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Legislative Assembly Select Committee on Essential Worker Housing
Parliament of New South Wales
Parliament House, Macquarie Street
Sydney NSW 2000

By email: EssentialWorkerHousing@parliament.nsw.gov.au

Dear Sir/Madam

Supplementary questions for City of Sydney Council

Thank you for the opportunity for City of Sydney staff to appear at the hearing for the Select Committee on Essential Worker Housing on 7 February 2025.

Please find below our answers to the supplementary questions issued on 24 February 2025.

1. Can you please supply the Committee with a copy of your Affordable Housing policy?

<https://www.cityofsydney.nsw.gov.au/affordable-housing-contributions/city-of-sydney-affordable-housing-program>

2. How many affordable housing properties have been (a) approved and (b) built in your local government area in the past 10 years?

Since 1994 when NSW Government's City West Housing completed their first building, the number of affordable and diverse housing dwellings has increased to 1,447 as of June 30, in the City of Sydney area. In addition, a total of 556 dwellings have been an approved (development application approval) and a further 1,385 dwellings are in the pre-application stage and are expected to be added to the supply of affordable and diverse housing in the area.

2.a. How many of these properties are owned by Council and, who manages them?

None of the built or future affordable and diverse housing dwellings are owned by the City of Sydney Council. Most are owned by registered Tier 1 not-for-profit community housing providers (CHPs). A small proportion are owned by other non-government organisations (mainly specialist homelessness services) and a smaller number by the private sector.

There are sound economic reasons for supporting registered not-for-profit community housing providers to own affordable housing instead of councils. By building the asset base of not-for-profit community housing providers this supports growth in the supply of

affordable housing. Such assets can assist providers to access low cost finance to build new supply. Further, by accessing tax and other concessions the total amount of housing that can be delivered by not-for-profit community housing providers for the same amount is more than what could be delivered by councils. A study by the Paxon Group found that for \$10m in funding, local councils could deliver 16 units, or 28 if they took on additional debt. With the same amount of initial funding community housing providers could deliver 34 units for a lower upfront cost¹.

3. Do you keep a registry of Affordable Housing Properties? a. What audit of built affordable housing properties, if any, is undertaken by your Council?

The City of Sydney maintains a list of affordable housing properties rather than a formal register or audit.

The maintenance of the list involves monitoring development applications and is supported by reporting from community housing providers in receipt of affordable housing developer contributions. The functions are complementary to our reporting on the number of affordable housing dwellings under the Integrated Planning and Report framework. However, there are resource implications involved, and not all councils are equally capable of absorbing this.

Under planning legislation councils have the capacity to investigate non-compliance with development application conditions that may be identified. This is aided by the maintenance of records on the number of affordable housing dwellings.

3b. Do you see any challenges for councils in maintaining an affordable housing registry? If so, what are these challenges?

Any register is best established and operated in a transparent way by the NSW Government. Affordable housing is developed under state-wide planning legislation and operated by community housing providers under national and state schemes with oversight of community housing providers by the NSW Registrar of Community Housing.

This approach would be consistent with other registers such as for boarding houses, short term rental accommodation and swimming pools.

Councils do not have legislation that enable them to establish and maintain a register or require owners to participate in and provide information to form a register. Making councils responsible for establishing and maintaining registers will likely result in different approaches across the state, which would be challenging for community housing providers. A state level register (with investigative, compliance and enforcement powers) would also assist with coordination with national regulations and funding.

A publicly available state-wide register should be established and maintained by the NSW Government. Council's should then have access to the relevant information to assist their narrowly defined compliance activities under planning legislation.

The Registrar of Community Housing maintains a record of all community housing assets by program type which includes affordable housing. Different pathways for the delivery of affordable housing require the engagement of a registered community housing provider. Avoiding duplication and coordinating with the Registrar is recommended in the development of a register of affordable housing.

¹ <https://communityhousing.org.au/wp-content/uploads/2023/06/CHIA-NSW-Local-Council-Partnerships-for-Provision-of-Affordable-Housing.pdf>

Potential problems needing resolution prior to the development of a register of affordable housing include: the lack of consistent definitions, differences in tenant eligibility criteria and methods for allocating affordable housing and the different rent models employed by providers of affordable housing.

For privacy reasons in relation to crisis and other accommodation, it is generally recommended that suburb level details only be provided publicly with a limited range of organisations in enforcement/compliance roles able to view addresses. The availability of a publicly facing register is important to deliver transparency which is especially important when government incentives or support are used to deliver the affordable housing.

4. Please provide a list of community land (such as carparks, parks or reserves, or other properties) that has been reclassified into operational land over the past five years. a. What is the new usage (zoning) of these properties? b. Have any of these properties been sold or being considered to be sold in the future?

There have been two instances of community land being converted to operational land. Both enabled road infrastructure to be delivered.

The City has sold land in the following suburbs to community housing providers to support the delivery of affordable housing:

Address	Status as at 30 June 2024
110 Ross Street Glebe (2020)	75 built affordable housing units
130 Portman Street Zetland (2015)	104 built affordable housing units
11 Gibbons Street Redfern (2021)	122 built affordable housing units and 40 built social housing units
338 Botany Road Alexandria (2017)	106 affordable housing units in the development pipeline
330 Botany Road Alexandria (2017)	275 affordable housing units in the development pipeline
545-549 South Dowling Street Surry Hills (2023)	10 affordable housing units in the development pipeline
Undisclosed location in Potts Point (2024)	2 affordable and diverse housing units in the pre-application stage
Undisclosed location in Darlinghurst (2024)	7 affordable and diverse housing units in the pre-application stage

5. Can you elaborate on the barriers councils have experienced when trying to implement affordable housing contribution schemes? (Transcript, p 14) a. What resources has the City of Sydney Council developed to help other councils implement affordable housing contribution schemes?

The Resilient Sydney's Diverse and Affordable Housing Project aimed to assist councils implement affordable housing schemes. The work was led by a steering committee comprising senior council officers (including from City of Sydney), representatives of Resilient Sydney, Southern Sydney Regional Organisation of Councils (the secretariat), the Greater Cities Commission and the Department of Planning and Environment (DPE). The City of Sydney hosts Resilient Sydney and was a major contributor to this work.

The key objectives of the project were to:

- Demystify and simplify the process for councils seeking to implement Affordable Housing Contribution Schemes (AHCS)
- Build local council capacity to establish implement their own AHCS
- Provide a package of practical resources and tools for council officers
- Encourage the implementation of AHCS to increase the number of affordable housing rental dwellings for very low to moderate income households across metropolitan Sydney.

The project output included research identifying barriers to the implementation of affordable housing schemes along with templates and guidance to assist councils. SSROC has publish all the [documents](#).

The [Affordable Housing Contributions Scheme Directions Paper](#) identified the following key barriers:

- The process for implementing AHCS is more difficult than it needed to be and could be more streamlined.
- The requirement and approach to demonstrate feasibility on a case by case basis is time consuming, resource intensive and impedes implementation.
- Limiting schemes to precincts that are to be rezoned is a disincentive for many councils who have already rezoned town centres and key precincts.
- Despite the Guideline for Developing an Affordable Housing Contribution Scheme, the small number of schemes in place means there is a limited knowledge base at both state and local level of the detailed steps and system changes required for councils to get schemes up – “they don’t know what they don’t know”.
- Gaps in awareness and knowledge of the relative merits of different models of ownership and management of affordable housing generated by a scheme further add to uncertainty.
- Concern about the lack of resources in councils given the type of work involved and other strategic planning priorities.

5.b. How will affordable housing contribution schemes help increase the availability of affordable and/or essential worker housing?

Section 7.32 of Environmental Planning and Assessment Act allows conditions to be imposed on development requiring land or contributions for affordable housing.

An affordable housing contribution scheme sets out the details of how conditions are to be imposed and other details about the operation of an affordable housing.

The scheme is required by s.7.32(3)(b) of the Act in order for contributions to be imposed.

The City’s affordable housing contributions scheme, known as the City of Sydney Affordable Housing Program, has been the most successful tool for delivering funding for affordable housing in the council area. The vast majority of the 1,447 built affordable housing dwellings in the City of Sydney have been supported by developer contributions collected under the scheme and passed onto the relevant Tier 1 CHP.

The scheme operates for development under cl.7.13 of Sydney Local Environmental Plan 2012 and requires a developer to provide 3% of residential floor space or 1% of non-residential floor space (GFA) as affordable housing. The GFA can be built as part of the project or monetised according to indexed rates \$ per square metre of floor space published by the City of Sydney.

In practice, the contributions are typically paid as a monetary contribution. The monetary contributions are then passed onto identified community housing providers who build and operate affordable housing. The City requires the community housing provider to provide the affordable housing in-perpetuity and the rent be set as a portion of household income (rather than at a discount to market).

The contributions provide for a stable stream of funding for community housing providers to support projects and underpin less certain revenue sources such as grants.

6. The Committee received evidence from other stakeholders that the City of Sydney Council has included affordable housing as "permitted use" in some industrial areas. Can you elaborate on the benefits and risks of this approach as a way of increasing the availability of essential worker housing?

The City's planning controls permit affordable housing in identified precincts that are zoned for business use only and otherwise prohibit residential development.

The permitted use operates under clause 7.13A of the Sydney Local Environmental Plan (LEP). The identified precincts are mapped in the LEP and otherwise zoned E3 Productivity Support, which prohibits housing. The precincts were former light industrial areas in Alexandria, Forest Lodge and Rosebery. The Alexandria land is in walking distance of Green Square rail station.

This has facilitated three affordable housing developments located at:

- 330-332 Botany Road Alexandria (expected to deliver 257 affordable housing dwellings)
- 338 Botany Road Alexandria (expected to deliver 111 affordable housing dwellings)
- 216-220 Wyndham Street Alexandria (expected to deliver 104 affordable housing dwellings)

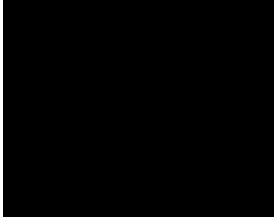
The main benefits of this approach are reducing the cost of land for registered not-for-profit community housing providers and increasing the availability of land in the City by removing the need for community housing providers to compete with others in the private market for land purchase.

The permitted area was first the subject of a strategic study confirming the suitability of the precinct for some form of housing. It was the City of Sydney's decision open it up to affordable housing as a right. Well located land is a significant proportion of the cost of affordable housing in the City, so this is especially important. In densely populated areas like the City, industrial areas are close to transport, and other services, so residential uses can be possible.

A key risk with this approach is the potential, in some locations, for it to result in housing that is poorly located and isolated from facilities. There are also broader economic risks from wide spread conversion of land used for business/industrial activity to residential uses. We considered these issues in the study when identifying the specific precincts.

Please contact [REDACTED], Executive Manager Strategic Planning and Urban Design on [REDACTED] or [REDACTED] should you have any further questions.

Yours sincerely,



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