

## 8.9. PUBLIC EXHIBITION OF DRAFT NEWCASTLE AFFORDABLE HOUSING CONTRIBUTIONS SCHEME

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### PURPOSE

To commence the statutory process to amend the Newcastle Local Environmental Plan 2012 to progress the draft Affordable Housing Contribution Scheme.

### RECOMMENDATION

That Council:

- 1 Endorses the Affordable Housing Contribution Scheme Planning Proposal (planning proposal) (**Attachment A**) to amend *Newcastle Local Environmental Plan 2012* (NLEP 2012) to allow City of Newcastle (CN) to levy affordable housing contributions under the Affordable Housing Contribution Scheme (draft scheme) (**Attachment B**).
- 2 Forwards the planning proposal to the Department of Planning and Environment (DPE) for Gateway determination under the *Environmental Planning and Assessment Act 1979* (the Act), including a request for Council to be the Local Plan Making Authority.
- 3 Notes the Gateway determination will outline the community and agency consultation for the planning proposal as it progresses, and it is anticipated that the planning proposal and draft scheme will be publicly exhibited for a minimum of 28 days.
- 4 Receives a report on the planning proposal and draft scheme, following public exhibition.

### KEY ISSUES

- 5 The Act and *State Environmental Planning Policy (Housing) 2021* (Housing SEPP) set the legislative framework that guides the preparation of affordable housing contribution schemes in NSW.
- 6 CN's Council adopted Housing Policy and Local Housing Strategy commits to preparing an affordable housing contribution scheme. A planning proposal is required as the first stage of ultimately implementing the scheme.
- 7 The planning proposal includes two new clauses and a new map layer relating to affordable housing. These will embed the draft scheme in NLEP 2012

allowing CN to impose conditions of consent on new development for contributions for affordable housing.

- 8 The draft scheme sets out how contributions for affordable housing will be levied on new development and provides worked examples. It was prepared in accordance with the NSW Government's (DPE) Guideline for Developing an Affordable Housing Contribution Scheme. It is one of the ways CN is addressing its commitment to increase the range and supply of housing to meet the growing needs of the community.
- 9 The draft scheme identifies Broadmeadow (Part A and Part B), Stockton North and the Western Corridor as areas where an affordable housing contribution will apply. The draft scheme's applicability in these areas is subject to future rezoning by the Council.
- 10 The draft scheme proposes a 1% contribution rate to apply to all residential and mixed-use development that results in an additional dwelling and more than 200sqm of residential gross floor area (GFA) on the site in all other areas in the LGA. Further feasibility testing will be undertaken on the 1% rate prior to public exhibition, which is post Gateway, to ensure development will remain viable across the city, including consideration to the disaggregation of the applicable rate across the LGA.
- 11 DPE requires councils to show evidence (and any assumptions used) to determine the proposed affordable housing contribution rates. DPE assesses and reviews the rates to ensure they are viable and do not impact development feasibility and overall housing supply. The evidence and assumptions form part of the draft scheme and will be publicly exhibited.
- 12 The draft scheme outlines the types of development that are exempt from affordable housing contributions. The scheme will not apply to:
  - a) Exempt development per State Environmental Planning Policy (Exempt and Complying Development Codes) 2008.
  - b) Development for non-residential floorspace.
  - c) Development that would result in the creation of residential GFA of less than 200sqm.
  - d) Development that does not result in an additional dwelling, or land lots with the potential of a dwelling.
  - e) Development of residential accommodation that is used to provide social or affordable housing.
  - f) Development for the purposes of community facilities, public roads or public utility undertakings.

- 13 Boarding house development is exempt from the affordable housing contribution scheme as this is a form of affordable housing under the Housing SEPP. Other forms of housing under the Housing SEPP such as co-living and build-to-rent are not exempt from the scheme.

## **FINANCIAL IMPACT**

- 14 Affordable housing contributions is proposed to be provided as monetary contributions, or the dedication of land, or the dedication of completed dwellings to CN. Any dedication of land or dwellings to CN is at CN's discretion. Consideration will be given to the acceptability of the location of any land or dwelling proposed to be dedicated.
- 15 Monetary contributions received under the scheme will be pooled and used for purpose-built affordable housing. Such developments may be undertaken solely by CN or in collaboration with a Community Housing Provider or government entity experienced in the delivery of affordable housing.
- 16 The preparation of the planning proposal and draft scheme is funded under the CN 2023/24 operational budget.

## **NEWCASTLE 2040 ALIGNMENT**

- 17 The planning proposal and draft scheme are consistent with the Newcastle 2040 Community Strategic Plan and will contribute to the implementation of the following priority and objectives:

### **Liveable Newcastle**

#### **1.2 Connected and fair communities**

##### **1.2.1 Connected communities**

##### **1.2.3 Equitable communities**

## **IMPLEMENTATION PLAN/IMPLICATIONS**

- 18 The planning proposal and draft scheme implement the outcomes of the following Council adopted strategies, plans and policies:
- i) **Newcastle Local Strategic Planning Statement**, including Planning Priority 12: Sustainable, affordable and inclusive housing.
  - ii) **Newcastle Local Housing Strategy**, including Action 2.1 to prepare a housing policy and Action 4.1 to prepare an affordable housing contributions scheme.
  - iii) **Newcastle Housing Policy**, including the commitment to implement an affordable housing contributions scheme.
- 19 CN may use monetary contributions received to purchase suitable properties or to manage the affordable housing portfolio.

- 20 Governance structures regarding the management of contributions received and criteria to inform the dedication of land or dwellings to CN will be further developed post Gateway determination.
- 21 Any decisions regarding the use of the affordable housing contributions once the scheme is in effect will be subject to further Council endorsement.
- 22 The application of Section 7.11 and Section 7.12 development contributions are not affected by the introduction of the AHCS.

## **RISK ASSESSMENT AND MITIGATION**

- 23 The draft scheme provides a transparent statutory framework to levy affordable housing contributions, recognising affordable housing as key social infrastructure.
- 24 The draft scheme was prepared in accordance with the Act and DPE's Guideline for Developing an Affordable Housing Contribution Scheme.
- 25 The planning proposal was prepared in accordance with the Act and DPE's Local Environmental Plan Making Guideline.

## **RELATED PREVIOUS DECISIONS**

- 26 Council adopted the Local Housing Strategy on 24 November 2020. It contains actions to prepare a housing policy and an affordable housing contributions scheme.
- 27 Council resolved at the Ordinary Council meeting held 27 April 2021 (among other actions) the following:

*Supports the Governance Directorate, through Regulatory, Planning and Assessment, to expedite the development of the City of Newcastle Affordable Housing Contributions Scheme and endorses the provision of adequate resourcing to do so.'*

- 28 Council first adopted the Newcastle Housing Policy on 26 October 2021. It outlines CN's commitment to prepare and implement an affordable housing contributions scheme to allow levying of contributions for affordable housing. The Housing Policy was readopted with amendments in December 2022.
- 29 CN's Liveable Cities Advisory Committee resolved to establish the Newcastle Affordable Housing Working Party on 1 March 2022. The party provides strategic guidance on policies and initiatives to boost affordable housing supply, including the draft scheme.

## **CONSULTATION**

- 30 The draft scheme was unanimously endorsed by the Affordable Housing Working Party at its meeting on 1 November 2023.

- 31 CN engaged with the DPE's Housing Policy Team during the preparation of the draft scheme to ensure it is in accordance with their guideline.
- 32 The Gateway determination will outline the community and agency consultation for the planning proposal as it progresses.
- 33 It is anticipated that the planning proposal and draft scheme will be publicly exhibited for a minimum of 28 days.
- 34 A Councillor Workshop was held on the planning proposal and draft scheme on 21 November 2023. The workshop provided an overview of the draft scheme and the process to implement the scheme via the planning proposal.

## **BACKGROUND**

- 35 The preparation of the scheme is consistent with CN's commitments to increase the range and supply of housing to meet the growing needs of the community.
- 36 The planning proposal seeks to amend NLEP 2012 to embed the draft scheme and allow CN to levy new development for contributions for affordable housing.

## **OPTIONS**

### **Option 1**

- 37 The recommendation as at Paragraph 1 – 4. This is the recommended option.

### **Option 2**

- 38 That Council does not progress the draft Affordable Housing Contribution Scheme. This would be inconsistent with previous commitments of Council and will not allow CN to levy affordable housing contributions. This is not the recommended option.

## **ATTACHMENTS**

**Attachment A:** Newcastle Affordable Housing Contribution Scheme planning proposal

**Attachment B:** Draft Affordable Housing Contribution Scheme

**Attachments A - B distributed under separate cover**