



Blacktown City Council
7 April 2025

Online submission at:
council@blacktown.nsw.gov.au

Re: SSROC Submission: Draft Western Sydney Regional Affordable Rental Housing Contribution Scheme

Introduction

The Southern Sydney Regional Organisation of Councils (SSROC) appreciates the opportunity to make a submission regarding the exhibition of the Draft Western Sydney Regional Affordable Rental Housing Contribution Scheme (WSRARHCS). SSROC supports the core elements of the draft Western Sydney Regional Affordable Rental Housing Contribution Scheme and seeks to highlight three issues for some consideration.

The Southern Sydney Regional Organisation of Councils Inc (SSROC) is an association of twelve local councils in the area south of Sydney Harbour, covering central, inner west, eastern and southern Sydney. SSROC acknowledges the traditional custodians of the land on which we work and live, the peoples of the Darug, Dharawal and Eora Nations.

SSROC provides a forum for the exchange of ideas between our member councils, and an interface between governments, other councils and key bodies on issues of common interest. Together, our member councils cover a population of about 1.8 million, one third of the population of Sydney, including Australia's most densely populated suburbs. SSROC seeks to advocate for the needs of our member councils and bring a regional perspective to the issues raised.

SSROC and its member councils have a strong interest in the supply and ongoing provision of affordable (non-market) rental housing in its communities and warmly welcomes the development of the Western Sydney Regional Affordable Rental Housing Contribution Scheme and the opportunity to provide input into the draft Scheme.

Collaboration with Resilient Sydney

Resilient Sydney is a collaboration of all 33 metropolitan councils of Greater Sydney to develop and implement a city-wide [resilience strategy](#), first published in 2018.

Over five years, SSROC has been collaborating with Resilient Sydney to help tackle the housing affordability problem, actively building support amongst metropolitan local councils for practical solutions to the lack of supply by examining a diverse range of measures to increase it, including the establishment of affordable housing contribution schemes through the NSW Planning system.

This work included:

- a Resilient Sydney workshop for senior planners from 32 metropolitan councils to share guidance on new tools, templates and resources developed by our project. These are designed to help councils to prepare local affordable housing contribution schemes that, once adopted, progressively generate new affordable rental housing supply.
- SSROC convened a Resilient Sydney Diverse and Affordable Housing Steering Committee to tackle the problems, bringing together councils, NSW departmental officers and other expert housing advisers. Work undertaken by the Resilient Sydney Affordable Housing Steering Committee in consultation with metropolitan councils identified substantial barriers to establishing affordable housing contribution schemes under the current framework; and,
- Supporting two Resilient Sydney Mayoral Summits in 2023 and 2024 encouraging councils to take action to foster affordable housing responses.

1 Understanding of the Western Sydney Regional Affordable Rental Housing Contribution Scheme

Five councils in Western Sydney are exhibiting a draft Western Sydney Regional Affordable Rental Housing Contribution Scheme that will deliver an estimated 3,600 new affordable rental dwellings in the region over 10 years.

Blacktown, Blue Mountains, Camden, Hawkesbury, and Wollondilly councils have worked together with the Western Sydney Planning Partnership to prepare this innovative scheme, which features a low-rate contribution, broadly applied at subdivision stage and for some residential development, with a discounted rate for non-residential development. A lead-in time of three years is supported by economic testing, ensuring it does not impact the current supply of new housing. A draft distribution plan sets out how housing will be commissioned and managed by Homes NSW.

The draft Western Sydney Regional Affordable Rental Housing Contribution Scheme and accompanying draft Distribution Plan and appendices are on public exhibition from 10 March until 7 April 2025, with consultation documents available on each participating Council's website.

Proposal

Blacktown City Council is one of five Western Sydney councils exhibiting a draft Western Sydney Regional Affordable Rental Housing Contribution Scheme (Scheme) and accompanying draft Distribution Plan for public comment.

The draft Scheme proposes a modest monetary contribution from some new development to be introduced from March 2028 onwards. The draft Scheme will allow Council to levy an affordable rental housing contribution as a condition of consent for certain development approvals. These contributions will be used to provide affordable rental housing in Western Sydney.

The low contribution rates have been drafted to equate to:

- 1.5% of the floor area of residential developments
- 0.3% of the floor area of non-residential developments.

If adopted, the Scheme will only be introduced from March 2028 to ensure that:

- the building sector has appropriate advance notice, and
- the introduction of the contribution does not undermine confidence and the continued delivery of residential development.

These modest contributions would be used to provide affordable rental housing, made available at rents that very low, low and moderate-income households can afford. The housing will be managed by community housing providers and occupied by local households including essential workers, families, seniors and others who are not able to afford the high price of private rentals.

The draft scheme is accompanied by a Distribution Plan. The draft Distribution Plan sets out details for how the contributions from the scheme would be used to commission and manage the affordable rental housing in the long-term.

Who will the draft Scheme affect?

The draft scheme will help provide housing for a diverse range of people already living in the Council area, including essential workers, families, pensioners and others who are not able to afford the high price of private rentals.

The draft scheme is designed to have no impact on existing homeowners or new home buyers, as development applications (DAs) for new single dwelling houses and renovations (alterations and additions) are exempt from payment.

Developers and landowners will pay contributions when subdividing land for new dwellings, and for multi-unit dwellings, secondary dwellings and dual occupancies. Large commercial, retail and industrial DAs will be required to make a small contribution, but businesses proposing developments under 1,000 sqm will be exempt. This will help to ensure industry contributes to housing needs in the region, but with little to no impact on small business.

2 SSROC Support

There is a growing and sustained public support for the provision of affordable rental housing targeted to those in housing need¹.

One of the most significant opportunities to develop affordable housing at scale (for essential workers and others) is currently through inclusionary zoning. The framework for developing affordable housing contribution schemes, established by the state government, relies (primarily) on council-led affordable housing contribution schemes.

¹ A survey in 2023 showed widespread support for the “introduction of planning regulations to ensure any new housing development included a proportion of low cost housing”.

¹¹ Sydney Morning Herald, 24 April 2023, reported a Resolve Survey showing 68% of the respondents supported “introduction of planning regulations to ensure any new housing development included a proportion of low cost housing”.

SSROC offers its strong support for the core elements of the draft Western Sydney Regional Affordable Rental Housing Contribution Scheme and congratulates the five councils on this innovative collaboration.

These core elements include:

- The Scheme's objectives which recognize the need for affordable rental housing to support sustainable and diverse communities and long-term economic growth in Western Sydney.

The objectives of this Affordable Rental Housing Contribution Scheme are to:

- Recognise the need for affordable rental housing to support sustainable and diverse communities and long-term economic growth in Western Sydney.
- Recognise affordable rental housing as critical infrastructure to support a sustainable and diverse community and local economy
- Ensure that affordable rental housing is provided for very low to moderate income households in Western Sydney
- Ensure there are opportunities for very low to moderate income earners, particularly key workers, to live in the community in which they are employed.
- Facilitate opportunities for government and community housing providers (CHPs) to supply affordable rental housing within Western Sydney.
- Outline the requirements for making a contribution for affordable housing in accordance with an environmental planning instrument.
- Establish an option for a subregional approach to the allocation of affordable housing contributions across Western Sydney.

(Western Sydney Regional Affordable Housing Contribution Scheme: Exhibition Draft, page 1)

- A broadly based low contribution rate on residential and non-residential development (with appropriate exclusions).

The proposed residential contribution is 1.5% of floor space and will apply to new residential subdivisions at the subdivision DA stage. It will also apply to some new residential development, including residential flat buildings and shop top housing, new attached dwellings (terrace houses), new secondary dwellings and dual occupancies. It will not apply to new single houses (defined as dwelling houses) on a single lot of land, to residential alterations and additions or to replacement development that does not result in additional floorspace. It also will not apply to affordable, social or seniors housing.

The proposed non-residential contribution is a discounted rate of 0.3% of floor space and would apply to large (greater than 1,000 sqm) non-residential development, including industrial, retail and commercial development. It will not apply to community facilities.

- Delivering a consistent, clear approach that is easy for councils, communities, developers and CHPs to understand and implement.
- Establishing a sub-regional approach to the allocation of affordable housing contributions across Western Sydney as an option for local councils.
- The contributions will be applied as a monetary contribution and as a condition of development consent before the issue of a construction certificate. The simplicity of the contribution arrangements effectively captures both smaller and larger contributions.
- The scheme recognises the long-term housing needs of communities by providing affordable rental housing in perpetuity.

- Ownership of the affordable rental housing transferring to registered community housing providers (CHP) on the proviso that CHP leveraging additional finance and/or contributing other resources to grow the supply of affordable housing.
- Detailed commissioning processes for the delivery of affordable housing, consistent with the requirements of the Scheme.
- The guiding principles of the non-statutory Scheme's Distribution Plan that seeks to adopt a good practice approach that maximises affordable housing outcomes.

The principles guiding the Distribution Plan² include:

- efficient and effective delivery and management in-perpetuity of quality affordable rental housing supply in Western Sydney for very low, low and moderate income households
- where agreed by participating local councils, cooperation between local councils to distribute affordable rental housing contributions under a sub-regional approach, in partnership with Homes NSW
- delivery, ownership, and management of affordable rental housing utilising the expertise and resources of the Community Housing Sector and NSW Government housing providers and the regulatory framework established under the Community Housing Providers Act 2012.
- amplification of the overall supply of affordable rental housing through distribution approaches that are competitive and leverage external financing and/or land assets, and
- transparent reporting on the collection, management, and expenditure of contributions as per the intent of the Scheme.

3 Some issues for further consideration regarding the Scheme's detail design and development

There are three issues identified for some further consideration. They relate to the detail scheme design and its future development. However, their resolution does not delay or hold up the adoption of the proposed Scheme.

3.1 Managing potential conflict of interests and maximising affordable housing outcomes

The process of commissioning affordable housing delivery in the Distribution Plan notes that each participating council will enter into a partnership agreement with Homes NSW to manage the commissioning process for eligible affordable housing providers.

This commissioning process will allow eligible affordable housing providers to submit Expressions of Interest to deliver affordable housing by utilising contributions that have been collected through this Scheme.

The list of eligible affordable housing providers as defined in the Scheme include Homes NSW, NSW Landcom, as well as Tier 1, 2 and 3 registered community housing providers³.

An issue of concern is that Homes NSW can be at times acting as both leading the commissioning process and one of the potential eligible affordable housing providers,

² Western Sydney Regional Affordable Housing Contribution Scheme Distribution Plan, Exhibition Draft, section 1.2, page 1.

³ Western Sydney Regional Affordable Housing Contribution Scheme Distribution Plan, Exhibition Draft, section 3.4, page 13.

along with the NSW Government Landcom and registered CHPs (undertaking the tenancy and property management).

There is a potential conflict of interest for Homes NSW acting as both the commissioning agent assessing applications for funding and as a potential funding recipient in a competitive allocation process. This can result in Homes NSW contracting itself to deliver a project and monitoring its own compliance.

It is unclear why Government agencies are needed as part of the list of eligible providers.

Currently there is not a clear policy framework nor administrative systems for affordable rental housing provision by Homes NSW nor Landcom. The social housing management systems used by Homes NSW are quite distinct and different from those used with affordable rental housing.

Generally, Homes NSW's and Landcom's direct housing operations are not subject to the requirements of the *NSW Affordable Housing Ministerial Guidelines*⁴ which set out the legislative and policy framework for delivering affordable housing developed with financial assistance from the NSW Government or under state planning and is owned or managed by registered community housing providers.

Potentially funding provision for affordable housing projects made to these NSW Government bodies should only occur in exceptional circumstances such as where the government agency is part of a partnership with a CHP undertaking the service delivery. It will be important to ensure Council representatives are present as part of the allocation decision-making process (as proposed and noted in the draft Distribution Plan) to manage conflicts of interest.

Registered not-for-profit CHPs have a strong and proven track record delivering affordable rental housing. Their performance is currently measured against good practice service standards under the supervision and regulation of the NSW Community Housing Registrar. They can bring to affordable housing projects tax concession savings arising from their charitable status and additional rental revenue from the collection of Commonwealth Rent Assistance⁵ improving the long-term financial viability and borrowing capacity of the affordable housing projects. They also have special access to long-term, low-cost private finance, such as the Housing Australia Future Fund (HAFF).

These potential changes to improve transparency and avoid conflicts of interest as noted, could be addressed through amendments to the Distribution Plan for the Scheme. 'The Distribution Plan can be amended from time to time without requiring amendment of the Scheme or the relevant Environmental Planning Instrument.'⁶

⁴ NSW Affordable Housing Ministerial Guidelines 2023-24
<https://www.facs.nsw.gov.au/download?file=843446>

⁵ Many CHP tenants receive Commonwealth Rent Assistance. Public housing tenants are not eligible for this assistance.

⁶ Western Sydney Regional Affordable Housing Contribution Scheme Distribution Plan, Exhibition Draft, page 1.

3.2 Administration fees

The draft Distribution Plan notes that a range of administrative costs can be reasonably deducted from the affordable housing funds by Homes NSW⁷. These should be reported on an annual basis to the participating councils (via the Distribution Plan Committee) to ensure transparency and ongoing accountability.

3.3 Timely Capturing Specific Up zonings

Helpfully section 3.7, of the exhibited Draft WSRARHCS, notes the potential application and inclusion within the Scheme of additional contribution rates for specific sites or precincts as part of separate planning processes and/or the future rezoning of land.

It notes that this could occur around renewal precincts or where land is rezoned for greater density that could deliver a higher proportion of affordable housing in accordance with strategic region plans or Government policy. Potentially it could occur around the precincts linked to the Low- and Mid-Rise Housing reforms and any new Transport Oriented Developments (TODs).

Such changes would be in addition to the base rate under the proposed Scheme. Precedent for a dual contribution arrangement of a broad low rate for all development and higher rates for specific upzonings exists in the City of Sydney Affordable Housing Contribution Scheme.

Accordingly, the proposed deferred commencement of the broadly based low contribution rate to March 2028, should not inhibit individual councils including affordable housing contributions related to major development uplift in town-centre and station precincts commencing simultaneously with the timing of the rezoning change. This circumstance may well occur before the start of the broad low-rate contribution under this Scheme becomes payable and thereby activate the Scheme's administrative arrangements earlier than expected.

4 Conclusion

Thank you for the opportunity to provide a submission regarding the Draft Western Sydney Regional Affordable Rental Housing Contribution Scheme.

This submission welcomes this initiative and advocates for the adoption of the Western Sydney Regional Affordable Rental Housing Contribution Scheme by Council.

The proposed Scheme recognises the need for affordable rental housing as being critical to building sustainable, balanced and diverse communities and strengthening the long-term economic growth of Western Sydney. As part of Greater Sydney, SSROC and its member councils have a direct interest in supporting and advocating for these changes that will build more sustainable and inclusive communities, help to retain Greater Sydney's

⁷ Ibid section 2.1 page 3.

essential workers and enhance the productivity of local businesses in metropolitan Sydney.

In order to make this submission within the prescribed timeframe, it has not been possible for it to be reviewed by councils or to be endorsed by a formal meeting of SSROC Delegates. I will contact you further if any issues arise as it is reviewed. If you have any queries, please do not hesitate to contact me or Mark Nutting, SSROC Strategic Planning Manager on 8396 3800, or ssroc@ssroc.nsw.gov.au.

Yours faithfully



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