



# Woollahra Affordable Housing Contributions Scheme

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**Note: This document is a draft only, and may be subject to administrative changes to comply with the *Guideline for Developing an Affordable Housing Contribution Scheme*.**

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# 1 Strategic Context and Background

## 1.1 Definitions and terminology

**TABLE 1: DEFINITIONS**

Term	Definition	Statutory source (if applicable)
Affordable housing	Affordable housing means housing for very low income households, low income households or moderate income households, being such households as are prescribed by the regulations or as are provided for in an environmental planning instrument.	<i>Environmental Planning and Assessment Act 1979</i>
AHCS	Affordable housing contribution scheme – this document	
Very low income, low income, and moderate income households	1) a household is taken to be a very low income household, low income household or moderate income household if— <ul style="list-style-type: none"> <li>a) the household—               <ul style="list-style-type: none"> <li>(i) has a gross income within the following ranges of percentages of the median household income for Greater Sydney or the Rest of NSW—                   <ul style="list-style-type: none"> <li>(A) very low income household—less than 50%,</li> <li>(B) low income household—50–less than 80%,</li> <li>(C) moderate income household—80–120%, and</li> </ul> </li> <li>(ii) pays no more than 30% of the gross income in rent, or</li> </ul> </li> <li>b) the household—               <ul style="list-style-type: none"> <li>(i) is eligible to occupy rental accommodation under the National Rental Affordability Scheme, and</li> <li>(ii) pays no more rent than the rent that would be charged if the household were to occupy rental accommodation under the Scheme.</li> </ul> </li> </ul>	<i>State Environmental Planning Policy (Housing) 2021</i>
The EP&A Act	<i>Environmental Planning and Assessment Act 1979</i>	
Housing SEPP	<i>State Environmental Planning Policy (Housing) 2021</i>	
CHP	Community Housing Provider (as registered under the National Regulatory System for Community Housing)	
LGA	Local government area	

## 1.2 Objectives of the affordable housing contribution scheme

The objectives of the Woollahra Affordable Housing Contribution Scheme are:

- To recognise affordable housing as critical infrastructure necessary to support sustainable and diverse communities and long term economic growth in the LGA;
- To recognise that renewal and redevelopment will increase the need for affordable housing in the LGA;
- To contribute to meeting the housing needs of very low to moderate income households who live or work in the LGA; and
- To facilitate opportunities for government and community housing providers (CHP) to supply affordable housing within the LGA.

## 1.3 Where does the scheme apply?

The AHCS applies to land identified in Part 6 of the *Woollahra Local Environmental Plan 2014*.

## 1.4 What types of development does the scheme apply to?

This AHCS applies to all types of residential development (including residential components of mixed use development), except:

- Exempted developed (as outlined in this AHCS).

## 1.5 Overview of affordable housing need in Woollahra LGA

The *Woollahra Local Housing Strategy 2021* (LHS) identifies a lack of social and affordable housing within the LGA. Compared to the Greater Sydney average, housing affordability in the LGA is poor, with nearly all low-income households in rental or mortgage stress.

The *Woollahra Affordable Housing Policy 2021* (Affordable Housing Policy) details Council's objectives relating to affordable housing, including that the supply of affordable rental housing for key workers be increased, that planning controls facilitate the supply of new affordable housing, and that affordable housing assets and programs are effectively managed.

As of 2021, there were an estimated 2,645 households living in social housing or in moderate to severe rental stress. Most of these (49 percent) are one parent families.

By 2041, an estimated 3,367 Woollahra households will be living in social housing or in moderate to severe rental stress, representing a growth of 722 households from 2021 that will be in need of affordable housing.

## 1.6 Legislative basis for the affordable housing contributions

Council is obliged to “promote the delivery and maintenance of affordable housing” under Object 1.3(d) of the EP&A Act. Affordable housing contributions are authorised under Division 7.2 of the EP&A Act.

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

Clause 14 of the Housing SEPP identifies that there is a need for affordable housing in Woollahra LGA.

Section 7.32(3) of the EP&A Act states that a condition may be imposed on a development consent requiring a reasonable dedication or contribution for affordable housing provided the condition is authorised by a Local Environmental Plan (LEP) and is in accordance with an affordable housing contribution scheme for dedications or contributions set out in, or adopted by, the LEP.

Part 6 of the *Woollahra Local Environmental Plan 2014* gives effect to this affordable housing contribution scheme.

## 1.7 Relationship with any other affordable housing provisions in the LGA

The Affordable Housing Policy details Council’s objectives relating to affordable housing, as discussed under Section 1.5 of this document.

The purpose of this AHCS is to provide the primary framework for applying affordable housing contributions in the Woollahra LGA. It contains overarching requirements, such as contribution rates, indexing methods and dedication standards.

This AHCS is to be read in conjunction with the Affordable Housing Policy. The Affordable Housing Policy may contain detailed procedures for any dealings with applicants, NSW Government agencies or CHPs in relation to affordable housing contributions, or any other matters regarding the operation of this AHCS.

## 1.8 Identification of affordable housing principles

The following identified affordable housing principles are consistent with Clause 15 of the Housing SEPP. Clause 15 must be considered by a consent authority before imposing a condition of consent for the purpose of affordable housing.

Council’s guiding affordable housing principles are:

- Affordable housing must be provided and managed so that a socially diverse residential population, representative of all income groups, is developed and maintained.
- Affordable housing is to be made available to a mix of households on very low to moderate incomes, which result in rents at no more than 30% of their gross household income.

- Dwellings provided for affordable housing must be professionally managed so as to maintain their continued use for affordable housing.

These are consistent with Clause 15 of the Housing SEPP and the Affordable Housing Policy.

## 2 Affordable Housing Contributions

### 2.1 Identification of contribution rates

The contribution rates are defined in **Table 3**.

**TABLE 3: CONTRIBUTION RATES**

Contribution Rate	Equivalent Monetary Contribution
3% or 5% of total gross floor area used for residential accommodation as specified under Clause 4.4 and 4.5 of the <i>Woollahra Local Environmental Plan 2014</i> .	\$23,800 per square metre, or otherwise as determined by Council, using considerations from Section 2.3.

Affordable housing contributions are in addition to other infrastructure contributions required under relevant environmental planning instruments. Contributions may be made as a dedication of dwellings (in-kind), or as a monetary contribution (in-lieu), or both.

The requirement for an affordable housing contribution must be via a condition of development consent. In all instances, the Council will require evidence, via a legal agreement, that the condition of development consent relating to affordable housing has been satisfied prior to the granting of any construction certificate.

### 2.2 Dedication of dwellings

Dwellings dedicated under this AHCS must meet the following requirements:

- Dwellings must be provided in perpetuity, and dedicated to Council or a CHP, at Council's discretion.
- Dwellings dedicated in-kind must be constructed to a standard that, in the opinion of the consent authority, is consistent with other dwellings within the development, especially in terms of internal fittings and finishes, solar access and privacy.
- Where multiple affordable dwellings are provided in a development, the amenity benchmarks established by the *Apartment Design Guide* (or a subsequent design standard as applicable) are to be generally achieved.
- Dwellings must comprise a diverse range of sizes.
- All rent received from the dwellings after the deduction of management and maintenance costs must only be used for the purpose of improving, replacing, maintaining or providing additional affordable housing. This includes the investment of monies to meet cyclical maintenance costs, and all rates and taxes payable.



- Dwellings are to be rented to very low, low and moderate income households for a maximum of 30 per cent of gross household income.
- Any additional requirements of the Affordable Housing Policy for Council-owned rental stock.

Additionally, where only part of a contribution is satisfied by the dedication of dwellings, the remaining floor area must be paid as an equivalent monetary contribution.

A worked example of dwelling dedication is provided in **Figure 1** below.

**FIGURE 1: WORKED EXAMPLE OF DEDICATED DWELLING FLOOR SPACE**

**Example:**

Council receives a development application within 'Edgecliff Commercial Centre' for a development comprising 5,000m<sup>2</sup> in gross floor area for residential use. The affordable housing contribution is calculated as:

$(5\% \times 5,000\text{m}^2) = 250\text{m}^2$  (gross floor area) dedicated as affordable housing dwellings.

## 2.3 Monetary contributions

- An affordable housing contribution may be satisfied by the payment of a monetary (or in-lieu) contribution.
- The monetary contribution is expressed as a dollar per square metre value to be multiplied by the required dedication of floor space (in square metres).
- The monetary contribution amount is specified in **Table 3** above.
- The monetary contribution amount is intended to reflect the market value of residential floor space.
- The contribution amount is to be updated in the first week of March annually to reflect changes in residential dwelling value over time. The update will be based on the NSW Government Rent and Sales Report, *Table: Sales Price – Greater Metropolitan Region – Strata for the Woollahra LGA*.

A worked example of a monetary contribution is provided in **Figure 2** below.

FIGURE 2: WORKED EXAMPLE OF MONETARY CONTRIBUTION

**Example:**

Council receives a development application within 'Edgecliff Commercial Centre' for a development comprising 5,000m<sup>2</sup> in gross floor area for residential use. The affordable housing contribution is calculated as:

$(5\% \times 5,000\text{m}^2) = 250\text{m}^2 \text{ (gross floor area)} \times \$23,800 \text{ per square m}^2 = \$5,950,000$  as an equivalent monetary contribution.

**2.4 Exempted development**

The consent authority may exempt a development from the requirement to make an affordable housing contribution if the development application is for one or more of the following:

- Development solely for the purposes of social or affordable housing in perpetuity;
- Where the cost of construction is below \$100,000; and
- Development that only includes non-residential floor space.

**2.5 Conditions of consent**

For development that is required to make a contribution under this AHCS, a condition will be placed on the consent and must detail (but is not limited to):

- The floor area of dwellings to be dedicated, or the total monetary contribution required;
- The relevant contribution rate(s);
- The indexation period at time of determination;
- A requirement to demonstrate that the title of any dwellings will be transferred to a CHP or Council (whichever is relevant);
- A requirement to make any monetary payment at a specified time or stage in the development application process, or a requirement that any dwellings that will be dedicated are shown on approved plans in the same development application.
- A requirement that evidence be provided of such a condition has been satisfied prior to the granting of any construction certificate.

### 3 Administration and Implementation

#### 3.1 How to make a contribution

The dedication of any dwellings is to be free of charge to Council.

Payment must be made by unendorsed bank cheque, electronic transfer or an alternative method accepted by Council prior to issue of any construction certificate.

In circumstances where no construction certificate is required, payment is required prior to the commencement of use/occupation. The procedure for making payment is provided in the condition of consent.

If a development requires multiple construction certificates, Council will require payment prior to the release of the first construction certificate relating to the development consent on which the contributions were levied.

#### 3.2 Adjustment of monetary contribution amounts

Monetary contribution amounts per square metre are adjusted on an annual basis, being the first day of March, with reference to movements in the median strata dwelling price in the Woollahra LGA as detailed in *NSW Government Rent and Sales Report, Table: Sales Price – Greater Metropolitan Region – Strata*.

The Rent and Sales Report is available on the NSW Government, Department of Communities and Justice website.

The formula for the adjustment of the monetary contribution amount per square metre is:

$$\text{[New monetary contribution amount per square metre]} = \text{[current monetary contribution amount per square metre]} \times \left( \frac{\text{[median strata dwelling price in current year]}}{\text{[median strata dwelling price in prior year]}} \right)$$

For example, if the prior year median strata dwelling price was \$1.7 million and the current year median strata dwelling price was \$1.9 million, the new monetary contribution amount per square metre would be:

$$\text{New monetary contribution amount per square metre} = \$23,800 \times (\$1.9 \text{ million} / \$1.7 \text{ million}) = \$26,600$$

Note: The current contribution amount per square metre will be displayed on Council's website.

#### 3.3 Adjustment of monetary contributions in a condition of consent

Where a monetary contribution is imposed as a condition of development consent, the total monetary contribution payable must be adjusted to reflect the relevant passage of time between the time of consent and the time at which the contribution is payable.



The formula for adjustment of the total monetary contribution payable is:

$$\text{Total monetary contribution payable} = [\text{Total contribution amount in condition of consent}] \times ([\text{Contribution amount per square metre at time of payment}] / [\text{Contribution amount per square metre at time of consent}])$$

For example, if a total monetary contribution at time of consent had been \$1,000,000, and the monetary contribution amount per square metre at time of consent was \$23,800, and the new monetary contribution amount per square metre is now \$26,600, the total monetary contribution payable would be:

$$\text{Total monetary contribution payable} = \$1,000,000 \times (\$26,600 / \$23,800) = \$1,117,647.06$$

### 3.4 Process for the distribution and management of funds

In-kind contributions of affordable housing dwellings are to be given/dedicated, free of cost, to a CHP or Council, or as otherwise provided for in any policy adopted by Council. In circumstances where no CHP is willing to accept the in-kind contribution, then it may be managed by Council. In-kind contributions are to remain affordable housing in perpetuity and to be owned and managed in accordance with this AHCS.

Monetary contributions are to be held by Council or an authorised NSW Government department. They may be used by Council to purchase dwellings, provided to a CHP or used in partnership with a CHP to provide affordable housing.

### 3.5 Process for dedicating dwellings

Where the dwellings proposed for dedication are supported, a condition of consent requiring dedication of the affordable housing dwelling(s) will be imposed by the consent authority.

Prior to transferring the affordable housing dwellings to any CHP, Council will register on the title a covenant ensuring the affordable housing dwellings are:

- Owned and managed by a CHP in accordance with this AHCS, and
- Rented to very low to moderate income earners for no more than 30% of gross household income.

### 3.6 Registered community housing providers and delivery program

Any CHPs involved with the management of in-kind contributions or the use of monetary in-lieu contributions must be endorsed by a resolution of Council. Once endorsed, a CHP may continue to be involved in the operation of this AHCS, unless otherwise directed by a resolution of Council.

In endorsing a CHP, Council may specify financial reporting arrangements to be met during the term of the endorsement. Under this AHCS, Council will only conduct dealings with not for profit CHPs.

### 3.7 Proponent-led planning proposals

Any planning proposal that allows residential development and is considered by Council as likely to result in a significant value uplift must:

- Include a proposal to amend this scheme and *Woollahra Local Environmental Plan 2014* to include the planning proposal site or part of the planning proposal site to specify an affordable housing contribution rate that is supported by feasibility testing; or
- Be supported by a planning agreement that includes affordable housing provisions consistent with this scheme.

Council reserves the right to obtain an independent feasibility assessment of any proposed affordable housing contribution.

### 3.8 Monitoring and review of scheme

Council will regularly review this AHCS and the manner in which it operates. As necessary, amendments and other changes may be required to ensure it operates in the way that Council intends.

Amendments, unless purely administrative in nature, will be exhibited in accordance with the *Woollahra Community Participation Plan*.