

ITEM 7 PUBLIC EXHIBITION - DRAFT AFFORDABLE HOUSING POLICY AND PROCEDURES

On 27 February 2023, Council adopted the Wollongong Housing Strategy 2023. The Strategy included an action to prepare an Affordable Housing Policy. A draft Affordable Housing Policy and accompanying draft Procedures have been prepared.

It is recommended that the draft Affordable Housing Policy and Procedures be exhibited for community and stakeholder comment.

RECOMMENDATION

The draft Affordable Housing Policy and draft Affordable Housing Procedures be exhibited for a minimum period of 28 days to enable community and stakeholder comment.

REPORT AUTHORISATIONS

Report of: Chris Stewart, Manager City Strategy

Authorised by: Linda Davis, Director Planning + Environment - Future City + Neighbourhoods

ATTACHMENTS

- 1 Draft Affordable Housing Policy
- 2 Draft Affordable Housing Procedures

BACKGROUND

The Wollongong Housing and Affordable Housing Options Paper (2020) and Wollongong Housing Strategy 2023 identified the need to increase the provision of Affordable Housing in the Wollongong LGA. The Housing Strategy proposed a number of actions which are being implemented in accordance with the implementation program.

On 5 February 2024, Council considered the first progress report on the implementation of the Housing Strategy. That report details the actions that have been completed and are in progress. The report also detailed the State's recent Housing initiatives, including for the provision of Affordable Rental Housing.

Wollongong Housing Strategy implementation priority 8 is the preparation of a draft Affordable Housing Policy and draft Affordable Housing Contributions Scheme.

The proposed Affordable Housing Policy will enable the implementation of other actions, including -

- FC1 Waive the payment of development application fees for emergency housing, accessible housing and affordable rental housing by registered providers (or part thereof for mixed use developments). The action is linked to strategies H1, AH1, ARH1 which propose DA fee waivers for the three housing sectors listed in the action.
- CP3 A new draft Affordable Housing Development Contributions Plan will be required to be prepared, exhibited and adopted to support the introduction of an Affordable Housing Contributions scheme. The action is linked to strategies ARH4, ARH5 and ARH6 which indicate –
 - ARH4 As part of submitted Planning Proposals requests seeking to permit residential development or increase the residential density, a minimum of 5%* of the Gross Floor Area of proposed residential developments will be required to be provided as Affordable Rental Housing. A Financial Feasibility study will be required to accompany the draft Planning Proposal to determine the appropriate development contribution based on the uplift value being sought. Developers may choose to pay the equivalent value which will be collected and transferred to a not-for-profit Tier 1 or Tier 2 Community Housing Provider for the provision of affordable housing (mechanism to be determined). This will also apply to the West Dapto Urban Release Area where draft Planning Proposals propose residential development in a medium density zone or with a minimum lot size less than 300m² is proposed. Excludes Planning Proposals from NSW Land and Housing Commission for social housing.

[* the draft Policy proposes a target increase to 10% Gross Floor Area]

- ARH5 An Affordable Housing Development Contribution Scheme will be introduced and the Wollongong LEP 2009 amended, for precincts proposed to be rezoned to permit increase the residential density or significant residential development, a minimum of 5% of the Gross Floor Area of proposed residential developments will be required to be provided as Affordable Rental Housing. Developers may choose to pay the equivalent value which will be collected and transferred to a not-for-profit Tier 1 or Tier 2 Community Housing Provider for the provision of affordable housing. This will also apply to the West Dapto Urban Release Area where draft Planning Proposals propose residential development in a medium density zone or with a minimum lot size less than 300m² is proposed.
- ARH6 As part of the proposed Affordable Housing Development Contribution Scheme, commencing in three years (1/1/2026), residential developments containing more than 20 dwellings will be required to have a minimum of 3% Floor Space as Affordable Rental dwellings to be managed by a Tier 1 or Tier 2 Community Housing provider, or equivalent funding provided. The size of the dwellings is to be proportional to the overall dwelling mix in the development. The percentage rate will increase by 1% each year (on 1 January) to be 10% on 1/1/2033. The scheme will not apply to dwellings provided under SH1, ARH4 and ARH5.

State Affordable Housing initiatives

The NSW Government has announced and progressed policy initiatives to increase the provision of Affordable Rental Housing:

- On 14/12/23 the Housing SEPP was amended to enable a 30% increase to floor space ratio and / or building height where 10-15% Affordable Housing was provided on-site for a 15-year period.
- On 29/4/24 the Housing SEPP was amended to include the controls for Transport Oriented Development (TOD) precincts, which includes the land around Corrimal Station and potentially around North Wollongong, Dapto, Unanderra and Coniston stations in the future, with a phased introduction. The provisions require 2% of Gross Floor Area in buildings with more than 2000m² of floor space to be Affordable Rental Housing. In a 2,000m² building this equates to a 40m² studio apartment. This requirement is in perpetuity.
- The Low- and Mid-Rise Housing Explanation of Intended Effect exhibited in November 2023 proposes increased development around all rail stations and town centres. The draft policy did not specify an Affordable Housing Contribution.

Council's proposed initiatives will need to be mindful of the State's initiatives and be aimed at addressing policy gaps, rather than duplicating or double dipping. In this regard, this Policy is in relation to Planning Proposals and larger residential development that are lodged and assessed under Council policies.

PROPOSAL

To assist in the increased provision of Affordable Housing, a draft Affordable Housing Policy and Procedures have been prepared.

The draft Affordable Housing Policy (Attachment 1) -

- Proposes a 10% Affordable Housing target for Planning Proposals and larger residential developments.
- Details the actions Council is undertaking and will undertake to encourage the provision of Affordable Rental Housing.
- Provides the mechanism to enable the waiver of Development Application fees for projects that provide Affordable Rental Housing by a registered Affordable Housing provider.

The draft Affordable Housing Procedures (Attachment 2) contains three procedures, detailing how Council will -

- 1 Waive Development Application fees.

- 2 From 2026 require the inclusion of Affordable Housing Rental dwellings in larger residential developments. Initially 3% of floor space is proposed, increasing by 1% per year until 10% is reached on 1/7/33. Development industry representatives have indicated that a phased introduction allows the market to adjust to the change.
- 3 Manage and allocate any financial contributions.

Separately, a draft Affordable Housing Contributions Scheme is being prepared. As part of the Planning Proposal for the Wilga Street block at Corrimal, Council resolved on 18 March 2024 to introduce an Affordable Housing clause into the Wollongong LEP 2009. The application of the clause will be expanded through future Planning Proposal map amendments to include other sites as they are identified. Once prepared and finalise the Contributions Scheme and LEP clause will avoid the need for site by site planning agreement negotiation to achieve affordable housing outcomes as part of rezoning proposals.

The draft Affordable Housing Policy and Procedures seek to implement recommendations of the Wollongong Housing Strategy 2023 and compliment State Housing Policy changes. If a development is seeking to provide Affordable Housing under a State policy, the Council policy will not apply. The recent housing initiatives introduction by the State Government, are likely to reduce the quantum of housing or financial contributions envisaged under the Council schemes. Regardless, the provision of additional Affordable Rental Housing through either a State or Council policy will assist in responding to the Housing Crisis.

CONSULTATION AND COMMUNICATION

If endorsed by Council the draft Affordable Housing Policy and accompanying procedures will be exhibited for a minimum period of 28 days.

Following exhibition, a report on submissions will be prepared. The report will seek Council’s adoption of the Policy (with or without any amendments). The Procedures are an internal document and will not require Council adoption.

PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong 2032 Goal 1. It specifically delivers on the following -

Community Strategic Plan 2032	Delivery Program 2022-2026
Strategy	Service
1.5 Maintain the unique character of the Wollongong Local Government Area, whilst balancing development, population growth and housing needs	Land Use Planning

FINANCIAL IMPLICATIONS

The draft Affordable Housing Policy and Procedures will have minor financial implications for Council. The waiver of Development Application fees will result in a reduction in income from Development Applications.

The proposed introduction of an Affordable Housing Contribution Scheme (anticipated to occur in 2026) will require resourcing for the monitoring and allocation of collected contributions. Monitoring of income can occur with existing resources, and it may take some years before sufficient contributions are collected to enable allocation.

CONCLUSION

Consistent with the recommendations of the Wollongong Housing Strategy 2023, a draft Affordable Housing Policy and accompanying draft Procedures have been prepared.

It is recommended that the draft Affordable Housing Policy and Procedures be exhibited for community and stakeholder comment.



AFFORDABLE HOUSING COUNCIL POLICY

ADOPTED BY COUNCIL: [TO BE COMPLETED BY GOVERNANCE]

PURPOSE

This policy aims to increase the provision of Affordable Housing in the LGA.

The purpose of this policy is to guide and inform Council policy and decisions regarding Affordable Housing.

Council adopts an Affordable Housing target of 10% Affordable Housing as part of future residential rezonings and larger new residential developments.

POLICY INTENT

The main objectives of this policy are to -

- 1 Encourage and support the provision of a diverse range of Affordable Rental and Purchase Housing for households on very low, low and moderate incomes.
- 2 Facilitate the opportunities for very low to moderate income earners, particularly key workers, to live in the community in which they are employed.

WOLLONGONG 2032 OBJECTIVES

This policy aligns with *Goal 5 We have a healthy community in a liveable city of Councils Our Wollongong Our Future 2032 Community Strategic Plan*.

It also supports Objective 5.8 of the Community Strategic Plan which relates to *Housing choice in the Wollongong Local Government Area is improved, considering population growth, community needs and affordability*.

POLICY

Council considers Affordable Housing as a vital part of Wollongong's social and economic well-being. The Wollongong Housing Strategy (2023) and various State planning reports document the need for the provision of more Affordable Housing. Council acknowledges while the State and Federal governments are primarily responsible for the provision of Social and Affordable Housing, local governments also have an important role to play in assisting with the provision of Affordable Housing.

The NSW Environmental Planning and Assessment Act 1979 defines Affordable Housing as -

housing for very low income households, low income households or moderate income households, being such households as are prescribed by the regulations or as are provided for in an environmental planning instrument.

Clause 13 of State Environmental Planning Policy (Housing) 2021 (SEPP Housing) indicates that a household is taken to be a very low income household, low income household or moderate income household if—

(a) the household—

- (i) has a gross income within the following ranges of percentages of the median household income for Greater Sydney or the Rest of NSW*—
 - (A) very low income household—less than 50%,
 - (B) low income household—50–less than 80%,
 - (C) moderate income household—80–120%, and
- (ii) pays no more than 30% of the gross income in rent, or

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(b) *the household—*

- (i) *is eligible to occupy rental accommodation under the National Rental Affordability Scheme, and*
- (ii) *pays no more rent than the rent that would be charged if the household were to occupy rental accommodation under the Scheme.*

[* Wollongong is defined as being part of the Rest of NSW]

	Median Household Income (2021 census)	Very Low	Low	Moderate
		<50%	50 - 80%	80 - 120%
Wollongong (& rest of NSW)	\$1,434	\$ 717	\$1,147	\$1,721
Sydney	\$2,077	\$1,039	\$1,662	\$2,492

In this policy, Affordable Rental Housing is Affordable Housing that is owned and managed by a registered Community Housing Provider and rented to very low, low or moderate income households or a combination of households.

A Community Housing Provider (CHP) includes any Tier 1 or 2 organisation or entity in the National Regulatory System for Community Housing (NRSCH).

The Act and SEPP Housing enables Council to introduce an Affordable Housing Contribution Scheme to assist in the provision of Affordable Housing.

To facilitate the provision of Affordable Housing, Council endorses the following actions -

Action	Housing Strategy Action	Status
Waive Development Application fees for Affordable Housing developments	ARH1	In progress, as part of 2024-25 draft Fees and Charges
Exempt Development Contribution fees for Affordable Housing in the Wollongong City-wide Development Contributions Plan	ARH2	Completed, adopted on 28/8/2023
Exempt Development Contribution fees for Affordable Housing in the draft West Dapto Development Contributions Plan 2024	ARH2	In progress, draft Plan exhibited. 18/3/24 post exhibition report endorsed by Council. Subject to IPART and DPHI review.
Monitor implementation of Round 1 of the Federal Grant, to Housing Illawarra		In progress
Monitor implementation of Round 2 of the Federal Grant, to Head Start Homes		In progress
Monitor implementation of Round 3 of the Federal Grant, to Head Start Homes		In progress

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Prepare, exhibit and adopt an Affordable Housing Contributions Plan and introduce an Affordable Housing clause into the Wollongong LEP 2009	ARH4 & ARH5	In progress
Commencing on 1 July 2026 require Affordable Housing units to be incorporated into Residential Flat Building and Shop-top housing development with more than 20 dwellings, commencing at 3% of floor space and increasing annually to 10% in 2033	ARH6	Proposed to commence on 1/7/2026.
Council will work with State agencies, such as Homes NSW and Landcom, to assist the provision of Social and Affordable Housing on State land.	SH2	In progress Collaboration Agreement signed with L&HC (now Homes NSW)
Council is open to innovative partnerships for the use of Council land that will contribute to the provision of Affordable Housing.	ARH10	On-going

In this policy, Affordable housing developments include -

- Affordable Rental Housing managed by non-profit Community Housing Providers.
- Affordable Rental Housing dwellings provided in multi dwelling housing, residential flat buildings.
- Affordable Rental Housing dwellings delivered through a planning agreement (PA).
- Affordable Rental Housing dwellings provided through inclusionary zoning provisions in the Wollongong Local Environmental Plan 2009.

In this policy, Affordable housing developments do not include -

- Secondary dwellings (granny flats).
- Boarding houses.
- Group homes.
- Supportive accommodation.
- Social and Affordable Housing developments provided by State agencies (eg Homes NSW).

Council is committed to supporting the provision of Affordable Housing for key worker households while continuing to advocate for any shortfall in local Social and Affordable Housing needs. Affordable Housing targets are being incorporated into Council policy.

The proposed ten percent of the dwellings delivered in future residential rezonings or larger residential development will be in the form of Affordable Rental Housing to be managed by a CHP. The target is expected to take a number of years to reach as mechanisms will be introduced gradually, and the State is also collecting contributions from some developments.

The target is not -

- 10% of the total dwellings in the LGA ~ 89,000 (2021 census)
- 10% of all dwellings approved each year (which currently averages ~1200)
- 10% of all dwellings constructed each year (which currently averages ~800)
- Does not include social housing provided by State agencies.

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Council has many roles and responsibilities, including the setting of Council planning policies, the assessment of development applications and landowner. Council is not proposing to be a Community Housing Provider.

LEGISLATIVE REQUIREMENTS

Environmental Planning and Assessment Act 1979 – section 7.32-7.33 Affordable Housing Contributions
State Environmental Planning Policy (Housing) 2021

REVIEW

This Policy will be reviewed a minimum of once every term of Council, or more frequently as required.

REPORTING

The Wollongong Housing Strategy (2023) requires an annual progress report to Council.

ROLES AND RESPONSIBILITIES

City Strategy – Land Use Planning -

- Development Contribution Plans
- Planning policy
- Assessment and management of Planning Proposals

Development Assessment and Certification -

- Development Application fee waivers
- Assessment of Development Applications

Community Cultural & Engagement -

- The allocation of the Federal Grant and managing the successful applicants
- Future funding allocation of any collected financial contributions

Finance -

- The collection and accounting of financial contributions in a restricted asset account.

RELATED STRATEGIES, POLICIES AND PROCEDURES

Wollongong Housing Strategy 2023
Wollongong Affordable Housing Development Contributions Plan (in preparation)
Affordable Housing Procedures (in preparation)
Council’s Revenue Policy - Schedule of Discount and Waiver Policies

APPROVAL AND REVIEW	
Responsible Division	City Strategy
Date adopted by Council	[To be inserted by Corporate Governance]

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Date/s of previous adoptions	[List previous adoption dates]
Date of next review	[Not more than three years from last adoption]



AFFORDABLE HOUSING PROCEDURE

ADOPTED BY: MANAGER CITY STRATEGY | DATE: [DATE]

CONTEXT

These Procedures are to be read in conjunction with the Affordable Housing Policy (the Parent Policy).

STATEMENT OF PROCEDURES

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Procedure 1 – Development Application Fee Waivers	3
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For procedures for Development Contribution waivers please refer to the Wollongong City-wide Development Contributions Plan or West Dapto Development Contributions Plan.

For procedures for Affordable Housing Development Contributions please refer to the Wollongong Affordable Housing Development Contributions Plan.

REVIEW

The Procedures are to be reviewed every term of Council with the review of the Affordable Housing Policy.

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PROCEDURE DOCUMENT

APPROVAL AND REVIEW	
Responsible Division	City Strategy
Date adopted	[Date Adopted]
Date of previous adoptions	Nil
Date of next review	[Review Date]
Responsible Manager	Land Use Planning Manager
Parent Policy	Affordable Housing Policy

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PROCEDURE DOCUMENT

PROCEDURE 1 – DEVELOPMENT APPLICATION FEE WAIVERS

To encourage the provision of Affordable Housing, development application fees may be waived in accordance with the following procedure.

Note –

- For mixed use or mixed tenure development applications only the portion of the development application fee associated with the Affordable Housing will be waived.
- This same procedure applies to requests to waive development application fees for Emergency Housing and Accessible Housing developments.
- This procedure does not apply to Social Housing development applications lodged by Homes NSW.

Procedure -

- 1 Development Application lodged on NSW Planning Portal.
- 2 NSW Planning Portal refers Development Application to Council for checking and fee quote.
- 3 The Manager Development Assessment and Certification (DAC) or DAC Middle Managers with the appropriate delegation assess the fee waiver request -
 - 100% Affordable Housing development – no DA fee required
 - Where the Affordable Housing component is a portion of the development, the fee waiver is to be the relevant portion of the floor space of the development. ie if 50% of the floor space is for Affordable Housing, the fee waiver is 50% of the total development application fee.
- 4 Calculated development application fee recorded in Planning Portal.
- 5 If during the assessment process, the nature of the development application changes (for example the percent of Affordable Housing floor space), the development application fee should also be varied.

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PROCEDURE DOCUMENT

PROCEDURE 2 – AFFORDABLE HOUSING DWELLINGS

To facilitate the delivery of Affordable Housing dwellings from 2026 residential flat buildings, shop-top housing and multi-unit housing developments with more than 20 dwellings will be required to contain the following percentage of affordable dwellings.

The following developments are excluded: Social Housing provided by Homes NSW, Student accommodation, Affordable Housing developments provided by a registered Community Housing Provider.

The number of Affordable dwellings required will be determined by the percentage of residential floor space.

The size of Affordable dwellings is to be consistent with the other dwellings in the development.
The mix of Affordable dwelling sizes is to be consistent with the mix of dwelling sizes in the development.

Development Application Lodgement Acceptance Date	% Affordable Residential Floor Space
1/7/2026 – 30/6/2027	3 percent
1/7/2027 – 30/6/2028	4 percent
1/7/2028 – 30/6/2029	5 percent
1/7/2029 – 30/6/2030	6 percent
1/7/2030 – 30/6/2031	7 percent
1/7/2031 – 30/6/2032	8 percent
1/7/2032 – 30/6/2033	9 percent
1/7/2033 – onwards	10 percent

In circumstances where Affordable Housing dwellings cannot be provided on site, or for part dwellings (ie the floor space is less than a dwelling size), a monetary contribution is to be made to Council based on the residential sales price value of the m2 floor space of a new residential unit dwelling in that suburb.

The Affordable Housing contribution is in addition to any section 7.11, section 7.12 development contribution fees or planning agreement.

Procedure 3 details how Council will manage financial contributions.

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PROCEDURE 3 – MANAGING FINANCIAL CONTRIBUTIONS

Council is to manage financial contributions received in lieu of the provision of affordable housing dwellings in the following manner.

- 1 Contributions are to be placed in a Restricted Asset account.
- 2 Any interest earned on contributions is to be placed in the Restricted Asset account.
- 3 The annual Financial Statement should specify the amount being held in the account.
- 4 When the account reaches \$1 million, Council will seek expressions of interest from registered Community Housing Providers for the use of the funds for the provision of Affordable Rental Housing.
 - Note – it may take a number of years for the funds in the account to reach \$1 million.
- 5 The expressions of interest and allocation of the funds is to be reported to Council for determination.
- 6 Steps 4 and 5 will be repeated each time the account reaches \$1 million.
- 7 The funds may be pooled with contributions received under the Affordable Housing Development Contributions Plan.

The expression of interest process will be managed by a panel and overseen by an independent Council division such as Community Cultural and Engagement Division where practicable.

Notes -

- A financial contribution is not required where the required Affordable Rental dwellings are provided on site.
- A financial contribution to Council is not required where Affordable Housing dwellings, or a contribution for the provision of Affordable Housing has been provided to the State through a development assessment under a State Environmental Planning Policy.
- A financial contribution is not required where a Planning Agreement has been executed that includes the provision of Affordable Housing.