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Mr Peter Debnam
Chair, Sydney North Planning Panel

18th August 2023

Dear Mr Debnam

Planning Proposal PP-2022-3802
Patyegarang Project, Belrose - Provision of Affordable Housing

The purpose of this letter is to provide supplementary information in relation to the provision of affordable housing as required by the Gateway Determination dated 9 June 2023.

Condition 1d of the Gateway Determination seeks “a discussion of how the proposal will deliver affordable housing in a manner consistent with the Northern Beaches Council Affordable Housing Contribution Scheme”. Condition 3 requires further detail to be submitted prior to making the LEP, including a financial viability assessment to confirm the appropriateness of the offer.

The *Northern Beaches Council Affordable Housing Contribution Scheme* is based on the following key principles:

- a. Establishing clear targets for the provision of affordable housing in the Northern Beaches
- b. Leading change by example
- c. Embedding affordable housing in Council’s strategies, plans and policies
- d. Partnering with the State and Commonwealth Government, other local councils, industry experts, the private sector, stakeholders, and community housing providers to deliver affordable rental housing
- e. Advocating for change to support affordable housing in the Northern Beaches.

These principles sit comfortably alongside the objectives of the Patyegarang Planning Proposal, which include supporting MLALC to achieve economic self-determination and financial stability, as well as delivering a quantum of housing that will reasonably meet the forecast housing needs of the Northern Beaches.

We note the *Affordable Housing Contribution Scheme* has an inherent assumption that it will be applied on zoned and serviced land, and is geared towards the provision of dwellings, particularly units and town houses. Currently the Scheme only applies in specified areas within the Northern Beaches Council, being:

1. Frenchs Forest Planned Precinct
2. Narrabeen (1294-1300 Pittwater Rd & 2-4 Albert St)

For the two areas the Scheme requires a contribution towards affordable housing provided as a dedication of dwellings to Council. The method of calculation is by way of dedicating 10% of the total floor space of the approved building to Affordable Housing. This is a common method utilised in circumstances where mixed use and/or residential flat buildings are proposed. The Scheme is supported by feasibility testing conducted by SGS Economics for both sites.

The Scheme does not provide a clear pathway for implementation when the project involves greenfield land subdivision, including the provision of substantial enabling infrastructure, as is the case for the Patyegarang planning proposal. We have therefore proposed a scenario that we believe

is consistent with the Scheme's intent and provides a fair and reasonable offer having regard for the context of the Aboriginal Land Planning Framework and principles of the *Aboriginal Land Rights Act*.

As part of the Patyegarang Project, MLALC undertakes to provide the following affordable housing contribution:

1. **Total financial contribution for affordable housing equivalent to the 10% target** in the Affordable Housing Contribution Scheme (as per calculation methodology in Annexure A). **This would equate to the construction and delivery of an estimated 20 dwellings** in addition to the delivery of enabling infrastructure and subdivision works.
2. Metro Local Aboriginal Land Council or a nominated Aboriginal Community Housing Provider (CHP) will manage the affordable housing dwellings directly.
3. When selecting tenants, the CHP will give priority to indigenous persons who are employed in identified key worker occupations in the Northern Beaches Council area, persons with a disability, long term local residents, and persons with a social or economic association with the Northern Beaches Council area.
4. The dwellings will be utilised as affordable housing for a period of at least 15 years. Following this period, a community needs analysis will be undertaken to determine whether proceeds of full or partial would allow MLALC to better deliver social services benefiting indigenous persons and / or provide affordable housing elsewhere in the Northern Beaches LGA.
5. The final location of the affordable housing dwellings is to be nominated in the subdivision development application.
6. In circumstances where the subdivision is delivered in multiple stages, the affordable housing will be delivered as part of that relevant stage of works.

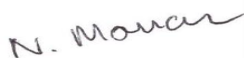
Annexure A provides further detail on the financial analysis that underpins this offer. The valuation financial viability, commitments and finer details are to be further refined prior to making of the LEP.

This contribution is in addition to the voluntary planning agreement separately offered as part of the planning proposal.

We believe this approach reflects Northern Beaches Council's commitment to increasing the range and supply of affordable housing in the Northern Beaches to meet the growing and changing needs of its community, particularly key workers.

We trust the above proposal is acceptable to allow progression of the planning proposal to exhibition. We welcome further discussion regarding the financial viability and delivery mechanisms over the coming months.

Yours in unity,



Nathan Moran
CEO, Metropolitan Local Aboriginal Land Council

Cc: Brendan Metcalfe, DPE

Annexure A

Financial analysis - Proposed calculation of Affordable Housing Contribution for Patyegarang PP, Belrose

1.1 Context

The principles of the *Northern Beaches Affordable Housing Contributions Scheme* and the supporting feasibility testing conducted by SGS Economics are difficult to apply to Patyegarang as the sites listed in the Scheme have a zoning consisting of higher density (mixed use and medium density housing – townhouses). Feasibility testing as to the viability of 10% affordable housing has not been carried out by Council for R2 low scale residential setting.

The Scheme calculations are centred around calculation of **10% of the approved floor space** for the purposes of Affordable Housing. The only available interpretation is that the contributions plan and associated feasibility modelling has been reviewed only in the context of mixed use and/or residential flat buildings adopting a floor space ratio control. There are no contribution rates provided for low density R2 sites where the proposal consists of land subdivision only.

In summary – there is no defined method of calculation for affordable housing for projects consisting only of land subdivision. Therefore we have provided the proposed method of calculation which we believe meets the requirements of the 10% affordable housing commitment.

This contribution is in addition to the voluntary planning agreement separately offered as part of the planning proposal.

1.2 Calculating affordable housing contributions at subdivision stage

The project at Patyegarang consists of land rezoning followed by subdivision and the provision of enabling infrastructure, public domain works and environmental conservation prior to housing construction. It is anticipated that a proportion of the subdivided lots will be sold to fund the enabling infrastructure and public domain works. MLALC may decide to deliver some product as turn key however for the purposes of affordable housing calculations it is appropriate to exclude this consideration as it involves separate approvals and works outside of the proposal under consideration.

As the Contributions Scheme relies on approved GFA to calculate the required 10% affordable housing contribution and does not include a method of calculation of for land sub-division projects, we propose the following methodology.

Maximum Number of Dwellings	450
Average Lot Value Improved value as a result of rezoning, includes land clearing, services, delivery of roads & infrastructure, subdivided and ready for construction by others. (Excludes physical dwellings and improvements)	\$800,000**
Total Estimated Revenue* (450 dwellings x average lot value)	\$360,000,000**
10% Affordable Housing Contribution* Calculated as 10% of the end sales value of the lots available for sale	\$36,000,000**

*The planning proposal seeks a maximum of 450 dwellings on the site. It is noted that for the purposes of calculating the affordable housing contribution amount, a financial assumption of 1 x residential lot per 1 x dwelling is adopted. It may be the case that the final number of residential lots created is less than 450 as the proposal is intended to allow for dual occupancies. In this instance the affordable housing calculation is still fair value as it is calculated based on the number of maximum dwellings rather than the number of lots that will be created which may be less than 450.

**Prior to making of the LEP, further valuations and financial viability testing is to be completed in line with the gateway conditions.

1.3 Converting contribution amount into actual dwellings

The Affordable Housing Contribution amount is to be converted into physical dwellings on the site by way of delivery which includes the built form. It is noted that in this scenario there is to include all costs associated with delivering the sub-divided lots, end values as well as the built form, including but not limited to:

- a) Land Value
- b) Land Subdivision Costs (design and construction)
- c) Any levies, bonds and contributions relating to the land development
- d) Professional Fees, design & consultant costs
- e) Project Management & Development Management
- f) Construction costs of residential built form
- g) Any additional levies, bonds or authority charges associated with the built form
- h) Selling and land holding costs
- i) Legal fees and the like
- j) Transaction costs such as construction finance, interest charges
- k) Any other cost associated with the delivery of physical residential dwellings
- l) GST

To that effect and for absolute transparency, we estimate that this will result in 20 affordable housing dwellings being delivered and ready for use on the site.

References

[Northern Beaches Council Affordable Housing Contribution Scheme](#)

[Northern Beaches Council Affordable Housing Policy](#)