

**ITEM 11 POST EXHIBITION - AFFORDABLE HOUSING POLICY AND PROCEDURE**

On 5 June 2024, Council endorsed the draft Affordable Housing Policy and Procedures for public exhibition. The draft Policy and Procedures is one of a suite of initiatives Council has prepared arising from the Wollongong Housing Strategy (2023) to respond to the Housing Crisis.

The draft Policy and Procedure was exhibited from 3 June to 8 July 2024 and four submissions were received. Minor amendments are proposed to the draft Policy and Procedures as a consequence of issues identified in submissions. It is recommended that the Policy be adopted and the Procedures be noted.

**RECOMMENDATION**

- 1 The Affordable Housing Policy be adopted (Attachment 2).
- 2 The Affordable Housing Procedures (Attachment 3) be noted as an operational document.

**REPORT AUTHORISATIONS**

Report of: Chris Stewart, Manager City Strategy

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

**ATTACHMENTS**

- 1 Summary of Submissions
- 2 Affordable Housing Policy
- 3 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 several actions as part of 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 planning initiatives, including for the provision of Affordable Rental Housing.

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

The 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 -

ARH5. 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 300m<sup>2</sup> is proposed. Excludes Planning Proposals from NSW Land and Housing Commission for social housing.

ARH6. 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 300m<sup>2</sup> is proposed.

ARH7. As part of the proposed Affordable Housing Development Contribution Scheme, commencing in three (3) years (1/7/2026), 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 July) to be 10% on 1/7/2033. The scheme will not apply to dwellings provided under SH1, ARH4 and ARH5. (Note – the action previously referred to 1<sup>st</sup> January dates, which have been changed to 1<sup>st</sup> July to reflect financial years)

On 5 June 2024, Council considered a report on the draft Affordable Housing Policy and Procedures. The draft Affordable Housing Policy -

- Proposes a 10% Affordable Housing target for residential rezonings and larger residential developments (with a phased introduction commencing on 1 July 2026).
- 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 contained three procedures on how Council will -

- 1 Waive Development Application fees.
- 2 From July 2026 require the inclusion of Affordable Housing Rental dwellings in larger residential developments.
- 3 Manage and allocate financial contributions.

On 5 June 2024, Council resolved to exhibit the draft Affordable Housing Policy and Procedures. The draft documents were exhibited from 3 June 2024 to 8 July 2024.

## PROPOSAL

As a consequence of the exhibition, four submissions were received. The submissions are summarised in Attachment 1.

Submitter	Submission Overview	Response
Property Council of Australia – Illawarra	General support and suggestions for improvements	Noted – some suggestions taken on board
Urban Development Institute of Australia – Illawarra	General support and suggestions for improvements	Noted – some suggestions taken on board
Housing Trust	General support and suggestions for improvements	Noted – some suggestions taken on board
Neighbourhood Forum 5	Requested Council review State and Federal initiatives to avoid duplication	Noted – the policy initiatives aim to supplement rather than duplicate State initiatives.

In response to the issues and suggestions raised in submissions, the following amendments are proposed to the draft Policy (Attachment 2 – changes highlighted) -

- The action table has been updated to reflect recent progress on actions.
- The Development Application fee waiver has been clarified to apply to tier 1 and 2 Community Housing Providers.
- An additional action has been included in the table for proportional Development Application fee waivers for non- Community Housing Providers, where a greater percentage of Affordable Rental Housing is proposed to be provided that required by legislation. An additional Procedure has also been prepared.
- An additional action has been included in the table addressing Planning Proposals, to be explicit that a minimum of 10% Affordable Rental Dwellings are required to be provided as part of any residential density increase (excluding an initial R2 zoning in the West Dapto Urban Release Area).
- Based on feedback from the Housing Trust, a note has been included, that indicates that the Policy does not preclude Community Housing Providers from selling / transferring Affordable Housing dwellings, so they can manage their housing portfolio (but no net reduction). A provider may wish to renew or consolidate its dwellings.

In response to the issues and suggestions raised in submissions the following amendments are proposed to the draft Procedures (Attachment 3 – changes highlighted) -

- Procedure 1 – has been clarified to refer to development applications by, or of behalf of, Tier 1 and 2 Community Housing Providers, consistent with the action FC1 in the Housing Strategy. A new procedure for other developers has been included as Procedure 4.
- Procedure 3 – Based on feedback from the UDIA and Housing Trust, the proposed threshold for the allocation of collected contribution funds be increased from \$1m to \$5m. It is agreed that a \$1m is low value and will not have a marked difference to affordable housing supply. The increase to \$5m will take longer to collect and there will be fewer grant allocations rounds, but the increased value should make a more meaningful contribution to Affordable Rental Housing when allocated.
- Procedure 4 – based on the suggestion by UDIA, a new procedure has been included to waive a portion of development application fees from non-CHPs / developers, where the development is proposing a greater percentage of Affordable Housing Rental dwellings, than that required by legislation. For example, if under the Housing SEPP bonus provisions, a 15% Affordable Housing Rental Dwellings is required, and the developer lodges a development application to provide 20%, the development application fee on the addition 5% would be waived, based on floor space. The procedure also requires evidence that the development application be supported by a Community Housing Provider.

A draft Affordable Housing Contributions Plan is in preparation and will be reported to Council later within the year, and if endorsed it will be exhibited.

### **State Affordable Housing Initiatives**

Concurrent with Council's Affordable Housing initiatives, the NSW Government has announced and progressed various policy initiatives to increase the provision of Affordable Rental Housing and Social Housing, including -

- On 14 December 2023, 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. Council has received a number of development applications and development applications amendments and alteration seeking to make use of this Policy.
- On 29 April 2024, the Housing SEPP was amended to include the controls for Transport Oriented Development (TOD) precincts, which includes the land around Corrimal Station (commenced 13 May 2024). On 31 July 2024 the Dapto TOD precinct commenced which covers land between the rail line and M1 Motorway. The North Wollongong TOD precinct is scheduled to commence in April 2025. The provisions require 2% of Gross Floor Area in buildings with more than 2,000m<sup>2</sup> of floor

space to be Affordable Rental Housing. In a 2,000m<sup>2</sup> building this equates to a 40m<sup>2</sup> studio apartment. This Affordable Rental Housing requirement is in perpetuity.

- The Low- and Mid-Rise Housing Explanation of Intended Effect exhibited in November 2023 proposes increased development around selected rail stations and town centres. The draft policy did not specify an Affordable Housing Contribution. The policy has not commenced.
- On 31 May 2024, the State introduced a new rezoning pathway for the State's Housing agencies (NSW Land and Housing Corporation, the Aboriginal Housing Office and Landcom) to deliver social and affordable housing, through the NSW Department of Planning, Housing and Infrastructure.
- On 21 June 2024, the Warrawong Plaza State Assessed Planning Proposal commenced exhibition, until 19 July 2024. The rezoning proposal is seeking to enable a number of shop-top and residential flat building towers on the Warrawong Plaza site, containing 1,300 dwellings of which 10% are proposed to be affordable rental housing. On 29 July 2024 Council considered a report and endorsed a submission on the proposal.
- On 1 July 2024, the Housing SEPP was amended to permit dual occupancy developments in all R2 Low Density Residential zones across NSW. Within the Wollongong LGA, Dual Occupancy developments are already permitted in the R2 Low Density Residential and R3 Medium Density Residential zones through the Wollongong LEP 2009.
- On 9 and 16 July 2024, the proposed rezoning planning controls for seven of the eight Tier 1 TOD accelerated precincts across the Sydney Metro area commenced exhibition. None of the accelerated precincts are within the Wollongong LGA. An Explanation of Intended Effect (EIE) outlining the proposed changes to the Housing SEPP for the precincts is also being exhibited.
- On 14 July 2024, the Minister for Homelessness and Minister for Housing announced that maintenance of social housing will revert to a State responsibility and allocated \$1B for maintenance. The first package of 750 homes includes 47 homes in the Wollongong LGA.
- On 19 July 2024, Homes NSW lodged a Planning Proposal request seeking the rezoning of land at Gwynneville to increase residential density and provide additional social housing. Preliminary notification and assessment is currently occurring, prior to the proposal being reported to Council.
- On 22 July 2024, the Minister for Planning and Public Spaces announced a trial of using modular housing for social housing, including three (3) secondary dwelling sites in the Wollongong LGA.

Council's Affordable Housing Policy is mindful of the State's initiatives and aims to address 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.

## CONSULTATION AND COMMUNICATION

The draft documents were exhibited from 3 June 2024 to 8 July 2024. The exhibition was advertised by -

- 3 June 2024 notice in the Illawarra Mercury.
- Council's Have your Say exhibition webpage.
- Emails to Peak Groups and Stakeholders.

Council's exhibition webpage received 296 views and 133 documents were downloaded. No comments were provided via the exhibition webpage.

Four submissions were received, as discussed in the report.

## 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

The effectiveness of the Policy and Procedures will be monitored.

The Policy and Procedures will be reviewed as part of Council’s program to review Policy’s which will enable any refinements or adjustments to be made.

## FINANCIAL IMPLICATIONS

The 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 (scheduled to commence on 1 July 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 an allocation process to be undertaken. The preference is also for Affordable Rental dwellings to be provided on-site, especially with residential rezonings, and the contributions scheme providing the back-up alternate process. Additionally, the contributions scheme will complement the State’s Affordable Housing initiatives, rather than duplicating or double dipping. To date, the Housing SEPPs 15/30% bonus provisions have been the most attractive to the development industry with a number of development applications and amendments lodged with Council and the State.

## CONCLUSION

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

It is recommended that the amended Affordable Housing Policy be adopted and Procedures be noted.

## Draft Affordable Housing Policy and Procedures

### Summary of Submissions

Submitter & comments	Response
<p><b>Property Council of Australia - Illawarra</b></p> <p>Overall, we support Council’s commitment to Affordable Housing and the development of a policy to support the delivery of affordable housing across the LGA. We support the initiatives in principle as outlined in the policy and provide these comments relating to the policy below.</p> <p>We support the waiving of application fees and exempt development contribution fees to incentivise the delivery of Affordable Housing in the LGA and encourage Council to continue exploring other initiatives for the delivery of this type of housing.</p> <p>We note that there are no additional incentives or offsets included in the policy other than just a requirement to increase the proportion of the current FSR to be allocated to affordable housing. We are concerned that this may erode feasibility and has the potential to stall development and encourage Council to test feasibility with developers prior to the policy being rolled out to ensure it can be achieved.</p> <p>We note that the mandatory inclusion of affordable housing for developments greater than 20 dwellings may be a new concept for industry amidst a range of other affordable housing incentives also introduced by the NSW Government.</p> <p>We support the gradual introduction of this initiative, however, note that the policy does not stipulate how long the stock must be kept affordable, how they will be monitored for compliance with the Affordable Housing Guidelines and what the probity is around DA applications for this type of development.</p> <p>We encourage Council to collaborate with industry and CHPs to ‘sense check’ the policy prior to it being rolled out and during the roll out period to refine and adapt strategies over time to improve outcomes. The items of discussion could include:</p> <ul style="list-style-type: none"> <li>• Finer details on the implementation of the policy and probity</li> <li>• Clarification on the calculation of the monetary contribution</li> </ul>	<p>Support noted</p> <p>Noted – DA fee exemption commenced 1/7/24, Contribution fee waiver commenced Sept 2023</p> <p>Council has not proposed floor space or height bonuses to avoid duplicating the State’s policy initiate</p> <p>Support noted</p> <p>The draft Affordable Housing Contributions Scheme will contain more detail and will be exhibited.</p>



<ul style="list-style-type: none"> <li>• How funds will be dispersed and the use of any funds for affordable housing</li> <li>• Challenges with the roll out of the policy and feasibility barriers</li> <li>• What other levers might be enabled to support the delivery of affordable housing</li> <li>• CHPs involvement in the developments and management of affordable housing.</li> </ul> <p>We also recommend Council carry out an audit of its owned land to identify any other opportunities for future affordable housing utilisation, as well as assisting State agencies in the roll out of housing on their land.</p>	<p>Council is working with Homes NSW on its projects to increase social and affordable rental housing.</p>
<p><b>Urban Development Institute of Australia - Illawarra</b></p> <p>UDIA would like to commend Wollongong City Council (WCC) for the delivery of their Draft Affordable Housing Policy &amp; Affordable Housing Procedures. The exhibited materials present a balanced and well considered approach to policy and incorporate many of the elements that UDIA has long advocated for in times where industry is being mandated to operate in a certain way.</p> <p>UDIA would like to commend WCC for providing:</p> <ul style="list-style-type: none"> <li>• Sufficient warning ahead of the policy’s anticipated implementation.</li> <li>• A gradual phase-in period (that starts from a reasonable base of 3%) which allows industry to adjust their feasibilities and their approach to land acquisition to cater for the mandatory provision of Affordable Housing in the future.</li> <li>• Flexibility and specifically allowing developers to meet their obligations through a monetary contribution which will be especially useful where the floor space contribution required is less than a single unit.</li> <li>• Measures that avoid double dipping through the application of both state and local requirements.</li> <li>• A sensible application of the Policy to future rezonings at West Dapto that exempts existing area of residential zoned land from the scheme.</li> </ul> <p>Industry is aware of the ongoing pressures facing the rental market in Wollongong, and WCC is commended for exploring ways to implement more Affordable Housing requirements in a way that is workable given current feasibility pressures on the development market.</p>	<p>Supported noted</p> <p>Supported noted</p>





<p>could lead to a marked increase in the delivery of Affordable Housing.</p> <p>Therefore, industry encourages WCC to build off this positive draft Policy, and current State policies, by continuing to explore a wider range of incentives for developers who will deliver affordable housing in excess of the requirements of the WCC policy. One suggestion that UDIA would like to canvas is a fixed (and agreed to) offset in local contributions that are payable on market products for those providers that offer to provide Affordable Housing in excess of what has been required by Council. This does not markedly differ to existing WCC policies, for example WCC's Development Contributions Plans, which provides several exemptions for Affordable Housing providers.</p> <p>Given the potential impact on local contribution revenue, UDIA would welcome the opportunity to work up this concept with WCC to ensure there are no adverse impacts. Future iterations of the incentive could be reviewed at regular intervals based on take up.</p> <p><b>UDIA Recommendation: <i>Continue to explore innovative pathways to incentivise Affordable Housing delivery in Wollongong, such as exemptions or discounts on development contributions for providers of Affordable Rental Housing in excess of local legislative requirements.</i></b></p> <p>Additionally, UDIA would like to query a number of inconsistencies in the documents exhibited and would appreciate clarity on the following matters during the post-exhibition phase.</p> <ol style="list-style-type: none"> <li>1. <i>Clarification of the 'start date' for Procedure 2 - Affordable Housing Dwellings.</i> Both January 2026 and July 2026 are provided as start dates throughout the exhibited materials. UDIA recommends that July 2026 be adopted to align with Financial Year budgets.</li> <li>2. <i>Confirming that the option to meet Affordable Housing obligations through a monetary contribution is available through all scenarios related to the Policy.</i></li> <li>3. <i>Whether the proportional Development Application fee waivers (as per Procedure 1) are only available to CHPs, or whether it also applies to non-CHPs that deliver Affordable Housing.</i> If the intention is the waiver is only available to CHPs, UDIA would request that WCC justifies the exclusion of non-CHPs.</li> <li>4. <i>Confirming how the monetary contribution is calculated.</i> Procedure 2 implies that the contribution is</li> </ol>	<p>Additional procedure 4 included to reduce DA fees for non-CHPs where additional Affordable Rental Housing proposed.</p> <p>Start date clarified as 1/7/26</p> <p>Yes. Although the preference for rezonings is that the Affordable Housing is on-site, as part of the development</p> <p>Additional procedure 4 included for non-CHPs</p> <p>It is proposed to be based on the overall average sale price</p>
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<p>based on 'residential sales price per sqm.' This number can change from sale to sale in a building and may not be clear at the time of required payment.</p> <p><b>UDIA Recommendation: WCC to clarify the above items during the post-exhibition phase.</b></p>	
<p><b>Housing Trust</b></p> <p>We appreciate the council's efforts to address the critical need for affordable housing in our community and commend the initiative to set a 10% affordable housing target for residential developments of 20 dwellings or more.</p> <p>Upon review of the draft policy and procedures we have identified several areas that require further clarification and refinement to ensure the effective implementation and long-term success of this important initiative. Our feedback set out below aims to strengthen the policy and procedure by addressing key aspects such as duration of affordability period, compliance monitoring, fund management, and eligibility criteria. We believe that addressing the following points will enhance transparency, accountability, and overall impact on affordable housing provision in Wollongong.</p> <ul style="list-style-type: none"> <li>• The policy and procedures should explicitly refer to Affordable Rental Housing so there is no confusion about the intended outcome of the policy</li> <li>• The policy states that "Affordable Rental Housing" is affordable housing that is owned <b>and</b> managed by a registered CHP and rented to very low, low or moderate households or a combination of households. It is recommended that this be changed to say affordable housing that is owned <b>or</b> managed by a registered CHP</li> <li>• The policy and procedures should clearly reference the expectation for compliance with the NSW Affordable Housing Ministerial Guidelines and set out a mechanism to enforce and monitor this</li> <li>• The policy and procedures should specify how long the allocated affordable rental dwellings must remain affordable and set out a mechanism for monitoring and compliance</li> </ul> <p>The policy requires a process for verifying CHP involvement in Development Applications (DAs). In other local government areas CHPs have been named in DAs a</p>	<p>Supported noted</p> <p>Updated</p> <p>Updated</p> <p>Reference to guidelines included</p> <p>In perpetuity is proposed. The policy does not restrict CHPs from renewing stock.</p>

<p>procedure for validating the registration details for the named CHP is also required</p> <ul style="list-style-type: none"> <li>• Procedure 1 – Development Application Fee Waivers: There is a need to further clarify the details of fee waivers in the procedure, which is currently unclear when compared to the 2023 Wollongong Housing Strategy, particularly with respect to the approach taken for applications lodged by CHP’s</li> <li>• Procedure 3 – Managing Financial Contributions: we recommend accumulating funds to a higher threshold such as \$5 million before disbursement. The current limit set at \$1M is not enough to have a significant impact on a project, and is likely to cause a high administrative burden to Council</li> <li>• Procedure 3 – Managing Financial Contributions: needs to provide more explicit details on how the collected funds will be dispersed and used. The best outcome is the provision of additional affordable rental housing in the Wollongong Local Government Area</li> </ul> <p>The Wollongong City Council 2023 Housing Strategy includes additional actions to increase the supply of affordable housing in the LGA that are not addressed in this policy, such as conducting a Council audit of surplus land and community education. We believe that the mechanisms for delivering these other strategies should be included in the policy and subsequent procedures.</p>	<p>The Policy and Procedure are enacting the action contained in the Housing Strategy.</p> <p>Increased to \$5m</p> <p>By grant allocation</p> <p>The use of Council land is being separately considered.</p>
<p><b>Neighbourhood Forum 5</b></p> <p>Before Council decides to proceed with this proposal, Council be requested to:</p> <ol style="list-style-type: none"> <li>1 seek expert advice on the potential negative impact this might have on housing supply;</li> <li>2 review the implications for development assessment from the increased floor space ratio and longer term lack of parking;</li> <li>3 seek details from State and Federal governments of their measures to ensure that the backlog of affordable housing is eliminated or significantly reduced.</li> </ol>	<p>The submissions from the PCA, UDIA and Housing Trust indicate general support for the proposed policy and procedures. Those organisations have not raised concerns over housing supply. Council’s draft Policy and Procedures have not</p>

	<p>proposed changes to FSR or parking standards. Any changes to FSR will require a Planning Proposal and changes to parking rates will require a DCP amendment. Some of the State housing initiatives do propose changes.</p> <p>The report details the range of measures the State has recently proposed to address affordable and social housing.</p>
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## 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 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). A CHP is expected to manage Affordable Rental Housing consistent with the NSW Affordable Housing Ministerial Guidelines 2023-24 (or future versions) [NSW Affordable Housing Ministerial Guidelines 2023-24 | Family & Community Services](#)

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 Rental Housing developments lodged by, or on behalf of Community Housing Providers	ARH1	Completed on 24/6/24 as part of adoption of 2024-25 Fees and Charges
Waive Development Application fees for the portion of a development that includes the provision of Affordable Rental Housing dwelling, which is provided in excess of that required by a State or Council policy		New initiative
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



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Action	Housing Strategy Action	Status
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
Prepare, exhibit and adopt an Affordable Housing Contributions Plan and introduce an Affordable Housing clause into the Wollongong LEP 2009	ARH4 & ARH5	Draft Policy and Procedures exhibited and reported to Council for adoption. Draft Contributions Plan in preparation
As part of Planning Proposals seeking to rezone land to permit residential development or increase residential density, a minimum 10% of estimated dwelling yield shall be for Affordable Rental Housing to be managed by a registered Tier 1 or 2 Community Housing Provider, in perpetuity. The first rezoning of land in the West Dapto Urban Release Area to R2 Low Density Residential is excluded.		To commence with the adoption of this policy
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, to be managed by a registered Tier 1 or 2 Community Housing Provider, in perpetuity	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

This policy does not preclude a Community Housing Provider from selling / transferring dwellings to improve the management, maintenance and renewal of its housing portfolio, however at no net loss of dwelling.

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 -

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- 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.

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

**AFFORDABLE HOUSING**

**COUNCIL POLICY**

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]
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 2 – Affordable Housing dwellings .....	4
Procedure 3 – Managing Financial contributions .....	5
Procedure 4 – Development Application Fee waivers - Developer .....	6

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.

**AFFORDABLE HOUSING**

**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

## AFFORDABLE HOUSING

## PROCEDURE DOCUMENT

### PROCEDURE 1 – DEVELOPMENT APPLICATION FEE WAIVERS – COMMUNITY HOUSING PROVIDERS

To encourage the provision of Affordable Rental Housing, development application fees for applications lodged by or on behalf of Tier 1 and 2 Community Housing Providers, may be waived in accordance with the following procedure.

Notes –

- For mixed use or mixed tenure development applications only the portion of the development application fee associated with the Affordable Rental 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 -
  - Lodged by or on behalf of a Tier 1 or 2 Community Housing Provider, for an Affordable Rental Housing development (owners consent)
    - 100% Affordable Rental Housing development – no DA fee required
    - Where the Affordable Rental 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.



**AFFORDABLE HOUSING**

**PROCEDURE DOCUMENT**

**PROCEDURE 2 – AFFORDABLE HOUSING DWELLINGS**

To facilitate the delivery of Affordable **Rental** 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.

<b>Development Application Lodgement Acceptance Date</b>	<b>% Affordable Residential Floor Space</b>
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.

## AFFORDABLE HOUSING

## PROCEDURE DOCUMENT

### PROCEDURE 3 – MANAGING FINANCIAL CONTRIBUTIONS

Council is to manage financial contributions received in lieu of the provision of affordable rental 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 \$5 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 \$5 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 \$5 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 Rental Housing.

## AFFORDABLE HOUSING

## PROCEDURE DOCUMENT

### PROCEDURE 4 – DEVELOPMENT APPLICATION FEE WAIVERS – OTHER DEVELOPERS

To encourage the provision of Affordable Rental Housing, development application fees for applications lodged which include a greater percentage of Affordable Rental Housing than required under State or Council policy, may be waived in accordance with the following procedure.

#### Notes –

- For mixed use or mixed tenure development applications only the portion of the development application fee associated with the additional Affordable Rental Housing will be waived.
- This procedure applies to development applications which propose a percentage of Affordable Rental Housing greater than that required under Council or State policy.
- This procedure does not apply to Social Housing development applications lodged by Homes NSW.
- This procedure does apply to Development Applications lodged under SEPP (Housing) 2021 proposing more than the minimum 15% Affordable Housing to achieve a 30% height and/or floor space bonuses, and the 2% Transport Oriented Development.

#### 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 -
  - Lodged with written support from a Tier 1 or 2 Community Housing Provider, for an Affordable Rental Housing development
  - 100% Affordable Rental Housing development – no DA fee required
  - Where the Affordable Rental Housing component is a portion of the development, the fee waiver is to be the relevant portion of the additional floor space of the development greater than the required contribution ie if the legislation proposes 15% Affordable Rental Housing, and the development application proposes 20%, then the fee waiver applies to the additional 5% floor space proposed for Affordable Rental Housing.
- 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.