



Planning

Affordable Housing

Revised City West Affordable Housing Program (June 2010)

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Sydney, NSW, Australia 2000

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First published 1995.

Amended July 1996, May 2002 and June 2010

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INTRODUCTION

The provision of affordable housing in City West is a fundamental component of planning for the area. The need to satisfy housing related social and equity objectives was identified in the City West Urban Strategy (Department of Planning, 1990) and Regional Environmental Study (Department of Planning, 1991) and confirmed by the City West Urban Strategy: Social Impact Assessment, prepared for NSW Department of Planning (B.Elton & Associates, September 1991).

The City West Affordable Housing Program aims to ensure that households with low to moderate income continue to live and work in Ultimo-Pyrmont. The innovative program was the first step towards a partnership between the community, development industry and Government for the delivery of housing which is affordable to a cross section of socioeconomic groups.

Sydney Regional Environmental Plan No. 26 City West ('REP No. 26'), which was gazetted in October 1992, sets out planning principles relating to affordable housing. However, specific clauses for enabling affordable housing contributions from the private sector were deferred from REP No. 26. Following further consideration of appropriate mechanisms an amendment was made to REP No. 26 (Amendment No. 4 - Affordable Housing) in March 1995. This amendment detailed the specific planning clauses to enable contributions to be obtained from the private sector towards affordable housing.

In June 2000 the scheme was validated as part of amendments to the *Environmental Planning and Assessment Act 1979* which enable environmental planning instruments to make provision for providing, maintaining and regulating matters relating to affordable housing. The schemes were validated for a two-year period. State Environmental Planning Policy No. 70 - Affordable Housing (Revised Schemes) commenced on June 1 2002 and inserts revised affordable housing provisions into a number of environmental planning instruments including REP No. 26.

In 2005, the Sydney Local Environmental Plan (LEP) 2005 ('LEP 2005') superceded REP No. 26, and the provisions for Ultimo-Pyrmont were incorporated into LEP 2005, leaving LEP 2005 as the sole planning instrument governing Ultimo-Pyrmont.

USING THIS PROGRAM

HOW TO USE THIS PROGRAM

The Affordable Housing Program should be read in conjunction with State Environmental Planning Policy No. 70 - Affordable Housing (Revised Schemes) and the LEP 2005. Together, the relevant provisions of the Environmental Planning and Assessment Act 1979, SEPP No. 70, LEP 2005 and the Affordable Housing Program are referred to as the 'scheme' within this document.

1. PRINCIPLES

1.1 PRINCIPLES OF AFFORDABLE HOUSING

An important planning principle established by REP No. 26 (and now contained in LEP 2005) is to provide for an integrated living and working environment containing a wide range of housing and employment opportunities. The scheme encourages and promotes the provision of a full range of housing in terms of form, tenure and social mix. A particular aim of the scheme is the development of housing which is affordable to low and moderate income households. The principles in relation to the mixed living and working environment are:

Development in City West is to house an increased population and to provide an increased quantity and range of employment opportunities which are compatible with the achievement of a high quality mixed living and working environment.

Development in City West is to promote and retain close to the city centre, a socially diverse residential population, representative of all income groups.

Development in City West is to provide different kinds of housing, including affordable housing, to ensure that low to moderate income households may continue to be able to live in City West.

Development in City West is to provide opportunities for people to live and work at places in close proximity.

The above principles reflected the objectives of the *Environmental Planning and Assessment Act 1979* (EP&A Act) in relation to proper management and development of resources for the social and economic welfare of the community and a better environment and the provision and maintenance of affordable housing.

1.2 THE AFFORDABLE HOUSING PROGRAM

In order to achieve these principles, the City West Affordable Housing Program aims to provide, as development occurs over a 20-30 year timeframe, a rental stock of up to 600 units of affordable housing for very low, low to moderate and moderate income households. This is to encourage the provision of a balanced community with a wide range of housing for a cross section of socio-economic groups. In addition to the 600 units of housing provided under the Affordable Housing Program, Housing NSW (formerly Department of Housing) will construct another 100 units of public housing throughout the precinct. It is anticipated that the total number of dwellings (private market, affordable and public housing) within the precinct will be in the order of 7 500 to 9 000. The 600 units of affordable housing represent approximately 6-7% of total stock. In summary, over the life of the plan approximately 8-10% of housing will be in the category of affordable or public rental housing.

1.3 WHAT IS AFFORDABLE HOUSING?

The term affordable housing conveys the notion of reasonable housing costs in relation to income (National Housing Strategy, 1992). The National Housing Strategy advocates that housing costs for low income households, totalling approximately 25-30% of gross household income should be adopted as a reasonable measure of affordability. Within the context of the City West Affordable Housing Program, the aim is to provide dwellings which are affordable to very low, low and moderate income households. (Appendix A details the basis of the income thresholds and indexing principles). Table 1 outlines target household income.

Table 1. Target Household Income

Target Group	Gross household income p.a. 2008-2009
Very low income	\$28 393
Low income	\$28 394 - \$45 472
Moderate income	\$45 473 - \$76 949

Source: Australian Bureau of Statistics figures as annually indexed at 2009

The above income thresholds will be considered together with a number of affordability indicators such as number of persons per household. Further, affordability is closely linked with both the appropriateness and quality of the dwelling for its residents. In this regard, the City West Affordable Housing Program aims to provide dwellings which respond to housing needs. In physical terms, the standard of dwellings are to be consistent with the average standard of contemporary development in the area.

2. POLICY

2.1 WHY AFFORDABLE HOUSING?

Ultimo-Pyrmont is undergoing major changes. A substantial number of public and private industrial facilities have reached or are nearing the end of their commercial life. The permanent residential population level declined significantly over several decades. REP No. 26 provided a basis for new land uses and forms of development to revitalise the area, and for improvement of infrastructure facilities including development of open space areas in order to promote a high quality living and working environment.

REP No. 26 introduced new planning provisions which substantially affected and increased the development potential and the land value of the area. The development potential of the area has been further enhanced by the substantial redevelopment investment by the New South Wales and Commonwealth Governments to revitalise the area through the early provision of infrastructure and facilities under the Better Cities Program. Current landowners have and will continue to benefit from this increase in land value. The increased land value will have an impact on the affordability of housing, particularly for traditional low and moderate income residents of the inner city as higher value uses are found for the land.

As part of the diversity of land uses and the future population being promoted in Ultimo-Pyrmont, the need for and the desirability of the mix of socio-economic and ethnic groups was recognised by the Government and community. The commitment to social and economic diversity of the area was established via REP No. 26 and its planning principles.

To protect and encourage residential development of the area, REP No. 26 contained a Residential zone and a Residential-Business zone. The aim is to protect the existing residential areas and maximise the efficient use of infrastructure and services which have been under-utilised close to the city centre, and to reduce the need for costly infrastructure development on the city's outskirts. This not only provides for a co-ordinated approach for the orderly use of the land and development of the area, but also provides for an improved access to facilities close to the city centre.

Ultimo-Pyrmont traditionally contained a significant portion of low cost private rental stock, together with employment opportunities for low income groups. Table 2 shows the proportion of population by various occupations and indicates that there has been a significant increase in the proportion of the workforce in professional and para-professional categories, rising from 5.4% in 1976 to 28.8% in 1991. At the same time, those engaged in the blue collar occupations fell from 42.3% in 1976 to 24.5% in 1991.

TABLE 2. OCCUPATION BY PROPORTION OF POPULATION (PERCENTAGE)

Occupation	1976	1981	1986	1991
Management and Administration	3.4	3.8	8.3	10.5
Professional and Para-professional	5.4	12.3	25.5	28.8
Clerical	14.5	17.6	20.4	16.0
Blue collar	42.3	34.2	29.8	24.5
Sales and Personal services	19.5	10.7	13.4	16.0

Source: City West Urban Strategy: Social Impact Assessment 1991

The proportion of households in higher income brackets has increased substantially. Although it is not possible to accurately compare the income at each Census, the data from 1991 indicates that 49% of households within the precinct have an income of over \$40 000 per annum

Under REP No. 26 it was expected that a range of commercial development in Ultimo-Pyrmont would provide a variety of employment opportunities including employment for lower paid occupations. An important principle of REP No. 26 was to provide opportunities for people to live and work within the area.

Census data indicates that since the early 1980s Ultimo-Pyrmont experienced a change in the age and socio-economic structure of its population. The population of Ultimo-Pyrmont had risen from 1 547 in 1981 to 3 132 in 1991. Based on construction activity since 1991 it was estimated that the resident population had grown to approximately 7,000 people (1996). Further, working class families, children, and renters declined and the number of young adults in well paid jobs increased. At the same time the stock of inexpensive rental accommodation decreased significantly as the majority of the new residential developments in the area were medium to high cost accommodation. The substantial injections of infrastructure investment and upgrading of the area produced upward pressures on property values placing further pressure on purchase and private rental accommodation costs beyond the means of low to moderate income groups. Further analysis of the rental housing market in Ultimo-Pyrmont indicated that the majority of newly built dwellings (built during the mid to late 1980s) were medium to high cost accommodation. Table 3 shows the rent levels for various property types, with updated figures for 2009.

Given the increasing land values in the area as development has occurred, the housing market has served an increasingly smaller proportion of the existing population, narrowing the socio-economic diversity which the Regional Environmental Plan sought to retain. These impacts would be further exacerbated as increased property values place pressure on the stock of rental housing as the attractiveness of the area for owner occupation increases. It should be noted that the stock of private rental housing decreased from 68% in 1976 to 45% in 1991. Despite this decline, private rental housing remains a significant component of the housing stock and the area currently retains a mix of socio-economic groups.

TABLE 3. RENT LEVELS ULTIMO-PYRMONT

Dwelling Type	Weekly Rent 1990	Weekly Rent 1994 (Old Dev)	Weekly Rent 1994 (New Dev)	Weekly Rent 2000-2001	Weekly Rent 2009
1 Bedroom unit	\$120 - \$180	\$170 - \$180	\$200 - \$220	\$320 - \$340	\$450 - \$480
2 Bedroom unit	\$135 - \$250	\$220 - \$230	\$270 - \$300	\$420 - \$430	\$600 - \$640
3 Bedroom unit	\$250 +	\$260 +	\$300 +	\$550 - \$555	\$750 - \$815

Source: Survey of real estate agents in Ultimo-Pyrmont (1990 and 1994). Weekly median rent 2000-2001 based on Rental Bond Board data. Weekly median rent 2009; Rent & Sales Report produced by Housing NSW.

An important objective is to promote a mixed living and working environment through a variety of housing types and tenures. As the market alone will not generate affordable housing, a specific program including specific planning clauses in the LEP 2005 (formerly contained in REP No. 26) is required to ensure that the principles in relation to retention of a diverse socio-economic profile representative of all income groups are met. This will help promote equality in access to employment opportunities, community services, recreational/cultural facilities and housing which are or will be available within or close to the area.

2.2 PLANNING MECHANISM

The EP&A Act considers the promotion of social and economic welfare of the community as one of its objectives. Section 5(a)(l) of the Act 'encourages the proper management, development and conservation of natural and artificial resources... for the purpose of promoting the social and economic welfare of the community and a better environment.'

In 1999 the Environmental Planning and Assessment Act 1979 ('the Act') was amended to specifically include the provision and maintenance of affordable housing as an object of the Act. It also provided for environmental planning instruments to make provision for providing, maintaining and regulating matters relating to affordable housing.

A further amendment in June 2000 expressly authorises the imposition of conditions in accordance with an environmental planning instrument relating to the retention of affordable housing.

The Act also validated a number of existing affordable housing schemes, including REP No. 26, the provisions of which are now contained in LEP 2005

The term 'affordable housing' is defined in the Act as meaning housing for very low income households, low income households or moderate income households, being such households as are prescribed by the regulations under that Act or as are provided for in an environmental planning instrument.

Under Section 94F of the Act a consent authority may impose conditions requiring land or contributions for affordable housing within an area if a state environmental planning policy identifies that there is a need for affordable housing within the area.

SEPP No. 70 - Affordable Housing (Revised Schemes) also identifies that there is a need for affordable housing in certain local government areas including City of

Sydney, and describes the kinds of households for which affordable housing may be provided, and makes a requirement with respect to the imposition of conditions relating to the provision of affordable housing.

The intention is that the affordable housing should be provided within each proposed development. However, smaller residential developments or commercial developments with no residential component may not be able to provide affordable dwellings within the site. As an alternative these developments are required to pay in lieu a monetary contribution towards the provision of affordable housing in the area in accordance with any relevant conditions of the development consent.

Historically, REP No. 26 specified that prior to granting consent, the consent authority must be satisfied that a component of the development will be used for affordable housing, or that the equivalent monetary contribution be made towards providing affordable housing elsewhere within the area.

Due to growing constraints and limitations on the expenditure of funds strictly within Ultimo-Pyrmont, it is now agreed that monetary contributions from Ultimo-Pyrmont can be spent elsewhere in the City of Sydney LGA towards the provision of affordable housing. City West Housing will nonetheless endeavour to continue to develop units in or close to Ultimo-Pyrmont to ensure that the desired socio-economic mix of the area is achieved.

3. FUNDING

3.1 HOW THE AFFORDABLE HOUSING PROGRAM WILL BE FUNDED

The City West Affordable Housing Program is achieved through developer contributions required initially by REP No. 26 and now by LEP 2005.

3.2 HOW ARE CONTRIBUTIONS DETERMINED?

Affordable housing may be provided within each proposed development. However, alternative arrangements may be made, where an in lieu monetary contribution may be provided so that affordable housing can be provided elsewhere within the City of Sydney. The amount of the in lieu contribution is calculated as equivalent to the total floor area that would otherwise be required to be dedicated for use for affordable housing. The following formulae were used in 1994 to determine the initial rates of on site and in lieu contributions (the details of calculations are at Appendix B).

a. On site contribution

m^2 total floor area required for 200 units of affordable housing:

$\%$ on site contribution = m^2 total floor area of Residential and Residential-Business zones in Ultimo-Pymont

$\%$ on site contribution = 20 000 = 1.1% total floor area of 1 800 000 m^2

b. In lieu contribution

total cost for 200 units of affordable housing:

in lieu contribution = m^2 total floor area of Residential and Residential-Business zones in Ultimo-Pymont

in lieu contribution = \$40 000 000
= approx. \$23¹ per m^2 total floor area of 1 800 000 m^2

1

Based on the above formulae, 1.1% of residential or business floor space within the Ultimo-Pymont area should be made of affordable housing.

With regard to the in lieu monetary contribution, the contribution amount by residential or business development towards affordable housing equates to approximately \$23 per square metre of floor area (1994).

To further encourage residential development within the area, the contribution towards affordable housing from residential development is discounted by 30%. This provides that 0.8% of every residential development should be made of affordable housing. The in lieu contribution by the residential development for the provision of affordable housing was approximately \$16 per square metre of floor area (1994).

¹ As at 1994. Contributions have been annually indexed by the implicit Price Deflator.

The requirement to dedicate either on site, or provide an in lieu contribution is a condition of development consent. Applicants may also provide a combination of on site and in lieu contributions. Sections 4.2 and 4.3 of this document and figure 1 (page 18) describe in greater detail how and when contributions are to be made.

3.3 EXEMPTIONS

The following development (or so much of any mixed development that consists of the following development) is exempt from providing on site or in lieu contributions:

- development for the purpose of public housing; or
- development for the purpose of affordable housing; or
- development for the purpose of community facilities; or
- development for residential purposes that will result in the creation of less than 200 square metres of total floor area; or
- development for non-residential purposes that will result in the creation of less than 60 square metres of total floor area; or
- Development for the purpose of a public road, a light rail or railway undertaking or a public utility undertaking or facility; or
- refurbishment of non-residential or residential development when no change of use or increase in floor space areas occurs and the required percentage of that floor space has already been dedicated for use for affordable housing, or a contribution for the purpose of provision of affordable housing has been paid;

3.4 HOW ARE CONTRIBUTIONS INDEXED?

In lieu monetary contributions are indexed to ensure that the contributions reflect the costs associated with the provision of affordable housing. The contributions will be indexed annually on 1 July on the basis of the Implicit Price Deflator (New and used dwellings) for the preceding year (December to December) as published by the Australian Bureau of Statistics (Cat No. 5206.0).

3.4.1 Indexed contribution rates for 2009/2010

The indexed contribution rates for 2009/2010 introduced on 1 July 2009 are:

Business development	\$37.95 per m ²
Residential development	\$26.40 per m ²

4. ADMINISTRATION

4.1 WHO WILL ADMINISTER AND MANAGE THE AFFORDABLE HOUSING PROGRAM?

A non-profit housing organisation known as City West Housing Pty Limited has been established to manage and deliver the City West Affordable Housing Program. The Company is incorporated under the Corporation Law and is independent from, but accountable to, the State Government. The Company has an expertise-based Board, with social housing, finance, asset management and housing production skills.

City West Housing Pty Limited has two classes of shares:

- i. Ordinary shares
- ii. Preferential class shares

The Government will retain the ownership of the assets through the Treasurer and Minister for Housing as ordinary shareholders with the power to intervene or recall the assets in the event of failure by the entity to meet its objectives and performance requirements.

The preferential class shareholders are drawn from the community and industry and are responsible for the appointment, selection and removal of the directors of the City West Housing Pty Limited. The Company currently has eight preferential shareholders and the Board has seven directors.

City West Housing Pty Limited has the following features:

- independence from the Government in the day-to-day management of assets and development of policies;
- responsibility for prudent and cost-effective use of the funds for construction, delivery and management of the Affordable Housing Program; and
- accountability to Government to ensure that the funds are expended and used in accordance with the Program objectives.

The Memorandum and Articles of Association of the City West Housing Pty Limited sets out the statement of organisational principles and defines the following issues:

- profile of preferential class shareholders
- profile of board of directors
- reporting requirements
- accountability to the Government, ordinary shareholders and preferential class shareholders
- mechanisms for Government intervention
- mechanisms for protection of asset base
- performance requirements
- winding up mechanisms

4.1.1 City West Housing Pty Limited

The aim of the City West Housing Pty Limited is to provide affordable and appropriate rental housing to very low, low and moderate income households. The main objectives are:

- to provide equitable, non-discriminatory access to rental housing related to identified target groups under this Program;
- to offer long term secure rental tenure to clients who meet their tenancy obligations;
- to provide an alternative housing option to public and private sector housing and so develop, within a total asset management environment, a range of housing models and services to meet the varying and changing needs of clients and the community;
- to provide cost effective and efficient housing management that minimises vacancy periods, rent arrears and under occupancy while providing well maintained accommodation as part of the delivery of a timely, quality client service;
- to promote and seek to provide quality living environments and adequate housing forms that reflect cultural and community values balancing design/development objectives of health, safety, energy efficiency and ecologically sound sustainable development, cost effectiveness and access to community and retail services, transport and employment opportunities;
- to develop and support a variety of consumer participation choices that offer meaningful involvement to the community and tenants in the management of the Company's rental housing;
- to work with existing local communities, other service providers and all spheres of government to develop an integrated, co-ordinated and co-operative approach to housing issues.

4.1.2 Accountability

Accountability will be exercised through the following mechanisms:

- obligations under Corporations Law;
- Articles of Association which specify the operational and performance requirements of the Company;
- statement of organisational principles which specify the profile of the preferential class of shareholders and the means by which the Government could intervene and redeem shares in the event of default by the City West Housing Pty Limited;
- statement of social and financial objectives which specify the broad policies on targeting of housing resources, allocation and rental policies, expenditure of income, financial reporting, sale of assets. This also addresses the issue of private developers' contribution in order to ensure that the monies collected from the contributions are spent for the provision, improvement or management of affordable housing within a realistic timeframe;
- The Company's accounts will be audited by the Auditor General.

4.1.4 Management of affordable housing provided under the Program

Rents will be fixed at 25-30% of gross household income. Rental income will be used to meet management and maintenance costs (including the investment of monies, to meet cyclical maintenance costs), and all rates and taxes payable in connection with the dwelling. All rent received after deduction of these expenses will be used only for the purpose of improving, replacing or providing additional affordable housing stock.

4.2 WHO WILL COLLECT AND ADMINISTER THE PRIVATE SECTOR CONTRIBUTION AND WHEN WILL IT BE COLLECTED?

The requirement to provide a certain proportion of development as affordable housing will be a condition of development consent.

Figure 1 (page 18) illustrates the process for the collection and payment of affordable housing contributions.

In all instances evidence will be required that the condition of development consent relating to affordable housing will be satisfied prior to the issue of a construction certificate. The option exists however to defer payment of in lieu contributions until occupation of the development. To secure a construction certificate the applicant must provide:

- evidence that the applicant has reached agreement with City West Housing Pty Ltd over the dedication of units to the satisfaction of the consent authority;
- evidence that payment of an in lieu contribution has been made; or
- lodgement of a satisfactory bank guarantee with the Department of Planning to the value of the required contribution.

Any condition of development consent relating to affordable housing must be fully satisfied prior to occupation of the development. Full compliance with the condition will require:

- evidence that title to contributed units has transferred to City West Housing Pty Ltd; or
- receipt of payment of an in lieu contribution.

When provided to Council/private certifier this evidence will allow approval of the first certificate of occupancy for the subject development.

Where an applicant chooses to provide affordable housing on site those unit(s) must be identified on development application drawings. To determine whether nominated units and their subsequent dedication are appropriate and fulfil affordable housing principles the consent authority will seek comments from City West Housing Pty Ltd.

In circumstances where no construction certificate is required, evidence that the condition of development consent relating to affordable housing will or has been met will be required by the consent authority before the commencement of construction and subsequently prior to occupation of the development.

4.2.1 On site contributions (affordable housing on site as part of a development)

Where affordable housing is to be provided on site the applicant must transfer title of the affordable housing unit(s) to City West Housing Pty Ltd. When this option is chosen an agreement to transfer title to City West Housing Pty Ltd must be finalised to the satisfaction of the consent authority and evidence provided to Council/private certifier prior to the issue of a construction certificate. The consent authority must be satisfied that the nominated units will fulfil the affordable housing principles set out in LEP 2005 and will have sought comment from City West Housing Pty Ltd on the appropriateness of the units.

The affordable housing contribution will be satisfied when the title to the unit(s) is transferred to City West Housing Pty Ltd. Evidence that the transfer of title has occurred will be required by Council/private certifier before issue of any certificate of occupancy.

4.2.2 Monetary or in lieu contributions

Where an applicant chooses to pay a monetary contribution toward affordable housing the amount of the contribution will be nominated in the condition of development consent. Before the issue of a construction certificate the applicant must provide evidence to Council/private certifier of payment of the contribution. Payment will be by unendorsed bank cheque. As an alternative the applicant may provide evidence that a satisfactory bank guarantee, to the value of the required contribution, has been lodged with the Department of Planning.

In lieu contributions will be indexed annually in accordance with the Implicit Price Deflator for dwelling construction.

The affordable housing condition of consent will be satisfied when payment of the required monetary contribution has been made. Evidence that this has occurred will be required by Council/private certifier before the issue of any Certificate of Occupancy.

Subject to an annual Business Plan being approved by City West Housing Pty Ltd shareholders, including the ordinary shareholders, and the Company continuing to meet its performance objectives, the contribution will be transferred to City West Housing Pty Ltd for management and construction of affordable dwellings in accordance with the objectives and principles of the Affordable Housing Program.

4.2.3 Bank guarantees

Any bank guarantee taken out to provide evidence to the Council that an affordable housing contribution will be paid (and thereby allow approval of a building application) must:

- be issued by an Australian bank;
- require the bank to pay the guaranteed amount unconditionally to the Department of Planning where it so demands in writing but not before receipt of advice from Sydney City Council that it is able to approve the first certificate of occupancy for the subject development, or where no certificate of occupancy is required, occupation of the development;
- prohibit the bank from having recourse to the applicant or other person entitled to act upon the consent before paying the guaranteed amount;
- provide that the bank's obligations will be discharged only when payment is made according to the terms of the bank guarantee, if the related consent lapses, or if the Department notifies the bank in writing that the bank guarantee is no longer required. The bank guarantee will otherwise have no date of termination;
- require the bank to pay the guaranteed amount notwithstanding any notice to the contrary by the applicant or other person entitled to act upon the consent; and
- provide that the maximum amount payable, if not paid in the same financial year as the development consent to which it relates, shall be indexed in accordance with the City West Affordable Housing Program.

All costs for the preparation and administration of any bank guarantee shall be borne by the applicant.

Payments shall be made to:

City West Housing Operating Account

Account No. 06273428000160 at the Commonwealth Bank.

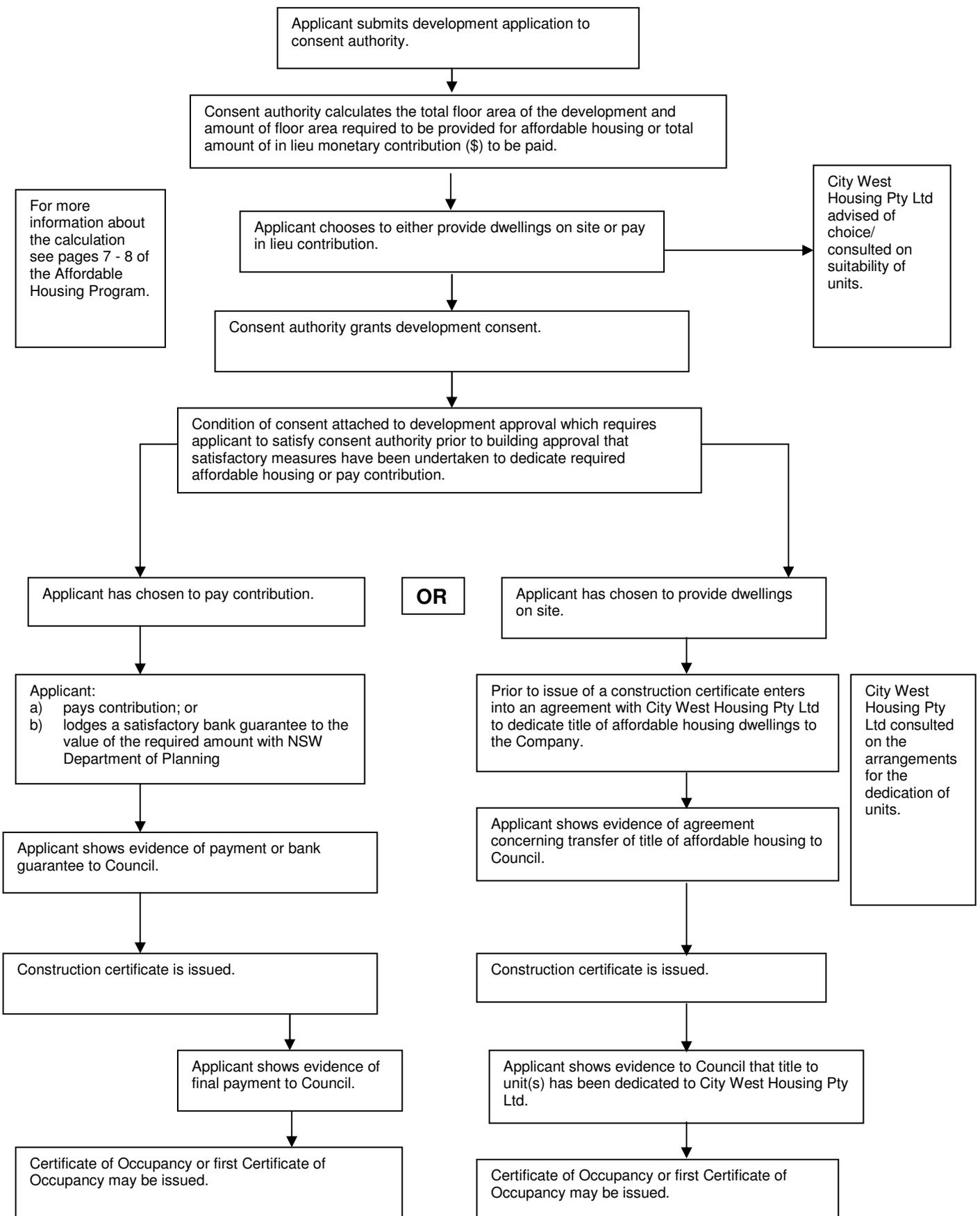
Receipt of payment for affordable housing contributions should be obtained by the applicant and a copy shall be sent to:

Metropolitan and Regional Strategies
NSW Department of Planning
GPO Box 39 Sydney NSW 2001

4.3 HOW OFTEN WILL THE PROGRAM BE REVIEWED AND UPDATED?

The Affordable Housing Program will be reviewed and updated as required and any changes adopted by the Minister for Planning. Any significant changes to the Program, including changes to the proportion of on site or in lieu monetary contribution (with the exception of indexing), will be exhibited for comment prior to any amendments to the Program being adopted by the Minister.

FIGURE 1. PROCESS FOR COLLECTION AND PAYMENT OF AFFORDABLE HOUSING CONTRIBUTIONS



APPENDICES

APPENDIX A

The income bands for the target groups are defined with reference to median household incomes within Sydney (ABS Region).

- Very low income households are defined as households whose gross annual household income is less than 50% of the area median income.
- Low income households are defined as households whose gross annual household income is 50-80% of the area median income.
- Moderate income households are defined as households whose gross earnings are 80-120% of the area income.

TABLE 4. AFFORDABLE HOUSING TARGET INCOME GROUPS

Target Income	Sydney (ABS) Group Region Proportion of Median Income	Gross Annual Household Income p/a 2008/2009
Very Low	<50%	\$28 393
Low	50 – 80%	\$28 394 - \$45 472
Moderate	80 – 120%	\$24 473 - \$76 949

Under the terms of this Program, the annual household income of target groups will be updated annually based on the most accurate available source of information eg Census or Australian Household Survey, Consumer Price Index or indexed based on changes to average weekly earnings in NSW (ABS Cat No. 6302.0). Gross annual households median income has been indexed by average weekly earnings.

APPENDIX B

A. Total m² redevelopment floor area Ultimo-Pyrmont

Estimated total floor area residential (existing & future): approx. 1 000 000m²

Estimated total floor area business (existing & future): approx. 1 341 000 m²

20% adjustments as result of exemption

Residential	800 000 m ²
Business	1 000 000 m ²

B. Total m² floor area and cost for affordable housing through developers' contribution:

No. of units to be provided by developers' contribution 200

Average size of one unit of affordable housing 100 m² total floor area

Average cost of providing 1 unit of affordable housing \$200 000

Total floor area m² 200 x 100 m² = 20 000 m²

Total cost of 200 units 200 x \$200 000 = \$40 000 000

C. On site contribution

m² total floor area required for 200 units of affordable housing:

% on site contribution = m² total floor area of Residential and Residential-Business zones in Ultimo-Pyrmont

% on site contribution = 20 000 = 1.1% total floor area of 1 800 000 m²

D. In lieu contribution

total cost for 200 units of affordable housing:

in lieu contribution = m² total floor area of Residential and Residential-Business zones in Ultimo-Pyrmont

in lieu contribution = \$40 000 000
= approx. \$23¹ m² total floor area of 1 800 000 m²

¹ As at 1994. Contributions have been annually indexed by the Implicit Price Deflator

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