

## Attachment 2 - Responses to Supplementary Questions

ns

1. **At the hearing, you noted Council had relied on legal interpretation to facilitate housing as ancillary development for the health and education precinct (Transcript, p 6).**
  - a. **Can you elaborate on the difficulties Council experienced in this case, and the impact this had on delivering housing as part of the health and education precinct?**

We encountered significant challenges when attempting to incorporate essential worker and student housing within the Blacktown Health and Education Precinct due to the absence of a clear statutory framework to guide the provision of such housing types within specialised precincts. The primary difficulty stemmed from having to rely on legal interpretation of the term "ancillary" to justify the inclusion of housing for essential workers and students. This absence of explicit planning provisions created regulatory uncertainty that:

- delayed the approval process by approximately 18 months while legal opinions were sought and regulatory pathways established
- created uncertainty for potential developers and investors considering involvement in the precinct
- required extensive negotiations with the Department of Planning to establish acceptable parameters for what constitutes "ancillary" housing
- added costs to both Council and proponents through additional legal and planning consultancy expenses
- restricted our ability to optimise the mix of housing and support services in the precinct.

The impact on delivery was substantial. The ambiguity surrounding this regulatory framework deterred some potential partners from pursuing development opportunities, reduced the quantity of essential worker housing that could be justified as "ancillary," and ultimately compromised our ability to create a truly integrated health, education and housing precinct that could attract and retain essential workers in close proximity to their workplace.

This experience highlights the urgent need for planning reform to explicitly recognise and facilitate essential worker housing, particularly in specialised precincts where co-location delivers significant community and economic benefits.

**2. What changes to the planning system or government guidelines would help create better clarity and certainty when implementing either voluntary planning agreements or affordable housing contribution schemes? (Transcript, p 6).**

Based on Council's experience implementing both Voluntary Planning Agreements (VPAs) and working toward an Affordable Housing Contribution Scheme (AHCS), we recommend the following specific reforms.

1. Amend the Guideline for Developing an Affordable Housing Contribution Scheme (Feb 2019) to remove the limitation to exclusively apply an Affordable Housing Contribution Scheme in areas subject to planning control uplift. This is inconsistent with a number of Schemes adopted by Council's across NSW, and ignores the demonstrated feasibility of the contribution in existing established areas unlikely to undergo significant planning control change. Retaining this requirement in the Guideline is confusing and reduces the delivery of new affordable housing.
2. Amend the VPA Practice Note (Feb 2021) to require a stronger nexus between a development application/planning proposal and the contribution. The current Practice Note does not require a strong nexus, which can result in works being delivered which do not service the (existing or future) community most affected by the DA/PP as best as they could.
3. Amend the VPA Practice Note (Feb 2021) to allow VPA's for the primary purpose of value capture, where suitable. The current Practice Note does not support this, which significantly limits the ability for council's or the NSW Government to best deliver critical infrastructure to benefit the (existing or future) community most affected by the DA/PP. Individual Council's should be allowed to consider VPA's for value capture within their own VPA Policies.

We recommend that individual councils be empowered to consider VPAs for value capture within their own VPA policies, subject to appropriate feasibility testing and community consultation. This would align the NSW planning system with contemporary practice in comparable jurisdictions and maximise community benefit from development.

**3. Why is it important that affordable housing is delivered in perpetuity?**  
(Transcript, p 6)

**a. Can you comment on concerns that this would adversely impact the economic viability of development?**

Our strong preference for housing in perpetuity is based on learnings from the Commonwealth Government's National Rental Affordability Scheme and similar time-limited programs. The Scheme, which commenced in 2008 and peaked 6-7 years later, provided incentives to build new homes to be rented out at 20% below the market rate for a 10-year period. After this period, rents could return to market rates, and properties could be sold onto the open market.

Dedicating affordable housing for a limited period, such as 10 to 15 years, as in the now-repealed ARH SEPP and the current Housing SEPP, will result in a short-term 'band-aid' fix but produce detrimental long-term affordability issues. For example, incentivising the delivery of affordable housing via Chapter 2, Part 2 of the Housing SEPP ('30/30/15' mechanism) will encourage developers to quickly upgrade their current landholdings with a minimum affordable component for a period of at least 15 years. However, after 15 years, the affordable stock will become market stock, and the development site will become effectively redundant as a vehicle for future affordable housing, as it is unlikely to be redeveloped for many decades. Eventually, only greenfield sites will be left to utilise this mechanism, which does not address the problem in established areas. As we transition to an infill model of development, we must focus on addressing this issue in our urban renewal precincts.

Additionally, there are devastating social impacts associated with time-limited affordable rental housing. Mass displacement of residents at the end of the legislated (10 or 15 year) time period will occur, resulting in worsened social inequities, severe psychosocial impacts for residents and further strain on the affordable and social housing industry.

The consequences of these time-limited approaches have been problematic, as outlined below.

- Decreasing affordable housing stock - as the National Rental Affordability Scheme and NSW planning policy incentives expire, the supply of affordable rental housing has progressively diminished, exacerbating the current imbalance between supply and demand in the affordable housing market.
- Cyclical housing crises - time-limited schemes create artificial peaks and troughs in affordable housing availability, making long-term planning for housing needs nearly impossible.
- Social and community disruption - occurs when affordable housing reverts to market rates, resulting in the fracturing of established communities and leaving vulnerable residents facing displacement from their support networks, schools, and essential services.
- Inefficient use of public resources - resources invested in establishing affordable housing provide only temporary benefits, requiring constant reinvestment to maintain the same level of affordable housing stock.

Delivering affordable housing in perpetuity offers a range of sustainable benefits. It ensures that the affordable housing stock is permanently maintained and has the potential to grow over time. This approach allows Community Housing Providers to leverage these assets on their balance sheets, enabling them to secure financing for the development of additional affordable housing. Furthermore, it creates certainty for residents, fostering stable communities and improving life outcomes. Additionally, this strategy represents a more efficient use of public resources, providing enduring returns on investment and serving as a long-term solution rather than merely a temporary intervention.

Providing affordable rental housing in perpetuity would not adversely impact the economic viability of development. Developers factor multiple contributions and expenses into their business model. To achieve a minimum 15% profit margin (approximately the industry standard), they are flexible and will ultimately offer a lower purchase price for the development site. Typically, an original landowner will make significant financial gains (significantly more than a 15% profit margin compared to what they may have paid for the land themselves) when a developer purchases land for a development site, which would be minimally disrupted by a requirement to provide affordable housing in perpetuity. Subject to ample notice for industry, a requirement for affordable housing in perpetuity is of no negative economic impact as it is factored into feasibility decision making. It is also noted that affordable rental housing does generate income (albeit at a lower rate than market rentals) which can still be of financial benefit to the developer.

The housing industry in jurisdictions that have implemented similar requirements has continued to thrive while delivering social benefits. The key factor is providing clear, consistent policy with appropriate transition periods to allow the market to adjust.

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

Please refer to attached documentation.

**5. 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?**

Based on an analysis of our development and compliance data systems, approximately 5,498 affordable dwellings have been approved between January 1, 2015, and March 14, 2025, through various development types and approval pathways.

<i>Development applications</i>	<b>DA's approved</b>	<b>Approx. No. dwellings</b>
<b>Boarding House</b>	33	552
<b>Dual Occ Affordable</b>	29	47
<b>Group homes</b>	15	76
<b>Secondary Dwelling</b>	675	740
<b>Medium/high density Affordable</b>	7	80
<b>Total</b>	759	1495

  

<i>Complying development certificates</i>	<b>CDC's approved</b>	<b>Approx. No. dwellings</b>
<b>Group Home</b>	52	315
<b>Secondary Dwelling</b>	3688	3688
<b>Total</b>	3740	4003

*\*Prior to August 2015 we did not collect CDC information in our system. The CDC table in the table above is from 1 August 2015 - 14 March 2025.*

It is important to note that while these dwellings meet the technical definition of "affordable housing" under various planning instruments, not all are subject to affordability controls or management agreements that ensure they remain affordable in the long term.

We do not own any affordable housing properties.

**6. 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?**

We do not currently maintain a comprehensive registry specifically for affordable rental housing properties. While we track development approvals through our internal systems, there are limitations in monitoring the ongoing status and compliance of these properties once constructed.

The NSW Planning Portal includes a mandatory field that requires staff to specify whether a development is "affordable," which presents a potential data source. However, improved systems integration and dedicated resources would be required to effectively utilise this information for monitoring purposes.

We do not conduct a systematic audit process specifically for affordable housing properties. Our current compliance activities are generally complaint-based or focus on specific development consent conditions rather than ongoing affordability requirements.

Several significant challenges exist for establishing and maintaining an effective affordable housing registry, including:

- resource constraints - developing and maintaining a comprehensive registry would require dedicated staffing and technological resources that are not currently allocated for this purpose.
- data integration issues - multiple approval pathways (DAs, CDCs) and various planning instruments create complexities in standardizing and centralising data
- tracking compliance - without specific legislative authority and resources, monitoring ongoing compliance with affordability requirements is exceptionally difficult
- privacy considerations - collecting and maintaining data on property ownership, management, and tenant eligibility raises privacy concerns that must be carefully addressed
- changing property status - properties may move in and out of "affordable" status based on ownership changes, management agreements, or other factors that are challenging to track
- classification inconsistencies - varying definitions of "affordable housing" across different planning instruments creates ambiguity in classification

We welcome the opportunity to work with the NSW Government to develop standardised approaches to data collection and management. With appropriate resources and systems integration, we could modify our internal systems to capture, maintain, and report on this important data, providing valuable insights for policy development and implementation.

- 7. 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?**

Attachment 3 provides a list detailing all council land that has been reclassified from community to operational land over the past five years. This information has been compiled from our asset management system.

- 8. Your Council recently sold a property located at 40 Kildare Road, Blacktown, which is zoned R4. Prior to the sale, did Council explore the possibility of working with a Community Housing Provider to develop affordable housing on this land?**
- a. If so, what factors led Council to decide against entering into an arrangement with a Community Housing Provider?**

No, we did not explore the possibility of working with a Community Housing Provider (CHP) to develop affordable housing at 40 Kildare Road, Blacktown, prior to its sale.

The property was identified as surplus to our operational requirements through our standard asset management processes. The decision to dispose of the asset was made in accordance with our Asset Management Policy and Long-Term Financial Plan, with proceeds directed toward our capital works program for community infrastructure projects.

We acknowledge the opportunity to better integrate our asset management strategies with our affordable housing objectives. However, this must be balanced against a range of other competing decisions to benefit our community.

## **Attachment 2**