
Item No: 7.2
Subject: **PLANNING PROPOSAL TO IMPLEMENT A BROAD BASED AFFORDABLE HOUSING CONTRIBUTIONS SCHEME**
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Approver: Anne White, Manager Strategic Planning & Place
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Purpose of the Report:

To seek a resolution of Council to proceed with the planning proposal to implement a broad based affordable housing contribution scheme under the Woollahra Local Environmental Plan 2014.

Alignment to Delivery Program:

4.3 Sustaining diverse housing choices in planned locations that enhance our lifestyles and fit in with our local character and scenic landscapes.

Recommendation:

THAT Council:

- A. Note the advice provided by the Woollahra Local Planning Panel from 5 February 2026 on the planning proposal to establish a broad based affordable housing contributions scheme applying to residential accommodation under the Woollahra Local Environmental Plan 2014.
- B. Resolves to endorse the planning proposal as contained at Attachment 1 of the report to the Environmental Planning Committee of 2 March 2026.
- C. Forwards the planning proposal to the Department of Planning, Housing and Infrastructure seeking a Gateway determination to allow public exhibition.
- D. Requests the Minister for Planning and Public Spaces (or delegate) to authorise Council as the local plan-making authority to make the local environmental plan under section 3.36 of the Environmental Planning and Assessment Act 1979.

Executive Summary:

This report seeks a resolution of Council to endorse the planning proposal at **Attachment 1** to establish a broad based affordable housing contributions scheme (AHCS), and forward it to the Department of Planning, Housing and Infrastructure (DPHI) with a request for a Gateway determination to allow public exhibition. It was reviewed by the Woollahra Local Planning Panel (LPP) on 5 February 2026 who unanimously supported the planning proposal.

Operating under a new local provision in the *Woollahra Local Environmental Plan* (Woollahra LEP 2014) and *State Environmental Planning Policy (Housing) 2021* (Housing SEPP), the scheme will apply to residential accommodation across the Woollahra Local Government Area (LGA). After five years, it will require up to 10% of residential floor space to be either dedicated for affordable housing in perpetuity, or provided in another location through the payment of an in-lieu contribution. Exclusions for public housing and affordable housing development will apply (further details are contained in the AHCS at **Attachment 2**).

The planning proposal is supported by feasibility testing carried out by SGS Economics and Planning (see **Attachment 3**) and will not unreasonably hinder development opportunities in the Woollahra LGA.

Discussion:

Background

A 'broad based' AHCS is one that is applied over a large area. This is a different approach to an AHCS associated with a specific area e.g. the Edgecliff Commercial Centre (ECC).

While staff have been exploring the possibility of a broad based AHCS since the initial announcement of the Low and Mid-Rise Housing Policy (LMR Policy), this planning proposal is most directly a consequence of Council's resolution dated 24 February 2025.

On this date, Council endorsed the progression of the Edgecliff Commercial Centre (ECC) planning proposal (which contained an AHCS for the ECC) to request a Gateway determination from the DPHI. However, on the Friday prior to the meeting, the NSW Government announced the final scope of the LMR Policy.

Accordingly, in endorsing the ECC planning proposal, Council also resolved to commence other policy initiatives in response to the LMR Policy based on staff advice. Subsequently, on 24 February 2025, Council resolved as follows:

- A. *Note the advice provided by the Woollahra Local Planning Panel on 19 December 2024 regarding the planning proposal to amend the controls for the Edgecliff Commercial Centre.*
- B. *Resolves to support the planning proposal as contained at Attachment 1 of the report to the Strategic and Corporate Committee of 17 February 2025 to revise controls for the Edgecliff Commercial Centre.*
- C. *Forwards the planning proposal to the Department of Planning, Housing and Infrastructure seeking a Gateway determination to allow public exhibition.*
- D. *Requests the Minister for Planning and Public Spaces (or delegate) to authorise Council as the local plan-making authority to make the local environmental plan under section 3.36 of the Environmental Planning and Assessment Act 1979.*
- E. *Request staff to commence an expedited investigation of opportunities to increase the section 7.12 rate payable in the Edgecliff Commercial Centre and all areas within Station and Town Centre Precincts under the low and mid-rise housing reforms.*
- F. *Request staff to prepare a planning proposal to establish an affordable housing contributions scheme for the entire Woollahra Local Government Area, and refer this to the Woollahra Local Planning Panel for advice.*
- G. *Request staff to prepare a planning proposal to establish design excellence provisions for the whole Woollahra Local Government Area, and refer this to the Woollahra Local Planning Panel for advice.*
- H. *Requests the Mayor work with the General Manager and the Communications and Engagement Manager to use Council's communications channels and media statements to highlight:*
 - i. *The State Government's overruling of local planning recommendations and their blatant disregard for meaningful consultation with local communities on planning decisions that are not in the best interests of our residents and local businesses; and*
 - ii. *The continued and ongoing work of Council already being undertaken to deliver housing and meet housing targets.*
- I. *Request staff to carry out updates to the traffic report (prior to a post exhibition report) in relation to the Edgecliff Commercial Centre incorporating the cumulative impact of other developments such as 8-10 New McLean Street, 1 Darling Point Road and the Edgecliff Centre.*

J. Request the Mayor write to the Planning Minister requesting that councils be given power to consult with the Sydney and Regional Planning Panels with respect to planning proposals, noting our work and the Edgecliff Strategy. The Mayor would note the discretionary power such panels have to approve or refuse developments, and the need for Council to develop an effective, plausible and governable planning proposal.

This planning proposal enacts Part F of the above resolution (underlined for emphasis).

The ECC planning proposal containing an AHCS was lodged for a Gateway determination on 28 February 2025. The DPHI have not yet provided any advice on the assessment of the planning proposal, and staff understand it has been delayed by the proposed investigations of the Edgecliff and Woollahra State-led rezoning. The interaction of the two AHCSs is discussed in the 'Options' section.

Objectives of the planning proposal

Council is obliged to "promote the delivery and maintenance of affordable housing" under object 1.3(d) of the Environmental Planning and Assessment Act 1979 (EP&A Act). Affordable housing contributions are permitted under Division 7.2 of the EP&A Act, and can be either monetary contributions, or the direct dedication of dwellings. Contributions received under an AHCS must operate under a clause in a local environmental plan, which is sought in this planning proposal.

Research conducted by SGS Economics and Planning highlights the importance of affordable housing supply in the Woollahra LGA. For instance, only approximately 10% of the rental supply (measured by rental bonds data) is affordable to households earning 80% of the area's median income or less. As such, one-third of all renter households are living in housing stress, meaning they spend more than 30% of their pre-tax income on rent. Into the future, estimates suggest that there will be 3,367 renter households in the Woollahra LGA in housing stress by 2041, which is an increase of 722 households. Accordingly, Council policy intervention is urgently required to help address this growing issue.

The subject planning proposal seeks to introduce a broad based AHCS, which will provide funding to help address this demand for affordable housing.

Specifically, the objectives of this planning proposal are to:

- Encourage the provision of affordable housing;
- Provide a transparent framework for affordable housing contribution;
- Ensure affordable housing contribution rates do not impact on development viability;
- Provide certainty for landowners seeking to develop land in the Woollahra LGA; and
- Increase the amount of funding available to Council to assist in the provision of affordable, inclusive and diverse housing for very low, low and moderate income households.

Provisions of the planning proposal

The objectives of this planning proposal will be achieved by amendments to the Woollahra LEP 2014.

The proposed broad based AHCS will apply to all forms of residential accommodation (excluding public housing and affordable housing).

The rates applying to this development will vary over three categories of land:

- Land within the R3 Medium Density Residential zone that is within 400m of an LMR Policy station and town centre precinct;
- Land within the R3 Medium Density Residential zone that is greater than 400m and less than 800m of an LMR policy station and town centre precinct;
- All other land in the Woollahra LGA, including all commercial and residential zones.

The percentage rate payable will increase over time, to align with changing development feasibility. It is important to note that the 'years' will be measured from the date that the AHCS is publicly exhibited, and not its formal adoption. This is consistent with advice we received from subject matter experts.

The rates vary between each ward, as each one has different feasibility conditions that are set out in the evidence base prepared by SGS Economics and Planning (refer to **Attachment 3**). In this way, the AHCS seeks to maximise the contribution payable without undermining the overall feasibility of new development.

Only development that creates more than 100sqm (gross floor area) of residential accommodation will be subject to the scheme, with the remainder being excluded. This approach is consistent with the AHCS for the Edgecliff Commercial Centre and is considered a reasonable threshold by Council staff that ensures minor development is not subject to a contribution. It also aligns with advice provided by our consultant team, based on current industry experience. The scheme will also exclude public housing and affordable housing, where it is proposed to be used in perpetuity.

The proposed contribution rates are shown in the following tables:

Table 1: Proposed rates for broad based AHCS.

Ward	After 1 year	After 3 years	After 5 years
Vaucluse Ward	1.0%	3.5%	5.5%
Bellevue Hill Ward	0.5%	2.0%	3.5%
Double Bay Ward	0.5%	2.0%	3.5%
Cooper Ward	0.5%	2.0%	3.0%
Paddington Ward	0.5%	1.5%	2.5%

Table 2: Proposed rates for low and mid-rise outer area.

Ward	After 1 year	After 3 years	After 5 years
Vaucluse Ward	1.0%	3.5%	5.5%
Bellevue Hill Ward	1.0%	3.5%	5.5%
Double Bay Ward	2.0%	6.5%	10.0%
Cooper Ward	1.5%	4.0%	6.0%
Paddington Ward	1.5%	4.5%	7.0%

Table 3: Proposed rates for low and mid-rise inner area.

Ward	After 1 year	After 3 years	After 5 years
Vaucluse Ward	2.0%	5.5%	8.5%
Bellevue Hill Ward	2.0%	6.0%	9.0%
Double Bay Ward	4.0%	9.0%	10.0%
Cooper Ward	1.5%	4.5%	7.0%
Paddington Ward	1.5%	4.5%	7.5%

If implemented, amendments to the Woollahra LEP 2014 would require the dedication of affordable dwellings in perpetuity, or payment of an affordable housing contribution to Council (consistent with the AHCS) via a condition of development consent. Any monetary contributions would be pooled and then used to invest in affordable housing assets, made available to lower income workers who meet pre-established criteria.

While the structure of the proposed AHCS allows for both dedications and in lieu contributions, Council has received advice from SGS Economics and Planning and the Community Housing Industry Association that in lieu contributions are preferred. This preference emerges from the consideration of operational burdens, where scattered affordable dwellings present higher operating expenses on community housing providers (e.g., fixed and variable costs associated with site-to-site maintenance, management, travel, strata fees etc.).

The AHCS will be administered by the *Woollahra Affordable Housing Contributions Scheme*, at **Attachment 2**. This document outlines the mechanism for acquiring the funds/assets and establishing broad operational parameters.

Staff note that section 7.12 development contributions, used to fund local infrastructure works, would be imposed concurrently with any affordable housing contribution.

Detailed operational requirements are contained in the *Draft Woollahra Affordable Housing Policy 2026*. This is a separate item on the agenda for the Environmental Planning Committee meeting of 2 March 2026.

Merit of the planning proposal

The planning proposal (see **Attachment 1**) demonstrates strategic and site-specific merit. It has been prepared in accordance with section 3.33 of the EP&A Act and the *Local Environmental Plan Making Guideline* (August 2023).

The planning proposal is consistent with the relevant objectives of the *Greater Sydney Region Plan: A Metropolis of Three Cities* and the relevant planning priorities and actions of the *Eastern City District Plan* (refer Part 6.2 of the planning proposal).

Of note, it also complies with the *Draft Sydney Plan*, which will soon replace *Greater Sydney Region Plan: A Metropolis of Three Cities*. This plan signals an intention for every council to have an AHCS by 2027.

The planning proposal aligns with the *Woollahra Local Strategic Planning Statement*, *Woollahra Local Housing Strategy* and Council's Community Strategic Plan, *Woollahra 2032*.

The planning proposal is supported by a detailed evidence base and feasibility testing in the *Evidence Base and Feasibility for Broad Based Affordable Housing Contribution Scheme*, prepared by SGS Economics and Planning and included at **Attachment 3**.

Woollahra Local Planning Panel advice

The planning proposal was referred to the Woollahra LPP on 5 February 2026. The panel were supportive of the proposed amendments and recommended that Council proceed. The Woollahra LPP's advice is provided below:

THAT the Woollahra Local Planning Panel advises Council that it:

- A. Supports the planning proposal (as provided at Attachment 1) to establish a broad based affordable housing contributions scheme applying to residential accommodation under the Woollahra Local Environmental Plan 2014.*
- B. Notes the rigour of the evidence base and feasibility information provided by SGS Economics and Planning at Attachment 3.*
- C. Recommends that the planning proposal be expedited wherever possible to hasten the establishment of this important housing initiative.*

Council staff support this recommendation and have not made any amendments to the planning proposal. We also agree the evidence base prepared by SGS Economics and Planning is of a very high standard.

Staff have also been taking steps to ensure the matter is progressed as quickly as possible. For instance, we have already liaised with the DPHI's dedicated AHCS team to discuss our approach and key assumptions. The team were supportive in principle, noting the AHCS reflects emerging best-practice trends for capturing broad uplift.

Options:

As a consequence of this report, the Environmental Planning Committee may:

- Recommend to Council to proceed with the planning proposal;
- Request staff make amendments to the planning proposal before proceeding; or
- Recommend to Council to not proceed with the planning proposal.

As further discussed in the planning proposal at **Attachment 1**, this AHCS has been prepared to operate as a standalone initiative. Accordingly, it does not rely on the progression of the ECC proposal to a Gateway determination.

If the subject proposal proceeds first, it will apply to the whole Woollahra LGA, including land within the ECC. If the ECC proposal progresses in the future, either in its existing or a different form, the subject AHCS will be amended to account for different contributions.

Community Engagement and / or Internal Consultation:

If the planning proposal receives a Gateway determination, the community would be notified via the exhibition process.

Public exhibition of the planning proposal would be undertaken in accordance with the requirements of the Act, the *Environmental Planning and Assessment Regulation 2021*, the *Woollahra Community Participation Plan* and any conditions of the Gateway determination.

In preparing the planning proposal staff from Council's Strategic Planning and Place department liaised closely with Community and Culture, as they will be instrumental in implementing the scheme. This also extended to the updated *Woollahra Affordable Housing Policy*, as it will govern the operation of the scheme.

Policy Implications:

Should Council resolve to progress the planning proposal (having considered the advice of the Woollahra LPP), and should the planning proposal progress to finalisation, there will be policy implications as new provisions will be included in the Woollahra LEP 2014.

Financial Implications:

Should Council resolve to progress the planning proposal, financial resources will be associated with the public exhibition process.

If implemented, the broad based AHCS will generate significant revenue for use by Council on affordable housing. SGS Economics and Planning estimates this could be between \$152 million and \$355 million by 2041 (pg. 73 in **Attachment 3**).

Resourcing Implications:

Should Council resolve to progress a planning proposal, staff resources would be associated with progressing the matter including managing the public exhibition process and preparing a post exhibition report to a meeting of Council.

Assuming that the planning proposal is successful, ongoing staff resources will be required to manage the operation of the scheme. These would be across Community & Culture, Finance and Strategic Planning & Place.

Conclusion:

This report seeks Council's support to progress a planning proposal for a broad based AHCS. This important initiative will deliver significant funds to Council, which will directly assist the provision of affordable housing in our local area. It was unanimously supported by the Woollahra LPP, and initial discussions have already taken place with staff at the DPHI. The scheme is supported by detailed feasibility testing by SGS Economics and Planning. Staff recommend that Council resolves to endorse the planning proposal, and request staff to lodge it for a Gateway determination. If progressed, we will take every opportunity to expedite the progression of this important matter.

Attachments:

1. Planning Proposal - February 2026
2. Woollahra Affordable Housing Contributions Scheme – February 2026
3. Evidence Base and Feasibility for Broad Based Affordable Housing Contribution Scheme – January 2026