

# Westmead South Affordable Housing Contribution Scheme

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## Acknowledgement of country

Cumberland City Council acknowledges the traditional custodians of the land on which Cumberland stands, the Darug People, and pays respects to elders past, present and emerging. We acknowledge the Aboriginal and Torres Strait Islander Peoples as the First Peoples of Australia.

Cumberland City Council also acknowledges the Aboriginal and Torres Strait Islander Peoples living in the Cumberland Local Government Area and reaffirms the important work with all Aboriginal and Torres Strait Islander Communities.

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# 1. Introduction

State and local policies identify the need for more affordable housing to reduce the level of housing stress experienced by residents in Cumberland. In response to this, the Westmead South Affordable Housing Contributions Scheme aims to ensure that lower income households can continue to live and work locally to facilitate a socially diverse and inclusive community.

Westmead South is an integral part of the Westmead Health and Innovation District, and the Westmead Place Strategy 2036 recognises that it has potential to provide diverse housing opportunities. Furthermore, with the delivery of the Sydney West Metro station in Westmead South, there is an opportunity to provide a highly accessible and connected precinct.

The Westmead South masterplan intends to guide growth by allowing for high density mixed use and residential development in the right places. Analysis has shown that the land use development opportunities in Westmead South will be able to facilitate the delivery of affordable housing as part of normal residential construction to increase housing supply and diversity.

## 1.1 What is the Affordable Housing Contribution Scheme

The Affordable Housing Contribution Scheme (AHCS) sets out how, where and at what rate contributions can be collected for affordable housing. For properties identified within this scheme, contributions are to be calculated based on the total residential gross floor area of the development to which the development application (DA) relates. The ways to make the contribution include:

- Dedication of one or more affordable housing dwellings, or
- Monetary contribution, or
- A combination of the two.

Council would use the dedication of dwellings and monetary contributions to develop, purchase and manage affordable housing in perpetuity for the local community. Council may partner with registered community housing provider/(s) (CHP) to manage and deliver tenancies. The CHP would be responsible for selecting tenants within the very low, low and moderate household income brackets.

Very low-, low- and moderate-income brackets are based on percentages of the median household income for Greater Sydney as follows:

- Very low-income household, less than 50% of the median household income.
- Low-income household, 50% to 80% of the median household income.
- Moderate income household, 80% to 120% of the median household income.

## 1.2. How to use this Scheme

The Westmead South Affordable Housing Contributions Scheme should be read in conjunction with Cumberland Local Environmental Plan 2021, the Westmead South Planning Proposal and the Westmead South Masterplan.

It is intended to guide future Planning Proposals and Development Applications for the identified affordable housing key sites in Clause 6.25 of CLEP 2021 as to what contributions will be required of them if they access the increased floor space and building height incentives available to them in Clause 6.26 of the CLEP 2021.



Figure 1: Context of the Affordable Housing Contribution Scheme

### 1.3 Relationship to Council's Affordable Housing Policy and Strategy

Cumberland Council has an existing Affordable Housing Policy and Affordable Housing Strategy that recognise the need to provide affordable housing and provide mechanisms to do so.

#### **Cumberland Affordable Housing Policy 2020**

The Affordable Housing Policy identifies the mechanisms available to Council for the provision of affordable housing, the principles that govern the provision of affordable housing and the requirements of affordable housing.

The Policy will continue to apply and will need to be amended to include reference to this Scheme as a mechanism and requirement to provide affordable housing.

#### **Cumberland Affordable Housing Strategy 2020**

The Affordable Housing Strategy provides an analysis of local demand and identifies key priorities and actions which Council can pursue to continue to facilitate the delivery of affordable housing over the next 20 years.

The Strategy will continue to apply and will need to be amended to include reference to this Scheme as a mechanism and action to provide affordable housing.

## 2. Background and strategic context

### 2.1 Objectives

The objectives of this Westmead South Affordable Housing Contribution Scheme Plan, (*the Plan*), are to:

- (a) Recognise affordable housing as critical ongoing infrastructure to support a sustainable and diverse community and local economy.
- (b) Contribute to meeting the housing needs of very low-, low- and moderate-income households who live and/or work in Cumberland.
- (c) Provide the requirements for making a contribution for affordable housing in accordance with the Cumberland Local Environmental Plan 2021 (CLEP 2021).

### 2.2 Land to which this Plan applies

This Plan applies to development within the Westmead South area, as identified in Clause 6.25 of CLEP 2021, that chooses to benefit from the affordable housing option under the incentive height and floor space provision.

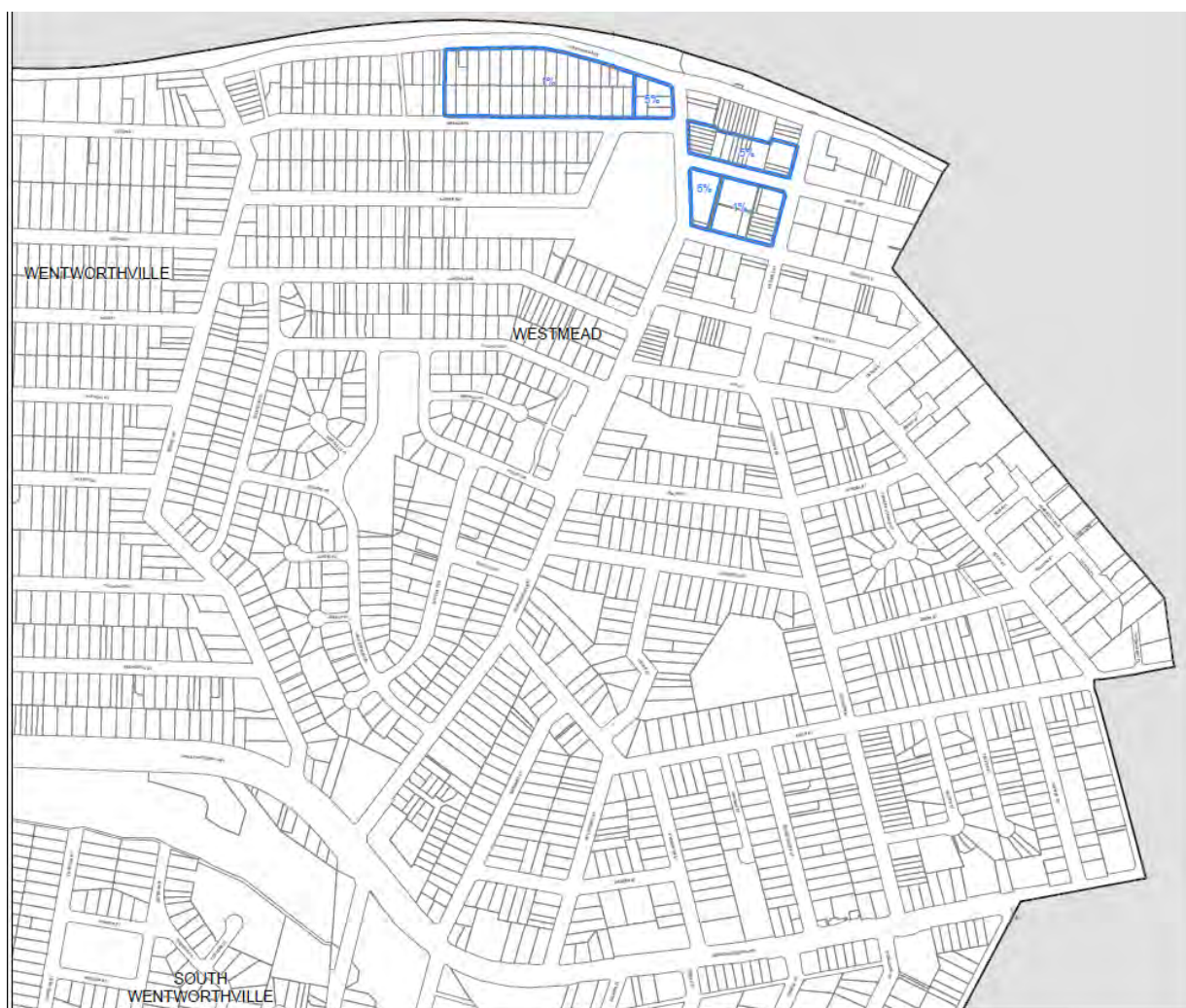


Figure 2: Land to which this scheme applies

## 2.3 Legislative basis

Section 7.32 of the Environmental Planning and Assessment Act 1979 (the Act) allows for the collection of contributions for affordable housing where a need for affordable housing is identified in a planning instrument. The *State Environmental Planning Policy (Housing) 2021* (Housing SEPP 2021) recognises that all local government areas within NSW are areas where there is a need for affordable housing.

Section 7.32(1) of the Act requires that a contribution requirement may only be applied to a development application where:

- (a) The consent authority is satisfied that the proposed development will or is likely to reduce the availability of affordable housing within the area; or
- (b) The consent authority is satisfied that the proposed development will create a need for affordable housing within the area; or
- (c) The proposed development is allowed only because of the initial zoning of a site, or the rezoning of a site; or
- (d) The regulations so provide.

All development for the purposes of residential accommodation in the area identified in Clause 6.25 of CLEP 2021 which chooses to take up the Incentive floor space and building height permitted in Clause 6.26 of CLEP 2021 is subject to the collection of contributions for affordable housing because:

- Condition (a) is met because redevelopment in the Westmead South area will likely reduce the availability of affordable housing in the corridor area due to gentrification impacts, and
- Condition (b) is met because all development in the area creates a need for affordable housing. Where it is new residential development, the cost of that housing is unlikely to be 'affordable' for low-income households, and therefore affordable housing is required to maintain a socially and economically diverse community, and
- Condition (c) is met as sites within the Westmead South area are being rezoned to allow residential development uplift.

## 2.4 Affordable housing in Cumberland

Affordable housing is essential for social equity and community wellbeing, a diverse labour market, employment growth and economic development, and environmental sustainability. A lack of affordable housing affects the quality of life of families and individuals. It results in the displacement of long-term residents and breakdown of the community's social fabric. It also impacts on an area's economic stability and growth - the labour force is affected when lower paid key workers leave their community to find cheaper housing.

Access to affordable, appropriate, and secure housing is a basic requirement for all people and an essential component of an inclusive and sustainable city. However, with housing costs increasing at a faster rate than household incomes and Sydney being Australia's least affordable housing market, there is a significant challenge in meeting the affordable housing needs of very-low, low- and moderate-income households in Cumberland City.

Affordable housing is currently provided in Cumberland City through a range of mechanisms including provision by a community housing provider or State agency, in connection with a planning proposal or development application that is dedicated to Council, or affordable housing provided through development in response to the Housing SEPP 2021.

Key indicators demonstrating a need in the Westmead South area for affordable housing:

- The area is identified in the Housing SEPP 2021 as having a need for affordable housing.

- There is unmet demand for social and affordable housing in the area.
- A significant proportion of very low to moderate income households are in housing stress.
- Very low to moderate income households are being displaced because of the lack of affordable housing.
- It is difficult for key workers to meet their housing needs.
- Very low to moderate income households cannot afford to purchase or rent housing in the area.
- The amount of affordably priced housing is declining.
- There is a mismatch between the stock profile and household size.

Specific interventions are therefore needed to ensure that a diversity of housing, including affordable rental housing is provided.

The evidence base prepared to support this Plan is available in the Westmead South Planning Proposal supporting technical studies, and Council's Affordable Housing Policy and Affordable Housing Strategy.

## 2.5 Affordable housing principles

Section 15 of the Housing SEPP 2021 provides guidance about key considerations for how affordable housing resulting from a contribution requirement is to be provided within any area, such as Cumberland City. This Plan provides 'affordable housing principles' that are derived from these considerations. The affordable housing principles are:

- (a) Affordable housing must be created and managed in the Westmead South area so that a socially diverse residential population representative of all income groups is developed and maintained.
- (b) Affordable housing must be made available to very low-, low- or moderate-income households, or a combination of the households.
- (c) Affordable housing must be rented to appropriately qualified tenants and at an appropriate rate of gross household income.
- (d) Land provided for affordable housing must be used for the purposes of the provision of affordable housing.
- (e) Buildings provided for affordable housing must be managed to maintain their continued use for affordable housing in perpetuity.
- (f) Affordable housing must consist of dwellings constructed to a standard that, in the opinion of the consent authority, is consistent with other dwellings in the Westmead South area.



## 3. Making an affordable housing contribution

This section describes how affordable housing contributions are determined and satisfied through dedication of dwellings or monetary contributions.

### 3.1 Satisfying a contribution requirement

The affordable housing contribution requirement for sites identified as 5% in the CLEP 2021 Key Sites map is:

- 1% for development applications lodged within the first 12 months of the gazettal of the Westmead South Planning Proposal,
- 3% for development applications lodged within 13-24 months of the gazettal of the Westmead South Planning Proposal, or
- 5% for development applications lodged from 25 months after the gazettal of the Westmead South Planning Proposal,

of the total floor area used for residential purposes as is set out in the CLEP 2021.

The affordable housing contribution requirement for sites identified as 1% in the CLEP 2021 Key Sites map is:

- 1% for development applications lodged from the date of the gazettal of the Westmead South Planning Proposal,

of the total floor area used for residential purposes as is set out in the CLEP 2021.

There are two (2) possible ways to make the contribution:

1. Dedication of affordable housing dwellings on site or 'In-kind' contribution – build and dedicate the required affordable housing dwellings at no cost to Council, or
2. Monetary contribution 'in-lieu' of affordable housing units – a monetary contribution that is equivalent to the required 'in-kind' affordable housing.

The preferred contribution is via an in-kind contribution – build and dedicate the required affordable housing dwellings to achieve the objectives of this plan, at no cost to Council. The minimum gross floor area of a dwelling for dedication is 50 square metres as outlined in section 3.2 below.

In the circumstance that the AHCS contribution equates to an area that is less than 50 square metres, then payment of an in lieu monetary contribution must be made (to the Council by the applicant).

Where the required ACHS contribution is more than 50 square metres but is not delivered wholly through the dedication of dwellings that meets the requirements outlined in section 3.2, the contribution must be provided as a combination of in-kind and monetary contribution.

### Worked Example 1

Affordable Housing Contribution (%):	5%
Equivalent Monetary Contribution:	\$5,967/sqm GFA
Total Residential Gross Floor Area proposed:	9,500sqm
Affordable Housing Required (GFA):	$5\% \times 9,500\text{sqm} = 475\text{sqm}$
Minimum Unit Size (1 bedroom):	50sqm
In-kind Contribution (dwellings):	$475\text{sqm}/50\text{sqm} = 9.5$ (9 x 50sqm dwelling)
Residual GFA:	$475\text{sqm} - 450\text{sqm} = 25\text{sqm}$
Residual Monetary Contribution:	$\$5,967 \times 25\text{sqm} = \$149,175$
<b>Total Contribution Payable:</b>	
In-kind (Completed Dwelling):	9 affordable housing dwellings
Residual Monetary Contribution:	\$149,175

### Worked Example 2

Affordable Housing Contribution (%):	3%
Equivalent Monetary Contribution:	\$5,967/sqm GFA.
Total Residential Gross Floor Area proposed:	9,500sqm
Affordable Housing Required (GFA):	$3\% \times 9,500\text{sqm} = 285\text{sqm}$
Monetary Contribution:	$\$5,967 \times 285\text{sqm} = \$1,700,595$
<b>Total Contribution Payable:</b>	
Monetary Contribution:	\$1,700,595

The (in lieu) monetary contribution, is the rate identified in this plan, as indexed (refer section 3.3).

For development which cannot be subdivided such as boarding houses or purpose-built Student Accommodation, this plan outlines that a monetary contribution will apply.

Refer to the sections below for further details regarding dedication and monetary contributions.

## 3.2 Dedication of dwellings

An affordable housing contribution requirement may be satisfied by dedication to Council at no cost as affordable rental dwellings.

Affordable rental dwellings are to be provided as part of the development and associated DA that triggers an AHCS contribution in accordance with the following requirements:

- Align with the Affordable Housing Principles set out in this Plan.
- Ownership transferred to Cumberland City Council at no cost to Council.
- Provided in Cumberland City in perpetuity.
- Designed, constructed and fitted out to a standard which, in the opinion of Council, is generally consistent with other dwellings in the same development and across Cumberland City, that is, they are not differentiated as affordable housing compared with the design of other housing.
- Each affordable rental dwelling is to have a total floor area of not less than the following, with any remainder being paid as a monetary contribution to council:

Dwelling Size	Minimum Gross Floor Area
<b>1 Bedroom</b>	50m <sup>2</sup>
<b>2 Bedrooms</b>	70m <sup>2</sup>
<b>3 or more Bedrooms</b>	90m <sup>2</sup>

- Dedicated dwellings must be accompanied by a Strata Plan from a certified Land Surveyor that confirms the internal Gross Floor Area the relevant dwelling which aligns with the above minimums.
- Where affordable rental dwellings are provided within a larger development, the amenity benchmarks established by the Apartment Design Guideline (ADG or any subsequent Guideline that may apply from time to time) are to be achieved. For example, 70% of the affordable housing dwellings should achieve adequate solar access. If only 1 dwelling is dedicated, the ADG requirements must be achieved.
- The location, size, quality and fit out of affordable housing dwellings are to be to the satisfaction of Council and the receiving CHP operator (as assigned by Council). If Council or the managing CHP are not to satisfied, Council may require changes to the development, or that the contribution be made by way of an equivalent monetary contribution.
- Where only part of a contribution is satisfied by dedicating dwellings, any remaining floor area must be paid as an equivalent monetary contribution or equivalent land contribution, and
- All floor area to be dedicated for affordable housing is to be allocated as dwellings, that is, common circulation areas are not considered part of the contribution requirement. An exception to this is where all the affordable housing floor area is provided as a full floor of a development or as a stand-alone building.

Information about the process for dedicating dwellings for affordable housing is provided on the council's website.

### 3.3 Monetary contribution

This section describes the rate at which a monetary contribution is to be taken to be equivalent to floor area for the purposes of the affordable housing levy contribution.

The equivalent monetary contribution rate is \$5,967 per square metre based on the March 2023 median strata dwelling price in Cumberland City.

The contribution rate to be paid is to be indexed twice a year, being the first days of January and July, with reference to the most recently published median strata dwelling price in Cumberland City, as detailed in the NSW Government Rent and Sales Report, Table: Sales Price – Greater Metropolitan Region – Strata.

<https://www.facs.nsw.gov.au/resources/statistics/rent-and-sales/dashboard>

Council's website will contain the current rates for this Scheme.

### 3.4 Conditions of consent

A contribution requirement forms part of a development consent.

There will be two (2) triggers to demonstrate compliance with a condition of development consent, irrespective of how the contribution is made:

1. Prior to issue of a Construction Certificate - Evidence that the condition of development consent relating to affordable housing can be satisfied, must be provided and approved by Council in writing.
2. Prior to issue of an Occupation Certificate – demonstrate that the transfer or dwellings for dedication or payment of monetary contributions to Council to satisfy the condition of development consent relating to affordable housing.

In circumstances where no construction certificate is required, evidence that the condition of development consent relating to affordable housing has been met will be required before commencement of use/occupation.

### 3.5 Development that may be exempt

The following development may be exempt from the affordable housing contributions scheme:

- Development for the purposes of residential accommodation that is used and/or owned to provide community housing, public housing or group homes.
- Development of community facilities, public roads or public utility undertakings.
- Development for the purposes of residential accommodation that will result in the creation of a residential total floor area of less than 100 square metres.  
**NB:** where additional floor space is in conjunction with a change of use of existing floor space, existing floor space is not excluded, and the contribution is calculated on the entirety of floor space in the development (existing and new floor space).
- Alterations to an existing building that will result in the creation of less than 60 square metres of gross floor area that is intended to be used for a purpose other than residential accommodation.
- A change of use of less than 60 square metres of existing floor area of a building.
- Secondary dwellings.
- A dwelling house, dual occupancy and/or residential development, refurbishment or repair below 200 square metres.

Where a proposed development has a mix of applicable and exempt development uses, only the applicable development uses will contribute to an AHCS contribution.

### 3.6 How to make a contribution

Contributions can be made through either of the following:

- Dedication – transfer title to Council of the agreed and approved dwelling prior to issue of the Occupation Certificate (OC). Advise Council of ownership and date that the OC will be issued for Council or the managing CHP to take possession.
- Monetary Contribution – Payment of contributions will be by endorsed bank cheque or bank transfer to the Council prior to issue of any occupation certificate.

## 4. Allocation and management of contributions

### 4.1 How are contributions used

All contributions are to be used in accordance with the Cumberland Affordable Housing Policy, as adopted by Council and updated from time to time, and as outlined below:

- Affordable housing is to be made available to very low, low- or moderate-income households, or any combination of these.
- Affordable housing is to be rented to appropriately qualified tenants and at an appropriate rate of gross household income.
- Buildings provided for affordable housing are to be managed so as to maintain their continued use for affordable housing.
- Rental from affordable housing, after deduction of normal landlord's expenses (including management and maintenance costs and all rates and taxes payable in connection with the dwellings), is generally to be used for the purpose of improving or replacing affordable housing or for providing additional affordable housing.
- Affordable housing is to consist of dwellings constructed to a standard that is consistent with other dwellings in the vicinity.
- Council will hold monetary contributions received for affordable housing and use them for the intended purpose, as sufficient funds become available.
- Council may seek arrangements with local community housing providers active in the Cumberland area for the appropriate management of the Council owned affordable housing.

### 4.2 How Council will manage the affordable housing program

Affordable Housing properties acquired under this Affordable Housing Contribution Scheme (Scheme) or by any other means, are to be transferred in property title to Cumberland City Council.

A Community Housing Provider (CHP) with relevant experience and expertise will be engaged by the Council to manage its rental program. The CHP will be sought via a competitive expression of interest and/or tender process. The CHP will demonstrate how their organisation will provide the required services to Council.

Rental income will be used to cover all reasonable costs of managing and maintaining the affordable rental dwellings, and any surplus from rental income will be used by Council for the purpose of improving, replacing, maintaining or providing affordable rental housing stock within the Cumberland City Council area.

#### 4.2.1. Deed of agreement

Council, as property owner, will enter into a contract with the successful CHP for an initial three (3) year period, with 2 x 1 year extension options, to manage its properties and affordable rental housing program via a Deed of Management.

The Deed of Management will set out:

- Roles and responsibilities of each party.
- Property maintenance and management.
- Tenancy management.
- Allocation of dwellings.

- Financial arrangements, management costs and fees.
- Dealing with short falls and surplus fund.
- Trust fund administration.
- Accountability and reporting procedures.
- Conflict and dispute resolution and procedures.

#### 4.2.2. Eligibility Criteria

The allocation of affordable rental housing will be dependent on ensuring the overall financial viability of Council's affordable rental housing operations. Financial viability in this context means the full cost of its affordable rental housing program is covered without the Council incurring out of pocket expenses/debts.

A successful applicant will need to satisfy the following criteria:

- Must be permanently employed and earning a gross weekly household income, within the defined household income bands for Low and Moderate household income bands.
- Lives or works within the Cumberland City Council area.
- Does not own assets or property which could reasonably be used to solve their housing needs.
- Is an Australian citizen or permanent resident.
- Must not already be living in subsidised housing (Department of Family and Community Services or Community Housing managed accommodation).

### 4.3 How tenants are assessed and allocated homes

The Housing Manager engaged to manage the dwellings will advertise for tenants. Applicants who fulfil the eligibility criteria can lodge an application.

Because demand exceeds supply, dwellings will be offered to applicants having the greatest need for rental accommodation (relative to other applicants). Allocation decisions will be made by the Housing Manager after an assessment and interview process.

## 5. Monitoring and review of the Scheme

Council will review and report on the following once a year:

- Key performance indicators of the Scheme including the amount of funds in waiting, allocation of funding, and number of delivered affordable housing dwellings.
- Allocations, income and expenses incurred through the governance of the Scheme.

Council will undertake a comprehensive evaluation of the affordable housing program in the fifth year after implementation, which will cover at a minimum:

- The financial viability of the program in general
- The performance of the community housing provider.
- Any proposed changes to the existing contribution rates.

## 6. Definitions

Terms used in this Scheme:

Term	Definition in this contribution scheme plan
Act	<i>Environmental Planning and Assessment Act 1979</i>
Affordable housing	Has the same meaning as the Act, being housing for very-low income households, low income households or moderate income households (as prescribed by the regulations or) as provided for in an environmental planning instrument.
Affordable Housing Contributions Management Plan	A separate plan adopted by Council that provides details about how affordable housing contributions will be used.
Affordable Housing Contributions Scheme	Means this Scheme.
Affordable housing levy contribution	Affordable housing levy contribution means the percentage of the gross floor area required to be provided as affordable housing.
Community Housing Provider (CHP)	Includes any organisation or entity registered under the National Regulatory System for Community Housing (NRSCH).
Contribution/s	A reference to a contribution or contributions resulting from a condition of consent applied under Section 7.32 of the Act requiring a developer/landowner make an affordable housing contribution. The contribution may be built dwellings, land contribution or monetary contribution (or any combination thereof).
Contribution requirement	The contribution requirement set out in CLEP 2021.
Council / council	Refers to Cumberland City Council.
Development application	References to 'development applications' in this Plan refer to both development applications and any application for the modification of a development consent.
Equivalent monetary contribution rate	Means the \$/sqm rate that is used to calculate the required monetary contribution for a relevant development. The equivalent monetary contribution rate is indexed over time in the manner set out in this Plan.
Housing SEPP 2021	<i>State Environmental Planning Policy (Housing) 2021</i>
Cumberland Local Environmental Plan 2021 (CLEP 2021)	Reference to CLEP 2021 in this Plan also applies to any LEP that replaces it, so long as the affordable housing provisions remain substantially unamended.



<p>Very low to moderate income households</p>	<p>Those households whose gross incomes fall within the following ranges of percentages of the median household income for Greater Sydney or the Rest of NSW:</p> <ul style="list-style-type: none"> <li>• Very low-income household &lt; 50%</li> <li>• Low income household 50% -80%</li> <li>• Moderate income household 80% to 120%.</li> </ul> <p>NSW Ministerial Guidelines provide the details of these income thresholds.</p>
<p>Residential accommodation</p>	<p>As per the definition set out in CLEP 2021.</p>