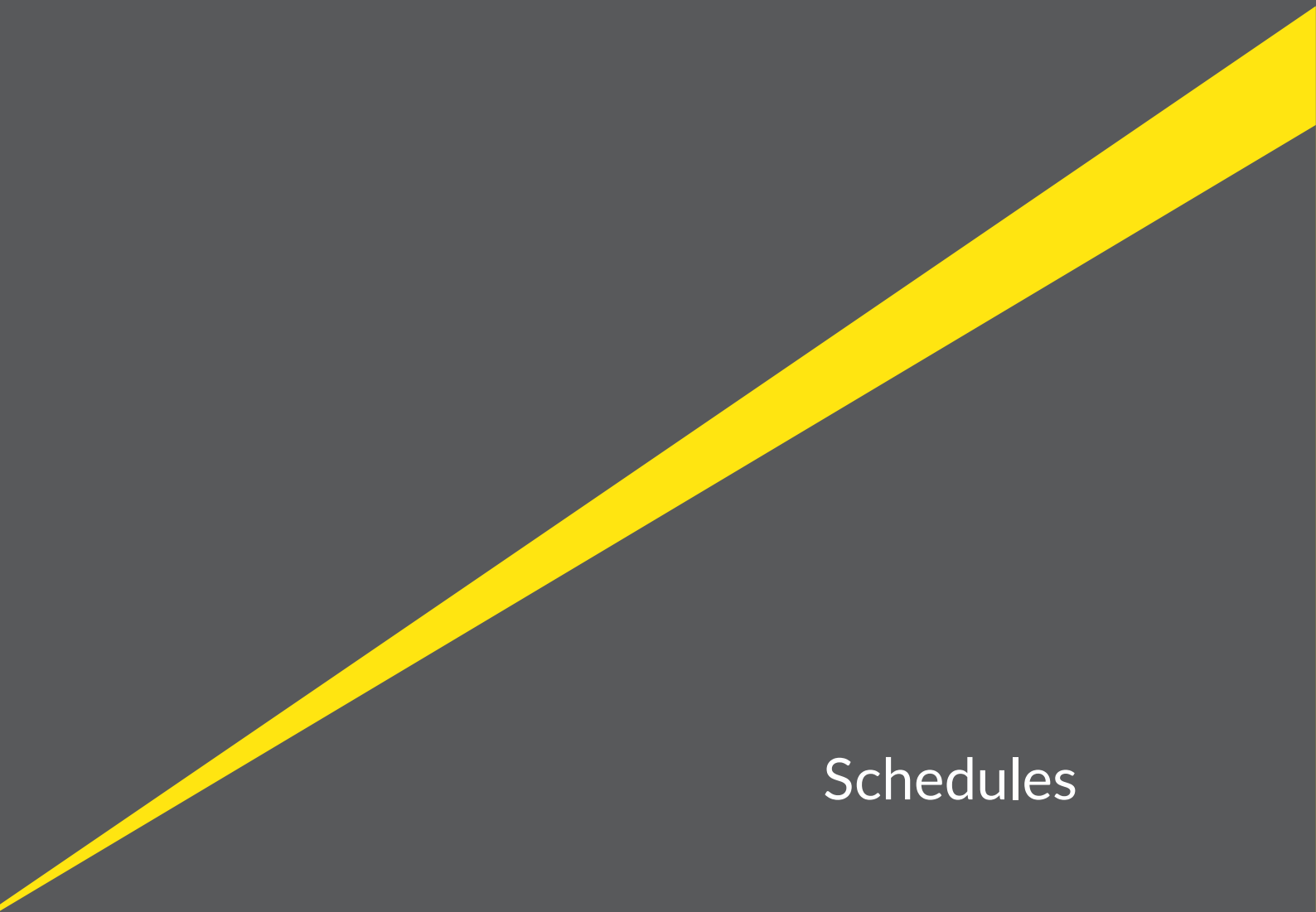
The Scheme will be reviewed collectively by Council on a yearly basis. The review will, *inter alia*, assess whether all funds gained through the Scheme are utilised for the purpose of improving, replacing, maintaining or providing additional affordable rental housing within the partnership area.



# References

---

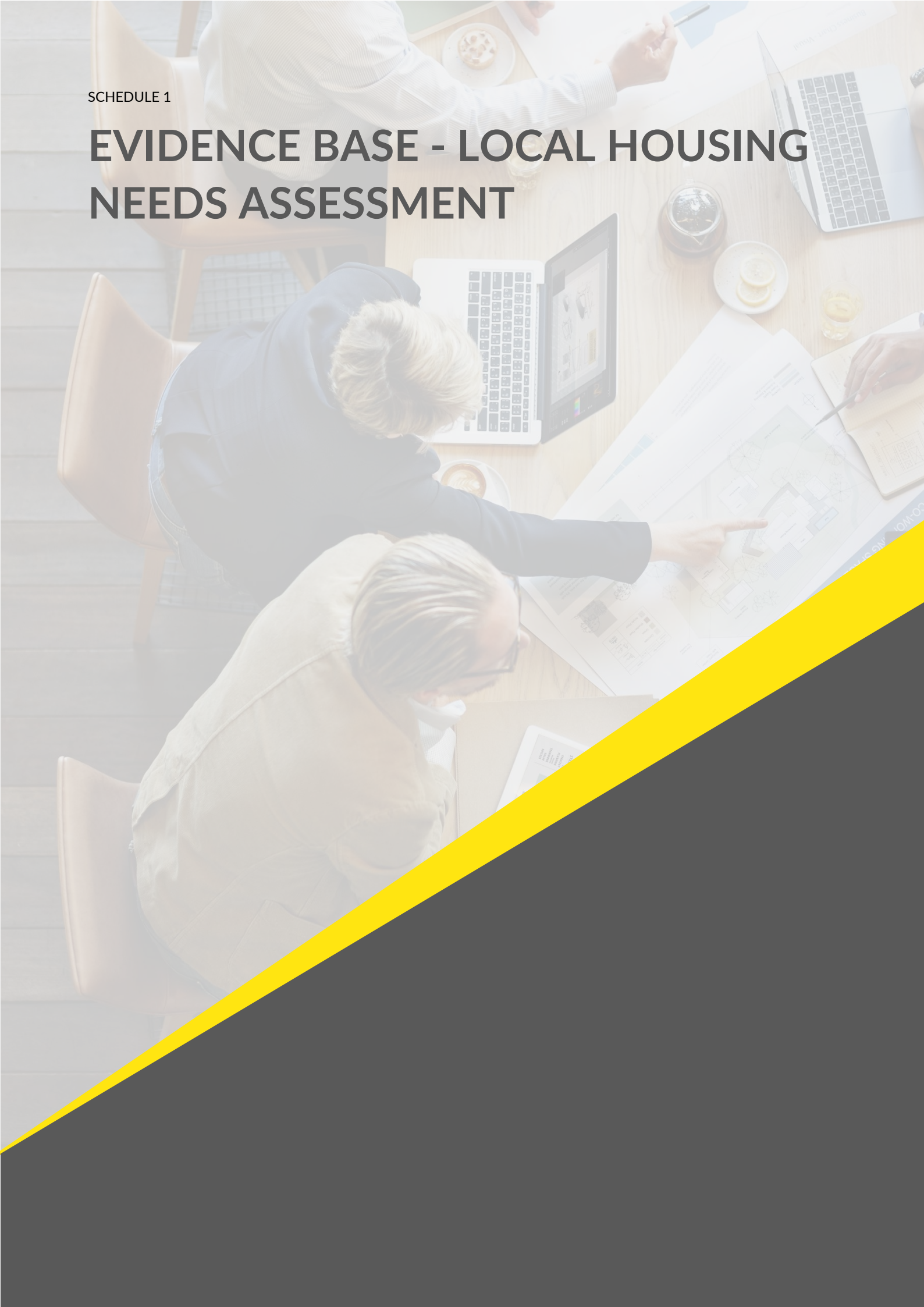
- Australian Property Institute (2021). *Definitions*. Accessible from: <https://www.api.org.au/standards/definitions/>.
- Australia and New Zealand Banking Group (2021); CoreLogic RP Data (2021). *Housing Affordability Report 2021*.  
Accessible from:  
[https://news.anz.com/content/dam/news/articles/2021/November/ANZ\\_CoreLogic\\_Housing\\_Affordability\\_Report\\_2021\\_Final\\_Ir.pdf](https://news.anz.com/content/dam/news/articles/2021/November/ANZ_CoreLogic_Housing_Affordability_Report_2021_Final_Ir.pdf)
- Australian Institute of Health and Welfare (2021). *Homelessness and homelessness services*. Accessible from:  
<https://www.aihw.gov.au/reports/australias-welfare/homelessness-and-homelessness-services>.
- Demographia (2022). *International Housing Affordability Survey*. Accessible from: <http://www.demographia.com/dhi.pdf>.
- Department of Social Services (2021). *NRAS Quarterly Performance Report*. Accessible from:  
<https://www.dss.gov.au/housing-support-programs-services-housing-national-rental-affordability-scheme-national-rental-affordability-scheme-performance-reporting/september-2020-nras-quarterly-performance-report>.
- Ethos Urban (2019). *Draft Penrith Local Housing Strategy*. Accessible from:  
<https://www.penrithcity.nsw.gov.au/images/documents/council/council-business/Enclosure%20-%20Draft%20Local%20Housing%20Strategy.pdf>.
- NDIS (2021). *NDIS Quarterly Report*. Accessible from: <https://www.ndis.gov.au/about-us/publications/quarterly-reports>.
- NSW Department of Justice and Communities (2022). *Data provided*. DCJ, Sydney.
- NSW Fair Trading (2022). *Boarding House Register*. Accessible from: <https://www.fairtrading.nsw.gov.au/help-centre/online-tools/accommodation-registers>.
- Rawlinsons (2022). *Rawlinsons Australian Construction Handbook 2021*. Rawlinsons, Rivervale, Western Australia.
- Royal Institution of Chartered Surveyors (2019). *Valuation of Development Property: RICS Guidance Note (Global)*. Royal Institution of Chartered Surveyors, London, United Kingdom.
- SGS (2021a). *Western Sydney Draft Affordable Housing Contributions Scheme*. SGS, Sydney.
- SGS (2021b). *Evidence Base for the Western Sydney Affordable Housing Strategy*. SGS, Sydney.



Schedules

SCHEDULE 1

# EVIDENCE BASE - LOCAL HOUSING NEEDS ASSESSMENT



The draft Western Sydney Affordable Housing Contributions Scheme (draft WSAHCS) included a Local Housing Needs Assessment to support the case for affordable rental housing across Western City District, including the Penrith LGA.

The WSAHCS evidence base was carried out at a regional level. To complement the case for affordable rental housing provision in the Penrith LGA, the local housing needs assessment has been supplemented with additional data and analysis at the local Penrith LGA level.

## Demographic Analysis

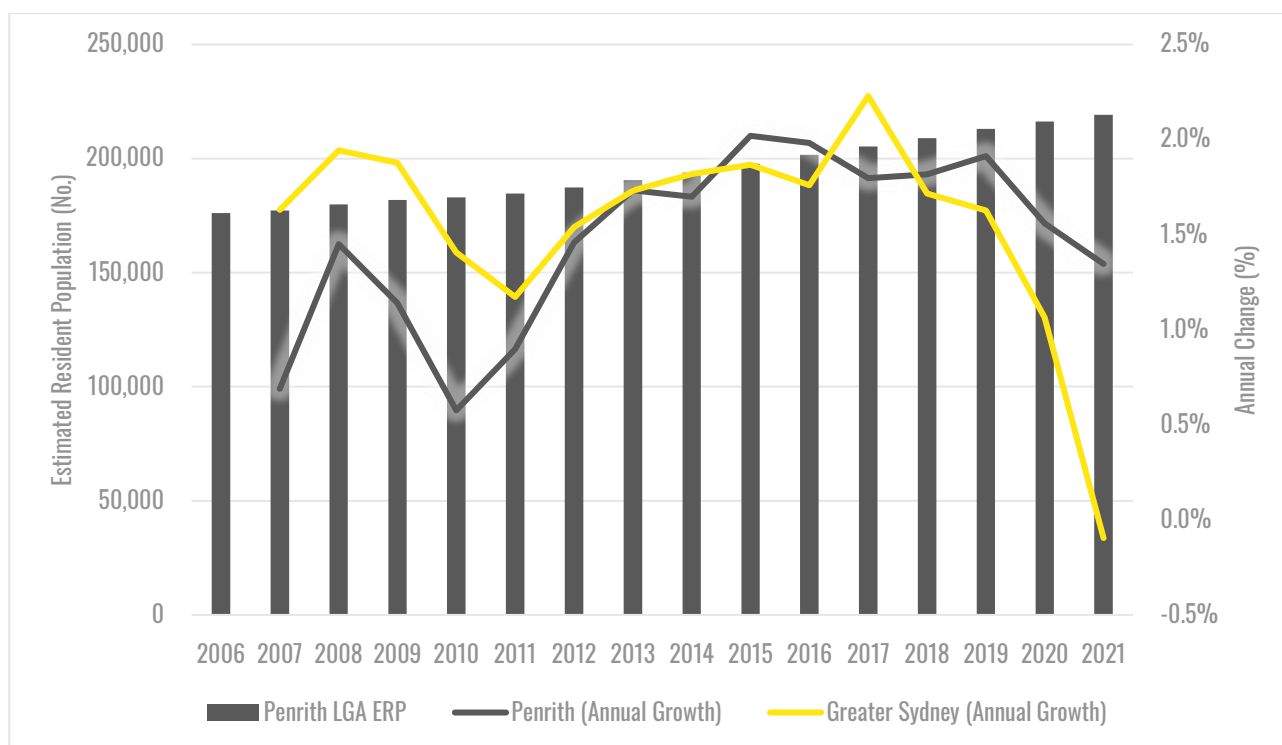
### Population Size and Growth

The Penrith LGA recorded a population of 219,173 in 2021 (ABS, 2022). Population growth over the past decade has slowed averaging 1.7% per annum, with Penrith's population growth outpacing Greater Sydney for much of the past 6-years.

The majority of this population growth has been focused in Penrith release areas such as Jordan Springs, Glenmore Park and Claremont Meadows where new low-density housing has been developed, along with Penrith's key centres such as Penrith, Kingswood and St Marys where high-density development has begun to emerge.

Figure S1.1 illustrates historical population growth in the Penrith LGA over 2006-2021 compared to Greater Sydney.

**Figure S1.1: Historical Population Growth (2006-2021), Penrith LGA**



Source: ABS (2022), compiled by .id

### Age Characteristics

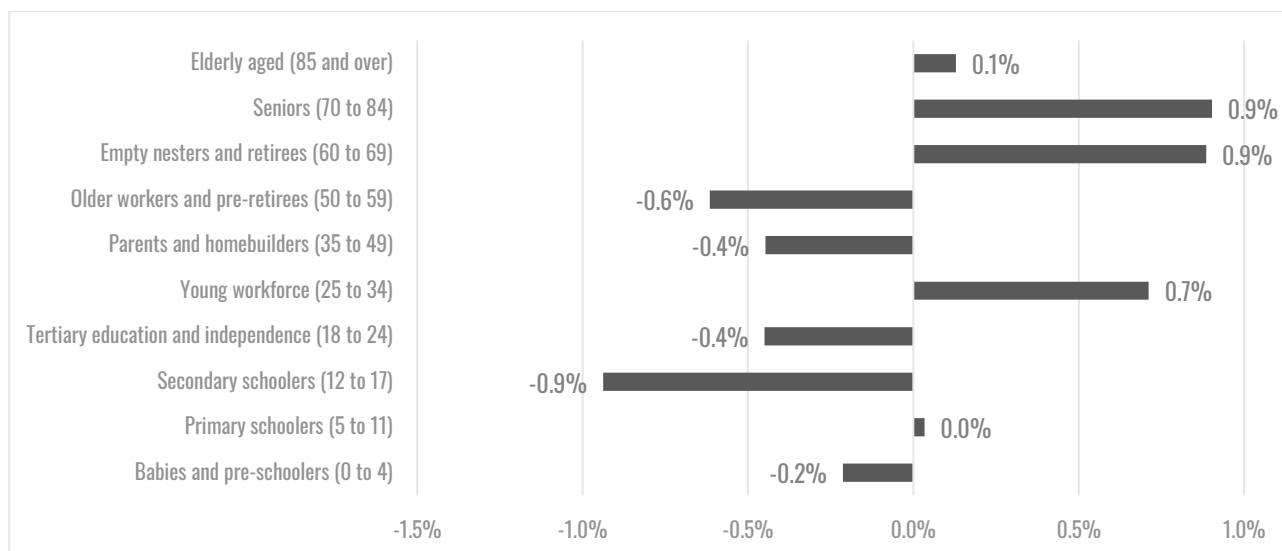
The age composition of Penrith's residents is changing. Young workers (aged 25-34) were the strongest growing age cohort between 2011-2016 with an additional ~4,000 residents recorded in this period. This was closely followed by residents aged between 60-69 years old, with an additional ~3,300 residents in this cohort recorded.

Overall, the number of older residents (60 years and older) grew markedly in comparison to the rest of working population. The number of residents aged 60 years and over grew by ~6,400 over 2011-2016, whereas the number of residents aged between 18-59 years old grew by ~8,800.

On a percentage basis, residents aged between 60-69 years old and 70-84 years old recorded the largest rises (0.9% respectively), closely followed by younger residents (25-34 years old) who grew by 0.7%.

Figure S1.2 illustrates the changes in age structure of Penrith's residents between 2011 and 2016.

**Figure S1. 2: Age Characteristic Trends (2011-2016), Penrith LGA**



Source: ABS (2017, 2012), compiled by .id

### Household and Family Composition

The household and family composition of Penrith evolved over the decade to 2016 as a result of demographic and social changes. Key changes observed over the past decade include:

- The average household size slightly declined from 2.87 persons per household in 2006 to 2.86 persons in 2016.
- Couples with children make up 37% of total households, growing by some ~1,300 households since 2006.
- Couples without children households make up approximately 22% of total households, with the number of these households rising by ~2,100 in the decade to 2016.
- Single parent family households account for 14% of total households, growing by ~1,250 households since 2006.
- Lone person households account for 18% of total households following growth of ~1,650 households from 2006.

### Household Income

Income is a key indicator of socio-economic status. As at 2016, Penrith LGA residents recorded a median household income of \$1,658 per week – slightly lower than the Greater Sydney median of \$1,745 per week. Median household incomes of residents in Penrith increased by circa 3.5% per annum over the five years to 2016.

Affordable housing is provided for households on Very Low, Low and Moderate incomes. These are defined as:

- **Very Low:** households with incomes less than 50% of the Greater Sydney median household income.
- **Low:** households with incomes between 50% and 80% of the Greater Sydney median household income.
- **Moderate:** households with incomes between 80% and 120% of the Greater Sydney median household income.

Based on the 2016 median household income in Greater Sydney (\$91,000), the following observations can be made on households in the Penrith LGA:

- Around 12,700 households recorded annual household incomes of \$42,000 or less. This income bracket broadly equates to the definition of Very Low incomes.
- Around 13,500 households recorded annual household incomes of between \$42,000 and \$78,000. This income bracket broadly aligns with the definition of Low Incomes.
- Some 8,400 households recorded annual household incomes of between \$78,000 and \$104,000. This income bracket broadly aligns with the definition of Moderate Incomes.

Based on the above analysis, there were some 34,600 households across the Penrith LGA earning Very Low, Low and Moderate incomes as at 2016.

## Household Tenure

Household tenure is another useful proxy to understand the socio-economic profile of a region/ LGA. For example, if renters are the predominant occupier, this could indicate a younger and transient demographic whereas a higher concentration of homeowners indicates an established area with mature families/ empty nesters.

As an established LGA with an historically high proportion of older residents, it is not surprising that just over 63% of households in the Penrith LGA have purchased their family home (either outright or with a mortgage). Approximately 24% of households are renting in the private market, with around 4.4% of households renting through social housing.

The proportion of homeowners in Penrith is being outpaced by those renting. Between 2011 and 2016, the proportion of homeowners fell from 68% to 63%, whilst the proportion of households in the rental market had grown from 26% to almost 29%. This aligns with a broader trend observed across Greater Sydney, as homeownership becomes increasingly difficult given marked increases in housing values.

## Dwelling Profile

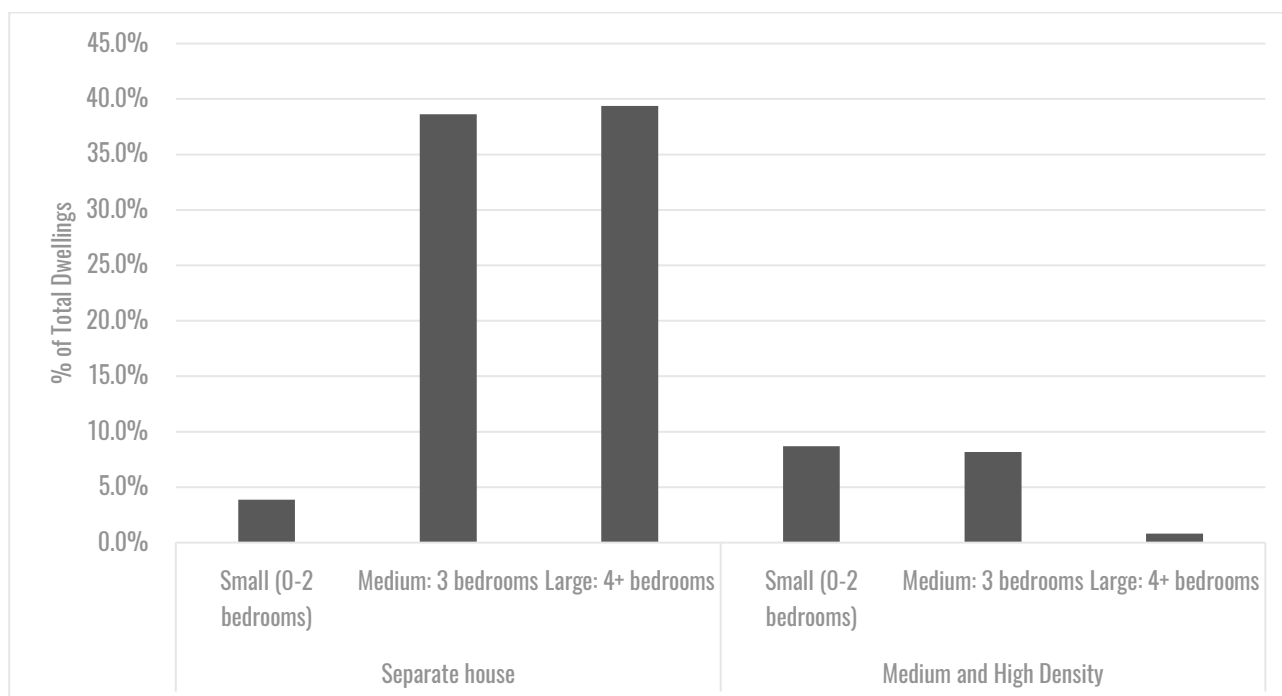
The need and preference for dwellings changes as families grow and change. The evolving needs of households correlates directly with dwelling supply and need.

As a traditionally low-density area, Penrith is characterised by detached housing which accounted for 80% of total dwelling stock in 2016. Medium-density typologies accounted for just over 15% of total stock, whereas apartments and other dwelling types accounted for the remaining 5%. This has no doubt shifted over the past 5-6 years as medium and higher-density development have become more prevalent across the LGA.

Aligning with the high proportion of detached dwelling stock, the overwhelming majority of housing across the Penrith LGA comprised 3-bedrooms or more as at 2016 (circa 81%). Smaller typologies (2-bedrooms or less) accounted for just 12% of total stock. This contrasts with the large number of lone person and couple families without children across the LGA, potentially indicating a mismatch between household type and dwelling stock.

**Figure S1.3** illustrates the Penrith LGAs housing stock by typology and size as at 2016.

**Figure S1.3: Dwelling by Type and Size (2016), Penrith LGA**



Source: ABS (2017)

## Demand for Affordable Rental Housing

### Residents in Social Housing

#### Existing Residents

Data on households renting social housing accommodation in the Penrith LGA has been provided by the Department of Justice and Communities (DCJ). As at March 2022, there were a total of 2,812 households renting social housing within the Penrith LGA. The DCJ directly manage the properties of 2,434 of these households.

Key socio-demographic attributes (as at March 2022) of these 2,434 households managed by DCJ include:

- The total tenant population recorded for these 2,434 households is 4,784 residents, reflecting an average household size of 1.97 residents per household. This is significantly lower than the average household size recorded for the broader Penrith LGA in 2016 (2.86 persons per household).
- The average age of the lead tenant was 57 years old.
- Around 32% of households (784 households) have a tenant aged 65 years and older.
- Around 1,378 households (57%) would be eligible for seniors housing given the lead tenant is aged 55 years and over.
- Around 20% of households (584 households) comprise children aged under 18 years old.
- Almost half of all households are lone person households with only 10% (301 households) being large households (4 persons or more).
- The average tenure was recorded as 12 years with 22% of households (543 households) have been renting their property for 20 years or more.
- Only 12% (298 households) have resided within their property for less than 12 months.

These demographic findings are illustrative of an older, less mobile resident population which occupy social housing across the Penrith LGA. Given the majority of households are lone person households and/or aged over 55 years and over, understanding how existing social housing stock matches the existing and future needs of this population will be critical.

#### Waiting Times

Discussions with DCJ indicate there is a significant waiting list for social housing across Penrith; the current number of households waiting for social housing within the LGA was approximately 1,973 households as at March 2022. Approximately 10% of these households in waiting are defined as priority applicants<sup>2</sup>.

The average waiting time for social housing in the Penrith LGA is 5 to 10 years. This applies to all property types and sizes. These waiting times are generally in line with that observed across other parts of Western Sydney.

A comparison of waiting times (as at June 2021) in various regions of Greater Sydney is provided in **Table S1.1**.

**Table S1.1: Average Social Housing Wait Times, Select Areas of Greater Sydney**

Allocation Zone	Waiting Time (Years)			
	Studio/1 Bedroom	2 Bedrooms	3 Bedrooms	4+ Bedrooms
Inner City	5-10	10+	5-10	10+
Eastern Suburbs	5-10	10+	10+	10+
Leichardt/Marrickville	5-10	10+	10+	10+
Northern Suburbs	5-10	10+	5-10	10+
Northern Beaches	5-10	5-10	5-10	5-10
Canterbury	10+	10+	10+	10+
Inner West	10+	10+	10+	10+

<sup>2</sup> Priority applicants are defined as those with an urgent and ongoing housing need with a locational requirement to live within a certain area.



Allocation Zone	Waiting Time (Years)			
	Studio/1 Bedroom	2 Bedrooms	3 Bedrooms	4+ Bedrooms
Sutherland	10+	5-10	10+	10+
St George	10+	10+	10+	10+
Riverwood	5-10	10+	10+	10+
Parramatta/Baulkham Hills	5-10	10+	10+	10+
Auburn/Granville	5-10	10+	10+	10+
Blacktown	10+	5-10	5-10	10+
Mount Druitt	5-10	10+	5-10	5-10
<b>Penrith</b>	<b>5-10</b>	<b>5-10</b>	<b>10+</b>	<b>5-10</b>
Richmond/Windsor	10+	5-10	5-10	5-10
Holroyd	5-10	10+	10+	10+
Bankstown	5-10	10+	10+	10+
Fairfield	10+	10+	10+	10+
Liverpool	10+	10+	10+	10+
Campbelltown	5-10	5-10	5-10	10+
Camden	5-10	5-10	5-10	5-10
Wollondilly	5-10	2-5	2-5	5-10

Source: DCJ (2021)

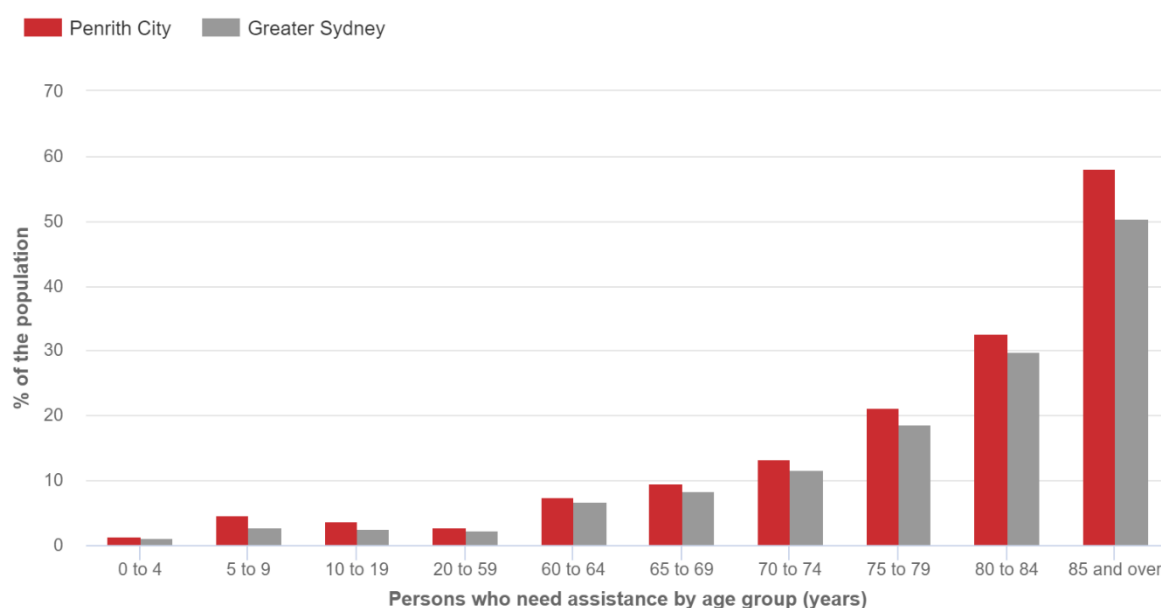
## Residents with Special Needs

Residents with special needs can be defined as those with a form of disability with a need for assistance in self-care, body movement, or communication (excluding health young children). Accordingly, a resident with special needs could equally include a young person with a physical disability or an elderly resident suffering from old age.

In 2016, around 10,150 residents (about 5.2% of the Penrith LGAs population) were identified as having some form of need for assistance. This represented a marked increase to that recorded in 2011, where a total of 7,669 residents were identified as having some form of special needs (approximately 4.3% of the population). The proportion of residents in Penrith with a need for assistance is *higher* than that observed in Greater Sydney (5.2% and 4.9% respectively).

**Figure S1.4** illustrates the proportion of residents with special needs (by age group) across the Penrith LGA.

**Figure S1.4: Residents with Special Needs by Age Group (2016), Penrith LGA**



Source: .id (2022)



## Homelessness

Homelessness is defined by the ABS as “when a person does not have suitable accommodation and are living in a dwelling that is inadequate, has no tenure or their initial tenure is short and unextendable and/or does not allow them to have control of and access to space for social relations” (ABS, 2012).

Homelessness could manifest in a variety of examples such as living on the streets, in parks or cars (primary homelessness), couch surfing or constantly moving from various shelters (secondary homelessness) to living in accommodation below minimum standards in terms of quality or tenure (tertiary homelessness).

As at the 2016 Census, the Penrith region<sup>3</sup> recorded some 873 homeless residents. The overwhelming majority of homeless residents identified fell within the ‘persons in supported accommodation for the homeless’, ‘persons living in other crowded dwellings’ and ‘persons living in severely crowded dwellings’ categories – accounting for around 76% of all homeless residents within the region.

Additional homelessness data is released by the Australian Institute of Health and Welfare (AIHW) which collect information on people seeking services from agencies that receive funding under the National Housing and Homelessness Agreement. As at June 2021, the AIHW identified a total of 2,218 clients within the Penrith LGA seeking services from homelessness agencies. This is more than double than that recorded in 2014-2015.

**Table S1.2: Clients Seeking Homelessness Services, Georges River LGA**

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-2020	2020-21
Clients	1,033	1,513	1,643	1,865	2,022	1,944	2,218
Change (No.)		480	130	222	157	-78	274

Source: AIHW (2021)

## Student Residents

In 2016, ~12,250 people in the Penrith LGA were attending university, TAFE or some other form on non-school education. Around 6,900 were attending university, representing 3.5% of the population. This is lower than the proportion of Greater Sydney’s overall population who are attending university, identified as 6.1%.

The number of university students expanded over the 2011-2016 period, rising by some 1,473 residents (or 27%). The number of residents attending university has consistently grown in the decade to 2016 at a rate faster than that observed in the broader Greater Sydney region. The growth in Georges River’s student population is shown in **Table S1.3**.

**Table S1.3: Student Residents (excluding Primary and Secondary School), Georges River LGA**

Type	2006	2011	2016	Avg. Annual Growth (%)
University	4,010	5,431	6,904	5.6%
TAFE	4,469	4,798	4,099	-0.9%
Other	859	1,058	1,250	3.8%
Total	9,338	11,287	12,253	2.8%

Source: .id (2021)

<sup>3</sup> Defined as the Penrith Statistical Area 3 geography

## Housing Stress

Housing Stress is defined as per the NATSEM (National Centre for Social and Economic Modelling) model as households in the lowest 40% of incomes who are paying more than 30% of their usual gross weekly income on housing costs (either mortgage repayments or rent). This section considers the levels of housing stress observed in the Penrith LGA as at 2016.

### Mortgage Stress

As at the 2016 Census, there were 2,411 households with a mortgage spending more than 30% of their income on housing costs. This was equivalent to around 9.3% of total households with a mortgage and slightly below the Greater Sydney average of 10.3% (.id, 2022).

Mortgage stress varies markedly across the Penrith LGA. The suburbs of Oxley Park, Werrington, North St Marys and St Marys all recorded the highest levels of mortgage stress with over 14% of households with a mortgage defined as in mortgage stress (.id, 2022). Conversely, the peri-urban areas of Llandilo, Kemps Creek and Luddenham/Wallacia recorded mortgage stress levels of sub-5%.

Mortgage stress across Penrith slightly *declined* over the 2011-2016 period, with the number of lower income households in mortgage stress declining by 421 households. This decline in mortgage stress aligns with a broader trend observed across Western Sydney and Greater Sydney over the 2011-2016 period.

**Table S1.4** summarises the number and proportion of Penrith households experiencing mortgage stress in 2016.

**Table S1.4: Households in Mortgage Stress (2016), Penrith LGA**

Area	2011		2016		Change (2011-16)
	No.	% of Total	No.	% of Total	
Penrith LGA	2,832	10.9%	2,411	9.3%	-421
WSROC Region	25,761	15.2%	22,429	13.1%	-3,332
Greater Sydney	61,596	11.6%	55,887	10.3%	-5,709

Source: ABS (2017, 2012), compiled by .id

### Rental Stress

Compared to mortgage stress, a larger number and proportion of households in the Penrith LGA were recorded as experiencing rental stress as at the 2016 Census. In total, some 5,726 households in the sub-40% income bracket were identified as spending more than 30% of their income on rental costs. This is equivalent to 29.6% of all renter households which is higher than the Greater Sydney equivalent (26.4%).

Similar to mortgage stress levels, rental stress differs by locality across the Penrith LGA. The suburbs of St Marys, Werrington, Kingswood and Penrith recorded the highest levels of mortgage stress with over 33% of renter households having fallen into rental stress (.id, 2022). The suburbs of Castlereagh and Mulgoa recorded the lowest levels of rental stress at 12.5% and 11% of total renter households respectively.

Unlike mortgage stress levels, the prevalence of rental stress across Penrith *grew* over the 2011-2016 period with an additional 1,249 renter households recorded as experiencing rental stress. This aligns with an uptick in rental stress observed across the broader Western Sydney and Greater Sydney region over the period.

**Table S1.5** summarises the number and proportion of Penrith households experiencing rental stress in 2016.

**Table S1.5: Households in Rental Stress (2016), Penrith LGA**

Area	2011		2016		Change (2011-16)
	No.	% of Total	No.	% of Total	
Penrith LGA	4,477	28.0%	5,726	29.6%	1,249
WSROC Region	41,446	30.7%	51,704	32.4%	10,258
Greater Sydney	122,165	25.1%	147,789	26.4%	25,624

Source: ABS (2017, 2012), compiled by .id

## Population and Household Projections

Official population and household projections for the Penrith LGA have been carried out by the NSW Department of Planning and Environment (2019). Over the 2016-2041 period, the Penrith LGA is expected to:

- Grow by some ~168,000 residents at an average annual rate of 2.5%.
- Record almost 65,000 additional households with an average annual growth rate of 2.7%.
- Require ~69,000 new dwellings, reflecting around 2,750 additional dwellings per annum at a rate of 2.7%.

**Table S1.6: Population, Household and Dwelling Forecasts (2016-2036), Penrith LGA**

	2016	2021	2026	2031	2036	2041
<b>Population</b>	<b>201,597</b>	<b>230,289</b>	<b>248,577</b>	<b>292,019</b>	<b>350,906</b>	<b>369,246</b>
Change (5-yrs)		28,692	18,288	43,442	58,887	18,340
Average annual change (%)		2.7%	1.5%	3.3%	3.7%	1.0%
<b>Households</b>	<b>69,299</b>	<b>80,548</b>	<b>88,007</b>	<b>104,300</b>	<b>126,256</b>	<b>134,232</b>
Change (5-yrs)		11,249	7,459	16,293	21,956	7,976
Average annual change (%)		3.1%	1.8%	3.5%	3.9%	1.2%
<b>Dwellings</b>	<b>73,405</b>					<b>142,186</b>
Change (5-yrs)						
Average annual change (%)						

Source: NSW DPE (2019)

### Changing Household Composition

Household projections carried out by DPE (2019) illustrate the demographic changes expected to occur over the coming years to 2041 as the LGA accommodates some 65,000 new households.

- **Couple families with children** are expected to remain the largest household cohort over the coming decades to 2041 with an additional ~16,200 households anticipated over the 2021-2041 period. However, these households will represent a smaller proportion of Penrith's total households, down from 37.6% in 2016 to 34.7%.
- **Lone person households** are expected to increase significantly over the decades to 2041, increasing by some 14,650 households. Lone person households will represent the second largest household cohort by 2041, increasing from 19.8% in 2021 to 22.8% of all households. This is the largest proportional change of any of the household cohorts.
- **Couples without dependents** will remain the a large household cohort with some ~11,500 new households expected. The proportional representation is expected to remain consistent at just over 21% of total households.
- **One parent family households** are expected to increase by a total of ~8,000 households with their proportional representation remaining consistent at around 14.8% of total households.
- **Group households** and **other family households** are expected to grow by some 3,200 households with their proportional representation remaining relatively consistent.

**Table S1.7: Household Type Forecasts (2016-2041), Penrith LGA**

Household Cohort	2021		2031		2041		Change (2021-41)
	No.	%	No.	%	No.	%	
Couple only	17,050	21.2%	22,142	21.2%	28,522	21.2%	11,472
Couples with children	30,307	37.6%	37,643	36.1%	46,570	34.7%	16,263
Single parent	11,802	14.7%	15,375	14.7%	19,853	14.8%	8,051
Multiple/other family households	3,673	4.6%	4,624	4.4%	5,808	4.3%	2,135
Lone person	15,965	19.8%	22,322	21.4%	30,621	22.8%	14,656
Group	1,751	2.2%	2,194	2.1%	2,858	2.1%	1,107

Source: NSW DPE (2019)

## Affordable Housing Supply

### Social Housing

Social housing is owned and managed by the DCJ. Prospective tenant eligibility is assessed against a set of defined criteria. Applicants are generally only eligible if they earn very low or low incomes. Successful applicants pay a rent equivalent to 25%-30% of their gross income.

As at March 2022, Land and Housing Corporation (LAHC) own a total 2,908 residential properties in the Penrith LGA. These properties are a mix of detached houses, semi-detached typologies (townhouses, row housing) and apartments. Social housing is highly concentrated within the Penrith LGA with almost 62% of stock located within four suburbs – Penrith (24.4%), Kingswood (13.7%), Cranebrook (12.0%) and St Marys (11.5%). Some suburbs have little to no social housing within their boundaries.

**Figure S1.5** illustrates the distribution of social housing stock across the Penrith LGA as at March 2022.

**Figure S1.5: Social Housing Stock by Suburb, Penrith LGA**



Source: Atlas/DCJ (2022)

The majority of social housing dwellings across the Penrith LGA are 3-bedroom dwellings, accounting for 45% of total social housing dwellings. 2-bedroom account for some 27% of social housing stock, with other dwellings such as studios, 1-bedrooms and 4+ bedrooms accounting for 28% of total housing stock.

The number and proportion of social housing stock by dwelling size is shown in **Table S1.8**.

**Table S1.8: Social Housing Stock by Dwelling Size (Bedrooms), Penrith LGA**

Dwelling Size	No.	% of Total Stock
Studios	101	3%
One bedroom	430	15%
Two bedroom	797	27%
Three bedroom	1,306	45%
Four+ bedroom	274	9%

Source: DCJ (2022)

## Community and Affordable Rental Housing

Community housing operates under the same principles as social housing however is managed by community housing providers (CHPs). As not-for-profit organisations, CHPs receive a mix of government assistance in the form of grants, loans, dwellings, or current operational funding to deliver and manage community housing.

Whilst similar to social housing with regard to eligibility requirements, community housing can accommodate tenants who receive Commonwealth Rent Assistance (CRA). Tenants generally pay 25%-30% of their income in rent in addition to the CRA benefit which is received by the CHP. Affordable rental housing utilises a different rent-setting mechanism, with rents typically based on a discount-to-market principle (commonly 75%-80% of market rent).

There is unfortunately no central register that monitors the stock of affordable rental housing in a given area. Some councils develop and maintain their own register for this purpose. Of the 2,908 LAHC-owned residential properties in the Penrith LGA, some 378 are managed by local CHPs (notably Wentworth Housing and Evolve Housing).

A review of the most recent NRAS Quarterly Performance Report (Q2, 2020) indicates there is a total of some 456 registered NRAS properties within the Penrith LGA – all of these allocations are set to expire by or before 2026.

## Special Needs Housing

Housing for special needs (physical or mental disability) is typically delivered by non-government organisations registered as Specialist Disability Accommodation (SDA) providers under the National Disability Insurance Scheme (NDIS).

An audit of registered SDA dwellings indicates there are some 217 registered dwellings located throughout the Nepean and Blue Mountains region<sup>4</sup> as at December 2021 (NDIS, 2021). The current stock of SDA dwellings is mixed between basic support and high physical support as demonstrated in Table S1.9.

**Table S1.9: Specialist Disability Accommodation in Nepean/Blue Mountains Region (December 2021)**

Locality	Design Category					Total
	Basic	Improved Liveability	High Physical Support	Robust	Fully Accessible	
Outer West and Blue Mountains	68	59	38	19	33	217

Source: NDIS (2021)

## Boarding Houses

The State Environmental Planning Policy (Housing) 2021 encourages both the traditional form of boarding houses (accommodation with shared facilities) and new generation (New Gen) boarding houses (self-contained rooms).

The Office of State Revenue exempts boarding houses from land tax or allows a reduction in the taxable land value. Boarding houses need to be registered and must charge rental tariffs below published rates to be eligible for land tax concessions. Notwithstanding, boarding houses can still charge rental tariffs above the published rates which can be seen with increasing numbers of modern, new generation (referred to as 'New Gen') boarding houses.

A total of 16 registered boarding houses were identified in the LGA (total of 282 rooms), the majority of which in Kingswood.

**Table S1.10: Boarding Houses, Penrith LGA**

Suburb	Boarding Houses	Rooms
Kingswood	12	210
North St Marys	1	12
St Marys	3	60
<b>Total</b>	<b>16</b>	<b>282</b>

Source: Atlas Economics/NSW Fair Trading (2022)

With the advent of New Gen boarding houses, the profile of boarding house occupants is observed to be evolving. Once serving as transitional housing and accommodating residents unable to find housing on the private market, boarding houses are increasingly accommodating residents who could equally rent in the private market.

<sup>4</sup> Nepean Blue Mountains Region defined as the Outer West and Blue Mountains Statistical Area 4 geography



## Future Pipeline

A review of the development pipeline across the Penrith LGA suggests future supply of social, affordable and most forms of specialist housing is limited. The exception to this is observed in the case of boarding houses, where a significant amount of New Gen boarding house development activity is being pursued. A review of development activity shows:

- There are no new **social housing developments** currently being planned or delivered across Penrith.
- Eight projects across Penrith are currently being progressed under the State Environmental Planning Policy (Housing) 2021 and could deliver up to 88 **affordable housing** dwellings. These projects are observed in Cambridge Park, Kingswood, Penrith and St Marys.
- A significant amount of **boarding house** development activity is underway – a total of 25 projects have the potential of delivering some 396 boarding rooms over the next 3 to 4 years. These are focused in Kingswood, Penrith and St Marys. It is highlighted that all of these projects could be classified as 'New Gen' boarding houses.
- No new **special needs housing** is currently observed in the development pipeline.

**Table S1.11** analyses the development pipeline for non-market housing across the Penrith LGA as at April 2022.

**Table S1.11: Development Pipeline, Non-Market Housing**

Project	Suburb	Status	Dwellings/Rooms
<b>Social Housing</b>			
Nil			
<b>Affordable Housing</b>			
56 Cam St	Cambridge Park	Development Approval	6
252 Great Western Hwy	Kingswood	Development Approval	12
61-63 Great Western Hwy	Kingswood	Site Preparation in Progress	10
63 Markham Av	Penrith	Development Approval	2
91 Thornton Dr	Penrith	Early Planning	30
118-120 Station St	Penrith	Development Approval	5
170 Canberra St	St Marys	Construction	2
23-25 Lethbridge St	St Marys	Construction	21
<b>Boarding Houses</b>			
30 Day St	Colyton	Development Approval	24
36-52 Templar Rd	Erskine Park	Development Approval	8
91 Second Ave	Kingswood	Development Approval	19
26 Hargrave St	Kingswood	Development Approval	12
1 Edna St	Kingswood	Site Preparation in Progress	16
71-73 Second Ave	Kingswood	Development Application	29
12 Walter St	Kingswood	Development Approval	19
6 Edith St	Kingswood	Development Approval	11
31 Second Ave	Kingswood	Development Approval	18
20 Paskin St	Kingswood	Development Approval	23
36 Jamison Rd	Kingswood	Development Approval	11
3 Edward St	Kingswood	Development Approval	13
6 Edna St	Kingswood	Development Approval	11
28 Great Western Hwy	Kingswood	Development Application	10
1 Station Ln	Penrith	Development Application	30
1 Tornaros Ave	Penrith	Development Approval	12
159 Jamison Rd	Penrith	Development Approval	21

Project	Suburb	Status	Dwellings/Rooms
131 Cox Ave	Penrith	Development Approval	10
79 Doonmore St	Penrith	Development Approval	6
82 Mamre Rd	St Marys	Development Approval	16
114 Glossop St	St Marys	Building Approval	15
17 Chapel St	St Marys	Development Approval	8
7 Waratah St	St Marys	Development Application	6
76 Hobart St	St Marys	Development Approval	16
19-21 Parklawn Pl	St Marys North	Development Approval	32

Source: Atlas Economics/Cordell Connect

## Affordable Housing Gaps

### Existing Demand and Supply

The foregoing analysis has demonstrated the breadth and depth of demand for non-market housing across the Penrith LGA is significant. Providing more of the following non-market housing typologies is critical.

- **Social Housing**

There are approximately 2,908 social housing dwellings across Penrith. There are significant waiting lists, with some 1,973 households currently waiting for social housing in the LGA. The average wait time for any type of social housing stock in Penrith is between 5 and 10 years.

Almost 60% of Penrith's social housing residents are aged 55 years and over with around half of all households being lone person households. While special needs tenants can be accommodated in 'standard' social housing, there is generally a need for more properties suited to different special needs (physical/ mobility, mental health, aged).

There is currently no additional housing being planned and delivered across the LGA.

- **Community and Affordable Rental Housing**

Wentworth Link Housing and Evolve Housing are the primary community and affordable rental housing providers in the Penrith LGA, operating some 378 affordable rental dwellings owned by DCJ.

There are approximately 456 NRAS-delivered affordable rental housing dwellings in the LGA. The NRAS scheme is currently being phased out and will conclude in 2026. The development pipeline suggests some 88 affordable housing dwellings could be delivered across the LGA in the coming years.

- **Special Needs Housing**

ABS data indicates there were some circa 10,150 residents in Penrith with a core disability in 2016, up by around 32% from the 7,699 residents recorded in 2011.

There were some 217 registered Specialist Disability Accommodation dwellings recorded in the Nepean-Blue Mountains region as at December 2021. An audit of the development pipeline indicates there are no SDA dwellings currently being planned or delivered across the LGA.

- **Students**

The number of students (particularly tertiary students) is growing markedly across Penrith. Historically in family households, they are increasingly observed in lone person and group households. Students who do not live at home are observed to seek out rental housing in the private market, sharing houses and apartments in group households or accommodating rooms in boarding houses. There is a notable supply of boarding houses observed in the supply pipeline with some 396 rooms being proposed and delivered.

- **Homeless**

Homelessness has been growing across Penrith. In June 2021, the AIHW identified a total of 2,218 clients within the Penrith LGA seeking services from homelessness agencies. This is more than double than that recorded in 2014-2015.

This analysis suggests a need for more social and community housing stock, wait times for social housing of up to a decade indicative of a severely undersupplied market. Social housing (including community, indigenous and special needs) and homeless shelters are subject to different planning processes beyond the control of Council. Strategic planning could however assist to facilitate delivery of affordable rental housing that could accommodate some of the overflow demand from social housing tenants.

## Capacity to Pay for Housing

Across the Penrith LGA, it is estimated there were some 34,600 households earning Very Low, Low and Moderate incomes in 2016. The capacity of households in Penrith on Very Low, Low and Moderate incomes to enter the private housing market without entering high levels of housing stress are limited.

A review of current Very Low, Low and Median household income bands in Greater Sydney suggests that the maximum weekly rent that these households could afford to pay without entering housing stress was assessed to be \$284, \$455 and \$683 respectively.

When compared against the median weekly rents for houses, townhouses and units in the Penrith LGA, only households on moderate incomes were likely able to afford to rent within the LGA without experiencing housing stress (though low income households could likely afford to rent a townhouse or unit). Households on Very Low incomes would not be able to afford to rent any form of housing (based on median rents) without entering housing stress.

The analysis highlights the difficulty for households on Very Low and Low incomes to be accommodated in the private rental market. This is particularly important given many of these households are single parent or lone person households.

**Table S1.12** summarises the high-level comparison of Very Low, Low and Moderate income households to afford rental accommodation in the Penrith LGA.

**Table S1.12: Capacity to Pay for Rental Housing (December 2021), Penrith LGA**

Income Bands	Annual Household Income (Greater Sydney, 2020-21)	Weekly (Monthly) Equivalent	Maximum Tolerance (30% gross income)		Rental Affordability in Penrith LGA based on Median Rents*		
			Weekly	Monthly	House (\$500 p.w)	Townhouse (\$420 p.w)	Unit (\$390 p.w)
Very Low (50% median)	\$49,300	\$948 (\$4,108)	\$284	\$1,233	No	No	No
Low (50%-80% median)	\$78,900	\$1,517 (\$6,575)	\$455	\$1,973	No	Yes	Yes
Moderate (80%-120% median)	\$118,300	\$2,275 (\$9,858)	\$683	\$2,958	Yes	Yes	Yes

\*Median rents as at December 2021 as per the DCJ Rents and Sales Report December 2021  
Source: Atlas Economics/DCJ (2022)

## Need for Affordable Rental Housing

### Existing Need

The foregoing analysis demonstrates the depth of demand for subsidised housing across the Penrith LGA. The analysis suggests the pool of demand for affordable housing (as a type of subsidised housing) is observed from two main sources:

- Households currently on the waiting list for social housing in Penrith.
- Households on Very Low, Low and Moderate incomes in the private rental market experiencing housing stress.

Households with highly specialised needs (e.g. disability housing, aged care) require more targeted supply beyond the realms of typical affordable rental housing. Other specialist groups (e.g. students) could be accommodated by other forms of subsidised housing such as boarding houses.

Households on the waiting list for social housing would equally meet the criteria for affordable housing and are likely being accommodated in some other form of subsidised housing (e.g. crisis housing, boarding houses) or experiencing housing stress in the private rental market. There are 1,973 households currently on the waiting list for social housing in Penrith.



It is reasonable to assume that renter households in housing stress are not presently accommodated in social housing. Analysis has demonstrated the difficulty for Very Low- and Low-income households to afford rental accommodation. There was over 5,700 households earning the lowest 40% of incomes experiencing rental stress in the LGA as at 2016.

When combining these two key demand cohorts, there is a potential existing demand for some 7,673 subsidised (social, community or affordable rental housing) dwellings across the Penrith LGA.

It is recognised that social housing is subject to different planning processes beyond the control of Penrith Council. Nevertheless, the provision of more affordable rental housing will be critical in meeting 'overflow demand' from social housing tenants unable to be accommodated in social housing, as well as accommodating households in the private rental market already experiencing high levels of housing stress.

It is further stressed that the vast majority of subsidised housing in Penrith is social housing with very little community or affordable rental housing. Addressing this supply gap is critical to properly addressing the broader housing continuum.

### Future Need

Housing stress projections were carried out as part of the *Western Sydney Draft Affordable Housing Contributions Scheme* (SGS, 2021). Assuming incidences of housing stress remained unchanged to 2041, these projections indicate that some 25,000 households in the Penrith LGA would be experiencing housing stress over the coming decades.

**Figure S1.13** summarises the housing stress projections by LGA as per the draft WSAHCS.

**Figure S1.13: Future Housing Stress in the Western City (2041)**

LGA	Severe stress	Moderate stress	Homeless	Social housing	Total in housing stress	% in housing stress
<b>Blacktown (C)</b>	22,700	10,200	3,600	9,000	45,500	21.0%
<b>Blue Mountains (C)</b>	1,800	1,500	200	600	4,100	11.6%
<b>Camden (A)</b>	6,200	3,700	400	400	10,700	10.1%
<b>Campbelltown (C) (NSW)</b>	9,400	4,600	1,900	5,700	21,600	23.4%
<b>Fairfield (C)</b>	10,900	5,400	4,100	5,300	25,700	27.1%
<b>Hawkesbury (C)</b>	2,000	1,400	400	1,000	4,800	15.2%
<b>Liverpool (C)</b>	18,600	7,300	2,900	5,200	34,000	22.3%
<b>Penrith (C)</b>	12,300	7,400	2,000	3,300	25,000	18.3%
<b>Wollondilly (A)</b>	1,300	900	200	200	2,600	8.6%
<b>Total</b>	<b>55,000</b>	<b>42,300</b>	<b>15,600</b>	<b>60,900</b>	<b>173,900</b>	<b>19.4%</b>

Source: SGS (2021)

Whilst it is difficult to predict housing stress with any high degree of accuracy over a long period time, the projections carried out in the draft WSAHCS provide useful insight into the significant level of potential demand for affordable rental housing across Penrith over the coming years.

SCHEDULE 2

# VIABILITY ASSESSMENT



## Introduction

Where a site is the beneficiary of planning uplift (whether from a rezoning or increase in FSR) there is generally a commensurate increase in land value. It is through this value increase that development can contribute to affordable housing.

This section carries out a viability assessment to examine the capacity of development to tolerate affordable housing contributions within the Contribution Areas of Orchard Hills North and Glenmore Park Stage 3.

## Testing Methodology

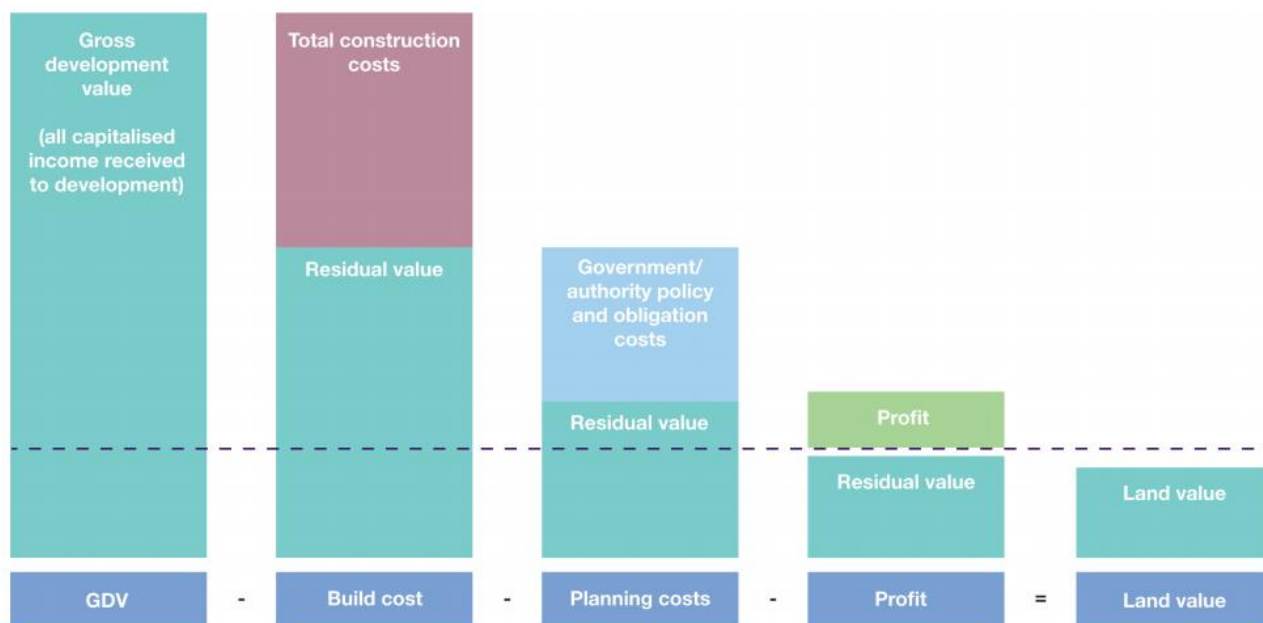
Generic feasibility modelling is undertaken to test the viability of development after affordable housing contributions. At the time of the assessment, the Contribution Areas are greenfield areas not yet rezoned, but released for planning.

The viability assessment imputes an opportunity cost of land (as unzoned precincts released for planning) based on the financial feasibility analysis undertaken by Council (as part of the Western Sydney Planning Partnership). Testing is iteratively undertaken to test the implications of affordable housing contributions on development feasibility.

The Residual Land Value (RLV) approach is adopted as the method of assessment. This involves assessing the value of the completed product, making a deduction for development costs and a further deduction for profit and risk while ensuring the development achieves target profit margin and target return. The amount that a development can afford to pay for land is a 'residual', i.e. the amount that remains after development costs are deducted and target hurdle rates are achieved.

Figure S2.1 illustrates the concept of the Residual Land Value (Hypothetical Development) approach.

Figure S2.1: The Residual Land Value Method



Source: RICS (2019)

The RLV is the maximum price a developer would be prepared to pay for a property in exchange for the opportunity to develop the site while achieving target hurdle rates for profit and project return. For there to be an incentive to develop, the RLV must exceed the value of the assumed opportunity cost of land.

There are two steps in the generic feasibility modelling:

1. Step 1 - Identify likely development yields in the Contribution Areas based on the planning proposals prepared and test the feasibility of development assuming the opportunity cost of land as unzoned, released greenfield precincts.
2. Step 2 - Iteratively test inclusion of different Affordable Housing contributions rates on the viability of development. The testing includes all statutory fees and charges including draft s7.11 contribution rates (as available at the time of testing) and draft strategic biodiversity contributions (as exhibited in 2021).

The feasibility testing observes the tolerance of residential development (only) to Affordable Housing contributions while remaining viable. There is no intention to require Affordable Housing contributions from non-residential development.

## Affordable Housing Contribution Rates

To enable assessment of its viability, it is necessary to first monetise Affordable Housing contributions into dollar values which can then be applied through percentage contribution rates.

Residential densities in the planning proposals before Council (Orchard Hills North and Glenmore Park Stage 3) envisage between 16 dwellings/ ha to 18 dwellings/ ha. Based on these dwelling densities and general market observations on dwelling mix, the Viability Assessment assumes a generic gross revenue per hectare based on a residential density of 17 dwellings/ ha NDA on a hypothetical site area of 100ha NDA.

Over the 2020-2021 period, sale prices of residential blocks in Sydney's greenfield areas experienced strong growth, a function of record low interest rates. This exponential growth is not considered to be sustainable or reflective of long-term price trends. Consequently, Table S2.1 applies average sale prices (serviced land equivalents) that are adjusted downwards from prices observed over the 2020-2021 period.

After application of average sale prices to the generic dwelling mix assumptions (which are equivalent to 17 dwellings per hectare), an overall gross revenue of \$7.6 million/ ha NDA results.

**Table S2.1: Notional Dwelling Mix and Gross Revenue**

Residential Type	Mix	Dwellings	Sale Price/ dwelling (serviced land)	Gross Revenue	
100ha site	(a)	(b) = (1,700 x a)	(c)	(d) = (b x c)	(e) = (d ÷ 100ha)
Low density	75%	1,275	\$500,000	\$637,500,000	
Med density	20%	340	\$350,000	\$119,000,000	
High density	5%	85	\$80,000	\$6,800,000	
Total		1,700		\$763,300,000	\$7.6 million/ ha

Source: Atlas

The Viability Assessment adopts \$7.6 million/ ha NDA as the gross realisation value by which to calculate in dollar terms equivalent respective percentages of Affordable Housing contribution rates.

Table S2.2 shows the cost of Affordable Housing approximated for the Contribution Areas at various contribution rates.

**Table S2.2: Affordable Housing Contribution Rates**

Contribution Rate	\$/ ha NDA
Gross Revenue	\$7,600,000
1%	\$76,000
2%	\$152,000
3%	\$228,000
4%	\$304,000

Source: Atlas

## Phasing-in and Indexation

Initial capacity testing finds for a phased introduction of contributions over 2024-2027 and at lower rates in Orchard Hills North given the higher s7.11 development contributions that will apply therein.

**Table S2.3: Affordable Housing Contribution Rates**

Year of Commencement	Contribution/ ha NDA (Equivalent % Contribution)	
	Orchard Hills North	Glenmore Park Stage 3
2024	\$76,000 (1%)	\$152,000 (2%)
2027	\$152,000 (2%)	\$304,000 (4%)

Source: Atlas

The following sections show the impact of the contribution rates in different development and timing scenarios.

## Orchard Hills North

The Orchard Hills North Contributions Area comprises a net developable area of approx. 177.6ha. The land is currently zoned RU4 Primary Production Small Lots under the Penrith Local Environmental Plan (2010).

The precinct is comprised of Part A (102.3ha) and Part B (75.3ha). Together, Parts A and B have a potential for 2,875 dwellings. Part A is the subject of a planning proposal which envisages rezoning to part R1 General Residential, B2 Local Centre, RE1 Public Recreation, E2 Environmental Conservation and E3 Environmental Management.

Table S2.3 summarises the development yields of the Contributions Area (Part A and B), focusing on the residential uses (which is the subject of the viability assessment for Affordable Housing contributions).

**Table S2.4: Estimated Development Yields**

Land Use	Area A	Area B
Residential	99.8ha NDA 1,729 dwellings (17.3 dw/ ha)	65.0ha NDA 1,146 dwellings (17.6 dw/ ha)
Village Centre	2.5ha NDA 6,000-8,000sqm retail	-
Other Enterprise/ Employment	-	10.3ha NDA

On a residential NDA of approx. 100ha, residential yields are equivalent to densities of around 17.5 dwellings/ hectare.

The draft Orchard Hills North Development Contributions Plan 2022 anticipates the following residential development contributions. Non-residential development contributions are not examined as non-residential development is not tested (not being anticipated to contribute to Affordable Housing). Table S2.4 summarises the s7.11 residential contributions.

**Table S2.5: Residential Development Contributions (\$/ha NDA)**

Land Use	Area A	Area B
Transport	\$450,751	\$258,087
Open Space	\$823,722	\$1,224,098
Water Cycle Management	\$461,952	\$384,743
Plan Administration	\$10,507	\$10,526
<b>Local Contributions (\$/ha NDA)</b>	<b>\$1,746,932</b>	<b>\$1,877,454</b>
Equivalent contributions per dwelling	\$100,865	\$106,520

Source: Penrith City Council

### Tested Scenarios

Generic feasibility testing is based on assumed notional development yields for the purposes of capacity testing.

The impact of Affordable Housing contributions is tested assuming the following notional development scenarios:

- Large subdivision - standard residential lots (17.5 dwellings/ ha)
- Smaller subdivision - mix of medium density and large lots (overall 17.8 dwellings/ ha).

The scenarios are tested with/ without Affordable Housing contributions and with varying timing of development:

- No Affordable Housing contributions.
- 1% Affordable Housing contributions (from 2024-2027) assuming development is completed in both scenarios<sup>5</sup>.
- 2% Affordable Housing contributions (applicable from 2027):
  - Large subdivision - 2% applied to 60% NDA, 1% applied to 40% NDA (assumed developed over 2024-2027).
  - Smaller subdivision - 2% applied to 100% NDA.

Table S2-5 summarises the contributions assumed in each development scenario under different timing assumptions.

<sup>5</sup> Though it is unlikely the whole of the large subdivision will be completely developed before the 2% is applicable in 2027

**Table S2.6: Capacity Testing Scenarios and Contributions Assumptions**

Site	Residential Types	Base Case Contributions	Contributions Assumptions (2024)	Contributions Assumptions (2027)
1	Standard residential lots (large scale subdivision, 17.7 dw/ha)	Rezoned to urban uses <ul style="list-style-type: none"> <li>All applicable fees and charges, incl. s7.11 contributions and strategic biodiversity</li> </ul>	Rezoned to urban uses <ul style="list-style-type: none"> <li>All applicable fees and charges, incl. s7.11 contributions and strategic biodiversity</li> <li>1% contributions (100% developed)</li> </ul>	Rezoned to urban uses <ul style="list-style-type: none"> <li>All applicable fees and charges, incl. s7.11 contributions and strategic biodiversity</li> <li>1% contributions (40% NDA), 2% contributions (60% NDA)</li> </ul>
2	Mixed lots (small scale subdivision, 17.8 dw/ha)	Rezoned to urban uses <ul style="list-style-type: none"> <li>All applicable fees and charges, incl. s7.11 contributions and strategic biodiversity</li> </ul>	Rezoned to urban uses <ul style="list-style-type: none"> <li>All applicable fees and charges, incl. s7.11 contributions and strategic biodiversity</li> <li>1% contributions (100% developed)</li> </ul>	Rezoned to urban uses <ul style="list-style-type: none"> <li>All applicable fees and charges, incl. s7.11 contributions and strategic biodiversity</li> <li>2% contributions (100% NDA)</li> </ul>

Source: Atlas

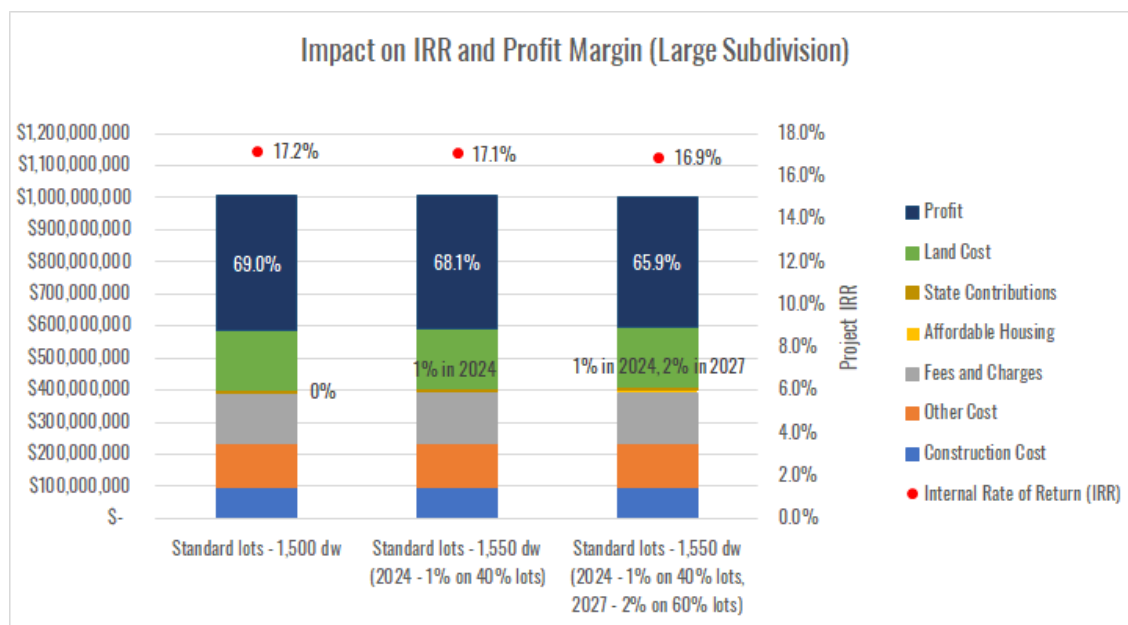
### Testing Outcomes

In this section a series of graphs illustrates the impact of the Affordable Housing contributions (as phased-in) on a notional large subdivision (1,550 dwellings) and smaller subdivision (180 dwellings).

Figure S2.2 shows the impact of Affordable Housing contributions on a large subdivision of standard residential lots (>1,500 dwellings). The testing firstly shows the impact of Affordable Housing contributions in 2024 when a 1% contribution rate is applicable (assuming all development occurs during the 2024-2027 period).

Given the scale of the large subdivision (>1,500 dwellings), it is unlikely all 1,550 dwellings will be delivered by 2024-2027 when the 1% contributions rate is applicable. The testing additionally shows the impact if 40% of dwellings were subject to a 1% contribution rate (2024-2027) and the remaining 60% were subject to a 2% contribution from 2027.

**Figure S2.2: Large Subdivision, Impact of Affordable Housing Contributions on IRR and Profit Margin**



Source: Atlas

The following observations can be made:

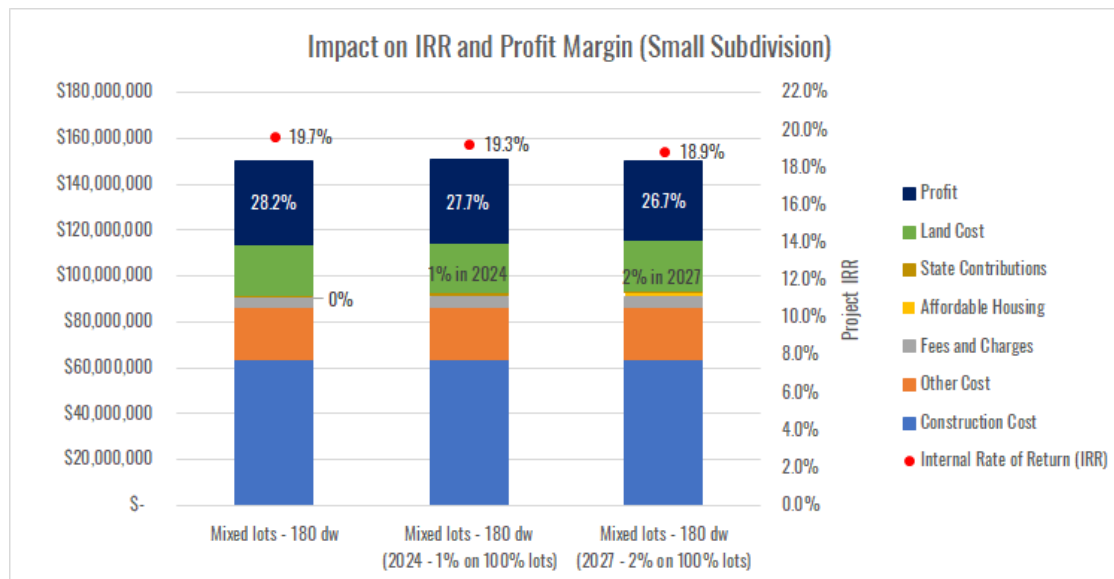
- In 2024 when a 1% contribution is levied to all development, the impact to profit margin and project IRR is marginal, with profit margin declining from 69.0% to 68.1% and project IRR declining from 17.2% to 17.1%.
- In 2027, if 40% of dwellings are assumed to already be developed (levied at 1%) those dwellings would not be subject to further contributions. New development from 2027 would be subject to the 2% contribution rate. When the 2% contribution is levied on the remaining 60% dwellings, the impact is also relatively marginal. Profit margin declines from 69.0% to 65.9% and project IRR declines from 17.2% to 16.9%.

The large subdivision is likely to be developed over a period of up to 10 years and even if commenced immediately, will not be completed by the time the 2% contributions are phased-in (2027). It is therefore more appropriate to consider the impact of the eventual 2% rate when implemented. We highlight the above testing **does not** provide for natural market growth which will occur over the development period. This natural market growth will assist to offset any impact.

Figure S2.3 shows the impact of Affordable Housing contributions on a smaller subdivision of mixed residential lots (circa 180 dwellings). The testing firstly shows the impact of Affordable Housing contributions in 2024 when a 1% contribution rate is applicable (assuming all development occurs during the 2024-2027 period).

Given the scale of the smaller subdivision (180 dwellings), it is likely all 180 dwellings could be completed over the 2024-2027 period and be subject only to the 1% rate. The testing additionally shows the impact if development was instead deferred to commence in 2027 and therefore subject to a 2% contribution.

**Figure S2.3: Smaller Subdivision, Impact of Affordable Housing Contributions on IRR and Profit Margin**



Source: Atlas

The following observations can be made:

- In 2024 when a 1% contribution is levied, the impact to profit margin and project IRR is marginal, with profit margin declining from 28.2% to 27.7% and project IRR declining from 19.7% to 19.3%.
- If development was instead deferred to 2027, development would be subject to the 2% contribution rate. When the 2% contribution is levied, the impact is also relatively marginal. Profit margin declines from 28.2% to 26.7% and project IRR declines from 19.7% to 18.9%.

Relevantly for the Viability Assessment, both project IRR and profit margin decline when Affordable Housing contributions are included. The impact is however observed to be relatively minor, with hurdle rates declining but remaining feasible.

Lower project returns (indicated by IRR) are generally expected for projects with longer development period (>10 years) compared to smaller projects with shorter development timeframes (3-5 years). This is consistent with observations in the large subdivision (16%-17% IRR) compared to the smaller subdivision (18%-20% IRR).



## Glenmore Park Stage 3 Planning Proposal

The Glenmore Park Stage 3 Contributions Area is estimated to comprise an area of approx. 150ha. The land is zoned a mix of RU2 Rural Landscape and E3 Environmental Management under the Penrith Local Environmental Plan (2010).

The precinct is the subject of a planning proposal and is understood to envisage the residential yields in Table S2.7. The expected development contributions are also summarised in Table S2.7.

On a residential NDA of approx. 150ha, residential yields are equivalent to densities or around 16.2 dwellings/ hectare.

**Table S2.7: Estimated Development Yields**

Residential Land Use	Development Yields	Local Contributions (\$/ dwelling)
Low density	1,760	\$69,657
Medium density	510	\$53,928
Fonzie flats	30	\$44,940
Shop top housing	100	\$53,928
Total	2,400	Avg. \$65,350

Source: Penrith City Council

### Tested Scenarios

Generic feasibility testing is based on assumed notional development yields for the purposes of capacity testing.

The impact of Affordable Housing contributions is tested assuming the following notional development scenario:

- Large subdivision - mix of low, medium and high density residential (overall 16.2 dwellings/ ha).

The impact of Affordable Housing contributions is tested in three scenarios:

- No Affordable Housing contributions.
- 1% Affordable Housing contributions (from 2024-2027) assuming development is completed during this period<sup>6</sup>.
- 2% Affordable Housing contributions (applicable from 2027):
  - 2% applied to 75% NDA (assumed developed from 2027)
  - 1% applied to 25% NDA (assumed developed over 2024-2027)

Table S2-8 summarises the contributions assumed in the development scenario under different timing assumptions.

**Table S2.8: Capacity Testing Scenarios and Contributions Assumptions**

Site	Residential Types	Base Case Contributions	Contributions Assumptions (2024)	Contributions Assumptions (2027)
1	Mixed residential lots (large scale subdivision, 16.2 dw/ha)	Rezoned to urban uses • All applicable fees and charges, incl. s7.11 contributions, RIC (strategic biodiversity)	Rezoned to urban uses • All applicable fees and charges, incl. s7.11 contributions, RIC (strategic biodiversity) • 1% AH contributions (100% NDA)	Rezoned to urban uses • All applicable fees and charges, incl. s7.11 contributions, RIC (strategic biodiversity) • 1% AH contributions (25% NDA), 2% contributions (75% NDA)

Source: Atlas

### Testing Outcomes

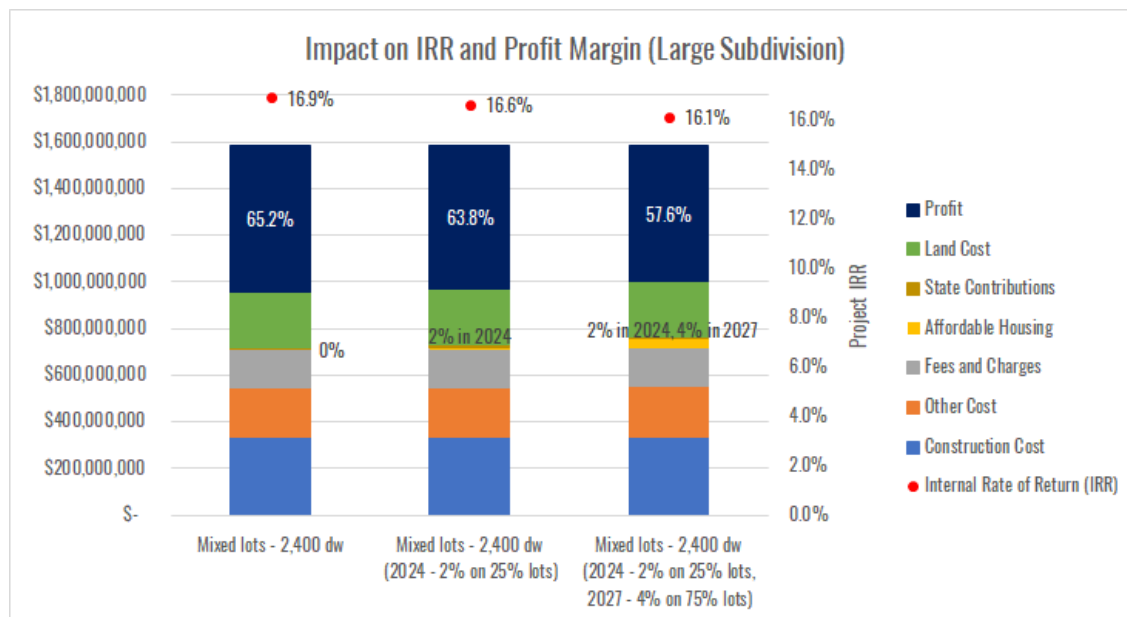
A graph illustrates the impact of the Affordable Housing contributions (as phased-in) in 2024 and 2027.

Figure S2.4 shows the impact of Affordable Housing contributions on a large subdivision of mixed residential lots (2,400 dwellings). The testing firstly shows the impact of Affordable Housing contributions in 2024 when a 1% contribution rate is applicable (assuming all development occurs during the 2024-2027 period).

<sup>6</sup> Though it is unlikely the whole of the large subdivision will be completely developed before the 2% is applicable in 2027

Given the scale of the large subdivision (2,400 dwellings), it is unlikely all 2,400 dwellings will be delivered before 2027 and be subject only to the 1% rate. The testing additionally shows the impact if 25% of NDA were subject to a 1% contribution rate (2024-2027) and the remaining 75% of NDA were subject to a 2% contribution from 2027.

**Figure S2.4: Large Subdivision, Impact of Affordable Housing Contributions on IRR and Profit Margin**



Source: Atlas

The following observations can be made:

- In 2024 when a 1% contribution is levied, the impact to profit margin and project IRR is marginal, with profit margin declining from 65.2% to 63.8% and project IRR declining from 16.9% to 16.6%.
- In 2027, the 25% of dwellings assumed to already be developed would have been levied at 1% and would not be subject to further contributions. New development from 2027 would be subject to the 2% contribution rate. When the 2% contribution is levied on the remaining 75% dwellings, the impact is also relatively marginal. Profit margin declines from 65.2% to 57.6% and project IRR declines from 16.9% to 16.1%.

The large subdivision is likely to be developed over a period of up to 10 years and even if commenced immediately, will not be completed by the time the 2% contributions are phased-in (2027). It is therefore more appropriate to consider the impact of the eventual 2% rate when implemented. We highlight the above testing **does not** provide for natural market growth which will occur over the development period. This natural market growth will assist to offset any impact.

Lower project returns (indicated by IRR) are generally expected for projects with longer development period (>10 years) compared to smaller projects with shorter development timeframes (3-5 years). This is consistent with observations above.

## Testing Assumptions

### Opportunity Cost of Land

This section considers the opportunity cost of land of the sites selected. The 'opportunity cost of land' refers to the value of a foregone option. In the Contribution Areas, sites derive value from their existing uses (and the expectation of rezoning following release of precincts).

Englobo greenfield precincts in the Penrith LGA not rezoned are estimated to comprise land values of \$1.6 million to \$2.2 million per hectare. Post rezoning, englobo land values are expected to approach \$3 million per hectare.

The assessed opportunity cost of land is a necessary input to observe the baseline feasibility of development and impact of including Affordable Housing contributions.

## Development Contributions

In late 2021, the NSW Government exhibited a proposed regional infrastructure contributions (RIC) framework comprised:

- A base RIC component.
- A strategic biodiversity component.
- A transport project component.

It is understood a base RIC component will likely not be applicable as the Contribution Areas will be subject to state planning agreements. Nevertheless, a strategic biodiversity contribution is assumed at the exhibited rate of \$5,000 per dwelling.

Local s7.11 contributions are assumed to be payable at the draft rates of:

- Orchard Hills North - \$100,000 to \$106,000 per dwelling.
- Glenmore Park Stage 3 - \$44,000 to \$70,000 per dwelling (equivalent to average of approx. \$65,400 per dwelling).

## Revenue and Cost Assumptions

Generic feasibility testing relies on a series of high-level revenue and cost assumptions.

Revenue assumptions for new residential uses are summarised in Table S2.9.

**Table S2.9: Revenue Assumptions, Contribution Areas**

Residential Land Use	Revenue
Low density (serviced blocks)	\$1,000/sqm to \$1,200/sqm
Medium density (built)	\$750,000 to \$950,000
Environmental Living (serviced blocks)	\$400/sqm to \$500/sqm
Fonzie flats (built)	\$425,000 to \$475,000
Shop top housing (built)	\$500,000 to \$550,000

Source: Atlas

High-level cost assumptions are based on construction publications and industry experience.

**Table S2.10: Cost Assumptions, Contribution Areas**

Residential Land Use	Servicing Costs	Build Costs*
Low density (serviced blocks)	\$60,000	-
Medium density (built)	\$40,000	\$300,000
Environmental Living (serviced blocks)	\$100,000	-
Fonzie flats (built)	\$40,000	\$150,000
Shop top housing (built)		\$300,000

Source: \*Adapted from Savills (2021)

All costs are subject to additional allowances for professional fees (6.5%) and contingencies (5%).

Other revenue assumptions:

- GST is included on the residential sales.
- Sales commissions at 2% gross sales.
- Marketing costs at 0.25% gross sales.
- Legal cost on sales at \$1,500 per lot.

Other cost assumptions are:

- Legal costs, valuation and due diligence at 0.5% of land price and stamp duty at NSW statutory rates.
- Statutory fees:

- DA fees of 1% and CC fees of 0.5% of construction costs.
- Long service levy at 0.35% construction costs.
- S7.11 contributions rates (detailed in Table S2.5 and Table S2.7).
- RIC strategic biodiversity contributions at \$5,000 per dwelling.
- Landholding costs at statutory land values.
- Loan establishment costs at 0.35% of peak debt
- 100% debt funding at interest capitalised monthly at 5% per annum.

### Hurdle Rates and Performance Indicators

Target hurdle rates are subject to perceived risk of a project (planning, market, financial and construction risk). The higher the project risk, the higher the hurdle rate. The following performance indicators are relied upon:

- Development margin profit divided by total development costs (including selling costs).
- Discount rate refers to the project internal rate of return (IRR) where net present values of an investment is zero.
- Residual Land Value is arrived at by assessing the maximum land value a developer is willing to pay based on both hurdles of development margin and discount rate being met.

The following benchmark hurdle rates are assumed.

**Table S2.11: Performance Indicators and Target Hurdle Rates**

Performance Indicator	Feasible	Marginal-to Feasible	Not Feasible
Development Margin	>20%	18%-20%	<18%
Project IRR (>10 years)*	>17%	16%-17%	<16%
Project IRR (<10 years)	>20%	18%-20%	<18%

Source: Atlas

\*Lower project IRR hurdle rate is assumed due to the long-term nature of the development (>10 years)

## Testing Outcomes

The viability of a contributions framework (such as Affordable Housing) depends on the feasibility of development. If development is not feasible (whether due to lack of market demand, land that is not economic to consolidate or planning controls that are not feasible), the development in question will not occur. If new development is not viable to pursue in the first instance, the issue of contributions (even under current contributions) is academic.

The objective of the Viability Assessment is to assess the impact of the Affordable Housing contributions on development feasibility, not whether development in the first instance is viable. The Viability Assessment therefore presumes development to be a viable proposition as a starting point.

### Orchard Hills North

Owing to the 'high' local development contributions at Orchard Hill North greater than \$100,000 per dwelling, there is limited capacity for development to contribute to Affordable Housing.

At 1% Affordable Housing, development feasibility is marginal-to-feasible. This would mean the Inclusionary zoning contributions of 1% proposed to be effective from 2024 is tested to be generally tolerated. The second staged implementation of Inclusionary zoning (2% by 2027) is also observed to be tolerated given the long phasing-in period (5 years to 2027). While the capacity testing has not included for natural market growth in the revenue assumptions, natural market growth will nevertheless assist to offset any impact.

Should the local development contributions vary from their current levels, the Affordable Housing contribution rates should be re-visited.

### Glenmore Park Stage 3

Local development contributions at Glenmore Park Stage 3 (averaging \$65,000 per dwelling) are comparatively lower than Orchard Hills North. This leads to greater tolerance to Affordable Housing contributions.

The feasibility testing finds there is potential for Affordable Housing contributions as follows:

- On rezoning (2024) - 2% at \$152,000/ ha of NDA (2% contributions).
- Second stage of phased implementation (2027) - 4% at \$304,000/ ha of NDA (4% contributions).

By the time the second stage of implementation, a total Affordable Housing contribution of 4% would be required.

### **Matters for Consideration**

Both the NSW Government and Council recognise that the viability of affordable housing contributions is subject to development feasibility. If development is not feasible in the first instance (in a base case) with no requirement for Affordable Housing contributions, that development will not occur in any event.

If affordable housing contributions are identified to be viable, an effective affordable housing contributions framework should be efficient, transparent and equitable whilst cognisant of dynamic market conditions.

### Impact on Development Feasibility

As the capacity of development to pay an affordable housing contribution is premised on development feasibility, sites which are still unviable to develop under the proposed controls do not have the capacity to contribute. In these scenarios, the issue of any contributions is moot.

In greenfield precincts, land values rise significantly when they are rezoned for urban uses from rural uses. While this provides scope for development to pay for infrastructure (including Affordable Housing), developers will need to factor in such contributions as a development cost which is reflected in the price paid for development sites. It is important that a developer does not overpay for a site. In time, market dynamics will adjust as the market factors-in the cost of the contributions.

### Market Notice

The market's tolerance for unexpected development costs depends on market cycles. If the market is on an upward trajectory, unexpected development costs may be able to be offset by rising end sale values and eventual sale prices of completed product. In an environment of falling sale values of softening market conditions, even expected development costs may not be tolerated by falling end sale values.

In any event, clear and definitive notice to the market of Council's intentions to implement an affordable housing contributions scheme in unison with any amendments to the planning framework would provide notice and certainty to the development industry.

### Other Infrastructure Priorities

The increase in value associated with changes to planning controls represents the maximum amount of contributions which can be made to public benefit. Various forms of public benefit (affordable housing being just one) need to be appropriately apportioned by planning authorities to align with their strategic planning objectives. Ensuring competing infrastructure priorities does not exceed this increase in value is critical to preserving development feasibility.

The s7.11 local contribution rates at Orchard Hills North are an example of where competing infrastructure priorities can undermine the capacity of development to contribute to Affordable Housing. A reduction in these rates would result directly in the opportunity for Affordable Housing contributions.



## **SYDNEY**

Level 12, 179 Elizabeth Street  
Sydney, NSW 2000

## **MELBOURNE**

Level 7, 333 Collins Street  
Melbourne, VIC 3000

T: 1300 149 151

E: [info@atlasurbaneconomics.com](mailto:info@atlasurbaneconomics.com)





## APPENDIX 2

### Local Planning Panel Advice 22 June 2022

---

<b>PLANNING PROPOSAL DESCRIPTION</b>	Planning Proposal – Affordable Housing Contribution Scheme
<b>DATE OF LPP MEETING</b>	Wednesday 22 June 2022
<b>PANEL MEMBERS</b>	Jason Perica (Chair) Chris Hallam (Expert) John Brunton (Expert) Geoff Martin (Community Representative)
<b>APOLOGY</b>	
<b>DECLARATIONS OF INTEREST</b>	

### Executive Summary

The purpose of this report is to present a Planning Proposal for Penrith City Council's (Council) Affordable Housing Contribution Scheme which proposes to introduce a new clause in the Penrith Local Environmental Plan (LEP) 2010 to collect affordable housing development contributions for the delivery of affordable housing in the Penrith Local Government Area (LGA). This LEP clause will apply to nominated urban release areas of Glenmore Park Stage 3 and Orchard Hills North which are currently subject to two separate Planning Proposals.

The Local Planning Panel's advice on the Planning Proposal is sought in accordance with the requirements of Section 2.19 of the *Environmental Planning and Assessment Act 1979*. It is recommended that the Planning Proposal generally be supported and progressed through the next steps in the Gateway process.

It is intended that the Planning Proposal will be reported to an upcoming Council meeting for consideration, with a recommendation to endorse and forward the Planning Proposal to the Minister for Planning and Public Spaces requesting a Gateway Determination to enable public exhibition.

### Background

Housing affordability has risen as a central issue across much of Australia's east coast over the past two decades. Significant and sustained price growth in property values has outpaced wage rises, resulting in declining housing affordability and growing public debate around the need to improve accessibility to the housing market.

Affordable housing is housing for very low, low and moderate income households as defined by the *State Environmental Planning Policy (Housing) 2021*, Chapter 2 – Affordable Housing (the Housing SEPP) and the *Environmental Planning and Assessment Act 1979* (the Act). The social costs associated with deteriorating housing affordability are significant. Households on very low, low and moderate incomes can be displaced from local areas, resulting in poor community diversity and social cohesion. Furthermore, displacement of 'key workers' can result in a reduced labour force of those workers who are essential to local economies.

---

The need for affordable housing in the Penrith LGA is based on evidence in both the draft *Western Sydney Affordable Housing Strategy* (WSAHS) and the draft *Penrith Local Housing Strategy*.

To inform the preparation of this Planning Proposal, Council engaged Atlas Urban Economics to prepare a *Draft Affordable Housing Contribution Scheme* (the Scheme). Atlas Urban Economics built on the work in the draft WSAHS to prepare the draft Scheme to specifically apply to Glenmore Park Stage 3 and Orchard Hills North precincts. Atlas Urban Economics also undertook a feasibility assessment that examined the capacity of development to tolerate affordable housing contributions within the nominated urban release areas. This is provided as Appendix 1 to the Planning Proposal.

The sites included in the nominated area are two developments where land is proposed to be rezoned for residential development resulting in significant uplift and increase in land value. It is through this value increase that development can contribute to affordable housing contributions.

This Planning Proposal builds on the work prepared by Atlas Urban Economics and aims to facilitate the delivery of affordable housing in Penrith through the planning framework.

### **Planning Proposal**

The Planning Proposal seeks to introduce a new provision in Penrith LEP 2010 to collect affordable housing development contributions for the delivery of affordable housing in the Penrith LGA.

The intended outcomes of this Planning Proposal are to:

- Provide for the delivery of affordable housing through the planning system, recognising its role as a vital economic and social infrastructure.
- Ensure Penrith LGA provides affordability advantages and remains an attractive and inclusive location for a range of residents.
- Provide a transparent framework for development to make equitable affordable housing contributions.
- Provide certainty and clarity for landowners and developers seeking to develop land in the Penrith LGA.
- Achieve the actions within the Penrith LSPS and Local Housing Strategy to provide affordable housing on land with significant residential uplift and where development viability can be maintained.

The Planning Proposal and appendices are provided as Attachment 1 to this report.

The LEP clause is proposed to apply within the nominated urban release areas of Glenmore Park Stage 3 and Orchard Hills North initially, with potential to expand across other residential growth areas of Penrith LGA. Affordable housing development contributions will apply where land is proposed to be rezoned for residential development.

The draft LEP clause excludes:

- Developments which do not result in at least one additional dwelling being created.
- Exempt development.
- Secondary dwellings.
- Development solely for the purpose of social and/or affordable housing.
- Boarding houses.
- All non-residential development is exempt from the draft Scheme.

The objective of this Planning Proposal is to increase the amount of affordable housing within Penrith. It provides a comprehensive and transparent framework which gives local communities greater clarity about the affordable housing planned for in their areas. Affordable housing contribution schemes also provide developers certainty and transparency about how affordable housing contributions will be determined and the contribution rate that will be applied in a condition of consent.

Affordable housing contributions rates provided in the draft Scheme are in addition to other contributions across the LGA, including local infrastructure contributions (s7.11 or s7.12), state and regional infrastructure contributions. As a condition of development consent, all eligible development in the nominated urban release areas must contribute to affordable housing according to the rates provided in the draft Scheme. The draft Scheme will replace the need to negotiate separate VPAs for affordable housing in these areas, unless proponents seek to deliver over and above the Scheme.

As a condition of development consent, all land to which the draft Scheme applies is required to provide contributions for affordable housing according to the rates provided. A monetary contribution required to be made under the Scheme is to be paid at the time specified in the condition. The contribution rate is derived from the draft WSHAS, which recommends that an affordable housing contribution rate be based on a percentage of the Gross Realisation Value (GRV) of development. The GRV is proposed to be set at **\$7,596,658 per/ha NDA**. Feasibility testing has determined that this approach is viable. The viability assessment is included as Appendix 1 of the Planning Proposal.

Two contribution rates are proposed to be applied in Glenmore Park Stage 3 and Orchard Hills North, a specified rate (base rate) and an inclusionary rate.

#### 1. Specified (base) contribution rates

Area	Year of commencement	Contribution Rate (% GRV)	Contribution per ha NDA
Orchard Hills North	2024	-	-
Glenmore Park Stage 3	2024	2%	\$151,933

#### 2. Inclusionary contribution rates (in addition to the specified contribution rates)

Year of commencement	Contribution Rate (% GRV)	Contribution per ha NDA
2024	1%	\$75,967
2027	2%	\$151,933

Contributions can be made as a monetary contribution or in-kind as land or dwellings for the purpose of affordable housing. A monetary contribution is required within urban release areas as it is not practical to provide affordable housing within these areas. Community Housing Providers have advised affordable housing that is near railway stations and city centres closer to services and facilities is preferred.

Collected contributions will be pooled and affordable housing can then be provided in areas close to transport and access to services. A policy framework on how Council will collect and use Affordable Housing Contributions will be prepared, with input from Council's Property and City Activation Community and Place teams will be prepared.

## **Key considerations**

### Relationship to strategic planning framework

The proposal demonstrates consistency with a number of strategic policies:

#### *Penrith Local Strategic Planning Statement (LSPS)*

- The Planning Proposal responds to Planning Priority 4: Improve the affordability of housing and Action 4.1 Develop an Affordable Housing Policy. This Planning Proposal achieves both the planning priority and action.
- The LSPS also acknowledges, under Planning Priority 3: Provide new homes to meet the diverse needs of our growing community, that a sufficient supply of well located and services land for new homes will deliver a range of benefits. This includes providing homes close to jobs, shops and services.

The Planning Proposal is consistent with the *Greater Sydney Region Plan 'A Metropolis of Three Cities'* by responding to Objective 10: Greater Housing Supply and Objective 11: Housing is more diverse and affordable. The Planning Proposal is also consistent with the *Western City District Plan* by responding to Planning Priority W5: Providing housing supply, choice and affordability, with access to jobs, services and public transport. The Planning Proposal supports these plans by facilitating the delivery of affordable housing in Penrith through the planning framework.

*Draft Penrith Local Housing Strategy* - One of the key themes of this strategy is housing affordability. This document identifies a need for additional affordable housing supply across the Penrith LGA.

*Sustainability Blue Print for Urban Release Areas 2005* - Under Principle 3 of the Blueprint, social infrastructure requirements for new development are identified. This document specifically identifies affordable housing as an item of social infrastructure which should be incorporated into the development of new residential release areas.

*Western Sydney Affordable Housing Strategy 2021* establishes a strategic direction for the provision of affordable housing within the Western City District, providing a broader policy vision and set of policy objectives relating to affordable housing.

### Social and Economic Considerations

The socio-economic profile of Penrith indicates a clear and critical need to provide affordable housing for very low to moderate income households in Penrith LGA. Significant and sustained price growth in property values has outpaced wage rises, resulting in declining housing affordability and growing debate around the need to improve accessibility to the housing market. Households on very low, low and moderate incomes can be displaced from local areas, resulting in poor community diversity and social cohesion.

Less affordable housing negatively impacts individuals, the community and the local economy. Approximately 17.4% of Penrith residents were in housing stress in 2016, with 18.3% projected to be in housing stress by 2041. In 2016, there were some 2,411 and 5,726 low to moderate income households experiencing mortgage and rental stress respectively.

A critical consideration in introducing new contribution requirements in the Penrith LEP 2010 is the impact on development viability. To understand the economic impacts of the proposed affordable housing contribution rates, independent work was undertaken to test the local housing needs of Penrith and assessed the feasibility that examined the capacity of development to tolerate affordable housing contributions within the urban release areas of Glenmore Park Stage 3 and Orchard Hills North.

The Planning Proposal addresses these social and economic effects by proposing a local provision to collect affordable housing development contributions for the delivery of affordable housing in the Penrith LGA and the proposed contribution rates have been tested to ensure development viability.

By seeking to progress to public exhibition, there will be an opportunity to identify and assess any additional social and economic effects of the Planning Proposal from a range of stakeholders including business and industry, state agencies, as well as the community.

#### Need for and approach to a new LEP provision

As part of its justification, the Planning Proposal should demonstrate that the proposed approach is the best, most efficient and most time effective approach to delivering the desired outcome.

The Planning Proposal is to facilitate a new affordable housing contribution scheme within Penrith. This Planning Proposal is the only way to achieve this and provides a transparent framework for development to make equitable affordable housing contributions and, provides certainty and clarity for landowners and developers seeking to develop land in the Penrith LGA.

Section 7.32 of the Act allows for the collection of development contributions for the purpose of affordable housing provision by NSW councils. This can occur where a need is identified within a planning instrument and where:

- The consent authority is satisfied that the proposed development will or is likely to reduce the availability of affordable housing within the area, or
- The consent authority is satisfied that the proposed development will create a need for affordable housing within the area, or

- 
- The proposed development is allowed only because of the initial zoning of a site, or the rezoning of a site, or
  - The regulations provide for this section to apply to the application.

Development, where affordable housing contributions are imposed as a condition of consent, is levied on the basis that:

- Redevelopment and renewal of areas where additional development capacity is provided will reduce the availability of affordable private rental stock in these locations. As these locations are typically endowed with good access to infrastructure, employment and amenities, there is a strong case for the provision of affordable housing alongside private market development.
- As growth and renewal occur across the Penrith LGA, the proportion of dwellings available at affordable rates, either via social/affordable housing or private market rental, will reduce if intervention does not occur. Therefore, the proportion of households living in housing stress is also highly likely to increase. This provides justification for the imposition of affordable housing contributions as an inclusionary development standard across the Penrith LGA.

The Housing SEPP identifies that there is a need for affordable housing across NSW. The Housing SEPP is the mechanism through which Council can mandate a contribution to affordable housing from new development. Once approved by the Department of Planning and Environment (DPE), and subsequently included within the Penrith LEP 2010, Council will have a sound framework to collect contributions for affordable housing for greenfield areas. For other areas contributions towards affordable housing where residential uplift is proposed would still be subject to negotiation through VPAs, however Council would have a sound basis to enter into those negotiations.

### **Next Steps**

It is intended that the Planning Proposal will be reported to an upcoming Council meeting for consideration. The report proposes to seek Council's endorsement to forward the Planning Proposal to the Minister for Planning and Public Spaces with a request to issue a Gateway Determination to enable public exhibition.

### **Panel's Advice**

In accordance with the requirements of Section 2.19 of the Act, the Planning Proposal is referred to the Penrith Local Planning Panel for advice.

A record of the Panel's advice will be included in the report seeking Council's decision on the Planning Proposal and provided to the Department of Planning and Environment.

### **Conclusion**

This report outlines Council's Planning Proposal for a new provision in the Penrith LEP 2010 to collect affordable housing development contributions for the delivery of affordable housing in the Penrith LGA.



This LEP clause will allow a condition of consent to be included on future development applications to collect contributions within the nominated urban release areas of Glenmore Park Stage 3 and Orchard Hills North.

**RECOMMENDATION**

It is recommended that the Planning Proposal generally be supported and progressed through the next steps in the Gateway process.

**ATTACHMENTS**

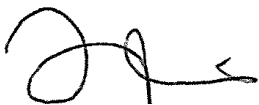



Attachment 1 - Planning Proposal for Affordable Housing Contribution Scheme.

<b>PLANNING PROPOSAL DESCRIPTION</b>	Planning Proposal – Affordable Housing Contribution Scheme
<b>DATE OF LPP MEETING</b>	Wednesday 22 June 2022
<b>PANEL MEMBERS</b>	Jason Perica (Chair) Chris Hallam (Expert) John Brunton (Expert) Geoff Martin (Community Representative)
<b>APOLOGY</b>	
<b>DECLARATIONS OF INTEREST</b>	

### Panel Advice provided pursuant to Section 2.19 of the EP&A Act 1979

The Panel has considered the Planning Proposal and the preliminary assessment prepared by Council officers and provides the following advice:

1. The Planning Proposal for the Affordable Housing Contribution Scheme is supported in principle, including the approach of considering viability, subject to the following matters being considered at the appropriate time:
  - a) Making it clear the scheme supports Affordable Rental Housing, including considering appropriate naming and explanation;
  - b) Opportunities to simplify the contribution rate operations should be explored;
  - c) A scheme for Penrith City alone would seem more practical than seeking an agreed district wide approach, at least in the short term;
  - d) Council's staff intention for wider implementation of an Affordable Rental Housing Contribution Scheme be explained in the report to Council;
  - e) Given some complexity in the analysis done, suitable explanatory documentation be provided during public exhibition, in plain English;
  - f) The proposed policy to implement the scheme be finalised prior to gazettal.
2. It is recommended that the Planning Proposal be progressed through the next steps in the Gateway process.

Jason Perica - Chair Person 	John Brunton – Expert 
Chris Hallam - Expert 	Geoff Martin – Community Representative 

## APPENDIX 3

### Ordinary Council Meeting Report and Confirmed Minutes 25 July 2022

## 6 Affordable Rental Housing Contribution Scheme Planning Proposal

**Compiled by:** Madison McGlynn, Planner  
Natalie Stanowski, Principal Planner

**Authorised by:** Natasha Borgia, City Planning Manager  
Kylie Powell, Director - City Futures

<b>Outcome</b>	<i>We plan and shape our growing City</i>
<b>Strategy</b>	<i>Undertake strategic planning that will ensure balanced growth and liveability</i>
<b>Principal Activity</b>	<i>Ensure services, facilitates and infrastructure meet the needs of a growing population through the contributions framework</i>

**Previous Items:** Affordable Housing Contribution Scheme for Glenmore Park Stage 3 and Orchard Hills North - Councillor Briefing - 16 May 2022

**Procedural note:** Section 375A of the Local Government Act 1993 requires that a division be called in relation to this matter.

### Executive Summary

The purpose of this report is to seek Council's endorsement of a Planning Proposal to amend the Penrith Local Environmental Plan 2010 (LEP 2010) to include a clause to enable affordable rental housing development contributions for the delivery of affordable rental housing in the Penrith Local Government Area (LGA). The first stage in Council's affordable housing work is to include an LEP clause to apply to Glenmore Park Stage 3 and Orchard Hills North which are currently subject to two separate Planning Proposals. Stage 2 would expand the draft Scheme to include inclusionary and spot rezoning contribution rates applicable to the Penrith LGA where growth is occurring. Stage 2 of the draft Scheme will be reported to Council including a policy which not only outlines how we levy for affordable housing but also how these funds will be expended. Councillors were briefed on 16 May 2022 on the Affordable Rental Housing Scheme.

Currently, Council seeks the provision of 3% affordable housing for all its release areas under its *Penrith Sustainability Blueprint for Urban Release Areas*. The only mechanism currently available to ensure the delivery of affordable housing is by negotiating this through a Voluntary Planning Agreement (VPA), which can be challenging when release areas have fragmented land ownership.

The framework to develop an affordable rental housing scheme is through the State Environmental Planning Policy (Housing) 2021, Chapter 2 – Affordable Housing (the Housing SEPP). This SEPP was formerly known as State Environmental Planning Policy No. 70 – Affordable Housing. The process to establish an affordable rental housing scheme is through a Planning Proposal, as a clause is required to be inserted in LEP 2010 to be able to include a condition of consent on future development applications to collect contributions (monetary or housing stock) within a nominated area (in this case Glenmore Park Stage 3

and Orchard Hills North). This framework is sought in order to apply affordable rental housing contributions to areas seeking to be rezoned for residential development.

Two contribution rates are proposed to be applied in Glenmore Park Stage 3 and Orchard Hills North: an inclusionary rate (base rate) and a specified rate.

1. Inclusionary contribution rates

Year of commencement	Contribution Rate (% GRV)	Contribution per ha NDA
2024	1%	\$75,967
2027	2%	\$151,933

2. Specified contribution rates

Area	Year of commencement	Contribution Rate (% GRV)	Contribution per ha NDA
Orchard Hills North	2024	-	-
Glenmore Park Stage 3	2024	2%	\$151,933

This report recommends that the Planning Proposal (Enclosure 1 to this report) be forwarded to the Minister for Planning, requesting a Gateway Determination, in order to publicly exhibit the Planning Proposal.

The Planning Proposal was presented to Council's Local Planning Panel on 22 June 2022 to obtain advice in accordance with the requirements of Section 2.19 of the Act. The Panel's advice is provided as Attachment 1 to this report.

## Background

Housing affordability has risen as a central issue across much of Australia's east coast over the past two decades. Significant and sustained price growth in property values has outpaced wage rises, resulting in declining housing affordability and growing public debate around the need to improve accessibility to the housing market.

Affordable housing is housing for very low, low and moderate income households as defined by the Housing SEPP and the *Environmental Planning and Assessment Act 1979* (the Act). The social costs associated with deteriorating housing affordability are significant. Households on very low, low and moderate incomes can be displaced from local areas, resulting in poor community diversity and social cohesion. Furthermore, displacement of 'key workers' can result in a reduced labour force of those workers who are essential to local economies.

The need for affordable rental housing in the Penrith LGA is based on evidence in both the draft Western Sydney Affordable Housing Strategy (WSAHS) and the draft Penrith Local Housing Strategy. Council participated in the preparation of the draft WSAHS with other NSW local councils and the Western Sydney Planning Partnership. Councillors were briefed on the WSAHS on 28 October 2020.

To inform the preparation of this Planning Proposal, Council engaged Atlas Urban Economics to prepare a *Draft Affordable Rental Housing Contribution Scheme* (the

Scheme). Atlas Urban Economics built on the work in the draft WSAHS to prepare the draft Scheme to specifically apply to Glenmore Park Stage 3 and Orchard Hills North precincts. Atlas Urban Economics also undertook a feasibility assessment that examined the capacity of development to tolerate affordable rental housing contributions within the nominated urban release areas of Glenmore Park Stage 3 and Orchard Hills North precincts. This is provided as Appendix 1 to the Planning Proposal and has been provided as Enclosure 2 of this report.

The sites included in the nominated area are two developments where land is proposed to be rezoned for residential development resulting in significant uplift and increase in land value. It is through this value increase that development can contribute to affordable rental housing contributions.

This Planning Proposal builds on the work prepared by Atlas Urban Economics and aims to facilitate the delivery of affordable rental housing in Penrith through the planning framework.

Section 7.32 of the Act allows for the collection of development contributions for the purpose of affordable housing provision by NSW councils. This can occur where a need is identified within a planning instrument and where:

- The consent authority is satisfied that the proposed development will or is likely to reduce the availability of affordable housing within the area, or
- The consent authority is satisfied that the proposed development will create a need for affordable housing within the area, or
- The proposed development is allowed only because of the initial zoning of a site, or the rezoning of a site, or
- The regulations provide for this section to apply to the application.

Development, where affordable rental housing contributions are imposed as a condition of consent, is levied on the basis that:

- Redevelopment and renewal of areas where additional development capacity is provided will reduce the availability of affordable private rental stock in these locations. As these locations are typically endowed with good access to infrastructure, employment and amenities, there is a strong case for the provision of affordable rental housing alongside private market development.
- As growth and renewal occur across the Penrith LGA, the proportion of dwellings available at affordable rates, either via social/affordable rental housing or private market rental, will reduce if intervention does not occur. Therefore, the proportion of households living in housing stress is also highly likely to increase. This provides justification for the imposition of affordable rental housing contributions as an inclusionary development standard across the Penrith LGA.

The Housing SEPP is the mechanism through which Council can mandate a contribution to affordable rental housing from new development. Once approved by the Department of Planning and Environment (DPE), and subsequently included within the Penrith LEP 2010, Council will have a sound framework to collect contributions for affordable rental housing for greenfield areas. Contributions can be either monetary and/or housing stock.

Council currently seeks the provision of 3% affordable housing for all its release areas under its *Penrith Sustainability Blueprint for Urban Release Areas* (Adopted by Council on 27 July 2005) by negotiating through VPAs. The Housing SEPP identifies that there is a need for affordable rental housing across NSW and the Planning Proposal is to facilitate a new affordable rental housing contribution scheme within Penrith. This Planning Proposal is the only way to achieve this. Council currently negotiates separate individual VPAs for affordable rental housing for each development. This Scheme provides developers certainty and transparency about how affordable rental housing contributions will be determined and the contribution rate that will be applied in a condition of consent.

This scheme forms part of the first stage in Council's affordable rental housing work. Stage 1 is essential to inform the Planning Proposals for Glenmore Park Stage 3 and Orchard Hills North. Stage 2 would involve Council officers continuing to work with Atlas Urban Economics to expand the draft Scheme to include inclusionary and spot rezoning contribution rates applicable to the Penrith LGA where growth is occurring. Stage 2 of the draft Scheme will be reported to Council later in the year including a policy which not only outlines how we levy for affordable rental housing by also how these funds will be expended.

### **Planning Proposal**

The Planning Proposal seeks to introduce a new provision in Penrith LEP 2010 to collect affordable rental housing development contributions for the delivery of affordable rental housing in the Penrith LGA.

The intended outcomes of this Planning Proposal are to:

- Provide for the delivery of affordable rental housing through the planning system, recognising its role as a vital economic and social infrastructure.
- Ensure Penrith LGA provides affordability advantages and remains an attractive and inclusive location for a range of residents.
- Provide a transparent framework for development to make equitable affordable rental housing contributions.
- Provide certainty and clarity for landowners and developers seeking to develop land in the Penrith LGA.
- Achieve the actions within the Penrith Local Strategic Planning Statement (LSPS) and Local Housing Strategy to provide affordable rental housing on land with significant residential uplift and where development viability can be maintained.

The Planning Proposal and appendix are provided as Enclosure 1 to this report.

The LEP clause is proposed to apply within the nominated urban release areas of Glenmore Park Stage 3 and Orchard Hills North initially, where the proposed rezonings are projected to deliver approximately 4,129 new dwellings. Based on current values, if the proposed scheme is adopted in these areas, it has the potential to yield over \$40m in affordable housing contributions. There is the potential to expand the scheme across other residential growth areas of Penrith LGA.

The draft LEP clause excludes:

- Developments which do not result in at least one additional dwelling being created.



- Exempt development.
- Secondary dwellings.
- Development solely for the purpose of social and/or affordable rental housing.
- Boarding houses.
- All non-residential development is exempt from the draft Scheme.

The objective of this Planning Proposal is to increase the amount of affordable rental housing within Penrith. It provides a comprehensive and transparent framework which gives local communities greater clarity about the affordable rental housing planned for in their areas. Affordable rental housing contribution schemes also provide developers certainty and transparency about how affordable rental housing contributions will be determined and the contribution rate that will be applied in a condition of consent.

Affordable rental housing contributions rates provided in the draft Scheme are in addition to other contributions across the LGA, including local infrastructure contributions (\$7.11 or \$7.12), state and regional infrastructure contributions. As a condition of development consent, all eligible development in the nominated urban release areas must contribute to affordable rental housing according to the rates provided in the draft Scheme. The draft Scheme will replace the need to negotiate separate VPAs for affordable rental housing in these areas, unless proponents seek to deliver over and above the Scheme. This Scheme also captures contributions with fragmented land ownership.

As a condition of development consent, all land to which the draft Scheme applies is required to provide contributions for affordable rental housing according to the rates provided. A monetary contribution required to be made under the Scheme is to be paid at the time specified in the condition. The affordable rental housing contribution rate is based on a percentage of the Gross Realisation Value (GRV) of development which is proposed to be set at **\$7,596,658 per/ha NDA**. Feasibility testing has determined that this approach is viable, however this will be further refined during exhibition and in consideration of the finalised contributions plans for Glenmore Park Stage 3 and Orchard Hills North. The viability assessment is included as Appendix 1 of the Planning Proposal and is provided as Enclosure 2 of this report.

Two contribution rates are proposed to be applied in Glenmore Park Stage 3 and Orchard Hills North:

- Inclusionary rate (base rate): A baseline rate, alike a development contribution for any other infrastructure, that delivers contributions towards affordable housing from incremental development. Because this is a base and does not result from a change in zone or value uplift, the market will need to be given time to adapt to the contribution and it is proposed to be introduced on a staged basis.
- Specified rate: A (value capture) rate generated due to the proposed change in zoning for the subject sites and therefore the potential increased ability for the development to provide a greater proportion of affordable housing contributions.

1. Inclusionary contribution rates

Year of commencement	Contribution Rate (% GRV)	Contribution per ha NDA
2024	1%	\$75,967
2027	2%	\$151,933

2. Specified contribution rates

Area	Year of commencement	Contribution Rate (% GRV)	Contribution per ha NDA
Orchard Hills North	2024	-	-
Glenmore Park Stage 3	2024	2%	\$151,933

Contributions can be made as a monetary contribution or in-kind as land or dwellings for the purpose of affordable rental housing. A monetary contribution is required within urban release areas as it is not practical to provide affordable rental housing within these areas. Community Housing Providers have advised, in consultation with Atlas Urban Economics, affordable rental housing that is near railway stations and city centres' closer to services and facilities is preferred.

Collected contributions will be pooled and affordable rental housing can then be provided in areas close to transport and access to services. Phillip Street in St Marys is a previous example of where pooled contributions collected through VPAs for affordable housing were used. A policy framework on how Council will collect and use affordable rental housing contributions will be prepared in Stage 2 of the Affordable Housing Scheme, currently underway, with input from Council's Property Department and City Activation Community and Place teams. The policy will outline how Council will levy for affordable housing and how any funds will be expended.

**Local Planning Panel**

In accordance with the requirements of Section 2.19 of the Act, the Planning Proposal was presented to Council's Local Planning Panel on 22 June 2022 to obtain advice. The advice provided by the Panel is to be taken into consideration in Council's assessment and preparation of the Planning Proposal.

The Local Planning Panel advised the following:

1. *The Planning Proposal for the Affordable Housing Contribution Scheme is supported in principle, including the approach of considering viability, subject to the following matters being considered at the appropriate time:*
  - a. *Making it clear the scheme supports Affordable Rental Housing, including considering appropriate naming and explanation;*
  - b. *Opportunities to simplify the contribution rate operations should be explored;*
  - c. *A scheme for Penrith City alone would seem more practical than seeking an agreed district wide approach, at least in the short term;*
  - d. *Council's staff intention for wider implementation of an Affordable Rental Housing Contribution Scheme be explained in the report to Council;*

- e. Given some complexity in the analysis done, suitable explanatory documentation be provided during public exhibition, in plain English;*
  - f. The proposed policy to implement the scheme be finalised prior to gazettal.*
2. *It is recommended that the Planning Proposal be progressed through the next steps in the Gateway process.*

In response to the Panel's comments, minor amendments to the Planning Proposal have been made to indicate the appropriate naming of Affordable Rental Housing. The Local Planning Panel's advice is noted, and Council staff will ensure suitable explanatory documentation is provided during public exhibition. As discussed earlier in this report, the preparation of a policy on how Council will levy contributions and how these will be spent is underway. It is intended that this policy will be finalised prior to the gazettal of this Planning Proposal.

A copy of the Local Planning Panel's advice is included in Attachment 1 of this report.

### **Relationship with Orchard Hills North and Glenmore Park Stage 3 Planning Proposals**

The proposed LEP clause, if made, will be triggered when development consent is sought in the precincts of Orchard Hills North and Glenmore Park Stage 3 if the rezoning of these precincts is supported. It is intended that this Planning Proposal is made and in force prior to the development rollout in these precincts. Council staff have been liaising with the proponents of both rezoning proposals with respect to the Affordable Rental Housing Planning Proposal. Discussions with the proponents to date have been constructive, and it is intended that dialogue will continue to occur during the public exhibition process. The proponents for Glenmore Park Stage 3 have indicated they intend to use any future public exhibition process to review any impacts on the feasibility of their rezoning Planning Proposal. The proponent for Orchard Hills North has broadly indicated support of the Planning Proposal.

As a result of discussions, both proponents have included a contribution towards Affordable Rental Housing within their letters of offer to enter Voluntary Planning Agreements (VPA) with Council for their rezoning Planning Proposals.

### **Public Exhibition**

Should Council endorse the Planning Proposal to be forwarded to the Minister for Planning for Gateway Determination and that this determination is received. It is expected that the Planning Proposal will be publicly exhibited for a period of 28 days in accordance with the requirements outlined in the Environmental Planning and Assessment Act 1979.

The Planning Proposal will be publicly exhibited via various methods including on Council's website, through newspaper advertisements and notices at Penrith and St Marys libraries.

In addition to Council's standard consultation during exhibition, Council should send correspondence to all landowners who form part of the Planning Proposal area with the offer

to directly meet with Council officers to discuss the Planning Proposal. This will be undertaken during the 28-day public exhibition period. In the preparation of the affordable housing scheme, the consultants have indicated that they engage with industry regularly regarding affordability and feasibility. For Stage 1, it is proposed that Council officers will engage further with industry during the exhibition period. Council officers have commenced initial discussions with UDIA, which will continue during the exhibition of Stage 1 and the preparation of Stage 2. It is anticipated that more targeted engagement will be undertaken with industry ahead of reporting on the Stage 2 affordable housing work.

### **Next Steps**

Should Council endorse the recommendations of this report, the following steps are proposed:

1. The Planning Proposal will be updated with any additional comments raised by Council at this meeting and forwarded to the Minister for Planning with a request to issue a Gateway Determination. The submission will include a request to issue Council with Delegation for plan making authority.
2. Council officers will liaise with the DPE to negotiate any changes sought to the Planning Proposal by DPE in the lead up to the Gateway Determination.
3. DPE will issue a Gateway Determination, authorising the LEP plan making process to proceed. The Gateway Determination will, among other things, provide details of the public authorities that Council must consult and the requirements for undertaking the public exhibition.
4. Council officers will make any necessary changes to the Planning Proposal prior to public exhibition in response to the conditions of the Gateway Determination and negotiations with stakeholders.
5. Council officers will publicly exhibit the Planning Proposal in accordance with the requirements of the Gateway Determination, the Act and the *Environmental Planning and Assessment Regulation 2000*.
6. Submissions received in response to the public exhibition of the Planning Proposal will be reviewed and recommendations prepared for Council's consideration.
7. A further report will be presented to Council, detailing the results of the exhibitions and recommendations, including whether to endorse the Planning Proposal and make the LEP amendment.

### **Financial Implications**

This scheme allows Council to collect contributions for the delivery of affordable rental housing in the Penrith LGA. Income from the nominated urban release areas of Glenmore Park Stage 3 and Orchard Hills North will be pooled and affordable rental housing can then be provided in areas close to transport and access to services. A policy framework will set out how Council will collect and use contributions for the delivery of affordable rental housing in Penrith LGA which will be reported to a future Council meeting.

### **Risk Implications**

Currently, Council seeks the provision of 3% affordable housing in all its release areas under its adopted *Penrith Sustainability Blueprint for Urban Release Areas*. The only mechanism currently available to ensure the delivery of affordable rental housing is by negotiating this through a VPA, which can be challenging when release areas have fragmented land ownership. Once approved, the proposed scheme will allow Council to have a sound framework to collect contributions for affordable rental housing for greenfield areas and

provides a comprehensive and transparent framework which gives local communities greater clarity about the affordable rental housing planned for in their areas. Affordable rental housing contribution schemes also provide developers certainty and transparency about how affordable rental housing contributions will be determined and the contribution rate that will be applied in a condition of consent.

The risk of not proceeding with the Planning Proposal is that the outcomes of the *Greater Sydney Region Plan* and *Western City District Plan* and the actions in Council's strategic documents relating to delivering affordable rental housing in the Penrith LGA will not be progressed where there is a clear identified need.

## Conclusion

This report outlines Council's Planning Proposal for a new provision in the Penrith LEP 2010 to collect affordable rental housing development contributions for the delivery of affordable rental housing in the Penrith LGA.

This LEP clause will allow a condition of consent to be included on future development applications to collect contributions within the nominated urban release areas of Glenmore Park Stage 3 and Orchard Hills North. Stage 2 of Council's affordable housing work will seek to apply a LEP clause in other locations within Penrith LGA and only where growth is occurring. The Stage 2 affordable housing work is underway and will be reported to a future Council meeting with a policy which will outline how Council will levy for affordable housing and how these funds will be expended. The Local Planning Panel supports the Planning Proposal progressing through the next steps of the Gateway Process and has provided advice, which is discussed in this report, resulting in some minor amendments to the Planning Proposal.

Should Council endorse the recommendations of this report, the Planning Proposal will be forwarded to the Minister for Planning requesting a Gateway Determination, including to publicly exhibit the Planning Proposal.

## RECOMMENDATION

That:

1. The information contained in the report on Affordable Rental Housing Contribution Scheme Planning Proposal be received.
2. Council endorse the Planning Proposal presented in this report which has been provided as Enclosure 1 to this report.
3. The General Manager be granted delegation to make minor changes to update and finalise the Planning Proposal referred to in resolution 2 prior to Council's submission of the Planning Proposal to the Minister for Planning.
4. Council officers forward the Planning Proposal to the Minister for Planning with a request to issue a Gateway Determination. The submission will include a request to issue Council with Delegation for plan making authority.
5. The General Manager be granted delegation to make necessary minor changes to the Planning Proposal in the lead up to the Gateway Determination and prior to the public exhibition in response to the conditions of the Gateway Determination.

6. Council publicly exhibits the Planning Proposal for a period specified in the Gateway Determination and in accordance with the community consultation requirements of the Environmental Planning and Assessment Act 1979 and the Environmental Planning and Assessment Regulation 2000.
7. A further report is presented to Council following the public exhibition of the Planning Proposal.

**ATTACHMENTS/APPENDICES**

1. Local Planning Panel Advice 8 Pages Appendix

**CONFIRMED MINUTES  
OF THE ORDINARY MEETING OF PENRITH CITY COUNCIL HELD REMOTELY USING  
AUDIO VISUAL LINKS, AUDIO STREAMED ON THE COUNCIL WEBSITE AND IN THE  
COUNCIL CHAMBERS  
ON MONDAY 25 JULY 2022 AT 7:00PM**

**NATIONAL ANTHEM**

The meeting opened with the National Anthem.

**WEBCASTING STATEMENT**

Her Worship the Mayor, Councillor Tricia Hitchen read a statement advising that Council Meetings are recorded and webcast.

**STATEMENT OF RECOGNITION**

Her Worship the Mayor, Councillor Tricia Hitchen read a statement of recognition of Penrith City's Aboriginal and Torres Strait Islander Cultural Heritage.

**PRAYER**

The Council Prayer was read by the Rev Christine Bayliss Kelly.

**PRESENT**

Her Worship the Mayor, Councillor Tricia Hitchen, Deputy Mayor Councillor John Thain, and Councillors Jim Aitken OAM, Bernard Bratusa, Todd Carney, Robin Cook, Kevin Crameri OAM, Mark Davies, Sue Day, Ross Fowler OAM, Glenn Gardiner, Karen McKeown OAM, Mark Rusev and Marlene Shipley.

**APOLOGIES**

187 RESOLVED on the MOTION of Councillor Tricia Hitchen seconded Councillor Todd Carney that the apology received from Councillor Jonathan Pullen be received.

**CONFIRMATION OF MINUTES - Ordinary Meeting - 27 June 2022**

188 RESOLVED on the MOTION of Councillor Kevin Crameri OAM seconded Councillor Marlene Shipley that the minutes of the Ordinary Meeting of 27 June 2022 be confirmed, with an amendment to Declarations of Interest to now read:

“Councillor Mark Rusev declared a Non-Pecuniary Conflict of Interest – Less than Significant in *Item 4 - Centre Corporations - 2022-23 Business Plans, Item 9 - Adoption of Community Strategic Plan - Penrith 2036, + 2022-32 Resourcing Strategy, Delivery Program 2022-26 and 2022-23 Operational Plan* and *Item 14 – WestInvest Program*, as he is on the board of the Penrith CBD Corporation. Councillor Mark Rusev stated that he would remain in the meeting during consideration of these items but would not participate in discussion of the items.”



## **DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **SUSPENSION OF STANDING ORDERS**

189 RESOLVED on the MOTION of Councillor Todd Carney seconded Councillor Glenn Gardiner that Standing Orders be suspended to allow members of the public to address the meeting, the time being 7:04pm.

### **Mr Samih Khan**

*Item 7 - Planning Proposal to amend Penrith LEP 2010 - Glenmore Park Stage 3 - draft Development Control Plan and draft Contributions Plan*

Mr Khan, an affected person, spoke in opposition to the recommendation. Mr Khan outlined his family's long history of living in the Penrith LGA. Mr Khan noted that their property on Chain O Ponds Road is the only one in the subject proposal which is not controlled by any purchase agreement with the proponent, as they had not signed an agreement with Mirvac when approached in the past when other landowners in the area had done so. Mr Khan stated that he believed his family have been unfairly burdened with C2 Environmental zoning and Open Space, compared to the properties which would be controlled by the proponent, as they would then not be able to use approximately 60% of their land bordering the proposed development as this is proposed to be zoned for environmental protection and parklands.

## **Procedural Motion**

190 RESOLVED on the MOTION of Councillor Todd Carney seconded Councillor Kevin Crameri OAM that an extension of time be granted to the speaker so that he may conclude his address, the time being 7:12pm.

Mr Khan concluded his address by requesting consideration of a better outcome for his family's property, adding that R3 zoning should be included for the part of their property which borders onto the open space component of the proposal.

## **RESUMPTION OF STANDING ORDERS**

191 RESOLVED on the MOTION of Councillor Todd Carney seconded Councillor Sue Day that Standing Orders be resumed, the time being 7:26pm.

## **MAYORAL MINUTES**

### **1 Passing of Glenn Sargeant OAM**

192 RESOLVED on the MOTION of Councillor Tricia Hitchen seconded Councillor John Thain that the Mayoral Minute on Passing of Glenn Sargeant OAM be received.

**2 2022 Local Celebration Award Winners**

193 RESOLVED on the MOTION of Councillor Tricia Hitchen seconded Councillor John Thain that the Mayoral Minute on 2022 Local Celebration Award Winners be received.

**REPORTS OF COMMITTEES**

**1 Report and Recommendations of the Heritage Advisory Committee  
Meeting held on 15 June 2022**

194 RESOLVED on the MOTION of Councillor Kevin Crameri OAM seconded Councillor Mark Rusev that the recommendations contained in the Report and Recommendations of the Heritage Advisory Committee meeting held on 15 June, 2022 be adopted.

**DELIVERY PROGRAM REPORTS**

**OUTCOME 1 - WE PROTECT AND ENHANCE AN ECOLOGICALLY SUSTAINABLE ENVIRONMENT**

**1 NSW Environmental Trust - Organics Collections Grants Program**

195 RESOLVED on the MOTION of Councillor Todd Carney seconded Councillor Robin Cook

That:

1. The information contained in the report on NSW Environmental Trust - Organics Collections Grants Program be received
2. Council accepts the \$521,824.00 (ex GST) grant funding from the NSW Environmental Trust to support this trial.

**2 Resilience Committee - Community and Professional Membership**

196 RESOLVED on the MOTION of Councillor Karen McKeown OAM seconded Councillor Robin Cook

That:

1. The information contained in the report on Resilience Committee - Community and Professional Membership be received
2. The nominated professional organisations, and the five (5) community members selected through the expression of interest process outlined in the report, be appointed for the term of the Resilience Committee until August 2024, with an extension beyond this term if required.

**OUTCOME 2 - WE ARE WELCOMING, HEALTHY, HAPPY AND CONNECTED**

**3 Request for Major Event Sponsorship - Australian Waterski and Wakeboard Federation Limited (t/a Wakeboard Australia)**

197 RESOLVED on the MOTION of Councillor Kevin Crameri OAM seconded Councillor Bernard Bratusa

That:

1. The information contained in the report on Request for Major Event Sponsorship - Australian Waterski and Wakeboard Federation Limited (t/a Wakeboard Australia) be received
2. Council endorse sponsorship funding of \$10,000 (plus GST) to Wakeboard Australia in support of the 2022 Cable Wakeboard National Championships.

**4 Request for Major Event Sponsorship - Band Association of NSW Incorporated**

198 RESOLVED on the MOTION of Councillor Kevin Crameri OAM seconded Councillor Bernard Bratusa

That:

1. The information contained in the report on Request for Major Event Sponsorship - Band Association of NSW Incorporated be received
2. Council endorse sponsorship funding of \$5,000 (plus GST) to the Band Association of NSW Incorporated in support of the 2022 NSW State Band Championships event.

**5 Request for Major Event Sponsorship - Veterans Cricket NSW Association Incorporated**

199 RESOLVED on the MOTION of Councillor Kevin Crameri OAM seconded Councillor Bernard Bratusa

That:

1. The information contained in the report on Request for Major Event Sponsorship - Veterans Cricket NSW Association Incorporated be received
2. Council endorse sponsorship funding of \$5,000 (plus GST) and \$1,500 (plus GST) towards a civic reception to Veterans Cricket NSW in support of the 2022 Veteran Cricket NSW 60's State Championships event.

### **OUTCOME 3 - WE PLAN AND SHAPE OUR GROWING CITY**

#### **6 Affordable Rental Housing Contribution Scheme Planning Proposal**

200 RESOLVED on the MOTION of Councillor Marlene Shipley seconded Councillor John Thain

That:

1. The information contained in the report on Affordable Rental Housing Contribution Scheme Planning Proposal be received.
2. Council endorse the Planning Proposal presented in this report which has been provided as Enclosure 1 to this report.
3. The General Manager be granted delegation to make minor changes to update and finalise the Planning Proposal referred to in resolution 2 prior to Council's submission of the Planning Proposal to the Minister for Planning.
4. Council officers forward the Planning Proposal to the Minister for Planning with a request to issue a Gateway Determination. The submission will include a request to issue Council with Delegation for plan making authority.
5. The General Manager be granted delegation to make necessary minor changes to the Planning Proposal in the lead up to the Gateway Determination and prior to the public exhibition in response to the conditions of the Gateway Determination.
6. Council publicly exhibits the Planning Proposal for a period specified in the Gateway Determination and in accordance with the community consultation requirements of the Environmental Planning and Assessment Act 1979 and the Environmental Planning and Assessment Regulation 2000.
7. A further report is presented to Council following the public exhibition of the Planning Proposal.

In accordance with Section 375A of the Local Government Act 1993, a DIVISION was then called with the following result:

#### **For**

#### **Against**

Councillor Karen McKeown OAM  
Councillor Robin Cook  
Councillor Todd Carney  
Councillor John Thain  
Councillor Kevin Crameri OAM  
Councillor Sue Day  
Councillor Jim Aitken OAM  
Councillor Marlene Shipley  
Councillor Ross Fowler OAM  
Councillor Glenn Gardiner  
Councillor Bernard Bratusa  
Councillor Mark Rusev  
Councillor Mark Davies  
Councillor Tricia Hitchen

**7 Planning Proposal to amend Penrith LEP 2010 - Glenmore Park  
Stage 3 - draft Development Control Plan and draft Contributions  
Plan**

201 RESOLVED on the MOTION of Councillor Todd Carney seconded Councillor Karen McKeown OAM

That:

1. The information contained in the report on Planning Proposal to amend Penrith LEP 2010 - Glenmore Park Stage 3 - draft Development Control Plan and draft Contributions Plan be received.
2. The Planning Proposal for Glenmore Park Stage 3 (RZ18/0006) be placed on public exhibition and agency consultation as soon as practical, concurrently with the draft Section 7.11 Contributions Plan, draft Development Control Plan, and VPA Letters of Offer which are attached or enclosed to this report.
3. A report be prepared for Council to present the outcomes of the public exhibition and agency consultation.
4. After exhibition of the Letters of Offer, a draft Voluntary Planning Agreement be reported to Council for endorsement for public notification.
5. The Department of Planning and Environment be provided with an update on Council's decision.
6. Council perform ground proofing on the properties in Chain O Ponds Road to confirm the ecology that is being proposed.

In accordance with Section 375A of the Local Government Act 1993, a DIVISION was then called with the following result:

**For**

Councillor Karen McKeown OAM  
Councillor Robin Cook  
Councillor Todd Carney  
Councillor John Thain  
Councillor Kevin Crameri OAM  
Councillor Sue Day  
Councillor Marlene Shipley  
Councillor Ross Fowler OAM  
Councillor Bernard Bratusa  
Councillor Mark Rusev  
Councillor Mark Davies  
Councillor Tricia Hitchen

**Against**

Councillor Jim Aitken OAM  
Councillor Glenn Gardiner

**8 Voluntary Planning Agreement offer by Altis Frasers for the Yards Estate 657-769 Mamre Road, Kemps Creek**

202 RESOLVED on the MOTION of Councillor John Thain seconded Councillor Sue Day  
That:

1. The information contained in the report on the Voluntary Planning Agreement offer by Altis Frasers for the Yards Estate 657-769 Mamre Road, Kemps Creek be received.
2. Council endorse, for notification, the draft Voluntary Planning Agreement for by Altis Frasers for the Yards Estate 657-769 Mamre Road, Kemps Creek, provided as a separate enclosure to this report.
3. A further report to Council be prepared following the notification of the VPA, that details any submissions received and should no significant issues be raised in submissions received, seek Council's endorsement of the VPA.

In accordance with Section 375A of the Local Government Act 1993, a DIVISION was then called with the following result:

**For**

**Against**

Councillor Karen McKeown OAM  
Councillor Robin Cook  
Councillor Todd Carney  
Councillor John Thain  
Councillor Kevin Crameri OAM  
Councillor Sue Day  
Councillor Jim Aitken OAM  
Councillor Marlene Shipley  
Councillor Ross Fowler OAM  
Councillor Glenn Gardiner  
Councillor Bernard Bratusa  
Councillor Mark Rusev  
Councillor Mark Davies  
Councillor Tricia Hitchen

**OUTCOME 4 - WE MANAGE AND IMPROVE OUR BUILT ENVIRONMENT**

**9 Grant Acceptance - Metropolitan Greenspace Program**

203 RESOLVED on the MOTION of Councillor Kevin Crameri OAM seconded Councillor Marlene Shipley

That:

1. The information contained in the report on Grant Acceptance - Metropolitan Greenspace Program be received
2. Council accept the Metropolitan Greenspace program funding for \$100,000 and allocate the matched Council Contribution of \$100,000 for the update of the Our River Masterplan
3. Council write to relevant State Members and the Minister thanking them for their funding support towards delivering positive opportunities in

planning public spaces for our community

4. The General Manager (or their delegate) be authorised to sign all necessary legal documents in relation to this matter.

## **10 Multi-Sport Community Facility Fund - Grant Acceptance**

204 RESOLVED on the MOTION of Councillor Todd Carney seconded Councillor John Thain

That:

1. The information contained in the report on Multi-Sport Community Facility Fund - Grant Acceptance be received.
2. Council endorse acceptance of the grant awards for Gipps Street (\$5m) and The Kingsway (\$1.425m)
3. Provisional stage 2 rates from Glascott Landscape and Civil Pty Ltd for Multi-Sport Community Facility Fund - Grant Acceptance, for an amount up to \$5,000,000 (excluding GST) inclusive of rise and fall allowance be accepted.
4. Letter of appreciation be issued to the NSW Government.

## **11 RFT21/22-09 Woodriff Gardens Tennis**

205 RESOLVED on the MOTION of Councillor Todd Carney seconded Councillor John Thain

That:

1. The information contained in the report on RFT21/22-09 Woodriff Gardens Tennis be received.
2. Alpall Pty Ltd be awarded the Contract subject to the execution of a formal agreement for the RFT21/22-09 Woodriff Gardens Tennis for an amount of \$2,282,000.00 excluding GST.
3. The General Manager (or their delegate) be authorised to sign all necessary legal documents in relation to this matter.

## **12 RFT22/23-01 Surveyors Creek Footpath and Associated Civil Works**

206 RESOLVED on the MOTION of Councillor Todd Carney seconded Councillor John Thain

That:

1. The information contained in the report on RFT22/23-01 Surveyors Creek Footpath and Associated Civil Works be received
2. The tender from Axial Construction Pty Ltd provided for the amount of \$214,929.61 (excluding GST) be accepted for construction of a new footpath and drainage works at Surveyors Creek Softball Facility, Glenmore Park
3. The General Manager (or their delegate) be authorised to sign all necessary legal documents in relation to this matter.

**13 RFT22/23-07 City Park Landscape Construction and Allen Place Lane Construction Tender**

207 RESOLVED on the MOTION of Councillor Todd Carney seconded Councillor John Thain

That:

1. The information contained in the report on RFT22/23-07 City Park Landscape Construction and Allen Place Lane Construction Tender be received.
2. The total project budget be increased by \$4.61m. This additional budget is to be funded from the Financial Management Reserve.
3. The tender from Regal Innovations Pty Ltd, for the amount of \$11,712,778.00 (excluding GST) be accepted for RFT22/23-07 City Park Landscape Construction and Allen Place Lane Construction.
4. The General Manager (or their delegate) be authorised to sign all necessary legal documents in relation to this matter.

**OUTCOME 5 - WE HAVE OPEN AND COLLABORATIVE LEADERSHIP**

**14 Local Government NSW Annual Conference 2022**

208 RESOLVED on the MOTION of Councillor Marlene Shipley seconded Councillor Glenn Gardiner

That:

1. The information contained in the report on Local Government NSW Annual Conference 2022 be received
2. Council nominate nine (9) Councillors as its voting delegates for motions to attend the 2022 LGNSW Conference being held at The Crowne Plaza Hunter Valley, from 23-25 October 2022.
3. Council consider the nomination of observers to attend the 2022 LGNSW Annual Conference.
4. Leave of absence be granted as appropriate for those Councillors attending the conference.
5. Council motions as outlined in the report be endorsed and forwarded to LGNSW.
6. A further report be brought back to the Council with any identified additional motions (if required).



**15 Summary of Investment & Banking for the period 1 June 2022 to 30 June 2022**

209 RESOLVED on the MOTION of Councillor Ross Fowler OAM seconded Councillor Bernard Bratusa

That:

1. The information contained in the report on Summary of Investment & Banking for the period 1 June 2022 to 30 June 2022 be received
2. The certificate of the Responsible Accounting Officer and Summary of Investments and Performance for the period 1 June 2022 to 30 June 2022 be noted and accepted.
3. The graphical Investment Analysis as at 30 June 2022 be noted.

**URGENT BUSINESS**

**UB 1 Prue Car MP**

Councillor Todd Carney requested that Council write to Prue Car MP wishing her a speedy recovery.

210 RESOLVED on the MOTION of Councillor Todd Carney seconded Councillor Karen McKeown OAM that the matter be brought forward and dealt with as a matter of urgency.

Her Worship the Mayor, Councillor Tricia Hitchen, ruled that the matter was urgent and should be dealt with at the meeting.

211 RESOLVED on the MOTION of Councillor Todd Carney seconded Councillor Karen McKeown OAM that Council write to Prue Car MP wishing her a speedy recovery.

The Mayor vacated the Chair and the Deputy Mayor took the Chair, the time being 7:53pm.

**UB 2 Briefing from Water NSW**

Councillor Tricia Hitchen requested that Council seek a briefing from Water NSW concerning future plans for Warragamba Dam and that information also be requested regarding future plans for flood evacuations.

212 RESOLVED on the MOTION of Councillor Tricia Hitchen seconded Councillor Robin Cook that the matter be brought forward and dealt with as a matter of urgency.

Her Worship the Mayor, Councillor Tricia Hitchen, ruled that the matter was urgent and should be dealt with at the meeting.

213 RESOLVED on the MOTION of Councillor Tricia Hitchen seconded Councillor Robin Cook that Council seek a briefing from Water NSW concerning future plans for Warragamba Dam and that information also be requested regarding future plans for flood evacuations.

The Deputy Mayor then vacated the Chair and the Mayor retook the Chair, the time being 7:54pm.

---

**UB 3      61-79 Henry Street, Penrith**

Councillor Bernard Bratusa requested that an urgent memo be provided to all Councillors regarding the development at 61-79 Henry Street, Penrith.

214 RESOLVED on the MOTION of Councillor Bernard Bratusa seconded Councillor Todd Carney that the matter be brought forward and dealt with as a matter of urgency.

Her Worship the Mayor, Councillor Tricia Hitchen, ruled that the matter was urgent and should be dealt with at the meeting.

215 RESOLVED on the MOTION of Councillor Bernard Bratusa seconded Councillor Todd Carney that an urgent memo be provided to all Councillors regarding the development at 61-79 Henry Street, Penrith.

**COMMITTEE OF THE WHOLE**

216 RESOLVED on the MOTION of Councillor Jim Aitken OAM seconded Councillor Glenn Gardiner that the meeting adjourn to the Committee of the Whole to deal with the following matters, the time being 7:56pm.

**1      Presence of the Public**

CW1 RESOLVED on the motion of Councillor Jim Aitken OAM seconded Councillor Glenn Gardiner that the press and public be excluded from Committee of the Whole to deal with the following matters:

**Outcome 5**

**2      Council Property - Variation of Lease - The Salvation Army - Suite 2, 54 Henry St, Penrith**

*This item has been referred to Committee of the Whole as the report refers to information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business and discussion of the matter in open meeting would be, on balance, contrary to the public interest.*

**3      Unsolicited Proposal to Purchase Lang and Kokoda Park - Detailed Proposal Reassessment**

*This item has been referred to Committee of the Whole as the report refers to commercial information of a confidential nature that would, if disclosed (i) prejudice the commercial position of the person who supplied it; or (ii) confer a commercial advantage on a competitor of the Council; or (iii) reveal a trade secret and discussion of the matter in open meeting would be, on balance, contrary to the public interest.*

The meeting resumed at 7:58pm and the Mayor reported that the Committee of the Whole met at 7:56pm on 25 July 2022, the following being present

Her Worship the Mayor, Councillor Tricia Hitchen, Deputy Mayor Councillor John Thain, and Councillors Jim Aitken OAM, Bernard Bratusa, Todd Carney, Robin Cook, Kevin Crameri OAM, Mark Davies, Sue Day, Ross Fowler OAM, Glenn Gardiner, Karen McKeown OAM, , Mark Rusev and Marlene Shipley.

and the Committee of the Whole excluded the press and public from the meeting for the reasons set out in CW1 and that the Committee of the Whole submitted the following recommendations to Council.

**CONFIDENTIAL BUSINESS**

**2 Council Property - Variation of Lease - The Salvation Army - Suite 2, 54 Henry St, Penrith**

RECOMMENDED on the MOTION of Councillor Ross Fowler OAM seconded Councillor Jim Aitken OAM

CW2 That:

1. The information contained in the report on Council Property - Variation of Lease - The Salvation Army - Suite 2, 54 Henry St, Penrith be received
2. Council approve the proposed variation of lease for an additional 45sqm.
3. The Common Seal of the Council of the City of Penrith be affixed to all documents as required, and the General Manager (or their delegate) be authorised to sign all necessary legal documents in relation to this matter.

**3 Unsolicited Proposal to Purchase Lang and Kokoda Park - Detailed Proposal Reassessment**

RECOMMENDED on the MOTION of Councillor Ross Fowler OAM seconded Councillor Jim Aitken OAM

CW3 That:

1. The information contained in the report on Unsolicited Proposal to Purchase Lang and Kokoda Park - Detailed Proposal Reassessment be received
2. Council decline the Unsolicited Proposal submitted by Pacific Planning based on the details provided within this report.

**ADOPTION OF COMMITTEE OF THE WHOLE**

217 RESOLVED on the MOTION of Councillor Karen McKeown OAM seconded Councillor Robin Cook that the recommendations contained in the Committee of the Whole and shown as CW1, CW2 and CW3 be adopted.

There being no further business the Chairperson declared the meeting closed the time being 8:00pm.

I certify that these 12 pages are the Confirmed Minutes of the Ordinary Meeting of Penrith City Council held on 25 July 2022.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Date