



# 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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|----------------|----------------------------------|
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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> (EP&A Act)         |
| AHCS                                                        | Affordable housing contribution scheme – this document                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                          |
| Very low income, low income, and moderate income households | <ol style="list-style-type: none"> <li>1) a household is taken to be a very low income household, low income household or moderate income household if— <ol style="list-style-type: none"> <li>a) the household— <ol 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— <ol 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> </ol> </li> <li>(ii) pays no more than 30% of the gross income in rent, or</li> </ol> </li> <li>b) the household— <ol 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> </ol> </li> </ol> </li> </ol> | <i>State Environmental Planning Policy (Housing) 2021</i> (Housing SEPP) |
| 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 provide, maintain and retain opportunities 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 accommodation (including residential components of mixed use development), except:

- Excluded development (as outlined in Section 2.4 of 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 (any relevant revision) 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 complemented by the Affordable Housing Policy. It may contain detailed procedures for any dealings with applicants, NSW Government agencies or CHPs in relation to affordable housing contributions, or other matters regarding the operation of this AHCS where deemed appropriate.

## 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

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, consistent with the requirements in sections 2.1 - 2.3.

Where the contribution is 50sqm or more, in-kind dwellings are to be provided on the site. Where the contribution is under 50sqm, or where the proposed dwellings are not appropriate for the purpose of affordable housing (as determined by Council), an equivalent monetary contribution is required. A contribution may comprise a combination of in-kind and in-lieu contributions where only part of a contribution is satisfied by the dedication of dwellings.

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.

## 2.1 Identification of contribution rates

### 2.1.1 Contributions in low and mid rise housing areas

For R3 Medium Density Residential zoned land identified as being within the *low and mid rise housing areas* under the Housing SEPP, contributions are identified separately for the *low and mid rise housing inner area* and the *low and mid rise housing outer area*. Contributions are defined in Table 2 and Table 3 below.

**TABLE 2: CONTRIBUTION RATES IN THE LOW AND MID RISE HOUSING INNER AREA**

| Ward                 | Contribution Rate                                                                                                                                         | Equivalent Monetary Contribution                                                                         |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>Vaucluse</b>      | 2.0%, 5.5%, or 8.5% of total gross floor area used for residential accommodation as specified under the <i>Woollahra Local Environmental Plan 2014</i> .  | \$25,500 per square metre, or otherwise as determined by Council, using considerations from Section 2.3. |
| <b>Bellevue Hill</b> | 2.0%, 6.0%, or 9.0% of total gross floor area used for residential accommodation as specified under the <i>Woollahra Local Environmental Plan 2014</i> .  | \$25,500 per square metre, or otherwise as determined by Council, using considerations from Section 2.3. |
| <b>Double Bay</b>    | 4.0%, 9.0%, or 10.0% of total gross floor area used for residential accommodation as specified under the <i>Woollahra Local Environmental Plan 2014</i> . | \$42,500 per square metre, or otherwise as determined by Council, using considerations from Section 2.3. |
| <b>Cooper</b>        | 1.5%, 4.5%, or 7.0% of total gross floor area used for residential accommodation as specified under the <i>Woollahra Local Environmental Plan 2014</i> .  | \$25,500 per square metre, or otherwise as determined by Council, using considerations from Section 2.3. |
| <b>Paddington</b>    | 1.5%, 4.5%, or 7.5% of total gross floor area used for residential accommodation as specified under the <i>Woollahra Local Environmental Plan 2014</i> .  | \$25,500 per square metre, or otherwise as determined by Council, using considerations from Section 2.3. |

**TABLE 3: CONTRIBUTION RATES IN THE LOW AND MID RISE HOUSING OUTER AREA**

| <b>Ward</b>          | <b>Contribution Rate</b>                                                                                                                                  | <b>Equivalent Monetary Contribution</b>                                                                  |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>Vaucluse</b>      | 1.0%, 3.5%, or 5.5% of total gross floor area used for residential accommodation as specified under the <i>Woollahra Local Environmental Plan 2014</i> .  | \$25,500 per square metre, or otherwise as determined by Council, using considerations from Section 2.3. |
| <b>Bellevue Hill</b> | 1.0%, 3.5%, or 5.5% of total gross floor area used for residential accommodation as specified under the <i>Woollahra Local Environmental Plan 2014</i> .  | \$25,500 per square metre, or otherwise as determined by Council, using considerations from Section 2.3. |
| <b>Double Bay</b>    | 2.0%, 6.5%, or 10.0% of total gross floor area used for residential accommodation as specified under the <i>Woollahra Local Environmental Plan 2014</i> . | \$42,500 per square metre, or otherwise as determined by Council, using considerations from Section 2.3. |
| <b>Cooper</b>        | 1.5%, 4.0%, or 6.0% of total gross floor area used for residential accommodation as specified under the <i>Woollahra Local Environmental Plan 2014</i> .  | \$25,500 per square metre, or otherwise as determined by Council, using considerations from Section 2.3. |
| <b>Paddington</b>    | 1.5%, 4.5%, or 7.0% of total gross floor area used for residential accommodation as specified under the <i>Woollahra Local Environmental Plan 2014</i> .  | \$25,500 per square metre, or otherwise as determined by Council, using considerations from Section 2.3. |

### 2.1.2 Contributions for all other areas of the LGA

For all other areas of the LGA, contribution rates are defined in Table 4.

**TABLE 4: CONTRIBUTION RATES IN ALL OTHER AREAS OF THE LGA**

| <b>Ward</b>          | <b>Contribution Rate</b>                                                                                                                                 | <b>Equivalent Monetary Contribution</b>                                                                  |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>Vaucluse</b>      | 1.0%, 3.5%, or 5.5% of total gross floor area used for residential accommodation as specified under the <i>Woollahra Local Environmental Plan 2014</i> . | \$25,500 per square metre, or otherwise as determined by Council, using considerations from Section 2.3. |
| <b>Bellevue Hill</b> | 0.5%, 2.0%, or 3.5% of total gross floor area used for residential accommodation as specified under the <i>Woollahra Local Environmental Plan 2014</i> . | \$25,500 per square metre, or otherwise as determined by Council, using considerations from Section 2.3. |
| <b>Double Bay</b>    | 0.5%, 2.0%, or 3.5% of total gross floor area used for residential accommodation as specified under the <i>Woollahra Local Environmental Plan 2014</i> . | \$42,500 per square metre, or otherwise as determined by Council, using considerations from Section 2.3. |
| <b>Cooper</b>        | 0.5%, 2.0%, or 3.0% of total gross floor area used for residential accommodation as specified under the <i>Woollahra Local Environmental Plan 2014</i> . | \$25,500 per square metre, or otherwise as determined by Council, using considerations from Section 2.3. |
| <b>Paddington</b>    | 0.5%, 1.5%, or 2.5% of total gross floor area used for residential accommodation as specified under the <i>Woollahra Local Environmental Plan 2014</i> . | \$25,500 per square metre, or otherwise as determined by Council, using considerations from Section 2.3. |

## 2.2 Dedication of dwellings

Dwellings dedicated under this AHCS must meet the following requirements:

- Dwellings must be completed dwellings dedicated to Council in perpetuity and free of charge.
- 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, with a minimum gross floor area of 50sqm.
- 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.

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.

## 2.3 Monetary contributions

- An affordable housing contribution may be satisfied by the payment of a monetary (or in-lieu) contribution, provided any in-kind dedication requirements have been met.
- 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 amounts are specified in **Table 3** and **Table 4** above.
- The monetary contribution amounts are intended to reflect the market value of residential floor space.
- The contribution amounts are 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*.
- Monetary contributions may only be spent on affordable housing assets within the Woollahra LGA, and any associated administrative or operation expenditure.

## 2.4 Excluded 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;
- The development will not create more than 100sqm of area used for the purpose of residential accommodation;
- The development is for the purpose of a dwelling house, semi-detached dwelling, attached dwelling or dual occupancy.

## 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 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 were \$1.7 million and the current year median strata dwelling price were \$1.9 million, the new monetary contribution amount per square metre would be:

$$\begin{aligned} \text{New monetary contribution amount per square metre} &= \$25,500 \times (\$1.9 \text{ million} / \$1.7 \text{ million}) \\ &= \$28,500 \end{aligned}$$

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:

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

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 \$25,500, and the new monetary contribution amount per square metre is now \$28,500, the total monetary contribution payable would be:

$$\text{Total monetary contribution payable} = \$1,000,000 \times (\$28,500 / \$25,500) = \$1,117,647.06$$

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

In-kind contributions of affordable housing dwellings are to be dedicated, free of cost, to Council. In-kind contributions are to remain affordable housing in perpetuity and to be owned and managed in accordance with this AHCS.

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.

Monetary contributions are to be held by Council in a financial reserve or by an authorised NSW Government department.

Monetary contributions, including interest, will be used to promote the supply, delivery and maintenance of affordable housing within the LGA. This includes reasonable costs for the administration and review of the AHCS, and reasonable costs for the administration of the commissioning process required to support the provision of affordable housing.

### 3.5 Selection of tenants

Tenants must not own assets or property which could reasonably be expected to be used to solve their housing needs. Additional criteria may be established in the Affordable Housing Policy.

### 3.6 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 Council, staff will register on the title a covenant ensuring the affordable housing dwellings are:

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

### 3.7 Registered community housing providers and delivery program

Any CHPs involved with the management of in-kind 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.

### 3.8 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.

### 3.9 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*.