



## Legislative Assembly Select Committee on Essential Worker Housing

Dear Committee members

I refer to your questions sent to me on 24 February 2025 requesting responses after the Committee hearing on 7 February 2025 at Parliament House. Please see my responses below.

### QUESTION

*1. Can you elaborate on the new levies and contribution schemes that are impacting North Sydney Council's use of voluntary planning agreements? (Transcript, p 4)*

*a. What impact is this likely to have on the development of affordable and/or essential worker housing in your local government area?*

### RESPONSE

The North Sydney Local Infrastructure Contributions Plan (2020) allows Council to levy new development to help fund local infrastructure such as open space, recreation facilities, community facilities, public domain works, and active transport. These funds are able to be levied to help meet the increased demand created by new development. Importantly, under the relevant legislation, in an 'in-fill' environment like North Sydney, the cost of new and upgraded facilities cannot usually be attributed entirely to the incoming population. As a result, Council needs to find alternate sources of funding such as grants or general revenue, to deliver new and upgraded facilities.

This challenge has been further exacerbated due to the contributions 'cap' of \$20,000 on new residential development that was imposed in 2011 – a figure that **has not been the subject of review or indexation in over 13 years.**

To help address the need to deliver appropriate and necessary supporting infrastructure, North Sydney Council has previously sought to negotiate Voluntary Planning Agreements (VPAs) at the time of consideration of proposals to amend planning controls. This assisted Council to secure direct and locally necessary public benefits (such as a new arts facility, open space and the provision of affordable housing within a development) that it would otherwise have been unable to provide. However, since the imposition of a Special Infrastructure Contribution (replaced with the Housing and Productivity Contributions from 1 October 2023), landowners have been unwilling to enter into these public benefit negotiations, citing feasibility reasons because of the additional State-imposed levies.

This, combined with recent planning reform that provides uplift that would otherwise have been part of a Council assessed planning proposal and possible accompanying VPA, has effectively removed one of the few levers Council has previously utilised to increase affordable housing in the LGA.

## QUESTION

*2. Can you elaborate on the MOU you have entered into with Homes NSW to investigate 'mutual opportunities'? (Transcript, p 2)*

*a. Will this MOU increase the availability of essential worker housing within your LGA?*

## RESPONSE

On 24 June 2024, Council resolved to seek to develop a Memorandum of Understanding (MoU) with Homes NSW to expedite the delivery of new and refurbished social and affordable housing within the North Sydney LGA. Representations have been made with Homes NSW and the development of a MoU remains an ongoing undertaking.

While mutual opportunities are not yet defined, they may look like an agreement to use Council land at a concessional rate for an affordable housing development, in partnership with a Community Housing Provider (CHP), with State Government assistance by way of grant funding or technical assistance (noting that grants for new affordable housing supply can be allocated to a CHP, not to a Council).

It is envisioned that an MoU with Homes NSW, once established, would contribute broadly to housing diversity in the LGA for lower, low and moderate income households. This would increase the availability of affordable housing in the North Sydney LGA suitable for essential workers, but it would not necessarily be specifically targeted at essential workers only.

## QUESTION

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

## RESPONSE

Council has a range of informing documents that provide guidance regarding affordable housing in the LGA. These include:

- North Sydney Affordable Housing Strategy (2015)
- North Sydney Local Housing Strategy (2019)
- North Sydney Housing Strategy Supplement (2024)

These documents are supplied as attachments.

In addition, the North Sydney Local Strategic Planning Statement (2020) includes actions to strengthen the long-term sustainability of affordable housing in the North Sydney LGA; ensure an appropriate diversity of dwelling types in new residential development is delivered; and commits to establishing an Affordable Housing Contributions Scheme which is expected to be finalised in 2025.

## QUESTION

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

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

## RESPONSE

- Approved: there have been 109 affordable housing dwellings approved in the past 10 years via a range of pathways, including a not-for-profit DA, new generation boarding houses from the private sector and State Significant Development (SSD) that contain affordable housing.
- Built: there have been 9 affordable housing dwellings completed in the past 10 years, 34 dwellings are currently under construction.
- Subject of a Voluntary Planning Agreement: Council currently has two VPAs that are executed but not yet delivered related to affordable housing. Once these VPAs are delivered, they will provide approximately 12 affordable housing units.

Of the affordable housing dwellings built in the LGA in the last 10 years, Council partly or wholly owns 9 of the completed dwellings and 12 of the dwellings under construction.

Properties owned by Council are predominately managed by Community Housing Provider Link Wentworth, with whom Council has an established legal agreement. Taldumande Youth Services manages one property and the Department of Communities and Justice leases three properties.

For clarity, Council wholly owns some affordable housing stock, partly owns some properties with Land and Housing Corporation and partly owns some properties with Link Wentworth.

It should be reiterated that whilst Local Government plays a role in increasing the stock of affordable housing, the enabling mechanisms and resources available are extremely limited compared to other tiers of government.

## QUESTION

*5. Do you keep a registry of affordable housing properties?*

*a. What audit of built affordable housing properties, if any, is undertaken by your Council?*

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

## RESPONSE

Council maintains a registry of affordable housing property that it owns (131 dwellings). It is audited periodically in the context of Link Wentworth reporting on management matters (in accordance with the legal terms of agreement) and both parties confirming which properties remain on and/or are to be added to the agreement. Council also maintains records of general development approvals.

As more affordable housing stock comes online as a result of NSW planning reform, such as residential development in the Crows Nest Transport Oriented Development precinct, Council will need to increase the breadth of its approach to registering affordable housing properties. Council is supportive of the State Government developing a central database that holds a record of registered affordable housing dwellings, similar to the short-term rental accommodation registry, provided it can be readily accessed by relevant Council staff and ensure privacy for tenants.

Some maintenance challenges foreseen include ensuring:

- dedicated affordable housing will be retained for this exclusively for use; and
- a regulatory setting that grants permission for an authority to receive and respond to concerns where a dwelling may be used for market housing when it is approved for affordable housing; and,
- there is adequate resourcing for administrative and regulatory impost.

#### **QUESTION**

*6. Please provide a list of community land (such as carparks, parks or reserves, or other properties) that have 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?*

#### **RESPONSE**

In the past five years, North Sydney Council has not reclassified community land into operational land.

#### **QUESTION**

*7. Why is it important that time limits are applied to approvals to prevent land banking?*

*a. What impact does land banking have on the availability and delivery of affordable housing?*

*(Transcript, p 3)*

#### **RESPONSE**

Planning influences have been, and continue to be, scrutinised as part of the response to the chronic affordable housing shortage in NSW. This is but one part of the solution.

Despite a supply approach, as is the case in the current planning policy setting in NSW, there are a range of non-planning influences that may limit increasing the supply of diverse housing choice (market housing and affordable housing).

While planning policy may permit an increase in heights or density to incentivise more housing supply, including affordable housing, a developer determines the rate at which a site will be developed. If there is a greater return on investment for a developer to hold an asset or drip feed it to the market, in order to maximise profit (rather than deliver the supply in its entirety), then they will engage in land banking resulting in a consequential supply bottleneck.

Any policy solution that seeks to incentivise the private sector to increase affordable housing stock will necessarily also include market housing, as per recently released planning policies Transport Oriented Development rezoning program and the Low and Mid-rise housing reforms combined with in-fill affordable housing bonuses. In these scenarios, market housing supply and affordable housing supply are inextricably linked.

Time limitations for approvals to access any bonus planning incentives for the development of affordable housing will encourage the swift provision of diverse housing stock, while mitigating the intentional strategy of land banking that undermines supply. This is especially important in a high-cost

areas where the housing entry rate is also higher, which negatively impacts access to affordable housing.



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