

Newcastle Affordable Housing Contributions Scheme Planning Proposal

Version 1.1 – Gateway Determination

November 2023

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Introduction

City of Newcastle (CN) has prepared this planning proposal following an assessment of the need for affordable housing in the Newcastle LGA (Newcastle). It proposes to introduce affordable housing provisions into *Newcastle Local Environmental Plan 2012* (NLEP 2012) to deliver affordable housing outcomes.

The planning proposal seeks to amend NLEP 2012 to give effect to the attached Newcastle Affordable Housing Contributions Scheme (AHCS) and introduce new clauses and a map layer to allow CN to impose conditions of consent on new development for contributions for affordable housing.

The planning proposal relates to all land within Newcastle.

This planning proposal was prepared in accordance with Section 3.33 of the *Environmental Planning and Assessment Act 1979* (EP&A Act). It explains the intended effect of the proposed local environmental plan (LEP) amendment and sets out the justification for making the plan.

The Department of Planning and Environment's (DPE) *Local Environmental Plan Making Guideline* (August 2023) guided and informed the planning proposal's preparation. The planning proposal may evolve over time due to various reasons, such as feedback received during exhibition or the progression of planning investigations. It will be updated at key stages in the plan making process.

Background

The Newcastle Local Strategic Planning Statement (LSPS) and Newcastle Local Housing Strategy (LHS) identify considerable supply gaps in social and affordable housing to meet the needs of a range of very low, low, and moderate income households.

Increasing the supply of affordable housing in Newcastle is a key priority in the LHS and Housing Policy. The Housing Policy sets an overall affordable housing target of 15% to work towards across the city. To help achieve this target, CN has committed to implementing an affordable housing contributions scheme.

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

In February 2019, *State Environmental Planning Policy 70 - Affordable Housing (Revised Schemes)* (SEPP 70) was amended to include all councils in NSW. In November 2021 the provisions of SEPP 70 were consolidated into Part 2 of *State Environmental Planning Policy (Housing) 2021* (Housing SEPP).

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

Part 1 - Objectives or intended outcomes

The planning proposal seeks to amend NLEP 2012 to deliver affordable housing outcomes in Newcastle. The objectives of the planning proposal are to:

- Provide for the delivery of affordable housing through the planning system, recognising its role as social infrastructure
- Provide a transparent statutory framework for the levying of affordable housing contributions in Newcastle
- Contribute towards achieving Council and state government objectives in relation to affordable housing
- Implement viable affordable housing contribution rates with regard to development feasibility
- Provide clarity to the community and development industry on CN's expectations for affordable housing contributions in Newcastle

Affordable housing delivered via the AHCS will be in accordance with the following principles:

- Affordable housing must aim to support mixed and balanced communities
- Affordable housing must be created and managed to develop and maintain a socially diverse residential population, representative of all income groups in a locality
- Affordable housing must be made available to very low, low and moderate income households, or a combination of these households
- Affordable housing must be rented to appropriately qualified tenants and at an appropriate rate of gross household income
- Land provided for affordable housing must be used for the purposes of the provision of affordable housing
- Buildings provided for affordable housing must be managed to maintain their continued use for affordable housing in perpetuity
- Affordable housing must consist of dwellings constructed to a standard that, in the opinion of the consent authority, is consistent with other dwellings in the area
- Any profits from the sale of affordable housing are to be used for replacing affordable housing
- Any profits from rent or operation of affordable housing are to be used for improving or replacing affordable housing, or for research and policy development for housing and affordable housing purposes
- Affordable housing must be constructed to a standard that is consistent with other dwellings within the development in terms of internal fittings and finishes, solar access, privacy and access to communal facilities

Part 2 - Explanation of provisions

The proposed outcomes described in Part 1 will be achieved by amending NLEP 2012. It is proposed to include two new clauses in NLEP 2012 to collect affordable housing contributions and give effect to the Newcastle AHCS. Proposed clause 9.1 will be supported by a new Affordable Housing Contributions Scheme Map.

The proposed clauses are as follows:

Part 9 Additional local provisions - affordable housing

9.1 Affordable housing contributions in identified areas

(1) *The objectives of this clause are as follows—*

(a) *to capture increases in land value when changes to planning controls enable an increase in housing density,*

(b) *to enable the imposition of conditions relating to the provision of affordable housing,*

(a) *to deliver housing that promotes and retains a socially diverse population.*

(2) *This clause applies to development, other than development that is exempt from the scheme, for the purposes of residential accommodation on land identified on the Affordable Housing Contributions Scheme Map.*

(3) *When granting development consent to development to which this clause applies, the consent authority may impose a condition requiring an affordable housing contribution, consistent with the **Newcastle Affordable Housing Contributions Scheme**, to the part of the development intended to be used for residential accommodation.*

(4) *A condition imposed under this clause must satisfy the affordable housing contribution*

(a) *by way of a monetary contribution paid to the Council that is the per square metre value calculated in accordance with subclause (5), or*

(b) *a dedication in favour of the Council of land or dwellings, or*

(c) *a combination of both.*

(5) *The contribution must be calculated in accordance with the **Newcastle Affordable Housing Contributions Scheme**.*

(6) *In this clause—*

affordable housing contribution area means land identified as "Affordable housing contribution area" on the Affordable Housing Contribution Scheme Map.

Newcastle Affordable Housing Contribution Scheme means the Newcastle City Council Affordable Housing Contribution Scheme adopted by the Council on **[XX date]**.

9.2 Affordable housing contributions in Newcastle

(1) *This clause applies to all land in the Newcastle Local Government Area.*

(2) *This clause applies to development, other than development that is exempt from the scheme, for the purposes of residential accommodation.*

(3) *The consent authority may impose a condition requiring an affordable housing contribution for development outside identified areas consistent with the **Newcastle Affordable Housing Contributions Scheme**.*

(4) *A condition imposed under this clause must satisfy the affordable housing contribution*

(b) by way of a monetary contribution paid to the Council that is the per square metre value calculated in accordance with subclause (5), or

(c) by way of a dedication in the favour of the Council of a complete dwelling (having a total gross floor area of no less than 50 square metres), or

(d) a combination of both.

(5) *For the purposes of this clause, the affordable housing contribution is to be calculated in accordance with the **Newcastle Affordable Housing Contributions Scheme**.*

The AHCS is proposed to apply to all land in Newcastle. Residential development and mixed use development excluding employment generating development will be levied under the AHCS.

The AHCS identifies the following areas where an affordable housing contribution may apply.

- Broadmeadow Part A (residential)
- Broadmeadow Part B (non-residential)
- Stockton North
- Western Corridor

These areas are mapped in Part 4 of this planning proposal.

The AHCS identifies the following contribution rates to apply in identified affordable housing contribution areas:

Area	FSR	Contribution rate	Equivalent monetary contribution rate
Broadmeadow Part A (residential)	>1.6:1	4% of total gross floor area (GFA)	\$321/sqm of GFA
Broadmeadow Part B (non-residential)	>1.4:1	3.30% of total GFA	\$256/sqm of GFA
Stockton North	>1.4:1	4.30% of total GFA	\$379/sqm of GFA
Western Corridor	N/A	5% of total net developable area (NDA) for planning proposals	\$300,000/ha of NDA

In the rest of the LGA, the AHCS applies where development results in:

- An additional dwelling (or potential dwelling), and
- More than 200sqm residential GFA on the site

The following contribution rate applies:

Area	Contribution rate	Monetary equivalent
Newcastle LGA	1% of GFA over 200sqm (for 10 or less dwellings)	\$80/sqm of GFA over 200sqm GFA (for 10 or less dwellings)
	1% of total GFA (for more than 10 dwellings)	\$80/sqm of total GFA (for more than 10 dwellings)

The 1% contribution rate is still applicable in the identified areas where development does not meet the relevant FSR threshold for a larger contribution rate to apply.

Details of how the scheme will apply and worked examples are outlined in the AHCS.

The following development is exempt from affordable housing contributions:

- Exempt development
- Development for non-residential floorspace
- Development that would result in the creation of residential gross floor area of less than 200 sqm
- Development that does not result in an additional dwelling, or land lots with the potential of a dwelling
- Development of residential accommodation that is used to provide social or affordable housing
- Development for the purposes of community facilities, public roads or public utility undertakings

Part 3 – Justification

Section A - Need for the planning proposal

1. Is the planning proposal a result of any strategic study or report?

The planning proposal is a result of the Newcastle AHCS. The AHCS is a key action of the Newcastle LHS.

The AHCS was prepared in accordance with the DPE's *Guideline for Developing an Affordable Housing Contribution Scheme* which requires councils to establish an evidence base demonstrating the need for affordable housing. An Affordable Housing Needs Assessment is provided at Appendix B of the AHCS and identifies a clear and critical need for affordable housing in Newcastle.

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

The planning proposal is the best way to achieve the intended outcome of increasing affordable housing in Newcastle. It provides a transparent framework for the levying of affordable housing contributions and provides certainty and clarity for the community and development industry.

A planning proposal is the only means to amend NLEP 2012 to reference the AHCS, as required by the EP&A Act. In doing so, it will allow CN to impose conditions on new development for contributions for affordable housing.

Section B - Relationship to strategic planning framework

3. Is the planning proposal consistent with the objectives and actions of the applicable regional, sub-regional or district plan or strategy (including any exhibited draft plans or strategies)?

Hunter Regional Plan 2041

The *Hunter Regional Plan 2041* (HRP 2041) guides the land use planning for the Hunter region over the next 20 years. The plan sets the strategic land use framework and includes overarching objectives, strategies and planning priorities. It aims to unlock sustainable growth and investment opportunities with a focus on greater housing diversity and affordability. The planning proposal is consistent with the following objectives and strategies of HRP 2041:

Objective 5 – Plan for ‘nimble neighbourhoods’, diverse housing and sequenced development.

- **Strategy 5.5** - the planning proposal is consistent with strategy 5.5 which encourages the preparation of an affordable housing contributions scheme to increase the overall supply of social and affordable housing.
- **Strategy 5.6** - the planning proposal is consistent with strategy 5.6 as it will provide opportunities to work with local affordable housing providers who can facilitate the delivery of supported and specialist accommodation.

Greater Newcastle Metropolitan Plan 2036

The *Greater Newcastle Metropolitan Plan 2036* (GNMP 2036) identifies Newcastle as the metro core of Greater Newcastle, where people enjoy a cosmopolitan lifestyle focused around strong local communities, jobs, and services.

GNMP 2036 recognises the importance of collaborative partnerships in optimising opportunities to drive sustainable growth that transforms Greater Newcastle into a metropolitan city on the global stage. It acknowledges the need to plan for and manage growth in a way that maintains liveability.

The GNMP 2036 provides specific directions for councils to prepare a local housing strategy that ensures social and affordable housing requirements for Aboriginal people, and low and very low-income households are met.

The planning proposal is consistent with GNMP 2036 as it implements an action from CN's LHS which was prepared in accordance with the GNMP 2036 and facilitates the delivery of affordable housing.

4. Is the planning proposal consistent with a council's local strategy or other local strategic plan?

Newcastle 2040 Community Strategic Plan

The *Newcastle 2040 Community Strategic Plan* (CSP) identifies the community's vision for the city and informs the strategies, policies, and actions for CN to achieve this vision. The planning proposal is consistent with the following priorities and objectives of the CSP:

- **Liveable Newcastle**
 - 1.2 Connected and fair communities
 - 1.2.1 Connected communities
 - 1.2.3 Equitable communities

Newcastle Local Strategic Planning Statement

The Newcastle LSPS is a 20-year land use vision prepared to guide the future growth and development in Newcastle consistent with the GNMP 2036. It informs changes to the NLEP 2012, NDCP 2012 and other land use strategies.

The LSPS identifies considerable supply gaps in social and affordable housing across Newcastle. It advocates for greater access to secure, appropriate and affordable housing as an essential component of an inclusive, dynamic and sustainable city. This planning proposal supports an increase in affordable housing and delivers on Planning Priority 12: Sustainable, affordable and inclusive housing.

Newcastle Local Housing Strategy

The Newcastle LHS sets a framework for the provision of housing across CN over the next 20 years. It is a local response to the housing actions within the HRP 2041, GNMP 2036 and LSPS and is accompanied by an Implementation Plan.

The LHS details six housing priorities, supported by actions in the LHS Implementation Plan. The planning proposal is consistent with Housing Priority 4 to increase the supply of affordable rental housing and delivers on Action 4.1 to prepare an affordable housing contributions scheme.

Newcastle Housing Policy

The Newcastle Housing Policy outlines the framework for housing provision in Newcastle. It brings together commitments made in various plans and strategies including a commitment to implement the AHCS.

The policy aims to facilitate a diversity of housing types and tenures and increase the supply of affordable housing through planning agreements, NLEP 2012 changes and preparing an AHCS. In particular, it aims to maintain and increase the supply of affordable rental housing for key workers living in very low, low and moderate income households by working with all levels of government to ensure no net loss of social and affordable housing. The policy applies to planning proposals that aim to increase density or are located in Newcastle's growth areas.

The policy sets an overall affordable housing target of 15% to work towards across the city.

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

An assessment of the planning proposal against relevant SEPPs is provided in the table below.

Table 1 – Relevant State Environmental Planning Policies (SEPPs)

Relevant SEPP	Applicable	Consistency and Implications
SEPP (Biodiversity and Conservation) 2021	Yes	Consistent – Nothing in the planning proposal (PP) will prevent the application of this SEPP.
SEPP (Building Sustainability Index: BASIX) 2004	Yes	Consistent – Nothing in the PP will prevent the application of this SEPP.
SEPP 65 (Design Quality of Residential Flat Development)	Yes	Consistent – Nothing in the PP will prevent the application of this SEPP. It is noted that DPE is proposing to consolidate the provisions of SEPP 65 into SEPP (Housing) 2021.
SEPP (Housing) 2021	Yes	Consistent – SEPP (Housing) 2021 identifies a need for affordable housing in Newcastle. The framework to develop an affordable housing contributions scheme is outlined in Chapter 2 - Affordable Housing. SEPP (Housing) 2021 is the mechanism through which CN can mandate a contribution for affordable housing from new development.
SEPP (Exempt and Complying Development Codes) 2008	Yes	Consistent – Nothing in the PP will prevent the application of this SEPP.
SEPP (Industry and Employment) 2021	Yes	Consistent – Nothing in the PP will prevent the application of this SEPP.
SEPP (Planning Systems) 2021	Yes	Consistent – Nothing in the PP will prevent the application of this SEPP.
SEPP (Primary Production) 2021	Yes	Consistent – Nothing in the PP will prevent the application of this SEPP.
SEPP (Resilience and Hazards) 2021	Yes	Consistent – Nothing in the PP will prevent the application of this SEPP.
SEPP (Resources and Energy) 2021	Yes	Consistent – Nothing in the PP will prevent the application of this SEPP.
SEPP (Transport and Infrastructure) 2021	Yes	Consistent – Nothing in the PP will prevent the application of this SEPP.
SEPP (Sustainable Buildings) 2022	Yes	Consistent – Nothing in the PP will prevent the application of this SEPP.

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

An assessment of the planning proposal against the relevant Ministerial Directions is provided in the table below.

Table 2: Review of relevant Ministerial Directions (Section 9.1 directions)

Section 9.1 Direction	Applicable	Consistency and implications
Focus area 1: Planning Systems		
1.1 Implementation of Regional Plans	Yes	Consistent. The planning proposal (PP) is consistent with HRP 2041 as outlined above.
1.3 Approval and Referral Requirements	Yes	Consistent. The PP does not include any provisions that will require subsequent development applications to seek approval or referral from any other public authority and does not identify development as designated development. Any future rezoning will consider this direction as part of a separate assessment.
1.4 Site Specific Provisions	Yes	Consistent. The PP does not propose a provision allowing a particular development to be carried out. Any future rezoning will consider this direction as part of a separate assessment.
Focus Area 1: Planning Systems – Place-based		
N/A		
Focus Area 2: Design and Place		
[This Focus Area was blank when the Directions were made]		
Focus Area 3: Biodiversity and Conservation		

3.1 Conservation Zones	Yes	Consistent. The PP identifies the Western Corridor Affordable Housing Contribution Area that contains land zoned for environmental conservation purposes in NLEP 2012. The PP does not affect these zones and the AHCS will only apply to land in the Western Corridor zoned or proposed to be zoned for residential purposes. Any future rezoning will consider this direction as part of a separate assessment.
3.2 Heritage Conservation	Yes	Consistent. The planning proposal will not affect existing heritage conservation provisions in NLEP 2012. Any future rezoning will consider this direction as part of a separate assessment.
3.5 Recreation Vehicle Areas	Yes	Consistent. The PP does not propose a provision allowing land to be developed for the purpose of a recreation vehicle area. Any future rezoning will consider this direction as part of a separate assessment.
Focus Area 4: Resilience and Hazards		
4.3 Planning for Bushfire Protection	Yes	Consistent. The PP identifies the Western Corridor Affordable Housing Contribution Area that contains areas identified as bushfire prone land. The AHCS will only apply to land in the Western Corridor zoned or proposed to be zoned for residential purposes. Any future rezoning will consider this direction as part of a separate assessment.
4.4 Remediation of Contaminated Land	Yes	Consistent. The PP does not propose a change of zoning or change of use. Any future rezoning will consider this direction as part of a separate assessment.
4.5 Acid Sulfate Soils	Yes	Consistent. The PP does not propose an intensification of land uses. Any future rezoning will consider this direction as part of a separate assessment.
4.6 Mine Subsidence and Unstable Land	Yes	Consistent. The PP does not propose to permit development on land. Any future rezoning will consider this direction as part of a separate assessment.
Focus Area 5: Transport and Infrastructure		
5.1 Integrating Land Use and Transport	Yes	Consistent. The PP does not propose any changes to zoning and any future rezonings will consider this direction as part of a separate assessment.
5.2 Reserving Land for Public Purposes	Yes	Consistent. The PP does not create, alter or reduce existing zonings or reservations of land for public purposes. Any future rezoning will consider this direction as part of a separate assessment.
Focus Area 6: Housing		
6.1 Residential Zones	Yes	Consistent. The PP proposes new provisions to allow CN to impose conditions of consent on new development for contributions for affordable housing. As such, it supports the objectives of this direction to encourage a variety and choice of housing types to provide for existing and future housing needs.
Focus Area 7: Industry and Employment		
7.1 Business and Industrial Zones	Yes	Consistent. The PP identifies the Broadmeadow Affordable Housing Contribution Area that contains land zoned E3 Productivity Support and E4 General Industrial. The AHCS will only apply to land in Broadmeadow zoned or proposed to be zoned for residential purposes. Any future rezoning will consider this direction as part of a separate assessment.
Focus Area 8: Resources and Energy		
N/A		
Focus Area 9: Primary Production		
N/A		

Section C - Environmental, social and economic impact

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

The planning proposal will not adversely impact critical habitat or threatened species, populations or ecological community, or their habitats.

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

The planning proposal will not have any adverse environmental impacts or effects.

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

Social effects

Appendix B of the AHCS provides a full affordable housing needs assessment outlining the clear and critical need for affordable housing in Newcastle. The planning proposal and AHCS seek to address this need for affordable housing by providing a transparent statutory framework for the levying of affordable housing contributions in Newcastle, recognising it as key social infrastructure.

CN recognises the need for affordable housing to meet the growing needs of the community. Increasing the supply of affordable housing will have positive social impacts and reduce housing stress and housing insecurity. Without a wider choice of housing low, very low and moderate income households can become trapped in low cost, low amenity neighbourhoods, thereby further limiting their choices and perpetuating their disadvantage.

Economic effects

Lack of affordably priced housing not only affects the quality of life of individual families, who may be sacrificing basic necessities to pay for their housing. It also has a serious impact on employment growth and economic development. The loss of young families and workers in lower paid essential service jobs can adversely affect local economies, which is contributing to labour shortages in some regions of NSW. The displacement of long-term residents reduces social cohesion, engagement with community activities (such as volunteering), and extended family support.

As well as impacting on the health and wellbeing of low income families, and older and younger people, this can contribute to a lack of labour supply among 'key workers' who are essential to various services including childcare, aged services, health care, tourism, hospitality and emergency services, but whose wage increasingly does not allow them to access rental or purchase housing close to where they work. Affordably priced housing is thus an important form of community infrastructure that supports community wellbeing and social and economic sustainability, including a diverse labour market and economy, and strong and inclusive communities.

Appendix C of the AHCS provides a full feasibility analysis to support the affordable housing contribution rates proposed in the AHCS. These rates have been independently tested to ensure development viability.

Affordable housing contributions are in addition to other contributions applicable on new development including local infrastructure contributions (s7.11 or s7.12) and state contributions such as the Housing and Productivity Contribution (HPC). These charges were included and considered as part of the feasibility analysis.

Section D - State and Commonwealth interests

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

Any future rezoning of land identified as an Affordable Housing Contribution Area will be subject to a separate planning proposal that will consider public infrastructure requirements.

The provision of affordable housing will not result in any additional burden on existing public infrastructure.

11. *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.

CN consulted with the DPE's Housing Policy Team and the Central Coast and Hunter Region Office in the preparation of the AHCS.

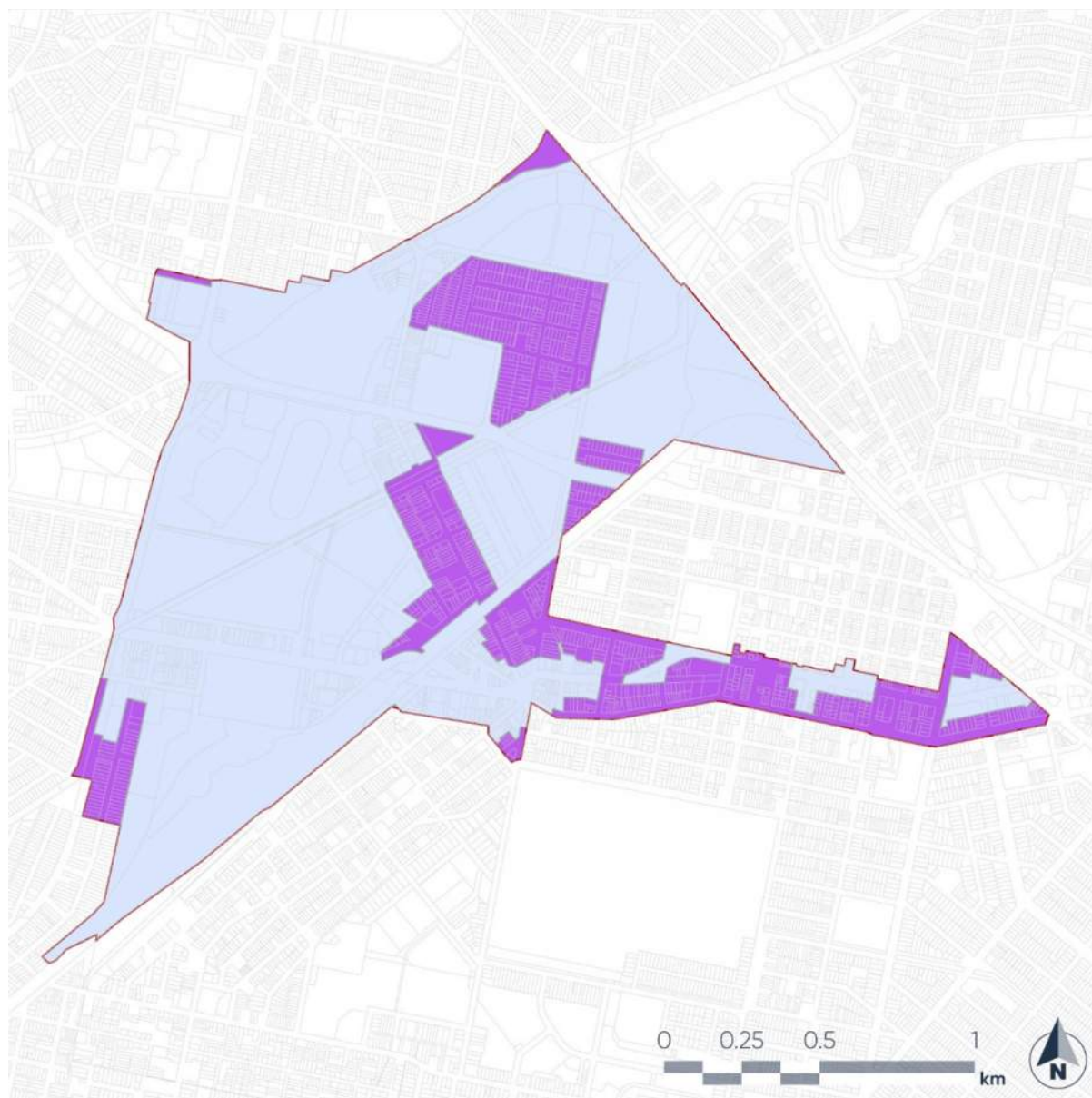
Part 4 – Mapping

The planning proposal seeks to introduce a new Affordable Housing Contributions Scheme Map in *Newcastle Local Environmental Plan 2012*, consistent with the AHCS.

No changes to existing map layers are proposed.

The proposed areas for inclusion within the Affordable Housing Contributions Scheme Map are provided in Figures 1-3.

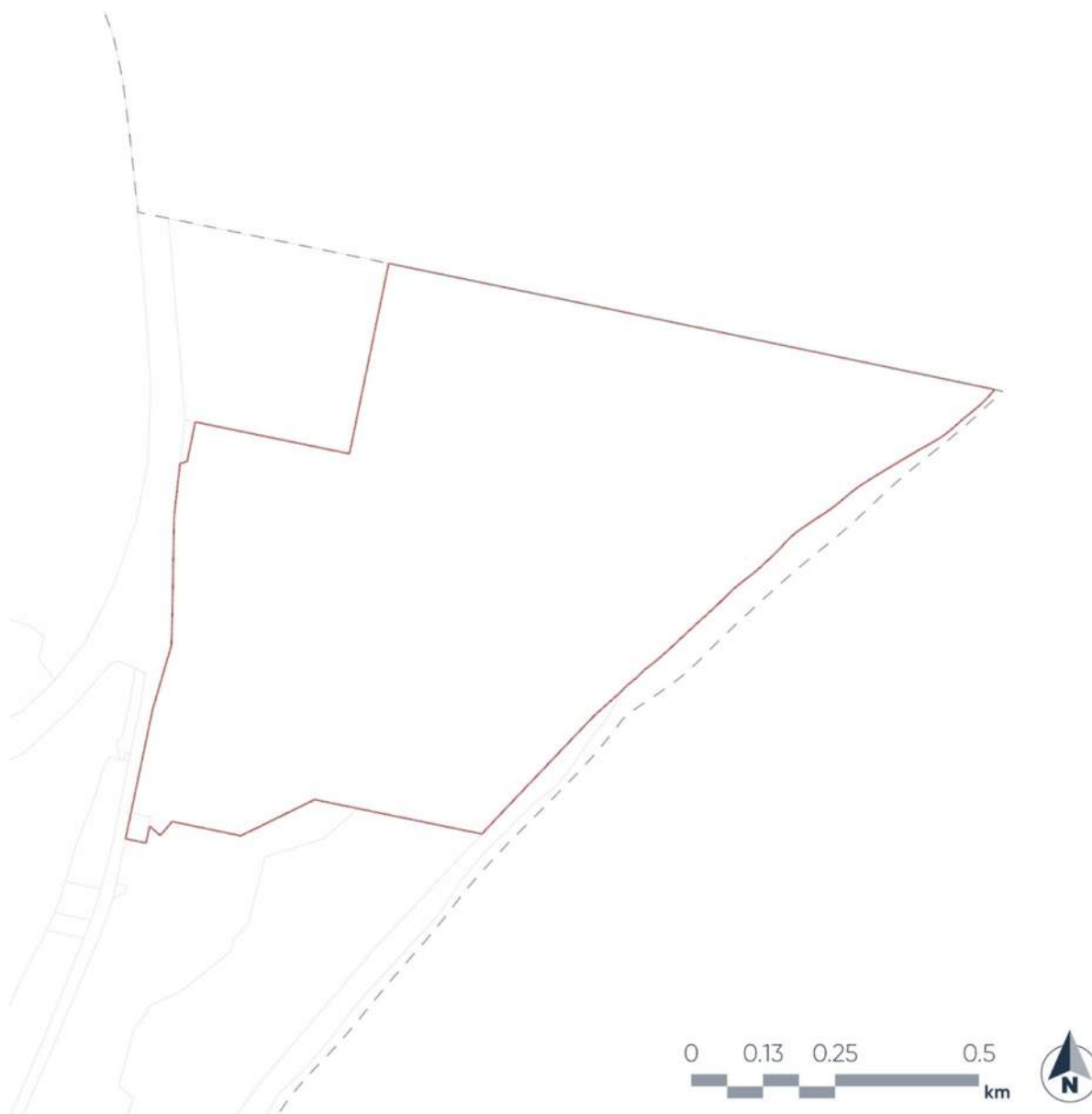
Map 1: Broadmeadow Area A and B - Affordable Housing Contribution Scheme Area



Legend

Cadastral boundary	Broadmeadow Area A
AHCS Precinct Boundary	Broadmeadow Area B

Map 2: Stockton North Affordable Housing Contribution Scheme Area



Legend

- | | |
|--|--|
|  Newcastle LGA Boundary |  AHCS Precinct Boundary |
|  Cadastral boundary | |

Map 3: Western Corridor Affordable Housing Contribution Scheme Area



Part 5 – Community consultation

The Gateway determination will outline the community consultation to be undertaken.

The planning proposal, draft AHCS and other exhibition material will be available to view on CN's website and the NSW Planning Portal.

Consultation with public authorities will be undertaken in accordance with the requirements of the Gateway determination.

Part 6 – Project timeline

The planning proposal timeline is shown below. It will be updated as the planning proposal progresses.

	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25
Report to Council and Gateway Determination																
Gateway Determination																
Post Gateway Determination																
Public exhibition and agency consultation																
Consideration of submissions and reporting																
Anticipated report back to Council for adoption																
PP forwarded to DPE																
PP finalised by DPE																
Local Environmental Plan made																

*Assuming complex planning proposal per DPE *Local Environmental Plan Making Guideline*.

Attachment A - Draft Newcastle Affordable Housing Contribution Scheme