

# AGENDA

## GOVERNANCE COMMITTEE MEETING

13 February 2024



You are hereby notified that a **Governance Committee Meeting** of Liverpool City Council will be held at **LEVEL 6, 35 SCOTT STREET, LIVERPOOL NSW 2170** on **Tuesday, 13 February 2024** commencing at 10.00am.

Please note this meeting is closed to the public. The minutes will be submitted to the next Council meeting.

If you have any enquiries, please contact Council and Executive Services on 8711 7863.

A handwritten signature in black ink, appearing to read "John Ajaka".

**Hon John Ajaka**  
CHIEF EXECUTIVE OFFICER



## ORDER OF BUSINESS

PAGE TAB

**Opening**

**Apologies**

**Declarations of Interest**

### **Infrastructure and Planning Committee**

ITEM 01	Draft Regional Affordable Housing Scheme - Response to Questions on Notice.....	4	1
ITEM 02	Voluntary Planning Agreement Monthly Status Report .....	111	2
ITEM 03	Development Assessment.....	121	3
ITEM 04	Draft Compliance and Enforcement Policy .....	123	4

### **Budget Committee**

ITEM 05	Review of Council's Financial progress, forecasts and assumptions .....	145	5
---------	---	-----	---

### **Strategic Priorities Committee**

ITEM 06	Disability Inclusion Action Plan 2024 – 2028 .....	153	6
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### **Strategic Performance Committee**

NIL

**General Business**

**Close**

**ITEM 01****Draft Regional Affordable Housing Scheme -  
Response to Questions on Notice**

<b>Strategic Objective</b>	Visionary, Leading, Responsible Position Council as an industry leader that plans and delivers services for a growing city
<b>File Ref</b>	023540.2024
<b>Report By</b>	Brianna Van Zyl - Senior Strategic Planner
<b>Approved By</b>	Lina Kakish - Director Planning & Compliance

**EXECUTIVE SUMMARY**

The Western Sydney Planning Partnership (WSPP) has prepared a draft Western Sydney Regional Housing Strategy and Contribution Scheme (the draft Scheme) (**Attachment 2**). This Scheme intends to use a regional approach to facilitate affordable housing in Western Sydney.

The draft Scheme will allow affordable housing contributions to be levied as a Condition of Consent for certain Development Applications to contribute to new affordable housing in Western Sydney. This contribution has been set at a low-rate and with a long, staged three-year introduction between exhibition of the draft Scheme and coming into effect in March 2027, to ensure that it does not undermine the delivery of development. Specifically, it will require affordable housing contributions for residential subdivision and residential development, which will generally be calculated at 1.5% of the total floor space or developable area, with a reduced rate of 0.3% for major non-residential development.

The draft Scheme will exempt several development types from making a contribution, including replacement dwellings (knockdown rebuilds), non-residential development with a gross floor area of less than 1,000m<sup>2</sup>, alteration and additions, and change of use applications.

It is estimated the draft Scheme will lead to the delivery of approximately 4,100 to 4800 dwellings if partially implemented (if further exemptions are made to the scheme), and approximately 6,800 dwellings in a 'high scenario'. If, after considering feedback received during consultation, it is decided to amend the draft Scheme to reduce the types of development the Scheme applies to, then there will be less funds available, and the lower end of the estimated range may be more likely.

At its Ordinary Meeting of Council on the 13 December 2023, the draft Scheme was deferred for a workshop, with questions taken on notice. The purpose of this Report is to formally respond to the received questions and facilitate detailed discussion on the draft Scheme.

The draft Scheme will be re-reported to the next available Council Meeting, seeking endorsement to proceed to public exhibition. If the draft Scheme is endorsed by Council, it will be placed on public exhibition in early 2024 in accordance with Council's Community Participation Plan (CPP). Any submissions and feedback will be considered and reported to Council, allowing Council to consider whether to endorse the application of the draft Scheme for the Liverpool Local Government Area (LGA).

If supported by the majority of the nine Western Sydney Councils (Blacktown, Blue Mountains, Hawkesbury, Fairfield, Liverpool, Penrith, Camden, Campbelltown and Wollondilly) it will come into effect in 2027.

## **RECOMMENDATION**

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That the Committee recommends Council:

1. Notes this Report, the draft Western Sydney Regional Affordable Housing Contribution Scheme prepared by the Western Sydney Planning Partnership, and the responses to questions on notice; and
2. Receives a Council Report which details the Affordable Housing Contribution Scheme, and relevant next steps.

## **REPORT**

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### **Background**

On the 13 December 2023, the draft Western Sydney Regional Affordable Housing Contribution Scheme, prepared by the Western Sydney Planning Partnership (WSPP) was tabled at the Council Meeting. The Report outlined the details of the draft Scheme, and Council resolved the following:

*That:*

1. *Council notes this report and the draft Western Sydney Regional Affordable Housing Contribution Scheme prepared through the Western Sydney Planning Partnership.*
2. *Council defers the draft Western Sydney Regional Affordable Housing Contribution Scheme and associated attachments to a workshop so Councillors can consider the scheme in detail.*
3. *Clr Rhodes and Deputy Mayor Macnaught send their questions with notice to Council staff, and they are to be answered before the workshop.*

4. *Mayor Mannoun's question on "what the quantifiable definition of affordable housing is? What dollar figure constitutes affordable housing" also be answered before the workshop."*

Refer to **Attachment 1** for the 13 December 2023 Council Report which details the requirement to prepare an affordable housing contributions Scheme, the proposed Draft Regional Affordable Housing Contribution Scheme, as well as economic impacts, affordable housing delivery, sub-regional scheming, and next steps.

**Question on Notice – Responses**

As a result of the above resolution, the Western Sydney Planning Partnership in collaboration with Council Officers, has provided the following responses to the received questions:

**Question 1:** ***"Reduce the burden on individual Councils preparing and administering schemes"*** [Page 110, Paragraph 2]. **How much money does getting a scheme prepared and administrated by WSPP save LCC Council?**

**Response:** All Sydney Councils are required by NSW Department of Planning, Infrastructure and Housing (DPHI) to prepare an Affordable Housing Contribution Scheme (AHCS) as part of the assurance process for their Local Housing Strategies. The preparation of a Scheme is an action for each Council in the Greater Sydney Region Plan and District Plan, which set targets of between 5-10% of new residential development.

A key aim of the WSPP working with the nine Western Sydney Councils (Blacktown, Blue Mountains, Hawkesbury, Fairfield, Liverpool, Penrith, Camden, Campbelltown and Wollondilly) to prepare a Regional AHCS is to reduce the costs for individual Councils in preparing and administering affordable housing schemes, as there are efficiencies that can be achieved working collaboratively. The WSPP is working with DPHI to finalise the statutory implementation mechanism for Councils who agree to adopt the Scheme. This is likely to occur through a process whereby DPHI will prepare an amending SEPP to amend all LEP's at the same time.

This would save each Council from needing to progress individual planning proposals to amend their LEPs, a cost and resource-intensive process.

There will however still be some costs for Council in the ongoing administration, procurement, management and maintenance of affordable housing, even with the regional approach. However, the draft Scheme is designed to minimise these costs by pooling resources with other Councils, partnering with Homes NSW to assist with procurement, and contractual management of the housing delivery, and transferring ownership of the end housing asset to the relevant housing provider (with an agreement for in-perpetuity provision).

Liverpool City Council does not currently have an affordable housing scheme in place, and development of an individual LCC-wide Scheme would cost in excess of \$100,000 for expert Consultants (to prepare a housing need analysis, economic testing, specialist advice and legal

fees). It would also require substantive planning staff time to prepare the Scheme, manage Consultant inputs and draft the LEP amendment and planning proposal. If Council was to proceed with their own scheme, it is estimated the process would likely take between 2 and 4 years to complete.

**Question 2:** *“Under this scheme it is estimated to lead to the delivery of 4,800 to 6,800 affordable rental dwellings over 10 years”* [Page 109, last paragraph]. Is that number of affordable rental dwellings for each LGA, or the Combined LGA’s, or for each of the partnerships?

**Response:** As the draft Scheme is based on a small percentage of additional floorspace from development monetised into a contribution, the number of affordable homes delivered will depend on development activity over the next 10 years. If there is an increase in overall development than currently predicted using DPHI’s implied dwelling demand (used to calculate the estimate scheme delivery), then this could result in the delivery of additional affordable housing.

The broader projections of affordable rental housing supply are for the nine LGAs in total and depend on the final affordable housing scheme that is adopted. WSPP is open to refining the scheme and the land uses / applications it applies to. For the Liverpool LGA, based on overall DPHI implied dwelling demand, the draft Scheme could fund delivery of between 620 dwellings (low scenario, assuming exemptions) and 1,040 dwellings over 10 years of contributions (high scenario scheme with limited exemptions).

These figures are a high-level estimate only and will be updated when the final form of the draft Scheme is known after consultation (e.g. changes are made to the types of development exempted from the draft Scheme).

**Question 3:** Regarding the Liverpool and Fairfield Partnership, it is expected LCC would contribute more than FCC because there are more DAs in Liverpool that will be taxed by the new Levy:

- a) does Liverpool and Fairfield have to deliver the same number of Affordable rental Housing?
- b) Explain how Liverpool benefits from this partnership?

**Response:** In response to Question (3a), the City Councils of Liverpool and Fairfield do not have to deliver the same number of affordable housing. The quantity of affordable housing delivered under the draft Scheme will correlate with the amount of contributions collected within each with LGA, and the amount of contributions collected will depend on the amount of approved development within each LGA.

The draft Distribution Plan is designed so that over a 10-year period, the proportion of funds raised in the Liverpool LGA would be spent on affordable housing in Liverpool LGA. There is further opportunity to amend the approach to sub-regional pooling if Council would prefer to administer and manage the funds for the Liverpool LGA separately.

The sub-regional pooling of funds is recommended as it provides more flexibility and scale for housing providers to commence projects, and for the larger housing providers to be involved who can also leverage other external financing of affordable housing projects. This would then allow more affordable housing to be delivered.

The pooling of funds also reduces the administrative and cost burden for each individual Council and Homes NSW in managing the commissioning process for affordable housing, avoiding duplication of effort.

**Question 4: Please explain in detail what developments will be taxed / levied.**

**Response:** The draft Scheme applies to both residential and non-residential development. There is further opportunity to amend the draft Scheme to include or exclude different development types, based on feedback received during the non-statutory consultation period and each participating Council's views.

For non-residential development (i.e. retail, commercial and industrial development), the draft Scheme applies only a 0.3% contribution to larger developments (i.e. sized over 1,000sqm of floorspace) to minimise impacts on small and medium businesses. The 0.3% rate is a discounted rate that supports the intent to attract jobs whilst recognising the affordable housing need generated by large industrial, retail and commercial developments for essential workers.

For residential development, the draft Scheme proposes a 1.5% contribution rate to apply to all residential development proposals except the following:

- Social and affordable housing and other specialist accommodation comprising:
  - Social housing
  - Affordable housing
  - Seniors Housing
  - Boarding houses
  - Group homes
  - Hostels
  - Community facilities
- Replacement dwellings (i.e. knock down and rebuild on an existing lot)
- Residential alterations and additions less than 200sqm of additional floor space
- Change of use/replacement development that does not result in additional floorspace
- Super lot subdivision that does not result in the creation of a final residential lot

- Subdivision that does not result in a new lot (i.e. boundary adjustment)

The draft Scheme exempts knock down / rebuilds of dwellings from making contributions. However, at this stage large residential alterations that create over 200sqm have been included. This may be an exemption that Council wants to consider post-public exhibition.

Participating Councils are encouraged to consider whether further exemptions would best apply in their respective LGAs, and this can be accommodated in the draft Scheme post-public exhibition.

**Question 5: Regarding the pooling of funds:**

- a) Explain how the contributions are collected and distributed?**
- b) Who is responsible to ensure the money is distributed to the affordable housing provider?**
- c) Who is responsible to ensure the works / are done by the affordable housing provider?**
- d) Who is responsible that the levy is accountable to the development from which the funds were collected?**

**Response:** As the draft Scheme is applying a low percentage rate, it requires a monetary contribution from development towards affordable housing, except in exceptional circumstances where Councils may negotiate an in-kind contribution of land.

In response to Questions 5(a) and 5(b) above, the contributions will be levied by individual Councils as a Condition of Development Consent and would be collected and held by the relevant Council in a separate fund until delivery of an affordable housing project is commissioned.

Under the draft Distribution Plan, each participating Council would have an agreement with Homes NSW to act as its agent in commissioning and entering into a contract with an eligible housing provider to deliver the housing. When Council is satisfied that a legal contract has been established to deliver the housing, it would transfer the funds to the eligible housing provider as per the contract arrangements with Homes NSW.

The selection of projects would be through an Expression Of Interest (EOI) process where the sub-regions' Councils, and Homes NSW would set up a panel to rank proposals against criteria set out in the draft Distribution Plan .

In relation to Question 5(c), under the draft Distribution Plan, Homes NSW would be responsible for ensuring the works are undertaken, and the contract is managed. Council would not need to undertake this task, after projects and an eligible housing provider have been selected.



In relation to Question 5(d), the levies collected under the draft Scheme will be managed and held by each participating Council until the Council is satisfied that a legal agreement to deliver affordable housing within their respective LGA has been entered into with an eligible housing provider.

**Question 6: The affordable housing contribution scheme is a short-term action. [Page 111, Paragraph 3], define ‘short’.**

**Response:** The development of the draft Scheme is a short-term action (i.e. 1-3 years) of the WSPP Draft Affordable Housing Strategy. As such, in this context “short” is defined as having a time horizon of 1-3 years.

The subsequent administration of the draft Scheme, and associated delivery of affordable housing, are medium to longer term actions.

**Question 7:**

**a) What happens if the partnering LGA does not sign the Agreement?**

**b) If so, what would be Liverpool Council’s anticipated number of affordable rental dwellings over a 10-year period?**

**Response:** If a participating Council elects not to adopt an affordable housing scheme (either the regional scheme or an individual scheme), then there will be no legal mechanism to collect funds for the delivery of affordable housing within that LGA, and would likely result in no affordable housing being delivered within that LGA.

If a Council elects to not participate as a partner in a sub-region for pooling, then this sub-region would not apply to that area. Liverpool in this case could seek to join another sub-region (noting that the legislation required that a sub-region would have a common boundary) or operate as a single LGA for the commissioning process.

If a Council does not wish to enter into a partnership with another Council, there is an opportunity for Liverpool to still be part of the regional Scheme but be identified as a single LGA for commissioning instead of pooling contributions for the commissioning process. The benefits of scale achieved with sub-regional pooling would not be achieved and it likely less affordable housing would be delivered for the LGA, though the number of dwellings would be dependent on the model adopted.

**Question 8: The affordable rental housing supply to be created through the draft Scheme, Federal Government Funding, as well as other land resources.**

**a) How many dwellings does the Scheme implement if partially implemented?**

**b) Define ‘Partially implemented’**

**c) Define ‘Distribution approach’**



**Response:**

In response to Questions 8(a) and 8(b) above, partial implementation refers to a low scenario with further exemptions made to the draft Scheme, which would reduce the number of affordable dwellings provided. Over a 10-year period, this could be in the range of approximately 4,100 to 4,800 dwellings (depending on exemptions).

Under a high growth scenario, analysis undertaken by SGS Economics Consulting indicated a provision of approximately 6,800 dwellings over a 10-year period.

If, after considering feedback received during consultation, it is decided to amend the draft Scheme to reduce the types of development the Scheme applies to, then there will be less funds available, and the lower end of the estimated range may be more likely.

Note that the draft Scheme is designed to collect monetary contributions, which can form part of a wider financing arrangement open to the Community Housing sector (that could include low-cost financing from the Federal Government) to allow development of rental housing that can be provided at below market (i.e. affordable) rental levels for lower income households.

In relation to Question 8(c), the 'distribution approach' is the approach taken to collecting the funds through the draft Scheme, and then commissioning the delivery and management in perpetuity of affordable rental housing supply. This is set out in the draft Distribution Plan (rather than the draft Scheme). The Draft Plan is a non-statutory operational policy of the participating Councils, empowered by the legal Scheme. For the Draft Plan to come into force, it must be adopted by a formal resolution of each participating Council.

There will be further opportunity to amend and further refine the distribution approach as the draft Scheme progresses. This would form a key part of the next stage of work between participating Councils and the WSPP.

**Question 9:**

- a) Explain how pooling contributions across four sub-regions increases scale and flexibility for delivery of affordable housing?**
- b) Explain how each Council retains ownership of the contributions until they are transferred to an eligible affordable Housing Provider [Page 114 2<sup>nd</sup> & 2<sup>nd</sup> last point]**

**Response:** In response to Question 9(a), the pooling of contributions would enable individual projects to commence more quickly using pooled available funds, as sufficient contributions would accumulate in a shorter period of time. This would also help to enable the leveraging of other external funding available to affordable housing providers. One of the key advantages also would be a reduction in the administration costs for each participating Council, particularly in relation to the procurement, and subsequent management, of the affordable housing itself.

In response to Question 9(b), the contributions will be levied by participating Councils as a Condition of Consent and collected when Construction Certificates (or subdivision certificates) are issued. They would then be held in a restricted fund by each participating Council. Each

Council will retain ownership of contributions within their respective LGA until they are transferred to an eligible affordable housing provider, where the Council is satisfied that a legal agreement to deliver the housing has been established.

**Question 10: What happens if the affordable housing providers go bankrupt?**

**Response:** Community Housing Providers (CHP) are publicly regulated and are registered under the National Regulatory System for Community Housing in one of three categories of registration according to risk (Tier 1, Tier 2 and Tier 3.) The draft Distribution Plan preferences Tier 1 and Tier 2 providers (which carry the lowest risk).

Under the draft Scheme, affordable housing providers will be pursuant to a Contract with Homes NSW, which will include provisions regarding when funds are provided, and what occurs if there are issues of unmet commitments or any liquidity issues. The homes themselves will include a title that requires the dwelling to be affordable housing in perpetuity.

Legal advice could be sought in the next stage of the project regarding what would occur to the assets if there were a bankruptcy, and this could inform the Contract that is prepared for use with a CHP. The key principle would be for the affordable rental housing to be available in perpetuity.

The ownership of dwellings by CHPs ensures there are no ongoing maintenance or asset renewal liability, property or tenant management, or long-term asset replacement costs for participating Councils.

**Question 11: What is the quantifiable definition of affordable housing is? What dollar figure constitutes ‘affordable housing’?**

**Response:** Affordable housing means housing for very low-income households, low-income households or moderate-income households, being such households as are prescribed by the regulations or as provided for in an Environmental Planning Instrument. *Chapter 2, Part 1 of the Housing SEPP* describes very low-income households, low-income households or moderate-income households as:

*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*

*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.*

For example, the median weekly household income in the Liverpool LGA is \$1,819 (ABS 2021). Table 1 below illustrates how this would then apply to the rent charged for an affordable housing dwelling.

*Table 1 - Liverpool LGA example of possible affordable housing rent charges*

Median Household Income = \$1,819	<b>Moderate Income</b> (80-120%)	<b>Low Income</b> (50-80%)	<b>Very Low Income</b> (less than 50%)
<b>Median Weekly Household Income</b>	\$1,455 - \$2,182	\$910 – \$1,455	\$910 or less
<b>Maximum Weekly Rent</b>	\$437 - \$655	\$273 - \$437	\$273 or less

It is noted that this is provided as an example only at a broad LGA level.

## **FINANCIAL IMPLICATIONS**

Council has contributed \$10,000 in 2022-23 to assist development of the regional Scheme and some in-kind support from planning staff as part of a Working Group. If Council were to not opt in to this regional approach, there would be significant cost involved in preparing and administering an individual affordable housing scheme.

Further information in relation to the financial implications of developing an affordable housing scheme is provided in response to Question 1 within this Report.

## **CONSIDERATIONS**

<b>Economic</b>	Facilitate economic development.
<b>Environment</b>	There are no environmental and sustainability considerations.
<b>Social</b>	Regulate for a mix of housing types that responds to different population groups such as young families and older people. Support community organisations, groups and volunteers to deliver coordinated services to the community.

<b>Civic Leadership</b>	Operate a well-developed governance system that demonstrates accountability, transparency and ethical conduct.
<b>Legislative</b>	Division 7.2 Affordable Housing Contributions, within <i>Environmental Planning and Assessment Act 1979</i> .
<b>Risk</b>	<p>The risk is deemed to be medium.</p> <p>If Council does not proceed with the draft Scheme, Council may be required to invest substantive resources in developing individual Schemes to meet DPHI assurance requirements.</p> <p>Given the Council recommendation, this is considered within Council's risk appetite.</p>

## **ATTACHMENTS**

1. Council Report 2023: Draft Affordable Housing Scheme
2. Draft Regional Affordable Housing Scheme
3. Correspondence on LHS Assurance Requirements
4. Draft Economic testing HillPDA
5. Draft RAHCS Distribution Plan

<b>PLAN 04</b>	<b>Draft Regional Affordable Housing Contribution Scheme</b>
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<b>Strategic Objective</b>	Healthy, Inclusive, Engaging Support an inclusive community by fostering access and equity for all
<b>File Ref</b>	377658.2023
<b>Report By</b>	Brianna Van Zyl - Senior Strategic Planner
<b>Approved By</b>	Lina Kakish - Director Planning & Compliance

**EXECUTIVE SUMMARY**

The Western Sydney Planning Partnership (WSPP) has prepared a draft Western Sydney Regional Housing Strategy and Contribution Scheme (the draft scheme) (**Attachment 1**). This scheme intends to use a regional approach to facilitate affordable housing in Western Sydney. The purpose of this report is to present the draft scheme prepared by WSPP to Council and seek endorsement for the draft scheme to be placed on exhibition. Endorsing the plan for exhibition does not commit Council to the adoption of these documents.

The draft Scheme will allow affordable housing contributions to be levied as a condition of consent for certain development applications, to contribute to affordable housing provision in Western Sydney. This contribution has been set at a low-rate and with a long, staged three-year introduction between exhibition of the draft Scheme and coming into effect in March 2027, to ensure that it does not undermine the delivery of development. Specifically, it will require affordable housing contributions for residential subdivision and residential development, which will generally be calculated at 1.5% of the total floor space or developable area, with a reduced rate of 0.3% for major non-residential development.

The draft scheme exempts several development types from making a contribution, including replacement dwellings (knock down rebuilds), non-residential development with a gross floor area less than 1,000sqm, alterations and additions and changes of use applications.

The draft scheme is in line with Housing Strategy Action 14, and Council's Local Strategic Planning Statement Action 7.2.

The draft scheme identifies a process for delivery and management of the affordable rental housing in perpetuity. It is estimated to lead to the delivery of 4,800 to 6,800 affordable rental dwellings over a 10-year period.

The draft Scheme is intended to be placed on public exhibition in early 2024 (likely to be March) in accordance with Council's Community Participation Plan (CPP). The submissions and feedback from the exhibition will be considered and reported to Council by mid-2024 and allow Council to consider whether to endorse the application of the draft Scheme in Liverpool Local Government Area.

Following this exhibition process and post-exhibition reporting, the draft Scheme could be included in each relevant Council LEP via a State-led amendment. If supported by all Councils, it will come into effect in 2027.

### **RECOMMENDATION**

That Council:

1. Notes this report, and the draft Western Sydney Regional Affordable Housing Contribution Scheme prepared through the Western Sydney Planning Partnership;
2. Endorses the Western Sydney Regional Affordable Housing Contribution Scheme and associated attachments to be placed on Public Exhibition in early 2024; and
3. Receives a further report on the outcomes of public exhibition and community consultation.

### **REPORT**

#### **Background:**

The establishment of the Western Sydney Planning Partnership (WSPP) was a council-led initiative in the 2018 Western Sydney City Deal. WSPP is a vehicle for local councils to work at a regional level with state agencies to deliver outcomes through a collaborative planning approach.

To reduce the burden on individual Councils of preparing and administering schemes, the Western Sydney Planning Partnership has been working with planning staff from 9 local councils to develop a common approach for a regional affordable housing contribution scheme for the Western Parkland City Councils, and Blacktown City Council. The nine Councils involved include: Liverpool, Fairfield, Camden, Campbelltown, Penrith, Wollondilly, Hawkesbury, Blue Mountains and Blacktown.

#### **Requirement to prepare affordable housing contribution schemes**

Affordable housing is essential to support the economy and growth of the region, yet housing in Western Sydney has become increasingly unaffordable for many people, including for the key workers needed to sustain Western Sydney's productivity. If the problem is not addressed,

the number of Western Sydney households in need of affordable dwellings is projected to increase from 82,700 households in 2021 to 129,000 households in 2041.

Affordable Rental Housing targets are set out in the *Greater Sydney Region Plan- A Metropolis of Three Cities* and the *Western City District Plan*, both published in 2018 by the then Greater Sydney Commission. Targets in the range of 5 -10 per cent of new residential floorspace were signalled to the private sector and the District Plan included an action for Councils to '*Prepare (an) Affordable Housing Rental Housing Scheme...*'

The Liverpool Local Strategic Planning Statement 'Connected Liverpool 2040' (LSPS) details the importance of affordable housing within the Liverpool Local Government Area (LGA). The LGA is suffering from one of the highest rates of rental stress in the country, with over 7,000 households in rental stress (>30% of income is spent on rent) and over 4,000 experiencing severe rental stress (more than 50% of income spent on rent). Specifically, Action 7.2 of the LSPS relates to the consideration of an Affordable Housing Contributions Scheme as a short-term action. Additionally, Action 7.5 of the LSPS, and Action 14 of the Housing Strategy require Council to "*Advocate to State and Federal Governments for more investment in social and affordable housing*"

As a result, all Western Parkland City Councils (and Blacktown) have been required to prepare an Affordable Housing Contribution Scheme (draft Scheme) as part of their assurance requirements for their Local Housing Strategies (endorsed August 2020). The preparation of a draft Scheme by Councils is enabled by State Policy (the Housing SEPP 2021), which identifies a need for affordable housing across NSW.

In recognition of the significant resourcing for Councils to prepare and administer individual schemes, a project partnership was established with DPE, the Greater Cities Commission (GCC), the eight Western Parkland City Councils and Blacktown City Council, which has developed the draft Regional Affordable Housing Contribution Scheme (**Attachment 1**).

DPE has confirmed (**Attachment 2**) that if Councils adopt the Regional Affordable Housing Contribution Scheme in their LGA they will meet their Local Housing Strategy assurance requirements. If Council decides not to proceed with the proposed scheme, Council may be required to invest substantive resources in developing individual schemes to meet DPE assurance requirements.

**Draft Regional Affordable Housing Contribution Scheme:**

The draft Scheme is an efficient way to provide a common regional approach, that is responsive to the Western Sydney context.

The draft Scheme is based on expert advice provided by SGS Economics & Planning, which considered options for the application of a contribution scheme in Western Sydney and recommended the preferred option of a low rate that is applied broadly to development based on identified need for affordable housing across the region. As both residential and non-residential development contributes to the need for affordable housing, the draft Scheme is broadly applied, though with a delayed implementation of 3 years (commencing March 2027) to ensure sufficient notice is provided to the market.

The draft Scheme proposes a low-rate affordable housing contribution calculated generally at 1.5% of total floorspace or developable area for residential subdivision and residential development to be imposed as a condition of development consent.

The draft Scheme includes a reduced rate for major non-residential development of 0.3% based on the economic advice provided by Hill PDA. This low rate supports the intent to attract jobs growth to Western Sydney, while also recognising the need generated by commercial and industrial development for affordable rental housing for essential workers. The draft Scheme only applies to large non-residential development over 1,000sqm GFA, which ensures the draft Scheme does not apply to small and medium local businesses. Specifically, the following types of development will be excluded from making contributions:

- Social and affordable housing and other specialist accommodation comprising:
  - Social housing
  - Affordable housing
  - Seniors Housing
  - Boarding houses
  - Group homes
  - Hostels
- Non-residential development with a gross floor area less than 1,000sqm
- Community facilities
- Replacement dwellings (i.e., knock down and rebuild on an existing lot)
- Residential alterations and additions that do not result in more than 200sqm of additional floor space
- Change of use/ replacement development that does not result in additional floorspace



- Super lot subdivision that does not result in the creation of a final residential lot (i.e., subdivision for the purpose of further subdivision, subdivision for a public purpose, or a residue lot).
- Subdivision that does not result in the creation of an additional lot (i.e., boundary adjustment).

WSPP commissioned legal advice in 2023 to inform the development of the draft Scheme, which has confirmed that the approach is within the current legislative framework.

The draft scheme does not preclude the opportunity for each Council to consider additional affordable housing contributions, at a later date as part of future precinct planning or planning proposals. This may be appropriate where land is rezoned for greater density and can reasonably contribute a higher proportion of affordable rental housing. This, however, is not part of the draft Scheme and would be in addition to the rates in the draft Scheme being exhibited.

The draft Scheme is supported by an updated evidence base including a housing needs assessment evidence base (**Attachment 3**).

#### Economic impact of scheme

Economic and property consultants, Hill PDA were engaged to undertake a review of the proposed contributions and to test the economic impact of the draft Scheme to ensure the draft Scheme is designed to not unreasonably affect the economic viability of development (**Attachment 4**). As a result, the approach includes setting a low rate (1.5% equivalent of residential GFA and 0.3% of non-residential GFA) and staging its introduction to be 3 years from the date of the exhibition (to ensure clear information is available to the market).

The rates in the draft Scheme are less than the affordable housing contributions in other parts of Sydney, including in the City of Sydney where contributions are 3% for residential development and 1% for non-residential development.

#### Delivery of affordable housing

The draft Scheme will require monetary contributions as a condition of development consent (and in certain cases this may be in-kind as land dedications). Contributions have been monetised with rates that differ between LGAs to account for the regional differences in floorspace value.

The estimated affordable rental housing supply to be created through the draft Scheme and distribution approach (that leverages Federal Government financing and other land resources) is 6800 dwellings equivalent over a 10-year period (4800 if partially implemented).

The draft Scheme is accompanied by a detailed draft Distribution Plan (**Attachment 5**), which sets out the process for the delivery of affordable housing. A key element of this approach is to minimise any ongoing burden on local councils for the delivery of affordable housing, and managing affordable rental housing, or the asset management, maintenance or renewal. Key elements of the draft Distribution Plan are:

- Affordable rental housing will be provided at below private market rental levels to reduce housing related financial stress for the following households
  - Very low income household – less than 50% median household income,
  - Low income household – greater than 50%, less than 80% median household income, and
  - Moderate income household – 80 to 120% median household income.
- Opportunity to pool contributions across four sub-regions of Western Sydney LGAs to increase scale and flexibility for delivery of affordable housing;
- Partnership proposed with NSW Department of Communities and Justice to lead a competitive commissioning process and establish legal agreements for affordable rental housing;
- Delivery by the expert not-for-profit housing providers, including registered community housing and state government housing providers;
- Commissioning process leverages Commonwealth government affordable housing financing and housing provider land assets to increase quantity of affordable rental housing supply; and
- Housing providers to own, manage and renew dwellings as affordable rental housing in perpetuity.

The detailed commissioning process for the delivery of affordable housing is included in the draft Distribution Plan. However, the draft Distribution Plan will be an operational policy for distribution of the contributions collected under this draft Scheme. If changes are needed, the draft Distribution Plan requires the amendments to be agreed by formal resolution of all participating local councils.

Specifically, the distribution plan, states that each local council will be responsible for the imposition of conditions of consent on development for the collection of affordable housing contributions as per the scheme. With each Council retaining ownership of the contributions until they are transferred to an eligible affordable housing provider. As such, each local council in the Scheme will maintain a separate restricted fund for affordable housing contributions, and any interest accruing to a local council from these contributions will be retained in the fund for use in providing affordable housing.

It is proposed that housing delivery would be with Not for Profit (NFP) (community and government) housing providers. Ownership would be transferred to the NFP provider (so that local councils are not taking-on housing asset management responsibilities and costs) with a

requirement that the affordable rental housing be provided in perpetuity (noting some flexibility in renewal and redevelopment of stock in the long term with retention of the same amount of affordable housing). Transferring asset ownership also allows for example the community housing providers to seek additional low-cost financial support from the Commonwealth Government to part-finance projects.

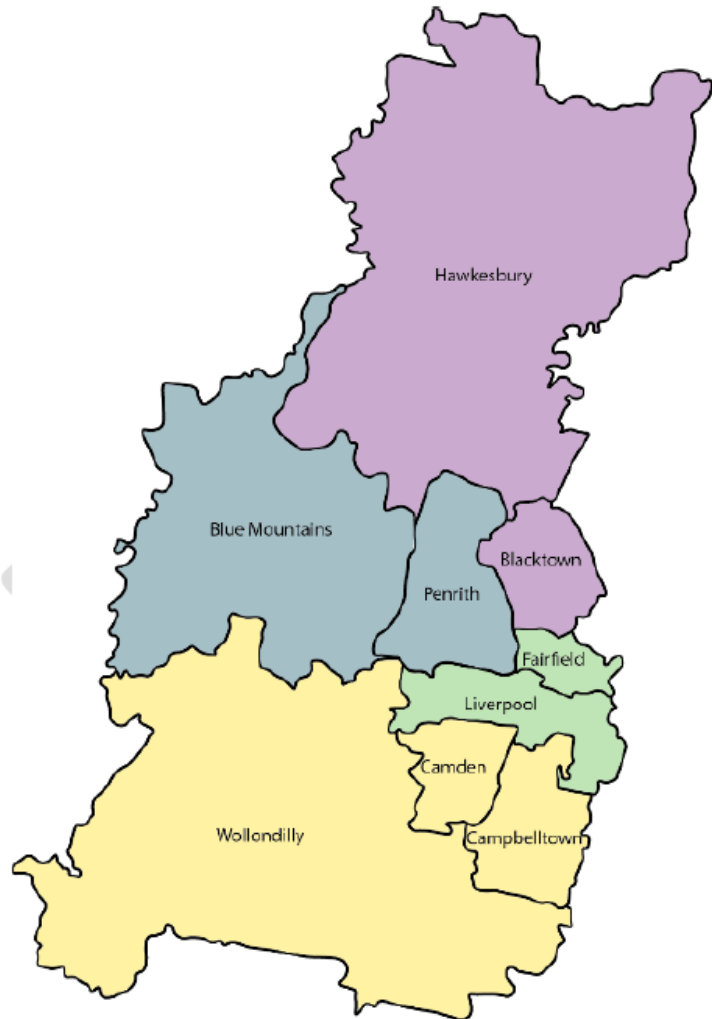
Currently discussions are underway between WSPP and the Department of Communities and Justice (to be Homes NSW) on establishing a partnership for them to lead a regional mechanism for disbursement of funds to NFP providers using a competitive commissioning process.

Sub-regional scheming:

Contributions collected under the proposed scheme will be pooled for use across sub-regional groupings of LGAs, instead of being limited to distribution in the source LGA. The sub-regional groupings are shown below, with Liverpool and Fairfield being grouped together.

This means that contributions collected from development in Liverpool could fund an affordable housing development in Fairfield, and vice versa. This is expected to enhance opportunities for securing suitable sites and increase the scale of contributions available to affordable housing providers.

As outlined above, each individual Council will manage their fund until the commission process has selected an eligible housing provider. Once the provider has been selected and contracts are in place, Councils will transfer the affordable housing fund to the selected housing provider. Further details are outlined in **Attachment 5**.



*Map - Sub-regional groupings of LGAs for 'pooling' of contributions for distribution*

*Figure 1: sub-regional groupings of LGA*

#### **Public Exhibition:**

It is proposed that each Council will undertake public exhibition of the draft scheme simultaneously in early 2024 (aiming for March). The exhibition will provide the opportunity for community, industry and other stakeholder feedback on the draft Scheme. Regional coordination of the timing of this exhibition with the nine Western Sydney councils is being undertaken through WSPP.

The WSPP will prepare exhibition materials, and Council's strategic planning team will be responsible for managing the exhibition process. Following the completion of exhibition, Council staff will coordinate feedback, and the draft Scheme will be revised by WSPP accordingly.

The feedback and amended draft (final) Scheme will be reported to Council seeking a resolution on whether each Council adopts the draft Scheme (or chooses to opt-out of the Scheme) by mid-2024.

**Next Steps:**

Endorsing the plan for exhibition does not commit Council to the adoption of these documents. The draft Scheme will need to be adopted by each Council for it to come into effect in their LGA.

After the completion of public exhibition, a report will be tabled to Council outlining the submissions received and the proposed changes to the draft scheme. This is when Council will have the option to endorse the application of the draft Scheme in Liverpool Local Government Area.

WSPP is working with DPE to finalise the statutory implementation mechanism for all Councils who agree to adopt the Scheme. This is likely to occur through a process whereby DPE will prepare an amending SEPP to amend all LEP's at the same time.

This is an efficient mechanism to amend the LEPs instead of each Council needing to progress individual planning proposals to amend their LEPs. The alternative statutory implementation option would be for each Council to progress an individual planning proposal following adoption of the draft Scheme.

It should be noted that the Scheme may need to be exhibited again as part of any statutory amendment process (amending SEPP or planning proposal process) as part of formal consultation requirements. Further details of this process will be confirmed in a report to Council following the 2024 exhibition of the draft Scheme.

Each Council will have the option to adopt the draft Scheme or for the draft Scheme to not apply in their LGA. However, it is noted that Councils who do not opt-in to the regional Scheme may be required to invest substantive resources in developing individual schemes to meet DPE assurance requirements.

**FINANCIAL IMPLICATIONS**

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This report has no financial implications.

**CONSIDERATIONS**

<b>Economic</b>	Facilitate economic development.
<b>Environment</b>	There are no environmental and sustainability considerations.
<b>Social</b>	Regulate for a mix of housing types that responds to different population groups such as young families and older people. Support community organisations, groups and volunteers to deliver coordinated services to the community.
<b>Civic Leadership</b>	Operate a well-developed governance system that demonstrates accountability, transparency and ethical conduct.
<b>Legislative</b>	Division 7.2 Affordable Housing Contributions, within <i>Environmental Planning and Assessment Act 1979</i> .
<b>Risk</b>	The risk is deemed to be Medium.  If Council does not proceed with the draft scheme, Council may be required to invest substantive resources in developing individual schemes to meet DPE assurance requirements.

**ATTACHMENTS**

1. Draft Regional Affordable Housing Contribution Scheme (Under separate cover)
2. Correspondence on LHS Assurance Requirements (Under separate cover)
3. Evidence Base for the RAHCS (Under separate cover)
4. Economic Testing (Under separate cover)
5. Draft RAHCS Distribution Plan (Under separate cover)





# WESTERN SYDNEY REGIONAL AFFORDABLE HOUSING CONTRIBUTION SCHEME DRAFT



**WESTERN SYDNEY****DRAFT REGIONAL AFFORDABLE HOUSING CONTRIBUTION SCHEME**

November 3, 2023

**Acknowledgement of Country**

The Western Sydney Planning Partnership acknowledges more than 60,000 years of continuous Aboriginal connection to the land that makes up NSW.

We acknowledge and pay our respects to the traditional custodians of Country within Western Sydney. As part of the world's oldest living culture, the traditional Aboriginal owners and custodians share a unique bond to this Country — a bond forged through thousands of years of travelling across lands and waterways for ceremony, religion, trading, and seasonal migration.

We acknowledge that Western Sydney is home to the highest number of Aboriginal people of any region in Australia, and that the primary Aboriginal custodians with obligations for Country and connection to this place for many generations including the Dharug/Darug, Dharawal/Tharawal, Gundungurra/Gandangara, and Darkinjung.



**TABLE OF CONTENTS**

<b>1</b>	<b>INTRODUCTION.....</b>	<b>1</b>
1.1	PURPOSE .....	1
1.2	OBJECTIVES.....	1
1.3	WHERE DOES THE SCHEME APPLY?.....	1
1.4	AMENDING THIS SCHEME.....	3
1.5	DEFINITIONS.....	4
1.6	LEGISLATIVE BASIS FOR AFFORDABLE HOUSING CONTRIBUTIONS .....	6
1.7	AFFORDABLE HOUSING NEED IN WESTERN SYDNEY .....	7
1.8	RELATIONSHIP TO OTHER AFFORDABLE HOUSING PROVISIONS .....	8
1.9	AFFORDABLE HOUSING PRINCIPLES.....	9
<b>2</b>	<b>AFFORDABLE HOUSING CONTRIBUTIONS .....</b>	<b>10</b>
2.1	WHAT DEVELOPMENT DOES THE SCHEME APPLY TO? .....	10
2.2	DEVELOPMENT THAT IS EXEMPT FROM MAKING A CONTRIBUTION.....	10
2.3	CONTRIBUTION RATES .....	11
2.4	SATISFYING A CONTRIBUTION REQUIREMENT - MONETARY CONTRIBUTION .....	11
2.5	CALCULATING MONETARY CONTRIBUTIONS .....	12
2.6	SATISFYING A CONTRIBUTION REQUIREMENT – DEDICATION OF LAND .....	14
2.7	REFUNDS FOR DEMOLITION OR CHANGES IN USE .....	15
2.8	CONDITIONS OF CONSENT .....	15
2.9	PREVIOUS PAYMENT OF CONTRIBUTIONS .....	16
2.10	HOW TO MAKE A CONTRIBUTION .....	16
2.11	INDEXING MONETARY CONTRIBUTION REQUIREMENTS .....	16
<b>3</b>	<b>ADMINISTRATION AND IMPLEMENTATION .....</b>	<b>18</b>
3.1	COLLECTION AND MANAGEMENT OF FUNDS .....	18
3.2	SUB-REGIONAL POOLING OF CONTRIBUTIONS FOR DISTRIBUTION .....	18
3.3	COMMISSIONING OF AFFORDABLE HOUSING DELIVERY .....	20
3.4	ELIGIBLE AFFORDABLE HOUSING PROVIDERS .....	20
3.5	OWNERSHIP AND IN-PERPETUITY PROVISION OF AFFORDABLE HOUSING .....	21
3.6	MONITORING OF SCHEME .....	21
3.7	RENEWAL SITES AND PLANNING PROPOSAL LAND .....	21
	<b>APPENDIX A HOUSING NEEDS ANALYSIS.....</b>	<b>23</b>
	<b>APPENDIX B VIABILITY ANALYSIS.....</b>	<b>24</b>



## 1 INTRODUCTION

### 1.1 Purpose

This Regional Affordable Housing Contribution Scheme (the Scheme) sets out how, where, and at what rate development contributions are collected by Councils for affordable housing in Western Sydney.

This Scheme was adopted by XX Council on XX and came into effect on 31 March 2027.

The Scheme has been prepared in accordance with the requirements of Section 7.32 of the *Environmental Planning and Assessment Act 1979* and *State Environmental Planning Policy (Housing) 2021*.

### 1.2 Objectives

The objectives of this Affordable Housing Contribution Scheme are to:

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

### 1.3 Where does the scheme apply?

The Scheme applies to the following Local Government Areas:

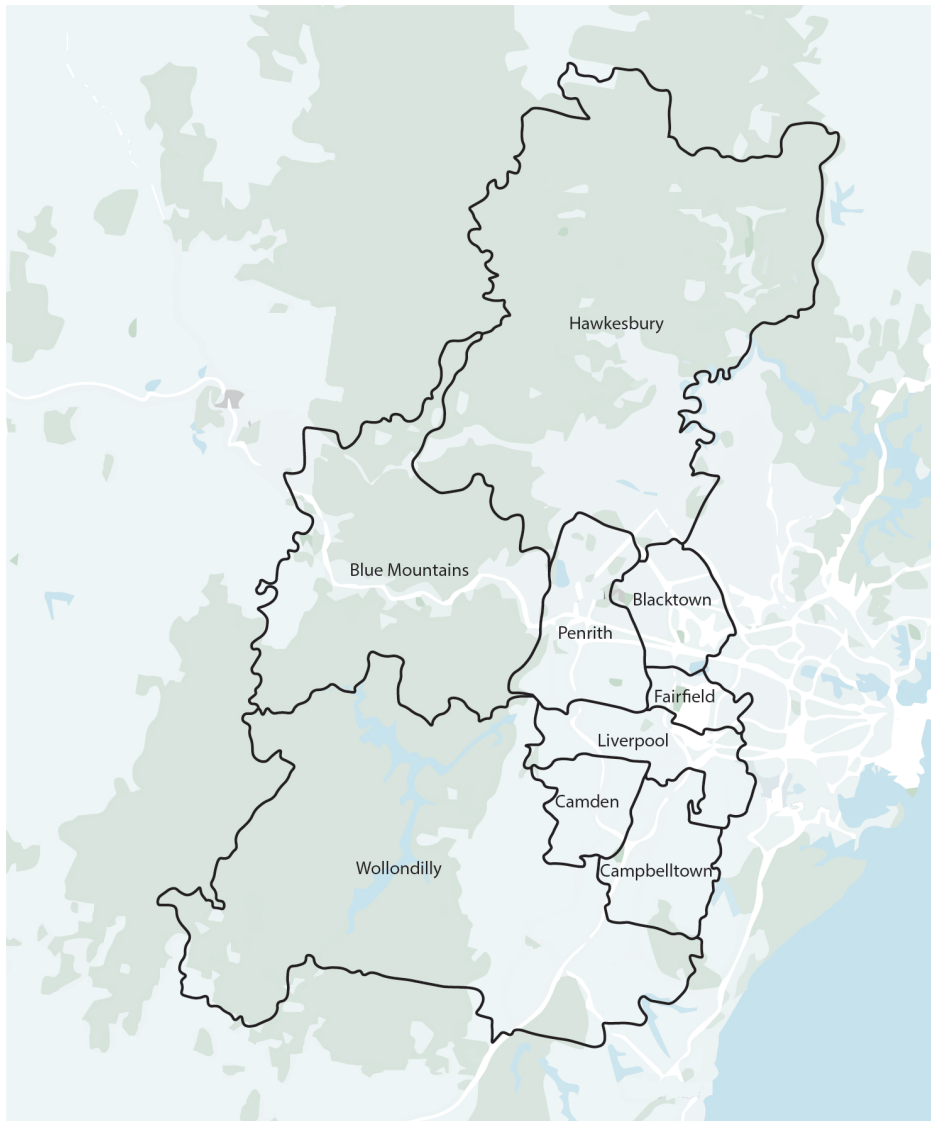
- Blacktown
- Blue Mountains
- Hawkesbury
- Fairfield
- Liverpool
- Penrith
- Camden
- Campbelltown
- Wollondilly



The Scheme applies to residential subdivision, new residential development and major non-residential floorspace across the Western Sydney councils shown in **Figure 1**.

The Scheme applies to all land zoned under a Local Environmental Plan (LEP) or Interim Development Order (IDO) within each LGA.

The scheme also applies to land zoned under the *State Environmental Planning Policy (Precincts - Western Parkland City) 2021* and *State Environmental Planning Policy (Precincts – Central River City) 2021*.



*Figure 1 Map showing application of Western Sydney Affordable Housing Contribution Scheme*



## 1.4 Amending this Scheme

Amendment to this Scheme will generally require amendment to LEPs that directly refer to this Scheme as dated.

Amendments and/or updates to the information provided at the appendices may occur from time to time and will do not require an amendment to LEPs.



## 1.5 Definitions

Terms used in this Plan are defined below:

Term	Definition in this scheme
<b>Act</b>	<i>Environmental Planning and Assessment Act 1979</i>
<b>Affordable housing</b>	Defined by the <i>Environmental Planning and Assessment Act 1979</i> 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”.
<b>Affordable rental housing / dwellings</b>	Affordable rental housing is defined in this Plan as affordable housing that is owned and managed by government (including local government) or a registered CHP and rented to very low, low or moderate income households or a combination of households.
<b>Affordable housing contribution</b>	Affordable housing contribution means the percentage of the gross floor area required as affordable housing under the Affordable Housing Contribution Scheme.
<b>Community Housing Provider (CHP)</b>	Includes any organisation or entity in the National Regulatory System for Community Housing (NRSCH).
<b>Contribution rate</b>	Contribution rate means the contribution rate that is used in the calculation of the monetary contribution for a relevant development and is adjusted to take into account indexation.
<b>Distribution Plan</b>	A plan supplementing this Scheme providing details about the process for allocation or transfer of contributions, including criteria for selection of one or more community housing providers to receive funding or property.
<b>Development application</b>	References to ‘development applications’ in this Plan refer to both development applications and any application for the modification of a development consent.
<b>Gross Floor Area (GFA)</b>	<p>As defined by the Standard Instrument – Principal Local Environmental Plan:</p> <p>gross floor area means the sum of the floor area of each floor of a building measured from the internal face of external walls, or from the internal face of walls separating the building from any other building, measured at a height of 1.4 metres above the floor, and includes—</p> <ul style="list-style-type: none"> <li>(a) the area of a mezzanine, and</li> <li>(b) habitable rooms in a basement or an attic, and</li> <li>(c) any shop, auditorium, cinema, and the like, in a basement or attic, but excludes—</li> <li>(d) any area for common vertical circulation, such as lifts and stairs, and</li> <li>(e) any basement—</li> <li>(i) storage, and</li> <li>(ii) vehicular access, loading areas, garbage and services, and</li> </ul>



- (f) plant rooms, lift towers and other areas used exclusively for mechanical services or ducting, and  
 (g) car parking to meet any requirements of the consent authority (including access to that car parking), and  
 (h) any space used for the loading or unloading of goods (including access to it), and  
 (i) terraces and balconies with outer walls less than 1.4 metres high, and  
 (j) voids above a floor at the level of a storey or storey above

<b>Housing SEPP</b>	State Environmental Planning Policy (Housing) 2021
<b>Local Environmental Plan (LEP)</b>	Reference to an LEPs in this Plan also apply to any LEP that replaces it, so long as the affordable housing provisions remain substantially unamended.
<b>Net Developable Area (NDA)</b>	<p>Net Developable Area (NDA) means the total area of land measured in hectares but excludes the following:</p> <ul style="list-style-type: none"> <li>- Land to be dedicated or reserved for a public purpose.</li> <li>- Land to be dedicated for public roads.</li> <li>- Land that is to be a residue lot.</li> </ul>
<b>Very low to moderate households</b>	<p>As referenced in State Environmental Planning Policy (Housing) 2021, very low to moderate income households are those households whose gross incomes fall within the following ranges of percentages of the median household income for Greater Sydney or the Rest of NSW:</p> <p>Very low-income household &lt; 50%          Low-income household 50% -80%          Moderate income household 80% to 120%.</p> <p>NSW Ministerial Guidelines provide the details of these income thresholds.</p>
<b>Subregion</b>	A subregion refers to a sub-grouping of Western Sydney councils which share a boundary, to be used as the basis for pooling and allocating affordable housing contributions at a subregional level.



## 1.6 Legislative basis for affordable housing contributions

This Plan applies in accordance with the requirements in the *Environmental Planning and Assessment Act 1979* (the Act) that allows for the collection of contributions for affordable housing where a need for affordable housing is identified in a planning instrument.

The *State Environmental Planning Policy (Housing) 2021* recognises that all local government areas within NSW are areas where there is a need for affordable housing.

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

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

Condition (a) is met because all new development in Western Sydney will reduce the availability of affordable housing.

As residential development occurs without replenishment of social and affordable housing, the proportion of dwellings available at affordable rates will be reduced.

As jobs growth occurs in Western Sydney, a proportion of the new working population will form part of a very low to moderate income household. As competition for affordable housing options increases, the overall availability of affordable housing will decrease. Given the substantial demand for and gap in affordable housing in Western Sydney, any decrease in the availability of affordable housing will increase the need for affordable housing.

Condition (b) is met because all development creates a need for affordable housing in Western Sydney.

New residential development is likely to increase the costs of housing making it unaffordable for low-income households. As development occurs across Western Sydney, the proportion of dwellings available at affordable rates, either via social/affordable housing or private market rental, will reduce without intervention. Therefore, the proportion of households living in housing stress is also likely to increase.

There are also substantial economic impacts where affordable housing cannot be accessed close to employment. As residential growth occurs in Western Sydney, demand for services in which low-income workers and key workers are employed will increase – this includes childcare workers, teachers and police officers. There is a need to ensure some affordable housing is available to accommodate key workers and people on low incomes working in these services – such as cleaners, hospitality staff and administrative staff.

**Appendix A** provides additional analysis of the need for affordable housing in Western Sydney.



## 1.7 Affordable housing need in Western Sydney

Housing is critical to basic human needs for shelter, security and connection within communities. The availability of a suitable range of housing is vital to the efficient, equitable, prosperous and sustainable functioning of a community.

When not enough affordable housing is available, housing stress occurs. This can limit the security of people's living arrangements and prevent households from living and working locally and independently. This has the potential to undermine Western Sydney's core economic and social strengths, inhibiting both productivity and liveability.

Despite providing lower average housing costs than other parts of Sydney, research by Wentworth Community Housing, amongst others, identify high rates of rental stress amongst renting households in Western Sydney. In recent years, the costs of buying and renting in Western Sydney have increased at a faster rate than household incomes.

Homelessness has also increased significantly in Western Sydney since 2011, at a significantly greater rate than the state and national increases.

Offering more housing choices, including housing that is affordable for very low to moderate income households is needed to support a socially diverse and inclusive community and to help the local economy function, for example by ensuring sufficient workers are available for local businesses.

In recent decades, continued escalation in house prices and rents across Western Sydney has made it difficult for very low to moderate income households to find housing that is affordable, resulting in increased levels of households in housing stress.

Housing stress amongst renters has increased significantly with an extreme escalation in rents in Western Sydney since late 2021 with increases of approximately 25 to 30 per cent as shown in **Figure 2**. This demonstrates the increasing need for affordable rental housing across Western Sydney.

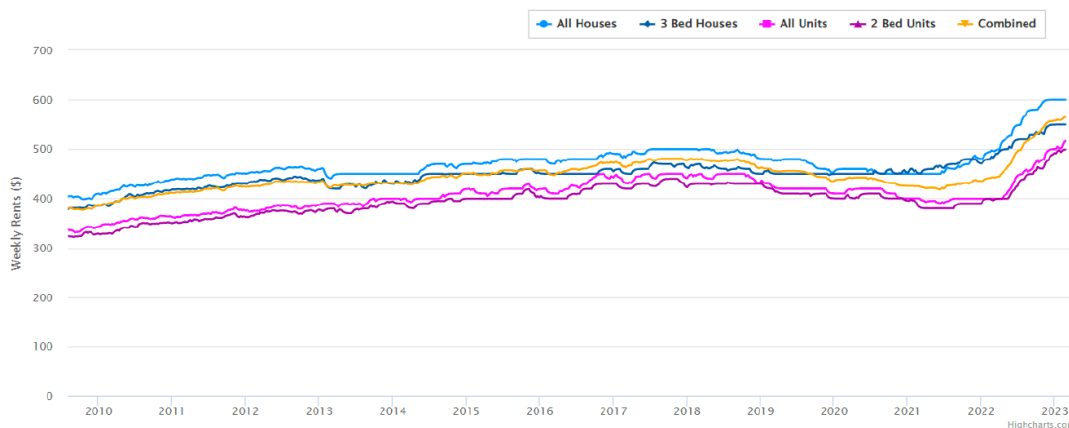


Figure 2 Rental prices 2010 to 2023 in Western Sydney (Source: SGS and SQM Research 2023)





SGS estimates that 82,700 households in Western Sydney are in rental stress, homeless, or currently living in social and affordable housing.

This represents 16.2 percent of all Western Sydney households.

SGS projects that households in rental stress or in need of housing assistance will increase significantly between 2021 and 2041 and without any intervention, the number of households in housing stress or in need of housing assistance in Western Sydney could rise from 82,700 in 2021 to 129,000 in 2041. This is an increase of 46,300 households in housing stress in Western Sydney.

Key indicators demonstrating need in Western Sydney for affordable housing:

- Western Sydney is identified as having a need for affordable housing (as demonstrated in the Housing Needs Evidence Base at Attachment A);
- There is unmet demand for social and affordable housing in Western Sydney and this is increasing;
- Over 16 per cent of very low to moderate income households are in housing stress;
- Very low to moderate income households are being displaced because of the lack of affordable housing in Western Sydney;
- There is a growing demand for affordable housing – with an additional 46,000 households projected to be in housing stress or need to housing assistance by 2041.
- It is difficult for key workers to meet their housing needs and find affordable housing close to their place of work;
- Very low to moderate income households cannot afford to purchase or rent housing in Western Sydney with rental prices escalating by almost 30 per cent over the past two years;
- The amount of affordably priced housing is declining, and this is expected to continue as new development occurs; and
- There is a mismatch between the stock profile and household size, with increasing need for smaller homes to meet the increasing number of lone person households in housing stress.

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

The evidence base prepared to support this Scheme is provided at **Appendix A**.

## 1.8 Relationship to other affordable housing provisions

This scheme does not apply to land that is subject to an existing affordable housing contribution scheme, or where there is a requirement for development to make an affordable housing contribution under an environmental planning instrument. This includes:

- Land subject to the *Glenmore Park and Orchard Hills North Affordable Rental Housing Contributions Scheme* adopted by Penrith Council on 20 March 2023.
- Development subject to the provisions of Part 8 Clause 8.4 'Affordable housing in area B' of the *Campbelltown Local Environmental Plan 2015* in the Glenfield Precinct.
- Development subject to the provisions of Clause 6.12 'Affordable Housing' in Appendix 10 Appin (Part) Precinct Plan of *State Environmental Planning Policy (Precincts- Western Parkland City) 2021*.



## 1.9 Affordable housing principles

The Housing SEPP, at section 15, provides guidance about key considerations for how affordable housing resulting from a contribution requirement is to be provided. This Scheme provides 'affordable housing principles' that are derived from these considerations.

The affordable housing principles for Western Sydney are:

- (a) Affordable housing must aim to create mixed and balanced communities.
- (b) Affordable housing must be created and managed so that a socially diverse residential population, representative of all income groups, is developed and maintained in a locality.
- (c) Affordable housing must be made available to very low, low and moderate income households, or a combination of the households.
- (d) Affordable rental housing is to be rented to these households at rates no greater than 30% of their household income.
- (e) Affordable rental housing must be provided in locations with access to public transport, services, shops and facilities.
- (f) Affordable housing must be managed to maintain its continued use for affordable housing in perpetuity.
- (g) Affordable housing must consist of dwellings constructed to a standard that, in the opinion of the consent authority, is consistent with other dwellings in the area.



## 2 AFFORDABLE HOUSING CONTRIBUTIONS

This Section describes the type of development that the Scheme applies to, how an affordable housing contribution may be satisfied, the equivalent monetary contribution amounts for the contribution rates, and how the contribution will be applied in the development application process.

### 2.1 What development does the Scheme apply to?

This Scheme applies to residential development, residential subdivision that results in a final lot for residential development, and major non-residential development.

Major non-residential development is defined as non-residential development with a gross floor area of 1,000sqm or greater.

A contribution under this Scheme is required for development for which a complying development certificate is issued if it would be required when development consent is granted for the development.

### 2.2 Development that is exempt from making a contribution

The Scheme does not apply to the following types of development:

- Social and affordable housing and other specialist accommodation comprising:
  - Social housing
  - Affordable housing
  - Seniors Housing
  - Boarding houses
  - Group homes
  - Hostels
- Non-residential development with a gross floor area less than 1,000sqm
- Community facilities
- Replacement dwellings (i.e., knock down and rebuild on an existing lot)
- Residential alterations and additions that do not result in more than 200sqm of additional floor space
- Change of use/ replacement development that does not result in additional floorspace
- Super lot subdivision that does not result in the creation of a final residential lot (i.e., subdivision for the purpose of further subdivision, subdivision for a public purpose, or a residue lot).
- Subdivision that does not result in the creation of an additional lot (i.e., boundary adjustment).

Where development has already been subject to a condition and payment of a contribution in accordance with this Scheme for the subdivision of the land, a subsequent contribution for a dwelling house on the lot is not required. Refer to Section 2.9 for further detail.



## 2.3 Contribution rates

Affordable housing contribution rates provided in this Scheme are in addition to other contributions, including local infrastructure contributions (s7.11 or s7.12), state and regional infrastructure contributions.

The rates of affordable housing contributions required under this Scheme are as follows:

- 1.5% of the total floor space that is to be used for residential uses
- 1.5% of the net developable area of land subject of a residential subdivision to create a final lot for development.
- 0.3% of the total floor space to be used for non-residential uses.

For residential development and non-residential development, the contribution is to be calculated only on the floor space to which the development application directly relates.

If a building includes both residential and non-residential floorspace (for example a mixed-use development), the gross floor area of any common area (such as a common foyer) is to be included in the gross floor area of the non-residential component.

The contribution may be satisfied by making an equivalent monetary contribution in accordance with Section 2.4 of this Scheme. In limited circumstances, a contribution may be satisfied by the dedication of land in accordance with Section 2.5 of this Scheme.

As a condition of development consent all eligible development must contribute to affordable housing according to the rates provided in the Scheme.

Contributions must meet the following requirements:

- All contributions must be satisfied by making a monetary contribution (except as provided by Section 2.5).
- A contribution is to be calculated in accordance with the requirements of this section.
- In all instances Council will require evidence that the condition of consent has been satisfied prior to the granting of a Construction Certificate or Subdivision Certificate.
- In circumstances where no construction certificate is required, evidence that the condition of development consent relating to affordable housing will be or has been met will be required by the City before commencement of use/occupation.

## 2.4 Satisfying a contribution requirement - monetary contribution

This Scheme requires affordable housing contribution requirements to be satisfied by monetary contribution.

The equivalent monetary contribution rate for residential development, residential subdivision, and non-residential development in each LGA is provided in the **Table 1** below.

*Table 1 Contribution rates by LGA and development type*

Location	Residential development per sqm/GFA	Residential subdivision per ha/NDA	Non-residential development per sqm/GFA
Blacktown	\$102	\$210,000	\$20



Blue Mountains	\$105	\$170,000	\$21
Camden	\$118	\$220,000	\$24
Campbelltown	\$93	\$190,000	\$19
Fairfield	\$80	\$240,000	\$16
Hawkesbury	\$104	\$200,000	\$21
Liverpool	\$88	\$240,000	\$18
Penrith	\$96	\$200,000	\$19
Wollondilly	\$80	\$210,000	\$16

## 2.5 Calculating monetary contributions

Contributions are to be calculated for residential subdivision, residential development, and non-residential development in accordance with the approach set out below.

Further information on the monetary rates and the methodology for determining the equivalent monetary contributions is outlined in Hill PDA's *Economic Testing for Western Sydney* at Appendix B.

### Residential subdivision

The proposed monetary equivalent contribution for residential subdivision reflects average land value and is based on the Valuer-General land value reports for each LGA which are released every year. The equivalent monetary contribution has been calculated based on the average value of land in the LGA (total residential land value divided by the total number of residential properties). An average lot size of 500sqm was assumed to calculate the equivalent contribution rates per sqm of net developable area (NDA).

The affordable housing contribution to be paid by a residential subdivision is:

$$\text{Affordable housing contribution} = \text{Affordable housing contribution rate (CR)} \times \text{NDA}$$

#### Example 1

A development application in the Camden LGA for a residential subdivision of 100 lots with 5 hectares of land (NDA) will be calculated as:

$$5 \text{ hectares} \times \$220,000 \text{ (CR)} = \$1,100,000 \text{ equivalent monetary contribution}$$

Note: This is a simplified example for reference only.

Note: Based on a hypothetical subdivision of 100 lots with a minimum lot size of 500sqm.



### Example 2

A development application in Hawkesbury LGA for a residential subdivision of 10 lots with 5,000sqm of land (NDA) will be calculated as:

$$0.5ha \times \$200,000 (CR) = \$100,000 \text{ equivalent monetary contribution}$$

Note: This is a simplified example for reference only.

Note: Based on a hypothetical subdivision of 10 lots with a minimum lot size of 500sqm.

### Residential floorspace

The rate for residential floorspace was determined to be based on the median strata dwelling price in the LGA. Rates for each LGA are included to allow consistency within the LGA, and to recognise the value differences in existing dwellings in each LGA.

The contribution rate (CR) provided in Table 1 was determined by multiplying the median strata dwelling price by 1.5% and dividing it by an approximation of average unit size.

The affordable housing contribution to be paid by a residential development is:

$$\text{Affordable housing contribution} = \text{Affordable housing contribution rate (CR)} \times \text{GFA}$$

### Example 3

A development application in Liverpool LGA for the demolition of an existing building and construction of a residential flat building comprising 10,000sqm of residential floorspace will be calculated as:

$$10,000sqm (GFA) \times \$88 (CR) = \$880,000 \text{ equivalent monetary contribution}$$

Note: Existing floor area that is demolished and/or replaced is not 'credited' against the contribution requirement.

Note: This is a simplified example. No exemptions have been applied.

### Example 4

A development application in Campbelltown LGA for the demolition of an existing building and construction of multi-dwelling housing comprising 2,250sqm of residential floorspace will be calculated as:

$$2,250sqm (GFA) \times \$93 (CR) = \$209,250 \text{ equivalent monetary contribution}$$

Note: Existing floor area that is demolished and replaced is not 'credited' against the contribution requirement.

Note: This is a simplified example. No exemptions have been applied.

### Non-residential floorspace

The equivalent monetary contribution for non-residential floorspace is based on the approach applied in the City of Sydney which adopts the principle that non-residential



development would be seeking to acquire property elsewhere in the LGA and therefore benchmarks non-residential development against the median strata dwelling price in the LGA. The equivalent monetary contribution for non-residential development has been discounted by 80% of the median dwelling price.

This approach recognises the importance of the economic growth to the region, greater fluctuations in non-residential development land values and markets, and to ensure the equivalent monetary rate for non-residential is reasonable and does not exceed rates established in other areas of Sydney.

The affordable housing contribution to be paid by a non-residential development is:

$$\text{Affordable housing contribution} = \text{Affordable housing contribution rate (CR)} \times \text{GFA}$$

#### Example 5

A development application in Fairfield LGA for the addition of 1,500sqm of industrial floorspace to an existing industrial building. The existing building is 10,000sqm. The contribution will be calculated as:

$$1,500\text{sqm (GFA)} \times \$16 \text{ (CR)} = \$24,000 \text{ equivalent monetary contribution}$$

Note: the contribution is calculated only on the floorspace subject to the DA and not existing floorspace on the site.

Note: This is a simplified example. No exemptions have been applied.

#### Example 6

A development application in Penrith LGA for new retail premises comprising 3,500sqm of non-residential floorspace will be calculated as:

$$3,500\text{sqm (GFA)} \times \$19 \text{ (CR)} = \$66,500 \text{ equivalent monetary contribution}$$

Note: Existing floor space that is demolished and/or replaced is not 'credited' against the contribution requirement.

Note: This is a simplified example. No exemptions have been applied.

Adjustments are made to the equivalent monetary contribution amount on an annual basis in accordance with this Scheme.

Council's websites will provide the current monetary contribution amounts as indexed.

## 2.6 Satisfying a contribution requirement – dedication of land

Land can only be contributed in lieu of a monetary contribution where it is evaluated by both DCJ and councils within the relevant sub-region as being suitable for the delivery of affordable housing, including in terms of location and supporting infrastructure, and where this is likely to deliver at least an equivalent affordable housing delivery outcome to that which would have been delivered through a monetary contribution.



The dedication of land must be approved by both DJC and relevant councils and demonstrate consistency with the requirements and locational criteria for affordable housing as set out in the Distribution Plan.

The value of dedicated land dedicated should be equivalent to the monetary contribution calculated under this Scheme.

Subject to acceptance by DCJ and the relevant councils, the following is required to support the proposed dedication of land under this Scheme:

- Assess if the land to be dedicated meets the requirements of this Scheme and the Distribution Plan
- Calculate the equivalent monetary contribution payable
- Obtain an independent valuation of the land to be dedicated
- If the assessed land value is less than the equivalent monetary contribution, subject to approval by DJC and councils, pay the difference in monetary contribution, and
- If the assessed land value exceeds the equivalent monetary contribution, no offset or refund applies.

## 2.7 Refunds for demolition or changes in use

Local environmental plans require that the consent authority must not refund an affordable housing contribution to the applicant where there is a change in use or demolition of a building.

The demolition of a building, or a change of use, does not give rise to a claim for a refund of any contribution made under this Scheme.

## 2.8 Conditions of consent

Council will levy developer contributions for affordable housing via conditions of development consent. These conditions will require that the following details be provided as part of the lodgement of a Development Application:

- The total amount of residential floorspace to which an affordable housing contribution is applicable to.
- The total amount of residential net developable area on which an affordable housing contribution is applicable to (residential subdivision only).
- The total amount of non-residential floorspace to which an affordable housing contribution is applicable to.
- The relevant contribution rates.

A contribution requirement forms part of a development consent. Council will require evidence that the condition of development consent relating to affordable housing has been satisfied prior to the granting of any construction certificate or subdivision certificate.

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





## 2.9 Previous payment of contributions

Where development has already been subject to a condition and payment of a contribution in accordance with this Scheme for the subdivision of the land, a subsequent contribution for a dwelling house on the lot is not required.

However, where development is proposed that will increase the number of dwellings on the land (i.e., results in at least one additional residential dwelling), this Scheme applies to the additional residential development on the lot.

## 2.10 How to make a contribution

All land to which the Scheme applies to is required to provide contributions for affordable rental housing as a condition of development consent.

Payment will be by unendorsed bank cheque to the relevant consent authority (council) prior to issue of any construction certificate or subdivision certificate.

The procedure for making payment is available on Council's website.

All land to which the Scheme applies to is required to provide contributions for affordable rental housing as a condition of development consent.

Where a monetary contribution toward affordable housing is being made, the amount of the contribution will be specified in the conditions of development consent.

A monetary contribution required to be made under the Scheme is to be paid at the time specified in the condition.

This will generally be as follows:

- For development which involves subdivision, prior to the release of the subdivision certificate.
- For development which requires a construction certificate, the contribution must be paid prior to the release of the construction certificate. Where a development requires multiple construction certificates, Council will require payment prior to the release of the first construction certificate that relates to the development consent on which contributions were levied.
- If a staged development, affordable housing contributions must be provided at each stage.
- For works authorised under a complying development certificate, the contributions are to be paid prior to any work authorised by the certificate commences, as required by clause 156 of the EP&A Regulation.

The contributions will need to be updated at the time of payment to the most recent indexed values, in accordance with the indexation rates formula out in section 2.11.

## 2.11 Indexing monetary contribution requirements

The contribution amount will be based on the rates provided in Sections 2.3- 2.4.



These should be adjusted annually by Council, within one week of the first of March. Rates will be adjusted according to movement in the median price of dwellings in the LGA for residential and non-residential floorspace and land values for residential subdivision.

Median dwelling price data is published quarterly in the NSW Government *Rent and Sales Report*, Table: Sales Price - Greater Metropolitan Region – Strata.

Land values are published annually in the *NSW Valuer General's Report on NSW Land Values*.

All monetary contributions should be indexed at the time of payment to ensure that they are reflective of these adjustments.



### 3 ADMINISTRATION AND IMPLEMENTATION

#### 3.1 Collection and management of funds

Each Council will collect contributions from development in accordance with this Scheme and will ensure that these funds, and any interest that is accrued, are used for the purpose of affordable housing including: the reasonable costs for the administration and review of the Scheme, and the reasonable costs for the administration of the commissioning process required to support the provision of affordable housing.

Each Council will retain ownership of contributions until they are transferred to an *eligible affordable housing provider*.

#### 3.2 Sub-regional pooling of contributions for distribution

Distribution of contributions collected under this Scheme will be pooled for use across a sub-regional grouping of LGAs, instead of being limited to distribution in the source LGA.

These pooled contributions can be allocated to affordable housing projects located within the boundaries of the sub-region from which the contributions were collected, including in adjoining LGAs from where the contribution was collected.

This approach will allow sub-regional groups of local councils to gain economies of scale and greater flexibility in the delivery of affordable rental housing.

##### Sub-regional pooling of contributions

Section 7.33(2)(a) of the EP&A Act provides that a consent authority must use any monetary contributions for affordable housing “for the purposes of affordable housing in the area or an adjoining area”. Adjoining areas, in this context, means neighbouring LGAs.

This allows affordable housing contributions to be allocated and distributed in adjoining LGA's. Where an LGA shares a boundary with another LGA, contributions can be pooled between these LGAs and allows these contributions to be managed and distributed at a sub-regional level.

The sub-regional groups of LGAs under this Scheme are shown in **Figure 3** and comprise:

- Blacktown City and Hawkesbury City Councils LGAs
- Blue Mountains City and Penrith City Councils LGA
- Liverpool City and Fairfield City Councils LGAs, and
- Camden, Campbelltown City, and Wollondilly Shire Councils LGAs.

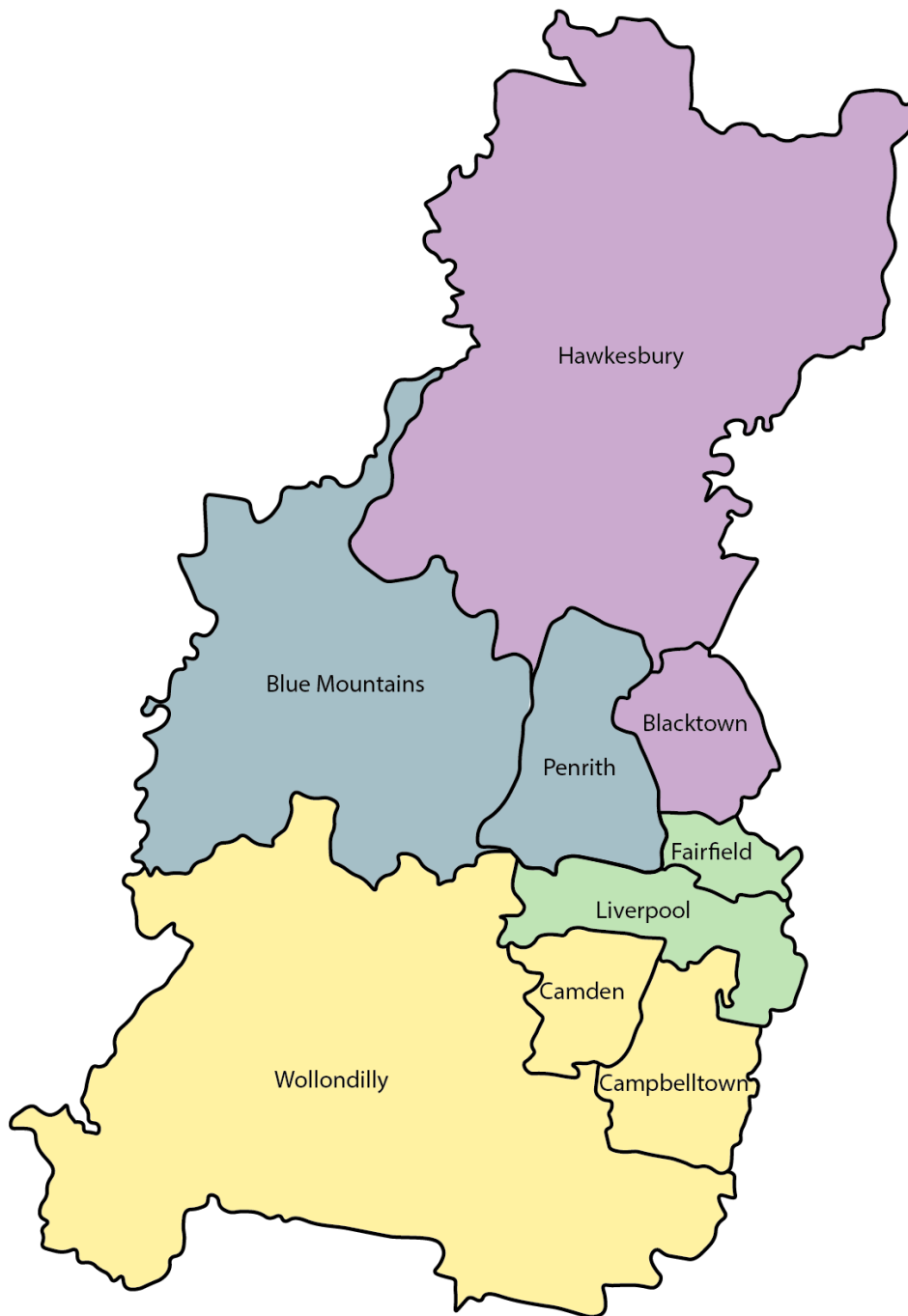


Figure 3 Sub-regional groupings of LGAs for 'pooling' of contributions for distribution



### 3.3 Commissioning of affordable housing delivery

Each local council participating in the Scheme will enter into a partnership agreement with NSW Department of Communities and Justice to manage the commissioning process for eligible affordable housing providers.

A commissioning process will be established for each sub-region of LGAs as identified in the Distribution Plan.

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

The timing for expressions of interest rounds for the commissioning process will be identified in the Distribution Plan.

The commissioning process for affordable housing delivery will prioritise the allocation of contributions on a competitive basis, based on assessment criteria, for evaluation of expressions of interest, which are identified in the Distribution Plan.

The commissioning of affordable housing will consider the principles for the location of affordable housing as set out in the Distribution Plan.

Transfer of contributions (including financial and/or land contributions) from a Council to an *eligible affordable housing provider* will be undertaken after the NSW Department of Communities and Justice has entered into a Community Housing Assistance Agreement (CHAA) or similar agreement with the provider following the commissioning process.

This CHAA will ensure that the funds will be used for Affordable Housing consistent with the requirements of this Scheme.

#### Distribution Plan

The detailed commissioning process for the delivery of affordable housing, consistent with the requirements outlined in this Scheme, is included in the non-statutory Distribution Plan.

The Distribution Plan will outline the operational policy for distribution of the contributions collected under this Scheme and may be amended from time to time.

Amendment of the Distribution Plan will require the amendments to be agreed by formal resolution of all local councils subject to the Scheme. The Distribution Plan will be made available electronically on Council's websites to accompany the Scheme.

### 3.4 Eligible affordable housing providers

*Eligible affordable housing providers* are defined in this section.

The following affordable housing providers will be eligible to submit expressions of interest, and be eligible to receive contributions as a result of the commissioning process:

1. Tier 1 and Tier 2 registered community housing providers, as registered by the NSW Registrar of Community Housing at the time of commissioning
2. Tier 3 registered community housing providers, as registered by the NSW Registrar of Community Housing at the time of commissioning, only where it is demonstrated that the development activity would be small-scale and low risk



3. The NSW Government Aboriginal Housing Office (to be renamed Housing NSW)
4. The NSW Government Land and Housing Corporation (to be renamed Housing NSW), or
5. The NSW Government Landcom.

### 3.5 Ownership and in-perpetuity provision of affordable housing

Ownership and ongoing management of the affordable housing dwellings constructed with contributions from this Scheme will be held by the *eligible affordable housing provider*.

The Community Housing Assistance Agreement (CHAA) will ensure that the affordable housing dwellings (or the equivalent number of dwellings created) are retained as affordable housing in perpetuity. The details of this agreement will be identified in the Distribution Plan.

### 3.6 Monitoring of Scheme

The Scheme will be reviewed at a minimum on a 5-yearly basis. Any amendments to the Scheme following this review should be made at this time.

Key considerations in any review may include:

- Changes in market and economic conditions across the region.
- Performance of the Scheme, specifically the delivery of affordable rental housing supply. This will consider the number, size, quality, and location of dwellings that have been provided. It will also consider whether new dwellings have been provided in a manner that addresses identified housing need as well as the distribution of new housing within subregions relative to the individual contributions that have been received from each LGA.
- Whether affordable dwellings provided through the Scheme are being rented to very low-, low- and moderate-income households, at a percent of gross household income or at a discount-to market rent.
- Whether funds contributed through the Scheme have been leveraged to increase the quantity of affordable dwellings that have been supplied, utilising contributions alongside additional sources of project financing.
- The performance of the commissioning process, including the partnership agreements between local councils and NSW DCJ and the take-up by eligible affordable housing providers.
- The management of the collection of financial contributions, and the expenditure of these financial contributions.

### 3.7 Renewal sites and planning proposal land

Additional rates for specific sites or precincts in addition to this Scheme, should be considered as part of separate planning processes and /or future rezoning of land.

This may be appropriate for renewal precincts or where land is rezoned for greater density and can deliver a higher proportion of affordable housing in accordance with any affordable



housing targets set out in the Region or City Plan or in accordance with Government policy. These additional rates will not form part of this Scheme and would be in addition to the base rate under this Scheme.



## APPENDIX A Housing Needs Analysis





## APPENDIX B Viability analysis

## Department of Planning and Environment



Our ref: IRF22/3565

Mr Luke Nicholls  
Director  
Western Sydney Planning Partnership  
Locked Bag 7064  
LIVERPOOL BC NSW 1871

Via email: [nicholls@ppo.nsw.gov.au](mailto:nicholls@ppo.nsw.gov.au)

4 November 2022

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Subject: WSPP Affordable Housing Strategy & Scheme

Dear Mr Nicholls

Thank you for your correspondence to Catherine Van Laeren requesting confirmation that WSPP's collaborative approach to deliver a regional affordable housing scheme will comply with the Department's local housing strategy approval requirements.

I can confirm that if participating councils are able to establish an endorsed regional affordable housing scheme, then this will satisfy their local housing strategy approval requirements.

However, I reiterate the Department's position that any scheme must be consistent with the *Guideline for Developing an Affordable Housing Contribution Scheme*. I encourage you to continue to work with the Department to ensure any such scheme is consistent with the guideline and is able to be implemented on a regional basis.

If you would like to discuss this matter further, please contact Sara Roach, Director, Metro Housing Programs on (02) 8275 1704.

Yours sincerely

A handwritten signature in black ink, appearing to read "Monica Gibson".

4/11/2022

**Monica Gibson**  
**Executive Director**  
**Housing Supply & Infrastructure**

# WESTERN SYDNEY AFFORDABLE HOUSING CONTRIBUTION SCHEME **ECONOMIC TESTING**



**November 2023**

**PREPARED FOR**  
Western Sydney  
Planning  
Partnership

**HillPDA**  
CONSULTING

# CONTENTS

<b>1.0</b>	<b>Introduction .....</b>	<b>9</b>
<b>2.0</b>	<b>Methodology.....</b>	<b>10</b>
2.1	DPE Guideline .....	10
2.2	Feasibility methodology.....	10
2.3	Residual Land Value .....	11
2.4	Development Margin .....	12
2.5	Assumptions.....	12
2.6	Viability over time.....	12
2.7	Locations .....	12
<b>3.0</b>	<b>Economic context .....</b>	<b>15</b>
3.1	Building completions .....	15
3.2	Cost escalation .....	17
3.3	Revenue escalation .....	18
<b>4.0</b>	<b>Feasibility Results – Residential .....</b>	<b>21</b>
4.1	Key assumptions .....	21
4.2	Testing results.....	22
4.3	Escalation .....	26
<b>5.0</b>	<b>Feasibility Results – Non-Residential.....</b>	<b>27</b>
<b>6.0</b>	<b>Monetary equivalent rates .....</b>	<b>29</b>
6.2	Equivalent Monetary Rates.....	33
6.3	Indexation .....	33
<b>7.0</b>	<b>Conclusion.....</b>	<b>35</b>
7.1	The proposed contribution rates are generally viable and staging .....	35
7.2	Monetary equivalent rates and indexation .....	36
<b>APPENDIX A :</b>	<b>Supporting information .....</b>	<b>37</b>

## Tables

Table 1	Contribution Rates to be applied in each LGA.....	6
Table 2:	Selected test site and typologies across the investigation area .....	13
Table 3:	Building approvals for all dwelling types by financial year .....	15
Table 4:	Residential dwelling completions for all dwelling types by financial year.....	15
Table 5	Building completions for multi-unit housing (by financial year .....	16
Table 6	Building completions for detached housing (by financial year).....	16
Table 7:	Summary of assumptions .....	21



Table 8: RLV (\$/unit) escalation table .....	26
Table 9: Industrial and Commercial Feasibility (RLV with and without AH contribution) .....	27
Table 10: Assumed costs for Industrial and Commercial .....	27
Table 11: Sale of Commercial and Industrial zoned sites in the past 5 years in the 9 LGA's .....	28
Table 12: Example applying City of Sydney Rate approach to Western Sydney at 1.5% contribution rate .....	31
Table 13: Equivalent Monetary Rates to be applied in each LGA.....	33
Table 14: Revenue rates based on OTP sales and new apartments sales .....	37
Table 15: Median prices for House and Strata by locality .....	38
Table 16: Adopted fees and contribution rates .....	39

## Figures

Figure 1 Residual land value escalation .....	7
Figure 2 Contributions calculated on uplift .....	10
Figure 3: Map of selected locations .....	13
Figure 4 Cost Forecasts .....	17
Figure 5 Median Non-Strata Dwelling Price .....	18
Figure 6 Median Strata Dwelling Price .....	18
Figure 7 Projected dwelling price growth .....	19
Figure 8: RLV of selected investigation areas (000's) .....	23
Figure 9: Development margin based on adopted development value for purchase price (\$/sqm land) .....	25
Figure 10: Industrial land values by capital city .....	32



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### Quality control

This document is for discussion purposes only unless signed and dated.

### Reviewer

Signature

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## Executive Summary

Affordable housing is critically important for Western Sydney. The Western City District Plan released by the NSW Government identified a 5-10% affordable housing target subject to uplift for the region in 2018. This recognised the critical role of housing in providing stability, diversity, and economic productivity. While, the Western Parkland City is relatively more affordable than other parts of the metropolitan region, it has experienced significant dwelling sales and rental price increases, with rents escalating approximately 30% since late 2021. The NSW Government directed each of the Councils to develop an affordable housing contribution scheme through its Local Housing Strategy approval process.

The Western Sydney Planning Partnership (WSPP) was established by the 2018 Western Sydney City Deal and is a collaborative council-led initiative that helps deliver common approaches for Western Sydney planning. The WSPP has proposed that 1.5% of the gross floor area be provided as affordable housing, to apply to all development in Western Sydney as a monetary equivalent contribution.

HillPDA has been engaged by the WSPP to review the economic impact of the proposed affordable housing contribution scheme.

### The monetary equivalent rate

The proposed scheme would apply to residential development, land subdivision, and non-residential development. Non-residential development cannot be used for residential uses. A warehouse or logistics hub would be unsuitable for residential accommodation. Therefore, a monetary equivalent is required.

In addition, collecting affordable housing as a monetary contribution enables the WSPP to deliver more affordable housing by co-funding development in addition to just being dedicated dwellings. It allows for the delivery of affordable housing in purpose-built development in Western Sydney lowering lifecycle costs.

HillPDA considered in principle the monetary contribution should be comparable to a developer dedicating floorspace and its sale revenue foregone. If you had a 200-apartment development and needed to dedicate 1.5% of apartments as affordable housing, then it would be 3 apartments dedicated. The impact to the developer is forgone revenue for 3 apartments. This principle has been applied for the calculation of the monetary-equivalent rates:

- **Residential Development – 1.5% of the median residential strata dwelling price in the applicable LGA.** Benchmarking to the median strata residential dwelling price provides a consistent rate that can be applied for all development, it allows the scheme to reflect the actual price to acquire dwellings in the LGA.
- **Residential Subdivision – 1.5% of the average residential unimproved land value in the applicable LGA.** Residential subdivision has a different delivery mechanism to residential built-form development and revenues are lower because only the land is acquired and then the homebuyer builds a house. If a residential developer were to provide 1.5% of their developable area to affordable housing, they would dedicate 1.5% of the land only. Therefore, the rates need to be benchmarked across the value of land, which is why residential subdivision is based on the average unimproved land value.
- **Non-Residential Development – 0.3% of the median residential strata dwelling price in the applicable LGA.** Non-Residential Development has been benchmarked against residential strata dwelling prices to allow for simplicity in the scheme. It also reflects the need to purchase residential floorspace for affordable housing. The rate of 0.3% of the median residential strata dwelling price considers the price





differential between non-residential and residential development to ensure that non-residential development is not paying more than 1.5% of revenue.

This resulted in the following recommended contribution rates:

**Table 1 Contribution Rates to be applied in each LGA**

LGA	Median Strata Price	Monetary Equivalent for Residential built form \$/sqm GFA	Example for residential subdivision \$/ha NDA	Discounted Equivalent for Non-Residential \$/sqm GFA
Blacktown	\$612,000	\$102	\$210,000	\$20
Blue Mountains	\$630,000	\$105	\$170,000	\$21
Camden	\$705,000	\$118	\$220,000	\$24
Campbelltown	\$559,000	\$93	\$190,000	\$19
Fairfield	\$482,000	\$80	\$240,000	\$16
Hawkesbury	\$625,000	\$104	\$200,000	\$21
Liverpool	\$528,000	\$88	\$240,000	\$18
Penrith	\$575,000	\$96	\$200,000	\$19
Wollondilly	<i>Insufficient data</i>	\$80*	\$210,000	\$16

\* Where insufficient data have adopted the lowest rate

Source: HillPDA 2023, DCJ 2023, Valuer-General 2023

### Staged introduction of the scheme ensures the current development pipeline remains viable

The 1.5% contribution rate was tested across 31 different types of development across Western Sydney. HillPDA tested eight different types of development that occurred across Western Sydney:

- Subdivision
- Dual occupancies
- Townhouses
- 3-5 storey apartments
- 5-10 storey apartments
- 10-15 storey apartments
- Commercial development
- Industrial development

The typologies were tested in a range of typical locations that represented both 'high' and 'low' markets in Western Sydney, as well as different contexts such as centres, suburban infill development, and greenfield locations.

The Residual Land Value is the maximum price that a developer can pay for land. The Residual Land Value is calculated by calculating the total revenue (how much a developer can sell the land for) and costs and required profit margin. If the Residual Land Value is higher than the sale price of the land based on its existing use, then the development is viable. HillPDA considered the impact of the proposed contributions on the Residual Land Value.

The introduction of an affordable housing contribution rate as proposed by the scheme would not significantly impact the viability of the development. We found that most developers would be able to absorb the change almost immediately within a prudent development contingency allowance.

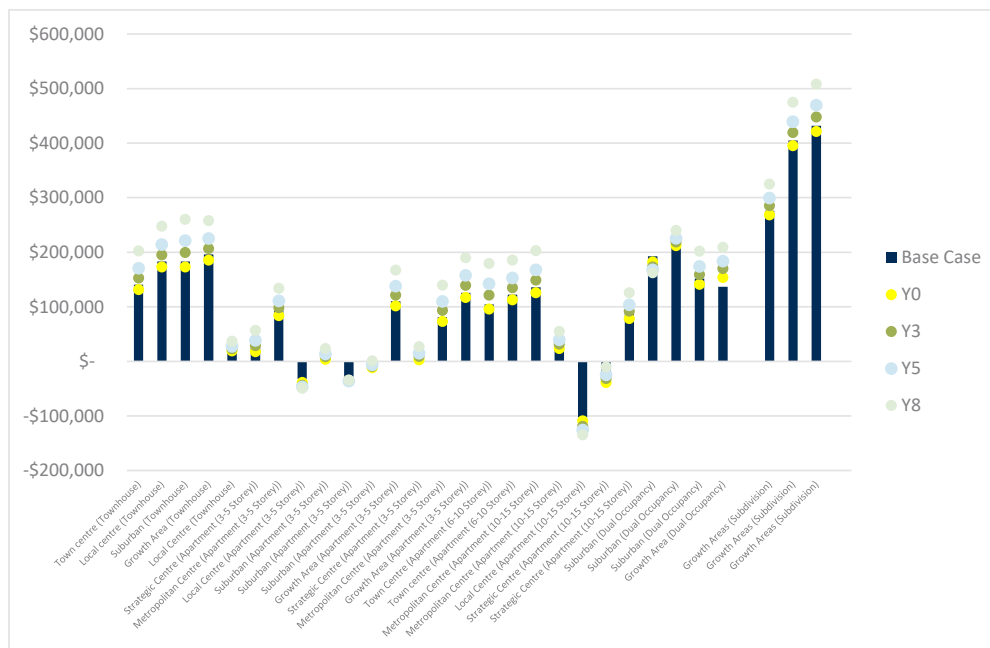
Prices change over time. Figure 1 shows the escalation in residual land value over the coming years based on likely increases to construction costs, sales prices, and the impact of the affordable housing contribution. The dark blue bar is the base residual land value with no contribution. The yellow marker shows the residual land





value at year zero with the contribution rate in place and the dark green marker shows the residual land value after three years. In general, a three-year transition will be more than sufficient for the residual land value to absorb the cost impact of the affordable housing contribution. This means that a broader base of development would be viable with a staged introduction of the affordable housing contribution scheme. This reflects that residential property markets increase in average sales values over time, making development relatively more attractive. Furthermore, developers seeking to adjust purchase prices (based on the knowledge that affordable housing contributions are in place) can calculate accurate residual land values for 2026.

**Figure 1 Residual land value escalation**



Source: HillPDA, 2023

Non-residential development reflects the demand for affordable housing that business generates. Non-residential development has differing abilities to absorb an affordable housing contribution depending on the use type. Currently industrial development is strongly viable and able to absorb the additional contributions immediately. The commercial market remains challenged. However, over time with improvements in amenity because of the aerotropolis, it will likely recover, and we consider that flagging the required contributions early would allow these to be considered. This would help ensure that viability of commercial development that support affordable housing provisions, essential workers, and jobs in Western Sydney.

## Key Conclusions

HillPDA recommends the WSPP Councils introduce a stepped affordable housing contribution scheme. Delaying the introduction for a three-year period (to be implemented March 2027) for all development types to allow existing land to go through the development application process, and new acquisitions to consider the impact of affordable housing, will help residual land values adjust. In our view the impact of the scheme would have a manageable financial impact on market housing and employment in Western Sydney. Importantly, the scheme would help further catalyse the development of affordable housing in the region now and into the future, ensuring the Region is attractive and affordable for workers.

# ECONOMIC REPORT



# WESTERN SYDNEY AFFORDABLE HOUSING ECONOMIC REPORT



## 1.0 INTRODUCTION

The Western Sydney Planning Partnership (WSPP) consists of the councils in the Western Parkland District and Blacktown City Council referred to collectively in this report as WSPP Councils, these are:

- Blacktown
- Blue Mountains
- Camden
- Campbelltown
- Fairfield
- Hawkesbury
- Liverpool
- Penrith
- Wollondilly

The WSPP has sought to develop a regional affordable housing contribution scheme that would accommodate the Local Housing Strategy approval conditions of each of the councils to prepare an affordable housing contribution scheme.

The WSPP is seeking to implement a low flat rate contribution through an inclusionary zoning approach, which is more suitable for the region than the uplift approach addressed in the Department of Planning and Environment's *Affordable Housing Contribution Scheme Guideline*. The WSPP engaged specialist expertise in developing the scheme, which recommended a 1.5% floorspace flat rate contribution on new residential and non-residential development in Western Sydney.

HillPDA has been engaged by the WSPP to undertake viability testing for a Regional Affordable Housing Scheme. The WSPP proposed for testing and potential modification a contribution rate of 1.5% of gross floor area (GFA) across all development in the LGAs. This includes both residential and non-residential development. This study sought to answer the following questions:

- Is a contribution rate viable?
- What would be a sufficient transition period for introduction?
- How to convert the 1.5% GFA into a monetary equivalent?
- How to index the monetary equivalent?

## 2.0 METHODOLOGY

The Western Sydney Planning Partnership (WSPP) is proposing a broad inclusionary levy on all development. Therefore, the WSPP has sought to develop an alternative methodology to the standard residual land value methodology prescribed in the *Affordable Housing Contribution Scheme Guideline*.

### 2.1 DPE Guideline

The *Affordable Housing Contribution Scheme Guideline* relies on the value uplift created by a rezoning to determine the portion of affordable housing, with the value to then be shared between the developer and the community. That is when there is a rezoning there is an increase in value, which results in an affordable housing contribution.

Figure 2 Contributions calculated on uplift



Source: DPE, 2019

This approach has not been utilised as the WSPP's proposed scheme seeks an inclusionary approach based on housing need and demand for affordable housing (rather than the uplift to which the Guideline applies); however, some key elements have been maintained:

- Development margins consistent with the Guidelines have been adopted (20%).
- Base land value has been adopted, (i.e. based on the existing land-use value), which is an alternative approach under the scheme.
- A residual land value consideration as per the Guideline has been maintained.

### 2.2 Feasibility methodology

HillPDA has undertaken feasibility testing for 9 Local Government Areas (LGAs) in Western Sydney, considering 3 key variables in each of the markets selected:

1. Anticipated revenue
2. Development cost
3. Land price

These three variables largely determine the viability of site redevelopment. To support the testing, we have analysed market transactions to verify the findings. This forms the basis to assess the market viability across the investigation areas.

We have used a target development margin of 20% and the Residual Land Value as the primary indicators of project viability. We note that the development margin does not take into account the time value of money, however for the purposes of this high-level testing we have assumed that all projects would not span for more than 2 years.

Our analysis has sought to consider 'The Typical Developer' which is a developer that:

- Purchases land in the current market
- Seeks to sell in the same market
- Commences development process as soon as the land is purchased
- Uses average construction costs
- Develops consistent with Council's strategic objectives

Existing landowners who are seeking to sell their land to a developer are considered through the residual land value. The residual land value is the maximum price that a developer is likely to purchase the land for. The time it takes for the residual land value to recover is considered through the escalation profiles.

Smaller scale developers have been considered through the dual occupancy and townhouse scenarios, however, often these developers operate at tighter margins, so could be less impacted by the changes, as sites would still be able to be purchased competitively.

### 2.3 Residual Land Value

The residual land value represents the amount that a prudent developer would pay for a site considering the revenue and development costs that could likely be achieved. Where the residual land value of the site is greater than the land values in an area, development is viable.



The maximum price a developer will pay for land is total costs and profit margin subtracted from total revenue from the proposed development.

HillPDA has reviewed all transactions in the test suburb at zoning where the development typology would likely be permissible, typically R3 or R4. In general, we consider the 30<sup>th</sup> percentile land value is the value that indicates the development site. The 30<sup>th</sup> percentile indicates sites that are less likely to be recently or significantly improved, and therefore reflect potential development sites. A developer would very rarely develop a recently constructed or heavily improved building.

A relatively generous 25% percent premium is applied to provide for the possibility of amalgamation where multiple sites are required. Where lot sizes are sufficient to allow development on a single site, the existing site value is used.

The residual land value is compared to the existing use value. Where the residual land value is higher than the existing use value, then the development is viable. Where the residual land value is lower than the existing use value, HillPDA has considered the percentile of sites that are suitable for development.





## 2.4 Development Margin

A development margin of 20% has been adopted in the analysis. This is a highly conservative margin and has been adopted consistent with the *Affordable Housing Contribution Scheme Guidelines*. In our recent market observations, margins have been tighter reflecting the heightened level of competition in the market.

The margin represents the level of risk for development. Generally, smaller-scale developments and greenfield developments have lower levels of risk than high-rise residential development and consequently a lower margin to be viable. In our experience development margins as low as 12% can be viable.

## 2.5 Assumptions

The following key assumptions were applied for the study:

- Revenues have been assessed on recent market transactions for the typology in similar locations in Western Sydney. This includes off the plan sales, asking prices, and sales. These are detailed in Appendix A.
- Costs have been based on reference to industry benchmarks, Rawlinsons, RLB Construction Costs, and our experience with similar projects. These are detailed in Appendix A
- Infrastructure Contributions have been considered based on the current infrastructure contributions considering the Housing and Productivity Charge (HPC), Sydney Water Development Servicing Plan (DSP) charges, and Section 7.11 (based on either current plans or an estimate).

With recent changes to the contribution framework, the modelling takes these charges into account. Where the charges are in place, they have been adopted, where they are not in place or known (such as the biodiversity component of the HPC) then they have not been taken into consideration.

In our view, “subject to viability” cannot reasonably consider all potential charges that may or may not come into effect in the future. Otherwise, no contribution would ever be viable. Furthermore, we note that the District Plan objective came into effect in March 2018 well before any of these additional charges were contemplated. Therefore, we consider a prudent developer would have considered a 5-10% contribution could have been implemented, and therefore would have considered that potential at site acquisition. It would be unreasonable for that consideration to be absorbed by other policy changes and amendments.

## 2.6 Viability over time

The revenues and costs are not consistent over differing periods, over time prices and costs tend to escalate upwards. This was tested through price escalations described in Section 3.

## 2.7 Locations

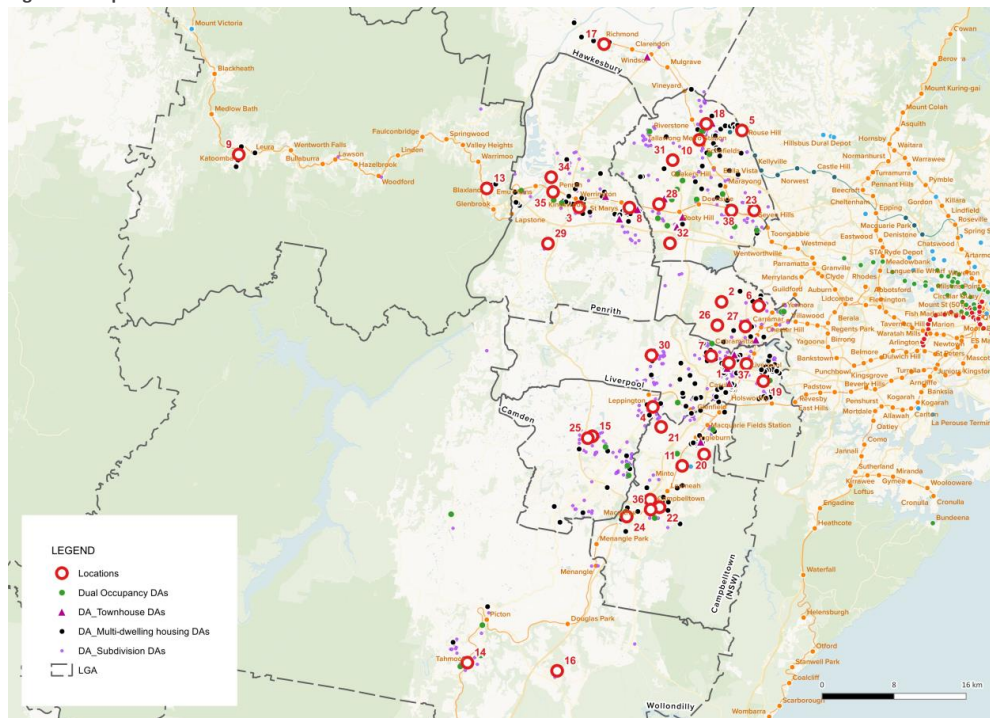
Locations and typologies were selected to represent the range of development outcomes in Western Sydney. Typologies tested were:

- Greenfield subdivision
- Dual occupancy
- Townhouse
- Low-rise apartment
- 5-10 storey apartment
- 10-15 storey apartment

- Commercial
- Industrial Development

HillPDA tested locations across the Western Sydney Region. The locations are intended to be characteristic of the type of area that a development could occur such as suburban infill, greenfield, town centre, transit-oriented development, with the aim of considering viability typical in the type of area in Western Sydney. These locations were agreed with the WSPP and considered typical of a higher value and lower value markets. The selected locations and typologies are as follows:

Figure 3: Map of selected locations



Source: HillPDA, 2023

Table 2: Selected test site and typologies across the investigation area

Site	Fid	Typology	Locality type	LGA
S1	11	Townhouse	Town centre	Campbelltown
S2	9	Townhouse	Local centre	Blue Mountains
S3	13	Townhouse	Suburban	Blue Mountains
S4	10	Townhouse	Growth Area	Blacktown
S5	14	Townhouse	Local Centre	Wollondilly
S6	8	Apartment (3-5 Storey)	Strategic Centre	Penrith
S7	7	Apartment (3-5 Storey)	Metropolitan Centre	Liverpool
S8	17	Apartment (3-5 Storey)	Local Centre	Hawkesbury
S9	6	Apartment (3-5 Storey)	Suburban	Fairfield
S10	26	Apartment (3-5 Storey)	Suburban	Fairfield
S11	27	Apartment (3-5 Storey)	Suburban	Fairfield
S12	15	Apartment (3-5 Storey)	Growth Area	Camden





<b>S13</b>	28	Apartment (3-5 Storey)	Strategic Centre	Blacktown
<b>S14</b>	24	Apartment (3-5 Storey)	Metropolitan Centre	Campbelltown
<b>S15</b>	25	Apartment (3-5 Storey)	Growth Area	Camden
<b>S16</b>	22	Apartment (6-10 Storey)	Town Centre	Campbelltown
<b>S17</b>	23	Apartment (6-10 Storey)	Town centre	Blacktown
<b>S18</b>	3	Apartment (10-15 Storey)	Metropolitan Centre	Penrith
<b>S19</b>	1	Apartment (10-15 Storey)	Metropolitan Centre	Liverpool
<b>S20</b>	2	Apartment (10-15 Storey)	Local Centre	Fairfield
<b>S21</b>	4	Apartment (10-15 Storey)	Strategic Centre	Liverpool
<b>S22</b>	5	Apartment (10-15 Storey)	Strategic Centre	Blacktown
<b>S23</b>	19	Dual Occupancy	Suburban	Liverpool
<b>S24</b>	20	Dual Occupancy	Suburban	Campbelltown
<b>S25</b>	21	Dual Occupancy	Suburban	Liverpool
<b>S26</b>	18	Dual Occupancy	Growth Area	Hawkesbury
<b>S27</b>	16	Subdivision	Growth Areas	Wollondilly
<b>S28</b>	29	Subdivision	Growth Areas	Penrith
<b>S29</b>	30	Subdivision	Growth Areas	Liverpool

Source: HillPDA, 2023

## 3.0 ECONOMIC CONTEXT

This section outlines key economic factors that are impacting on the residential and non-residential markets and the viability of development more generally across western Sydney.

### 3.1 Building completions

To understand trends in building supply HillPDA have analysed building approval and completions data sourced from the Department of Planning and Environment. The below table details the building approval and completions by LGA by financial year.

The approvals data shows the highest number of approvals were in the Blacktown, Camden and Liverpool Local Government Areas. Areas with lowest approvals were the Blue Mountains and Hawkesbury. In FY20 there was a notable decrease in building approvals across Western Sydney. Building completions increased in the FY19 financial year, but saw a decline in FY20. The building approvals tell a part of the picture with not all approved projects developed as seen in Table 3.

The majority of LGAs saw an increase in both approvals and completions in FY21 with FY22 and FY23 seeing a decline likely due to the pressures of increasing interest rates, and rising costs of construction flowing through post Covid-19 pandemic. The data shows that all LGAs have some market activity even in the Blue Mountains which saw the lowest dwelling completions across all LGAs.

Table 3: Building approvals for all dwelling types by financial year

FY	Approvals (Number of dwellings)					Approvals (% Change from previous period)				
	18-19	19-20	20-21	21-22	22-23	18-19	19-20	20-21	21-22	22-23
Blacktown	5,231	4,440	6,762	5,751	3,659	-2%	-15%	52%	-15%	-36%
Blue Mountains	219	147	217	164	116	-22%	-33%	48%	-24%	-29%
Camden	2,532	2,085	2,459	2,475	1,522	-28%	-18%	18%	1%	-39%
Campbelltown	1,883	1,678	1,679	1,217	824	2%	-11%	0%	-28%	-32%
Fairfield	1,030	863	966	1,130	1,066	3%	-16%	12%	17%	-6%
Hawkesbury	204	257	325	221	283	-15%	26%	26%	-32%	28%
Liverpool	2,709	2,048	2,373	2,489	2,091	-14%	-24%	16%	5%	-16%
Penrith	1,930	1,251	1,122	1,220	1,259	-31%	-35%	-10%	9%	3%
Wollondilly	359	407	780	765	765	-31%	13%	92%	-2%	0%
Greater Sydney	48,945	41,697	50,922	45,059	32,481	-23%	-15%	22%	-12%	-28%

Source: DPE 2023

The completion and approvals indicate that although approvals increased in FY21 and additional approvals were still flowing, the number of building completions in FY22 and FY23 have declined and most LGAs likely due to pressures as a result of construction constraints, presale and financing challenges, and interest rates rises in the current market placing pressure on viability.

Table 4: Residential dwelling completions for all dwelling types by financial year

FY	Completions (Number of dwellings)					Completions (% Change from previous period)				
	18-19	19-20	20-21	21-22	22-23	18-19	19-20	20-21	21-22	22-23
Blacktown	3,105	3,515	4,793	4,553	3,638	-6%	13%	36%	-5%	-20%
Blue Mountains	129	93	78	52	61	-42%	-28%	-16%	-33%	17%
Camden	2,949	1,348	2,241	1,952	1,597	10%	-54%	66%	-13%	-18%
Campbelltown	1,610	808	1,341	781	518	31%	-50%	66%	-42%	-34%
Fairfield	394	326	362	427	166	16%	-17%	11%	18%	-61%



Hawkesbury	233	86	244	181	110	10%	-63%	184%	-26%	-39%
Liverpool	2,224	1,800	1,907	2,050	1,646	29%	-19%	6%	7%	-20%
Penrith	2,171	841	1,365	776	718	-3%	-61%	62%	-43%	-7%
Wollondilly	454	166	416	588	387	62%	-63%	151%	41%	-34%
Greater Sydney	42,414	32,464	29,785	24,641	16,268	1%	-23%	-8%	-17%	-34%

Source: DPE 2023

### 3.1.1 Multi-unit completions

Breaking down the completions by typology, the Multi-unit dwelling completions give a better indication of delivery in high density locations. The Multi-unit category includes strata typologies like apartments, townhouses, dual occupancies, and villas. As to be expected, the completions in LGAs with strong town centres like Liverpool and Penrith were higher however there has been a consistent downward trend in the majority of LGAs between FY20 and FY23. This is consistent with substantial declines experienced across Greater Sydney. In particular because of relatively flat multi-unit prices over the past few years.

Table 5 Building completions for multi-unit housing (by financial year)

LGA	18-19	19-20	20-21	21-22	22-23	18-19	19-20	20-21	21-22	22-23
Blacktown	800	1,878	1,526	1,457	1,620	3%	135%	-19%	-5%	11%
Blue Mountains	41	31	-	2	26	-31%	-24%	-100%		1200%
Camden	156	90	150	115	164	-49%	-42%	67%	-23%	43%
Campbelltown	569	187	127	46	73	53%	-67%	-32%	-64%	59%
Fairfield	190	188	195	260	58	28%	-1%	4%	33%	-78%
Hawkesbury	24	2	8	12	-	26%	-92%	300%	50%	-100%
Liverpool	1,220	1,329	714	825	508	111%	9%	-46%	16%	-38%
Penrith	1,183	503	830	471	463	-19%	-57%	65%	-43%	-2%
Wollondilly	53	22	27	14	25	4%	-58%	23%	-48%	79%
Greater Sydney	29,815	25,536	17,432	13,232	8,391	-2%	-14%	-32%	-24%	-37%

Source: DPE 2023

### 3.1.2 Detached dwelling completions

Detached dwellings have seen stronger rates of completions in Growth Centre Councils with Significant Land Release LGAs like Camden, Blacktown and Campbelltown. The completions have typically seen a downward trend however FY21 saw an increase, likely fuelled by the Government Homebuilder Grant.

Table 6 Building completions for detached housing (by financial year)

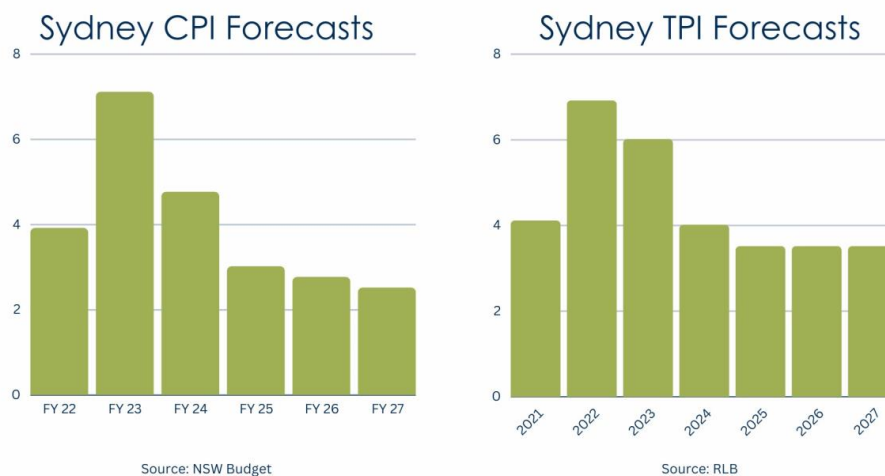
LGA	18-19	19-20	20-21	21-22	22-23	18-19	19-20	20-21	21-22	22-23
Blacktown	2,305	1,637	3,267	3,096	2,018	-8%	-29%	100%	-5%	-35%
Blue Mountains	88	62	78	50	35	-47%	-30%	26%	-36%	-30%
Camden	2,793	1,258	2,091	1,837	1,433	17%	-55%	66%	-12%	-22%
Campbelltown	1,041	621	1,214	735	445	21%	-40%	95%	-39%	-39%
Fairfield	204	138	167	167	108	6%	-32%	21%	0%	-35%
Hawkesbury	209	84	236	169	110	8%	-60%	181%	-28%	-35%
Liverpool	1,004	471	1,193	1,225	1,138	-12%	-53%	153%	3%	-7%
Penrith	988	338	535	305	255	27%	-66%	58%	-43%	-16%
Wollondilly	401	144	389	574	362	74%	-64%	170%	48%	-37%
Greater Sydney	12,599	6,928	12,353	11,409	7,877	8%	-45%	78%	-8%	-31%

Source: DPE 2023

### 3.2 Cost escalation

There have been substantial cost pressures on the construction industry. RLB regularly release a Tender Price Index (TPI) that shows movement in general construction cost inflation and escalation based on actual tendered construction costs across the industry as a whole. Sydney TPI has increased by 15% since March 2020 as a result of material shortages, wage increases, and supply issues. These pressures are forecast to ease in the coming year with Rawlinsons and RLB TPI forecast easing price escalations.

Figure 4 Cost Forecasts



Source: NSW Budget 2023, RLB TPI 2023

The Reserve Bank of Australia expects inflation to ease over the coming months coming down to 3.25% in June next year lowering to 3% in June 2025, slightly lower than seen in the NSW Budget.

The increased costs due to materials shortages further exacerbated by delays have meant cashflow has been challenging for the construction sector. This has resulted in the highest level of insolvencies in the sector on record in the June 2023 quarter. The Reserve Bank Liaison Program records weakness in demand for detached dwellings, with significant buyer uncertainty.

Residential construction is challenged with pressures sourcing finishing trades such as tilers and painters, but other labour pressures have eased as the level of residential construction has declined. It is anticipated that completion times will return to normal levels over the next year, which would help start to normalise cost escalation. Rawlinsons has reported that the construction industry continues to experience labour and material shortages, and while there has been an easing in the labour market and material prices have stabilised, additional pressure has been felt through increasing energy and transport costs. These cost increases have been accelerated by global pressures, in particular the ongoing war in Ukraine.

**HillPDA considers that in the next four years based on the RLB and Rawlinsons forecasting that cost escalations will remain below 4% per annum for construction costs.** This is a faster cost escalation than the pre-covid period, but reflects normalising wages, potentially slower construction activity, and easing materials shortages. While there still may be shocks, viability testing cannot account for all potential market situations.

### 3.3 Revenue escalation

#### 3.3.1 Residential Prices

There has been considerable price growth over the past five years in Western Sydney. The Capitalised Average Growth Rate has varied between 2.62% and 5.44% per annum across each of the LGAs. This growth has been predominately focussed on non-strata property. With the exception of Camden, all apartment price growth has been relatively flatter with significant price variation through the pandemic.

Figure 5 Median Non-Strata Dwelling Price

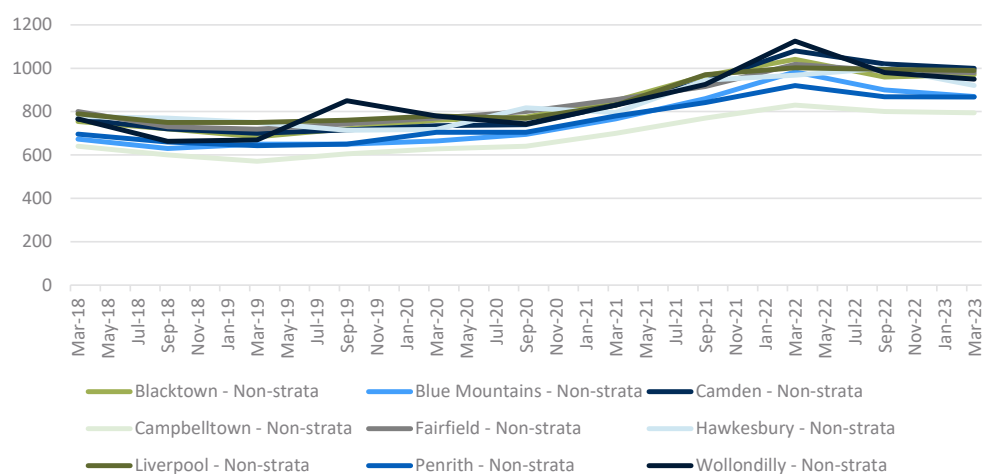
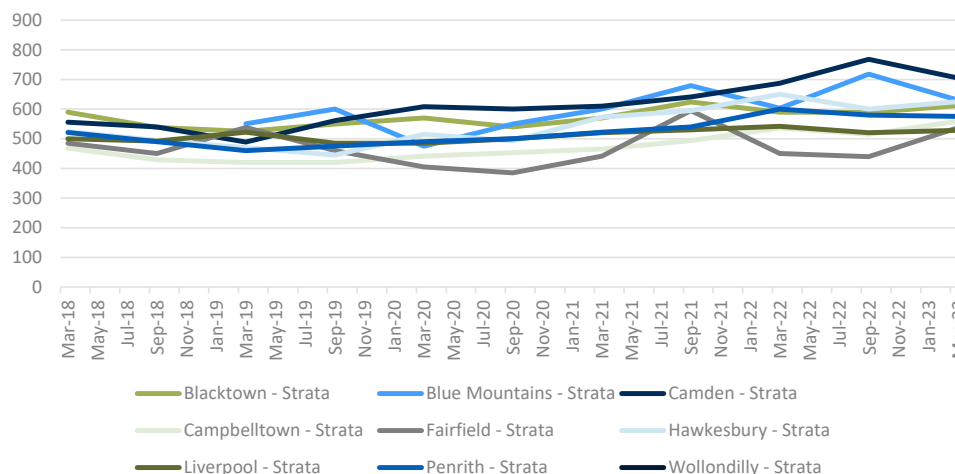


Figure 6 Median Strata Dwelling Price



The continued expected population growth, and increased financing costs through higher interest rates may contribute to buyers making a shift to a relatively more affordable options, therefore supporting demand for strata properties.

The NSW Budget assumes house prices would escalate by 2.5% per annum over the next four years in Greater Sydney. However, Stockland expects the average settlement pricing to be 5-10% higher in FY24 than in FY23,



which reflects expectations for continually high house prices. Recent research by KPMG shows substantial residential price growth:

Figure 7 Projected dwelling price growth

	December 2023	June 2024	December 2024	June 2025
Houses	6.2%	4.7%	6.6%	10.3%
Units	4.7%	4.3%	6.6%	8.6%

Source: KPMG 2023

Ultimately, KPMG's analysis found that constrained supply would likely dominate other factors influencing prices such as interest rates. In addition, KPMG forecasted annual rent growth to be 5.6% over the next two years. Similarly, CBA is forecasting a 7% growth of in house prices in 2023, with growth sustained at 5% in 2024.

**Overall, we consider that residential property prices could escalate by an average of 5% per annum over the next five years.**

### 3.3.2 Commercial Property

Commercial property is extremely challenged with high vacancy rates, expanding capitalisation rates, and reduced income as rents slightly ease.

The capitalisation rate (cap rate) is the ratio between rent and the value of the property. Property investors usually have a target capitalisation rate when transacting a development, as there is a yield that they need to satisfy the commerciality of investment. In general, the capitalisation rate moves with the interest rate, because as interest rates increase because the cost to service a loan increase, or alternate lower-risk products become relatively more attractive. This means that where rents are steady, but the target capitalisation rate increases, then the property value reduces. Capitalisation rates have been under significant pressure as there has been a market correction, we have maintained largely consistent capitalisation rates at 6%, although they could exceed 7% in some parts of Western Sydney depending on the tenancy profile and future demand expectations.

There continues to be high levels of vacancies in commercial property vacancy rates in the Sydney CBD with vacancies currently at 14.4%, 19.9% in North Sydney, 23.5% in Parramatta and 22.7% in Sydney Olympic Park and Rhodes. However, we understand that there has been some growth in net effective rent in most markets. Dexu estimates that capitalisation rates have expanded by 50 to 88 basis points for prime CBD offices. Absorption has been negative in all major Sydney markets reflecting banks, financiers, technology firms, and government seeking to consolidate space, as they have transitioned to hybrid work longer-term.

This means that there is a significant portion of floorspace (139,000sqm) that could be taken up by tenants, which would likely make it difficult to secure large-scale pre-commitments for commercial office in Western Sydney. Furthermore, HillPDA has observed a trend in Macquarie Park where the commercial office space is being sought for conversion into build-to-rent.

*Location requirements of major office occupiers and development in Western Parkland City* prepared by Savills in 2021 stated that rents in New A Grade Office Building in the Western Parkland City generally were \$520-550/m<sup>2</sup> and rents in Macquarie Park were approximately \$500/m<sup>2</sup> or more for A Grade office. Currently Net Effective Rents (the rent that a landlord receives) in Macquarie Park is approximately \$450/sqm and in Sydney Olympic Park approximately \$435/sqm. Net face rents had increased 1.5% across A grade office in Sydney from FY22 to FY23.

In our opinion, it is unlikely that there will be factors that would enable significant rental growth in the next three years. However, we consider cap rates could ease along with easing interest rates. **Therefore, for the purposes of this study, commercial property escalation is assumed to be equal to CPI.**

As demand increases as a result of the economic activity generated by the Western Sydney Airport and associated Bradfield City Centre, it is likely that additional price acceleration would occur in Western Sydney, thereby



supporting growth and development. This has not been considered in this study, because we see it as an 'upside risk' to development.

### 3.3.3 Industrial Property

Sydney continues to have a shortage of industrial property for example there is a vacancy rate of 0.1% for properties greater than 5,000sqm. Industrial capitalisation rates have reduced reflecting the shortage in property, and industry expectation for the continued need for industrial property, as a result of the rise of e-commerce, logistics, and consideration of future manufacturing capacity.

There continues to be low market vacancies, which is supporting increased rents. The asking rent for prime industrial property in Outer Western Sydney has grown 12 months to June 2023. In addition, there has been limited vacancy and very few incentives such as rent-free periods or rent reductions over the last few months. However, expanding cap rates have resulted in slightly lower land values in outer Western Sydney.

We expect to see rents continue to grow at a fast pace approximately 10% per annum. There remains substantial uncertainty about the capitalisation rate; however, we consider that cap rates would most likely increase along with projected increases in interest rates. We consider it is possible that interest rates could increase by up to 50 basis points; however, we note that:

*The path for the cash rate reflects expectations derived from surveys of professional economists and financial market pricing, with an assumed peak in the cash rate of around 4½ per cent by the end of 2023 before declining to 3½ per cent by the end of 2025. (RBA Statement on Monetary Policy)*

Therefore, this would indicate that there is less likely to be a substantial increase in the capitalisation rate, as such we consider that there could be a substantial increase in industrial rents, which would then be reflected directly into price growth. **As such, growth of approximately 10% per annum could continue.**



## 4.0 FEASIBILITY RESULTS – RESIDENTIAL

HillPDA undertook high level residual land value analysis based on a Target development margin of 20% to determine the viability of a site. We have made assumptions around costs and anticipated revenue based on industry benchmarks like Rawlinson's Construction Handbook and market research. Given the residual land value was greater than the development site value as evidenced by research, the development would be considered viable.

The residual land value approach calculates the remaining funds available to purchase the development site after deducting all costs and a target margin (20%) from the anticipated revenue. As a market check, HillPDA have referred to actual market transactions that have occurred to determine the land acquisition rate that developers have paid to deliver new projects. Where no such evidence exists, we have extrapolated from comparable markets. It is worth noting that in adopting this approach the modelling represents a typical development for the specific typology. The limitation of this approach is that it cannot capture all development scenarios and there would be instances where, although the results of the testing may indicate projects are unviable, developers operating at tighter margins, lower costs or greater efficiencies might still be able to meet target hurdle rates. This would account for instances where results show development to be unviable however development is seen to occur in those areas. It is noted that the purpose of this modelling is to capture a **typical** development scenario for the selected typologies to determine the impact of an AH contribution.

### 4.1 Key assumptions

For the purposes of this testing, HillPDA has made some general modelling assumptions for fees, costs and revenue. The revenue has been informed by market research, however, where limited market evidence is available HillPDA have made value judgements based on comparable sales. For additional information and market evidence refer to the Appendix A. The following assumptions have been made in the modelling:

Table 7: Summary of assumptions

Fee/cost	Adopted rate
Revenue	As per typology based on market research Refer Appendix A1
Construction Costs	As per typology based on Rawlinson's Refer Appendix A3
Due Diligence	\$20,000 plus 0.5% of Land price
DM/Consulting fees	6% of total construction cost
DA/BA fees % of CC	1.5% of total construction cost
Legals and marketing	1.5% of Gross Revenue
Interest	7.5% interest
Parking	As per DCP for locality Refer Appendix for rate
S7.11/S7.12	Average rate adopted for each location, in some instances a 7.11/7.12 rate of 1%-2% has been applied. Where S7.11 applies we have adopted the appropriate \$/unit rate. Refer to Appendix A2
Housing and Productivity Charge (HPC)	12,000/dwelling for townhouse and dual occupancy 10,000/dwelling for multi-unit
DSP Charges	Initial DSP value – as per table in Appendix A2.

Source: HillPDA research, applicable Council documents





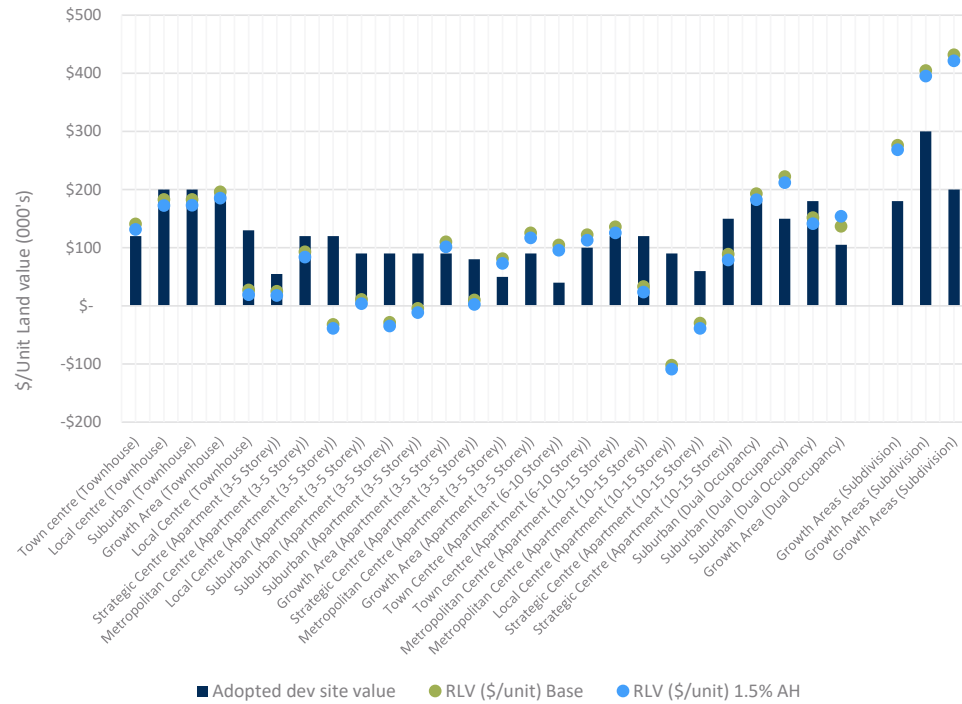
## 4.2 Testing results

The affordable housing testing results showed:

- Prior to an affordable housing contribution, the residual land value required for townhouses was generally lower than the market value, rendering development unviable. This likely reflects the higher margin as a result of the testing required, as well as increased construction costs. Where townhouses were viable, it resulted in cost pressures. However, the affordable housing contribution did not result in changes in viability.
- Apartments in the 3-5 storey locations were largely unviable (even where they may have been viable previously, because of increased costs in construction and in particular basement costs. Where at-grade car parking or ground floor carparking could be used, we speculate that projects could be viable). Subject to demand they could continue to be viable in growth areas and some existing centres. The affordable housing contribution did not result in changes in viability.
- Apartments in the 6-10 storey range were viable or marginally viable. The introduction of an affordable housing contribution would compromise the viability of this product in the characteristic locations tested.
- Apartments exceeding 10 storeys were generally not viable, we consider this is due to rising construction cost pressure. They would likely be viable in high amenity centres close to rail, where there is existing older stock that could be renewed. We consider this would best be part of a precinct strategy incorporating additional place-making. The affordable housing contribution did not change the viability result.

The economic analysis shows that the development market is under a lot of recent pressure for all development types. This is affecting both stronger and weaker markets in Western Sydney and means that for development to become viable in some areas prices would need to further escalate. In our opinion this makes affordable housing a critical component to balancing the sensible growth of a precinct. **Overall, we found that affordable housing contributions at 1.5% have a negligible impact on feasibility.**

**Figure 8: RLV of selected investigation areas (000's)**



Source: HillPDA 2023



We have undertaken analysis to determine the order of effect that a 1.5% affordable housing contribution (% of total GFA) would have on current project feasibility. The results show that in majority of cases the 1.5% contribution would not have a significant impact on development feasibility. If a project was already viable the contribution would not likely impact the results to any order of magnitude that would alter the bottom-line results. Projects that are just viable would likely become marginal.

**Table 4: Residual Land Value as at October 2023 (\$/unit)**

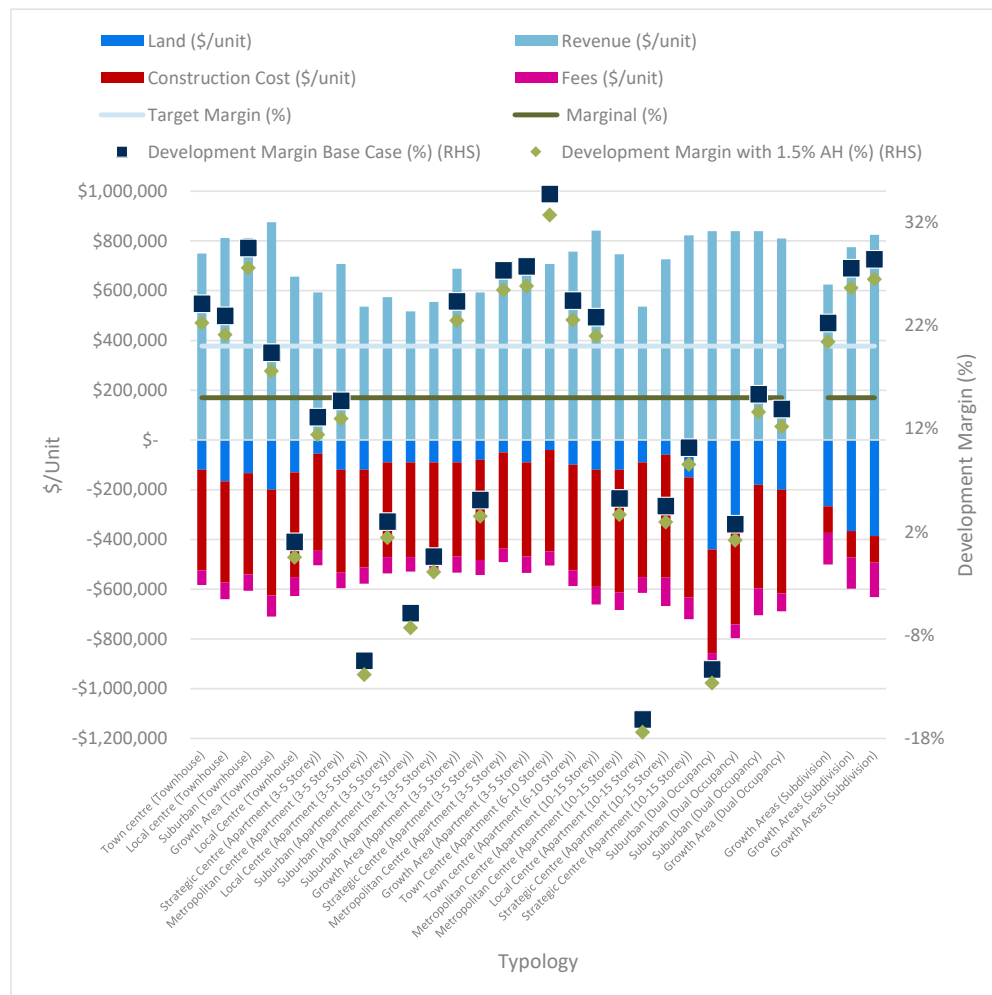
Typology	Locality type	RLV (\$/unit) Base	Viable	RLV (\$/unit) 1.5% AH	Viable
Townhouse	Town centre	\$140,622	Viable	\$106,622	Unviable
Townhouse	Local centre	\$182,842	Unviable	\$146,009	Unviable
Townhouse	Suburban	\$183,016	Unviable	\$146,183	Unviable
Townhouse	Growth Area	\$196,157	Unviable	\$156,491	Unviable
Townhouse	Local Centre	\$27,413	Unviable	-\$2,337	Unviable
Apartment (3-5 Storey)	Strategic Centre	\$24,944	Unviable	-\$1,933	Unviable
Apartment (3-5 Storey)	Metropolitan Centre	\$92,732	Unviable	\$60,653	Unviable
Apartment (3-5 Storey)	Local Centre	-\$31,928	Unviable	-\$56,204	Unviable
Apartment (3-5 Storey)	Suburban	\$11,050	Unviable	-\$14,960	Unviable
Apartment (3-5 Storey)	Suburban	-\$28,247	Unviable	-\$51,656	Unviable
Apartment (3-5 Storey)	Suburban	-\$4,587	Unviable	-\$29,730	Unviable
Apartment (3-5 Storey)	Growth Area	\$110,023	Viable	\$78,811	Marginal
Apartment (3-5 Storey)	Strategic Centre	\$9,946	Unviable	-\$16,931	Unviable
Apartment (3-5 Storey)	Metropolitan Centre	\$81,216	Viable	\$51,738	Viable
Apartment (3-5 Storey)	Growth Area	\$125,660	Viable	\$93,581	Viable
Apartment (6-10 Storey)	Town Centre	\$104,414	Viable	\$72,335	Viable
Apartment (6-10 Storey)	Town centre	\$122,315	Viable	\$87,982	Marginal
Apartment (10-15 Storey)	Metropolitan Centre	\$135,984	Viable	\$97,836	Marginal
Apartment (10-15 Storey)	Metropolitan Centre	\$32,927	Unviable	-\$886	Unviable
Apartment (10-15 Storey)	Local Centre	-\$102,339	Unviable	-\$126,615	Unviable
Apartment (10-15 Storey)	Strategic Centre	-\$29,697	Unviable	-\$62,643	Unviable
Apartment (10-15 Storey)	Strategic Centre	\$88,887	Unviable	\$51,606	Unviable
Dual Occupancy	Suburban	\$192,816	Viable	\$154,736	Marginal
Dual Occupancy	Suburban	\$222,460	Viable	\$184,380	Viable
Dual Occupancy	Suburban	\$151,745	Unviable	\$113,665	Unviable
Dual Occupancy	Growth Area	\$136,968	Viable	\$127,248	Viable
Subdivision	Growth Areas	\$255,388	Viable	\$247,888	Viable
Subdivision	Growth Areas	\$379,005	Viable	\$369,705	Viable
Subdivision	Growth Areas	\$404,151	Viable	\$394,251	Viable

Source: HillPDA, 2023



As a secondary method HillPDA adopted the development site value for the land purchase price. This approach gives an indication of the costs and revenues in relation to that in which developers have been able to deliver in the current market. Theoretically, if we adopt this value the project should be feasible as developers have demonstrated developments to be viable. However as previously discussed, developers who operate with tighter margins or have cost efficiencies greater than the 'typical developer' may still be able to make a development work. Additionally, there is a delay in the analysis of development site evidence with current cost and revenue escalations not likely captured. The below shows that given the site was acquired at the development site value, the majority of sites are viable. In some cases the hypothetical testing might see development fall below hurdle rates, but councils can identify completions occurring, in these instances it is likely the actual developers were operating at lower cost and hurdle rates than the 'typical developer'.

Figure 9: Development margin based on adopted development value for purchase price (\$/sqm land)



Source: HillPDA, 2023



### 4.3 Escalation

Given a 1.5% contribution rate we have undertaken testing to determine the time required for rates to escalate to cover the additional cost. The escalation scenario assumes 5% growth in revenue and 4% growth in costs per annum. The following table shows that the time taken for escalation to cover the additional AH contribution of 1.5% (of total revenue) varies; however a typical 2-4 year period for the majority of typologies apply.

This indicates that it is likely that the impact of a 1.5% affordable housing contribution could be absorbed by natural market growth. It is worth noting that 1.5% of gross revenue is a relatively small proportion of cost when compared to typical contingencies which would range from 5-10% of costs.

Table 8: RLV (\$/unit) escalation table

	No Contribution	With Contribution	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8
S1	140,622	131,247	137,853	145,031	152,820	161,259	170,393	180,265	190,926	202,425
S2	182,842	172,686	179,596	187,116	195,286	204,152	213,758	224,153	235,390	247,523
S3	183,016	172,860	181,110	190,024	199,644	210,017	221,191	233,217	246,150	260,047
S4	196,157	185,220	191,811	199,025	206,904	215,495	224,845	235,005	246,030	257,978
S5	27,413	19,209	20,165	21,427	23,023	24,980	27,327	30,095	33,317	37,030
S6	24,944	17,533	20,901	24,647	28,798	33,384	38,434	43,983	50,064	56,714
S7	92,732	83,887	88,251	93,080	98,407	104,267	110,698	117,739	125,433	133,823
S8	-31,928	-38,622	-40,571	-42,378	-44,027	-45,500	-46,777	-47,838	-48,661	-49,223
S9	11,050	3,878	5,143	6,694	8,554	10,748	13,302	16,245	19,606	23,417
S10	-28,247	-34,702	-35,451	-36,019	-36,386	-36,535	-36,444	-36,093	-35,456	-34,510
S11	-4,587	-11,520	-11,029	-10,289	-9,282	-7,983	-6,369	-4,413	-2,089	634
S12	110,023	101,416	107,524	114,159	121,356	129,153	137,588	146,705	156,546	167,160
S13	9,946	2,535	4,302	6,384	8,805	11,591	14,770	18,372	22,428	26,973
S14	81,216	73,088	79,349	86,128	93,457	101,374	109,917	119,126	129,044	139,716
S15	125,660	116,815	123,696	131,143	139,192	147,884	157,259	167,363	178,241	189,944
S16	104,414	95,569	103,600	112,243	121,536	131,521	142,242	153,745	166,079	179,295
S17	122,315	112,848	119,579	126,890	134,819	143,408	152,701	162,743	173,583	185,274
S18	135,984	125,466	132,591	140,348	148,777	157,924	167,837	178,566	190,165	202,691
S19	32,927	23,603	25,870	28,533	31,624	35,177	39,226	43,809	48,965	54,739
S20	-102,339	-109,033	-112,598	-116,087	-119,484	-122,775	-125,943	-128,971	-131,840	-134,528
S21	-29,697	-38,782	-36,767	-34,375	-31,573	-28,330	-24,612	-20,383	-15,604	-10,234
S22	88,887	78,607	82,502	86,890	91,807	97,294	103,391	110,142	117,594	125,796
S23	192,816	182,316	178,904	175,700	172,729	170,020	167,602	165,506	163,766	162,419
S24	222,460	211,960	213,733	215,922	218,561	221,685	225,334	229,547	234,369	239,846
S25	151,745	141,245	146,590	152,494	158,995	166,137	173,963	182,522	191,862	202,039
S26	136,968	153,843	158,646	163,973	169,862	176,353	183,489	191,314	199,877	209,227
S27	276,222	268,409	273,609	279,274	285,434	292,123	299,377	307,233	315,731	324,912
S28	404,838	395,151	402,652	410,771	419,548	429,028	439,255	450,277	462,146	474,917
S29	431,651	421,339	429,498	438,321	447,853	458,140	469,230	481,176	494,031	507,854

Source: HillPDA, 2023



## 5.0 FEASIBILITY RESULTS – NON-RESIDENTIAL

HillPDA undertook broad viability testing for commercial and industrial developments across the investigation area. Our market research indicated that rents were generally consistent in each of the major centres in Western Sydney. This reflects the fact that commercial development is broadly competitive across areas, and not necessarily tied to a particular location. Transactions across each of the LGAs also informed our view on land values.

Rents were adopted based on *Locational Requirements of office occupiers demand for office space in suburban centres in Sydney and location requirements of office occupiers in the Western Parkland City* prepared by Savills and dated June 2021. That report found rents in Liverpool, Penrith, Campbelltown and Blacktown were typically between \$520-550/sqm for A-grade office space and between \$250-350/sqm for B grade office space. Outgoings for commercial property are typically around \$120/sqm. A 6% capitalisation rate was adopted for commercial property.

Subtracting the estimated development costs sourced from Rawlinson's and additional fees including the Housing and Productivity Charge (HPC) and Section 7.12, and a 20% margin resulted in a residual land value (RLV) of -\$366 for the Commercial. This indicates that commercial development will be unlikely to be viable until costs ease or net operating income substantially improve.

Table 9: Industrial and Commercial Feasibility (RLV with and without AH contribution)

Type	Net operating income (\$/sqm/ann)	Cap Rates	Capitalised Value (\$/Sqm/Ann)	Development cost (est)*	Margin (@20%)	RLV (No AH)	% of sales < RLV	RLV (With AH of 1.5%)	% of sales < RLV	RLV (\$400 rent, 6.5% cap rate)
Typical Commercial	\$400	6.0%	\$6,667	\$5,599	\$1,333	-\$266	0%	-\$366	0%	- 676.32
Typical Industrial	\$150	5.0%	\$3,000	\$1,203	\$600	\$1,197	45%	\$1,152	43%	NA

Source: HillPDA, 2023

Development costs include the following costs and fees:

Table 10: Assumed costs for Industrial and Commercial

Type	Construction cost (\$/sqm)	Fees \$7.11 (\$/sqm) @1% of CC	HPC (\$/sqm GFA)	Parking (\$/sqm)	Development cost (Est.)
Typical Commercial	2,940	29	30	\$2,600	\$5,599
Typical Industrial	1,170	12	15	\$7	\$1,203

Source: Rawlinson's Construction Handbook, Council/ Government Charges, 2023

Applying affordable housing contributions on this development would further challenge the viability of the typical commercial development. Although in our opinion commercial development relies on pre-commitments and there remain substantial vacancies across Greater Sydney as detailed in section 3.3.2, which means this typology may be challenged for at least 5-10 years. However, the typical industrial development will likely continue to be viable.



For Commercial a rate of 1,396/sqm represents the median rate for commercial zoned sites across the investigation area.

For commercial development, the Table 11 shows the land value required to purchase approximately one third of sites that have transacted in key centres. These are the sites that are likely to be most suitable for development, This shows that it is extremely challenging to develop in the centres in the current market.

Adopting the residual land value of \$1,151/sqm for industrial development, approximately 44% of all industrial sales over the past 5 years have fallen below this rate. Table 11 shows the portion of sales in commercial and industrial zoned sites in the LGAs that fall under the residual land value for industrial development with a contribution rate, approximately 44% of all sites transacted would remain viable for development. Our analysis included sites of both development and undeveloped sites. Therefore, industrial development would likely be viable with the immediate introduction of the affordable housing contribution.

**Table 11: Sale of Commercial and Industrial zoned sites in the past 5 years in the 9 LGA's**

Test typology	Property Locality	LGA	# of sales	Adopted based rate	Sales under adopted rate	% under adopted rate (Incl premium)
Commercial	Penrith	Penrith	14	\$1,400	5	36%
Commercial	Liverpool	Liverpool	31	\$3,645	11	35%
Commercial	Campbelltown	Campbelltown	16	\$1,480	6	38%
Commercial	Blacktown	Blacktown	24	\$1,300	8	33%
Commercial	All	All	475	\$1,285	229	48%
Industrial	Penrith	Penrith	14	\$1,151	6	43%
Industrial	Campbelltown	Campbelltown	5	\$1,151	3	60%
Industrial	Marsden Park	Blacktown	4	\$1,151	3	75%
Industrial	Eastern Creek	Blacktown	21	\$1,151	4	19%
Industrial	All	All	322	\$1,151	142	44%

Source: HillPDA, 2023 \*Commercial sites between 350-1500sqm\*\*Industrial sites >5,000sqm

HillPDA has considered escalations for commercial and industrial development, based on the assumptions listed above, we consider that industrial development would take one year to absorb the cost change created by the affordable housing contribution.

When escalating commercial revenues by RBA CPI target, the development viability does not improve because we considered that cost would escalate at a faster rate. However, under a growth scenario that assumes the attractiveness of Western Sydney grows as the amenity increases with the Airport, we consider that there could be a substantial shift. This scenario assumes revenue growth double that of the RBA CPI target at 5% per annum. Under this scenario, the residual land value absorbs the impact of affordable housing after a 3-year period.



## 6.0 MONETARY EQUIVALENT RATES

The Western Sydney Planning Partnership have asked HillPDA to calculate the monetary equivalent rate with three standard rates for Western Sydney:

- Residential built-form rate
- Residential subdivision rate
- Non-residential Rate

These rates have been set taking into account the cost of delivering affordable housing in the region. The key principle for setting a monetary equivalent rate was ease of use for both councils and developers, to ensure the rate was transparent and properly reflected as a starting point, 1.5% of gross floor area provided for development, taking into account differences between residential built-form, subdivision, and non-residential development.

### 6.1.1 Monetary equivalent for residential rates

In principle, we consider 1.5% of GFA to be directly proportionate with revenue. Where a developer seeks to build 200 apartments or lots and 3 of them are required to be dedicated at no cost, then the developer forgoes the revenue from the 3 properties. Monetary equivalent rates can be calculated either:

- Case by case basis, or
- Using a standard approach per LGA/typology or region.

While a case-by-case basis would result in more revenue, this would be based on an actual estimate of revenue supported by a valuer to calculate contributions. This would have ensured the rates were fully cost reflective. However, we considered that this could lead to additional conflict points in the development assessment process and a less efficient process for both the developer and assessment authority.

Therefore, we considered applying an average rate would be suitable. This rate was determined to be based on the median strata dwelling in the LGA. The LGA basis was chosen to allow for consistency within the LGA, but also to recognise the value differences in existing dwellings in each LGA (across the region). Furthermore, it allowed easily accessible data through the DCJ Rent and Sales Reports.

We considered both the median and seventy-fifth percentile, as newer stock is likely to be higher value stock, and therefore trade above the median. The median was adopted, as this represented the price that a developer would be able to purchase affordable housing offsite.

The strata dwelling price was chosen instead of the total price, because most infill development would likely be strata development, and therefore be more reflective of those price points. Furthermore, the affordable housing development that would likely be delivered would be provided in an apartment building or townhouse.

The Affordable Housing Contribution Rate is determined by multiplying the median strata dwelling price by 1.5% and dividing it by an approximation of the average unit size.

$$\text{Affordable Housing Contribution Rate (sqm/GFA)} = \frac{\text{Median Strata Dwelling Price} \times 1.5\%}{\text{Average Unit Size}}$$

- Median Strata Dwelling Price is based on the current DCJ Rent and Sales Report (or if unavailable a similar credible data source)
- Average Unit Size was assumed to be 85sqm (This was based on an equal split between 1, 2, and 3 b





The affordable housing contribution to be paid by a development:

$$\text{Affordable Housing Contribution} = \text{Affordable Housing Contribution Rate} \times \text{GFA}$$

#### 6.1.2 Monetary equivalent for land subdivision

Land subdivision was assumed to have a lower monetary equivalent. A developer in the business of land subdivision seeks to sell land, and therefore has lower revenues than the built-form developer, as such 1.5% is a lower number when applied to revenue.

The proposed monetary equivalent approach sought to ensure that there was a reflection of land price. The Valuer-General releases land value reports for each LGA every year ([link to Blacktown example](#)). The total residential land value divided by the total number of residential properties provides an average value of land in the LGA. An average lot was assumed to be approximately 500sqm, we note that this is larger than the 378sqm reported in the UDIA 2023 State of the Land Report. This takes into account the use of net developable area (NDA) instead of net sellable area for the proposed calculation.

The following formula is recommended for calculating the contribution rate:

$$\text{Affordable Housing Contribution Rate} = \frac{\text{Property Zone (Total Land Value)}}{\text{Number of Properties in Zone} \times 500} \times 1.5\%$$

- Property Zone (Total Land Value) sourced from Valuer-General Land-Value Summaries (or similar)
- Number of properties in zone sourced from Valuer-General Land-Value Summaries (or similar)
- 500 represents a generous lot size for new residential subdivision development.

The affordable housing contribution to be paid by a development:

$$\text{Affordable Housing Contribution} = \text{Affordable Housing Contribution Rate} \times \text{NDA}$$

#### 6.1.3 Monetary equivalent for non-residential development

While a similar principle applies for non-residential development. It is substantially more challenging to determine a standard revenue for non-residential development because:

- Fewer aggregations of rents and transactions
- Lower stock turnover in Western Sydney to determine appropriate rates
- Highly sensitive to movements in macroeconomic trends
- Significant differences between sectors – industrial, commercial, retail

Furthermore, Western Sydney has a clear objective to grow jobs and economic activity in the region. To create a rate, with a need for a consistent and simple approach HillPDA considered three approaches

- Approach 1: Applying 1.5% of the end sale value of the property
- Approach 2: Applying 1.5% of the equivalent residential value
- Approach 3: Applying 1.5% of the average land value (similar to the subdivision approach above).

##### 6.1.3.1 Approach 1: End Sale Value

As discussed a 1.5% GFA dedication would be equivalent to 1.5% of revenue foregone for a residential development. Based on the forecast revenues detailed in Section 3.3, we consider that this would result on average in the following rates:

- Typical Commercial – \$100/sqm
- Typical Industrial – \$45/sqm



We consider the key limitation of this approach is that it is hard to regularly reset, will vary by exact typology, and it is difficult to reset due to much more sensitivity to macroeconomic movements than residential. Furthermore, there is less transaction evidence, which means the value would likely become a regular point of contention and difficult to escalate. Therefore, we consider an alternative, more appropriate approach would be to provide a consistent benchmark.

#### 6.1.3.2 Approach 2: Referenced to residential property

The second approach is similar to the approach used by the City of Sydney. In this approach, it is assumed that the non-residential floorspace needs to purchase residential floorspace on the market to dedicate 1.5% of GFA. That is a 4,000sqm GFA commercial building would need to purchase 60sqm of residential floorspace. It is assumed that this would be purchased on the open market. We recommend using the median price, consistent with the residential property approach. Box 1 outlines the approach used in the City of Sydney for non-residential development with results in a \$106.12/sqm contribution rate for non-residential property.

##### Box 1 – City of Sydney Approach

The City of Sydney Affordable Housing Contribution Scheme applies a 1% non-residential rate. The City of Sydney adopts the principle for non-residential property that it would be seeking to acquire property elsewhere in the LGA and therefore benchmarks against the median strata dwelling price in the City of Sydney. This removes the challenges related to fewer aggregations and stock-turnover by relating it to residential property. The equivalent rate is determined by the following formula:

$$1\% \times GFA \times \text{Median Strata Dwelling Price in City of Sydney LGA}$$

This approach is based on the idea of the equivalent cost of purchasing affordable housing in the LGA. The equivalent monetary contribution amount effective from 1 March 2023 to 29 February 2024 is \$10,611.53. This corresponds to \$106.12 per square metre.

If a 1.5% of GFA utilising the City of Sydney formula were applied in Western Sydney, then the following monetary rates in each of the LGA's would apply as detailed in Table below:

Table 12 Example applying City of Sydney Rate approach to Western Sydney at 1.5% contribution rate

LGA	Contribution Rate	Monetary Equivalent \$/sqm
Blacktown	1.5%	\$102
Blue Mountains	1.5%	\$105
Camden	1.5%	\$118
Campbelltown	1.5%	\$93
Fairfield	1.5%	\$80
Hawkesbury	1.5%	\$104
Liverpool	1.5%	\$88
Penrith	1.5%	\$96
Wollondilly	1.5%	\$80*
City of Sydney	1%	\$106.12

\*Wollondilly has insufficient strata sales with fewer than ten sold, therefore the lowest rate was adopted

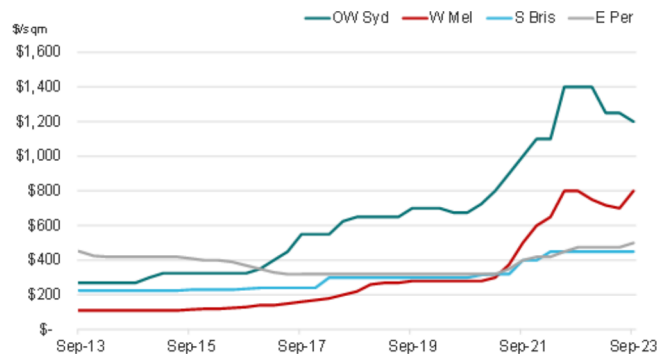
Source: HillPDA 2023 based on DCJ Rent and Sales Tables March 2023

In our opinion it is not reasonable for any region of Western Sydney to have a non-residential rate that is higher than the City of Sydney. The City of Sydney can command higher rents and values, and is already positioned as a key employment hub for the State. Furthermore, we consider these rates would place Western Sydney industrial land at a significant disadvantage compared to other precincts along the East Coast. There is highly limited industrial land in Sydney, Sydney is substantially more expensive than Brisbane and Melbourne (Figure 10).



Furthermore, rates ranging \$80-\$118 sqm results in between 6.67%-9.83% of revenue, which in principle would be a higher contribution for affordable housing.

**Figure 10: Industrial land values by capital city**



Source: JLL Research 2-5ha land values \*East Peth = 1ha, Dexis Research

Furthermore, we consider the differences in land values creates a need for a discount between residential and non-residential, we note in the City of Sydney the non-residential rate is one-third of the residential rate.

#### 6.1.3.3 Approach 3: Unimproved Land Vale

HillPDA have applied for Western Sydney the following calculation, to test an approach similar to that applied for subdivision:

$$\text{Affordable Housing Contribution Rate} = \frac{\text{Property Zone (Total Land Value)}}{\text{ELDM Total Land Area} \times 500} \times 1.5\%$$

The limitations in this approach are:

- Considers land value only
- Does not consider employment land in the centres
- Considers site area not GFA, so would need further adjustments

This resulted in a blended rate of \$20.89/sqm site area for land value only in Western Sydney. If land value was assumed to be half the value of the development and FSR was assumed to be 0.5:1 then the development would be approximately \$20/sqm GFA. Completing a detailed study of total value and GFA would be cost prohibitive for councils to complete regularly.

We did not adopt this approach because, we considered it would not apply to denser development, or development in town-centre locations effectively, and would be highly assumption driven when applied to built-form development.

#### 6.1.3.4 Recommended Approach

The most transparent approach would be to reference the contribution rate to the median residential development price. This would create consistency for the scheme, provide clarity as to the floorspace the non-residential development is providing to affordable housing, and is easy for councils to calculate and index.

The 1.5% equivalent rate is too high in reference to the development revenues that are achieved in non-residential development. Therefore, we recommend that the non-residential development is benchmarked at one fifth of the residential development rate, considering the percentage of end-sale revenue, the rate that has been determined in approach 2, as well as consideration that increased automation has increased sizes of



industrial development but would likely lower job densities. Thereby providing a level of adjustment to demand. In addition, this would support the competitiveness of Western Sydney, the principle that 1.5% of revenue is provided for affordable housing, and a consistent benchmark for Western Sydney.

Therefore, we recommend an affordable housing contribution rate of 0.3% of residential GFA for non-residential development.

The recommended formula for a non-residential development contribution rate is as follows:

$$\text{Affordable Housing Contribution Rate (sqm/GFA)} = \frac{\text{Median Strata Dwelling Price} \times 0.3\%}{\text{Average Unit Size}}$$

- Median Strata Dwelling Price is based on the current DCJ Rent and Sales Report (or if unavailable a similar credible data source)
- Average Unit Size was assumed to be 85sqm

The affordable housing contribution to be paid by a development:

$$\text{Affordable Housing Contribution} = \text{Affordable Housing Contribution Rate} \times \text{GFA}$$

The affordable housing contribution to be paid by a mixed-use development is blended and calculated through the following formula:

$$\text{Affordable Housing Contribution} = \text{AHC Rate}_{\text{Res}} \times \text{GFA}_{\text{Res}} + \text{AHC Rate}_{\text{Non-Res}} \times \text{GFA}_{\text{Non-Res}}$$

## 6.2 Equivalent Monetary Rates

These calculations result in the following rates based on the most recent release of the DCJ Rent and Sales Report and Valuer-General LGA Land Value Reports:

Table 13 Equivalent Monetary Rates to be applied in each LGA

LGA	Median Strata Price	Monetary Equivalent for Residential built form \$/sqm GFA	Example for residential subdivision \$/ha NDA	Discounted Equivalent for Non-Residential \$/sqm GFA
Blacktown	\$612,000	\$102	\$210,000	\$20
Blue Mountains	\$630,000	\$105	\$170,000	\$21
Camden	\$705,000	\$118	\$220,000	\$24
Campbelltown	\$559,000	\$93	\$190,000	\$19
Fairfield	\$482,000	\$80	\$240,000	\$16
Hawkesbury	\$625,000	\$104	\$200,000	\$21
Liverpool	\$528,000	\$88	\$240,000	\$18
Penrith	\$575,000	\$96	\$200,000	\$19
Wollondilly	Insufficient data	\$80*	\$210,000	\$16

\* Where insufficient data have adopted the lowest rate

Source: HillPDA 2023, DCJ 2023, Valuer-General 2023

## 6.3 Indexation

Indexing monetary equivalent contribution rates would be critical to the success of the plan. Appropriate indexation ensures that the monetary values remain real. The recommended approach to indexation is:

- DCJ Rent and Sales Report – Provides quarterly updates on the change in the median strata dwelling price. It is suggested that this is used as an index, because it is published by state government based on NSW data, has been successfully adopted by the City of Sydney, and has simplicity. When a new iteration of the report is released the value of the median strata dwelling price will be updated in the rate calculation formula. This will index the rates for residential built-form and non-residential contributions.
- Valuer-General Land Value– The Valuer-General releases new land value reports each year. As these reports are released, then the calculation for the residential subdivision rates would be adjusted with



updated Total Land Value for the residential property zone, and the total number of properties in the residential property zone. This would provide the indexation approach for residential subdivision. Contribution rates.

Where these reports are no longer available then other similar reports or residential price data could be used including change in median dwelling prices as reported by CoreLogic.



## 7.0 CONCLUSION

### 7.1 The proposed contribution rates are generally viable and a lead-in time is recommended

HillPDA tested the viability of the affordable housing contribution schemes using a residual land value model. Overall, we found that there is a manageable impact for development that is already viable. This is because:

- Prudent development margins and contingencies can absorb slight shifts in costs and revenues, the impact of an affordable housing contribution if it commenced immediately would be approximately a 1.5% decline in development margin or residual land value
- However, flagging the intention to introduce a scheme early allows for developers to consider the acquisition of the site in land acquisition, thereby adjusting the amount they are willing to pay. Our analysis shows that the residual land value would generally be able to absorb the contributions over a three year period.
- Prudent developers would have expected the introduction of an affordable housing contribution scheme, noting affordable housing contributions in Western Sydney were raised in the draft District and Regional Plan released in late 2017 and confirmed in the District Plan released in March 2018. These were in the range of 5-10% of uplift subject to viability. These were further confirmed by the LHS Approval Letters issued by the Department of Planning and Environment in 2021 and 2022, which required each Council to prepare an affordable housing contribution scheme to give effect to the District Plan targets.

Viable development in Western Sydney generally remains viable if the proposed affordable housing contribution rate were adopted. Our testing found that industrial development could immediately absorb the additional costs of the contribution rates, noting significant recent industrial rent and sales price escalation. While other non-residential sectors were more challenged, it was possible that staging in the introduction of the contribution over time would provide those developers time to adjust and achieve development viability.

While the contribution rates were generally viable, some developers that are operating on the margins of a viable development may be less well-placed to absorb shocks such as the introduction of the affordable housing contribution scheme. Hence, a three-year transition provides more than sufficient time for a developer that has recently acquired (or will recently acquire) a site to secure a development approval and commencement development, thereby avoiding the impact of the contribution. Some developers may choose not to take up the opportunity to seek a development approval and land-bank a site for several years. That is a business decision that they would have made knowing that the contribution is coming into effect.

As developers seek to purchase land at market rates, and their ability to pay is based on ensuring that there is a viable development, this transition period will give the market time to adjust. It is likely residual land values would need to adjust to accommodate this change. Major developers and market analysts expect price growth over the coming years, which means that within three years residual land value increases (due to other factors) could likely absorb the impact of the proposed contributions.

Where development is not currently viable, the imposition of the affordable housing contribution scheme does not help make the development viable, but it does not compromise the viability. In addition, areas which are not viable, may eventually become viable as affordability pressures, changing demographics, and state or local government interventions such as transport, placemaking, or rezoning occur. The introduction of the broad-based scheme ensures that affordable housing is considered when these areas or typologies are developed, ensuring that the contributions are viable. Therefore, HillPDA recommends the broad application of the scheme across development in Western Sydney.



## 7.2 Monetary equivalent rates and indexation

In general, HillPDA have applied the principle that 1.5% of floorspace dedicated to affordable housing is equivalent to the forgone revenue of that floorspace. There are three suggested formulas taking into account the unique differences of each development types

- Residential Development – 1.5% of the median residential strata dwelling price in the applicable LGA.
- Residential Subdivision – 1.5% of the average residential unimproved land value in the applicable LGA.
- Non-Residential Development – 0.3% of the median residential strata dwelling price in the applicable LGA.

This resulted in the following recommended contribution rates:

LGA	Median Strata Price	Monetary Equivalent for Residential built form \$/sqm GFA	Example for residential subdivision \$/ha NDA	Discounted Equivalent for Non-Residential \$/sqm GFA
Blacktown	\$612,000	\$102	\$210,000	\$20
Blue Mountains	\$630,000	\$105	\$170,000	\$21
Camden	\$705,000	\$118	\$220,000	\$24
Campbelltown	\$559,000	\$93	\$190,000	\$19
Fairfield	\$482,000	\$80	\$240,000	\$16
Hawkesbury	\$625,000	\$104	\$200,000	\$21
Liverpool	\$528,000	\$88	\$240,000	\$18
Penrith	\$575,000	\$96	\$200,000	\$19
Wollondilly	Insufficient data	\$80*	\$210,000	\$16

\* Where insufficient data have adopted the lowest rate

Source: HillPDA 2023, DCJ 2023, Valuer-General 2023

This approach means that the rates are indexed to changes in the median residential strata dwelling price and residential unimproved land value.

## 7.3 Answering the study questions

WSPP asked HillPDA to answer four questions:

- Is a contribution scheme viable?
- When would be a sufficient transition period for introduction?
- How to convert floor area equivalence into a monetary equivalent?
- How to index the monetary equivalent?

HillPDA has concluded that the proposed contribution scheme is viable. It would be best to provide an approximately three-year transition period with the scheme coming into effect in 2027. The monetary equivalent contributions will be based on 1.5% of the median dwelling price for built-form development, 0.3% of the median dwelling price for non-residential development, and 1.5% of the unimproved land value for residential subdivision. The median dwelling price and unimproved land value will be updated regularly to ensure the scheme is indexed to current rates.



## APPENDIX A : SUPPORTING INFORMATION

### A.1 Market Revenue

HillPDA have undertaken market research for the different testing typologies. The market research was sourced from off the plan and new sales from domain.com.au, realestate.com.au and CoreLogic. Where no recent evidence existing HillPDA have made a value judgement based on comparable markets. The following \$/sqm rates have been applied in the modelling.

Table 14: Revenue rates based on OTP sales and new apartments sales

LGA	Type	Revenue range (\$/sqm NSA)	Adopted Revenue (\$/sqm NSA)
Town centre	Townhouse	\$5,500-6,000	\$6,000
Local centre	Townhouse	\$6,500-7,000	\$6,500
Suburban	Townhouse	\$6,500-7,000	\$6,500
Growth Area	Townhouse	\$6,000-7,000	\$7,000
Local Centre	Townhouse	\$5,000-5,500	\$4,988
Strategic Centre	Apartment (3-5 Storey)	\$7,500-8,000	\$7,363
Metropolitan Centre	Apartment (3-5 Storey)	\$9,000-9,500	\$8,788
Local Centre	Apartment (3-5 Storey)	\$6,750-7,250	\$6,650
Suburban	Apartment (3-5 Storey)	\$7,250-7,750	\$7,125
Suburban	Apartment (3-5 Storey)	\$6,500-7,000	\$6,413
Suburban	Apartment (3-5 Storey)	\$7,000-7,500	\$6,888
Growth Area	Apartment (3-5 Storey)	\$8,000-9,000	\$8,075
Strategic Centre	Apartment (3-5 Storey)	\$7,500-8,000	\$7,363
Metropolitan Centre	Apartment (3-5 Storey)	\$8,000-9,000	\$8,075
Growth Area	Apartment (3-5 Storey)	\$9,000-9,500	\$8,788
Town Centre	Apartment (6-10)	\$9,000-9,500	\$8,788
Town centre	Apartment (6-10)	\$9,500-10,000	\$9,310
Metropolitan Centre	Apartment (10-15)	\$10,500-11,000	\$10,213
Metropolitan Centre	Apartment (10-15)	\$9,250-9,750	\$9,025
Local Centre	Apartment (10-15)	\$6,500-7,000	\$6,413
Strategic Centre	Apartment (10-15)	\$9,000-9,500	\$8,788
Strategic Centre	Apartment (10-15)	\$10,250-10,750	\$9,975
Suburban	Dual occupancy	\$6,750-7,250	\$6,650
Suburban	Dual occupancy	\$5,500-6,000	\$5,463
Suburban	Dual occupancy	\$6,750-7,250	\$6,650
Growth Area	Dual occupancy	\$6,250-7,250	\$6,413
Growth Areas	Subdivision	\$1,250	\$1,250
Growth Areas	Subdivision	\$1,600	\$1,550
Growth Areas	Subdivision	\$1,800	\$1,650

Source: HillPDA market research, Domain.com.au, Realestate.com.au, RPDData





The following details the median house price in the relative to the median strata price. This gives an indication of what sites would need to be acquired for vs apartments would be sold for. The following strata prices however include townhouse, dual occ, apartments and all strata typologies and does not factor in the proportion of the typologies.

Table 15: Median prices for House and Strata by locality

Loc	Property Locality	LGA	Median House	Median Strata	Strata to house Index
Greenfield	Tahmoor	Wollondilly	\$775,000	\$625,000	0.81
Infill	Blaxland	Blue Mountains	\$1,000,000	\$727,500	0.73
Town Centre	Minto	Campbelltown	\$823,500	\$590,000	0.72
Infill	Katoomba	Blue Mountains	\$812,000	\$550,000	0.68
Greenfield	Schofields	Blacktown	\$1,163,000	\$640,000	0.55
Infill	St Marys	Penrith	\$800,000	\$605,000	0.76
Town Centre	Richmond	Hawkesbury	\$848,500	\$635,000	0.75
Greenfield	Oran Park	Camden	\$1,058,950	\$789,000	0.75
Town Centre	Oran Park	Camden	\$1,058,950	\$789,000	0.75
Town Centre	Bonnyrigg	Fairfield	\$867,500	\$640,000	0.74
Town Centre	Campbelltown	Campbelltown	\$790,000	\$520,000	0.66
Town Centre	Fairfield heights	Fairfield	\$1,000,000	\$650,000	0.65
Infill	Liverpool	Liverpool	\$920,000	\$480,000	0.52
Town Centre	Mount Druitt	Blacktown	\$840,000	\$420,000	0.50
Town Centre	Canley Heights	Fairfield	\$980,000	NA	NA
Town Centre	Seven Hills	Blacktown	\$944,750	\$650,000	0.69
Town Centre	Campbelltown	Campbelltown	\$790,000	\$520,000	0.66
Town Centre	Penrith	Penrith	\$856,000	\$530,000	0.62
Town Centre	Liverpool	Liverpool	\$920,000	\$480,000	0.52
Town Centre	Rouse Hill	Blacktown	\$1,392,500	\$685,000	0.49
Town Centre	Leppington	Liverpool	\$1,165,000	\$540,000	0.46
Town Centre	Bossley Park	Fairfield	\$1,050,000	NA	NA
Infill	Riverstone	Hawkesbury	\$1,010,000	\$865,000	0.86
Greenfield	Denham Court	Liverpool	\$1,055,000	\$859,000	0.81
Infill	Moorebank	Liverpool	\$1,120,000	\$810,000	0.72
Greenfield	Macquarie Fields	Campbelltown	\$832,500	\$540,000	0.65
Greenfield	Wilton	Wollondilly	\$1,005,000	\$740,000	0.74
Greenfield	Glenmore Park	Penrith	\$1,005,000	\$697,500	0.69
Greenfield	Austral	Liverpool	\$880,000	\$580,000	0.66

Source:



## A.2 Fees and contributions

Table 16: Adopted fees and contribution rates

Fid	Centre type	Type	Parking rate (avg)	Contribution	Contribution rate	SIC (\$/dwelling)	H&P (\$/dwelling)	Sydney Water DSP (rate)	Sydney Water DSP (\$)
11	Town centre	Townhouse	1.0	7.12	1%	-	-	\$868	\$8,191
9	Local centre	Townhouse	1.2	7.12	1%	-	-	\$4,826	\$23,163
	Suburban	Townhouse	1.2	7.12	1%	-	-	\$4,826	\$18,530
13									
10	Growth Area	Townhouse	2.4	HillIPDA value	2%	15,426	-	\$2,366	\$21,684
14	Local Centre	Townhouse	2.2	7.11	\$19,657	-	-	\$820	\$7,518
8	Strategic Centre	Apartment (3-5 Storey)	1.4	7.11	\$6,724	-	-	\$2,366	\$50,194
7	Metropolitan Centre	Apartment (3-5 Storey)	1.8	7.12	2%	-	-	\$868	\$14,463
17	Local Centre	Apartment (3-5 Storey)	1.4	7.12	1%	-	-	\$13,127	\$192,748
6	Suburban	Apartment (3-5 Storey)	1.3	7.11	16,777	-	-	\$868	\$18,079
26	Suburban	Apartment (3-5 Storey)	1.3	7.11	9,489	-	-	\$868	\$37,224
27	Suburban	Apartment (3-5 Storey)	1.3	7.11	16,777	-	-	\$868	\$21,502
15	Growth Area	Apartment (3-5 Storey)	1.2	7.11	9,804	250,577	-	\$4,826	\$204,721
28	Strategic Centre	Apartment (3-5 Storey)	1.6	HillIPDA value	2%	-	-	\$2,366	\$59,619
24	Metropolitan Centre	Apartment (3-5 Storey)	1.3	7.12	1%	-	-	\$868	\$23,010
25	Growth Area	Apartment (3-5 Storey)	1.2	7.11	9,804	250,577	-	\$4,826	\$136,480
22	Town Centre	Apartment (6-10)	1.4	7.12	1%	-	-	\$868	\$25,233
23	Town centre	Apartment (6-10)	1.6	HillIPDA value	2%	-	-	\$967	\$34,201
3	Metropolitan Centre	Apartment (10-15)	1.4	7.11	\$6,724	-	-	\$4,826	\$127,950
1	Metropolitan Centre	Apartment (10-15)	1.8	7.12	2%	-	-	\$868	\$23,141
2	Local Centre	Apartment (10-15)	1.3	7.11	9,489	-	-	\$868	\$6,508
4	Strategic Centre	Apartment (10-15)	1.8	7.11	-	250,577	-	\$4,826	\$179,131

# HillPDA

<b>5</b>	Strategic Centre	Apartment (10-15)	1.6	HillPDA value	2%	15,426	10,000	\$1,811	\$57,618
<b>19</b>	Suburban	Dual occupancy	2.0	7.11	15,759	-	12,000	\$868	\$5,424
<b>20</b>	Suburban	Dual occupancy	1.0	7.12	1%	-	12,000	\$868	\$9,779
<b>21</b>	Suburban	Dual occupancy	2.0	7.11	-	-	12,000	\$868	\$10,354
<b>18</b>	Growth Area	Dual occupancy	2.0	7.12	1%	15,426	12,000	\$2,366	\$28,234
<b>16</b>	Growth Areas	Subdivision		7.11	\$85,000	-	12,000	\$11,036	\$331,094
<b>29</b>	Growth Areas	Subdivision		7.11	\$85,000	-	12,000	\$4,826	\$144,767
<b>30</b>	Growth Areas	Subdivision	1.0	7.11	\$85,000	250,577	12,000	\$4,826	\$144,767

Source: HillPDA analysis



### A.3 Construction costs

Table: Benchmark construction costs

	\$/sqm	Average size GFA (sqm)	\$/unit (avg)
Townhouse	2,800	125sqm	350,000
Apartment 3-5 Storey	3,000	90sqm	270,000
Apartment 6-10 Storey	3,200	90sqm	288,000
Apartment 10-15 Storey	3,800	90sqm	342,000
Dual Occupancy	2,900	120sqm	348,000

Source: Rawlinson's Construction Handbook 2023



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# Western Sydney Affordable Housing Contribution Scheme DISTRIBUTION PLAN

DRAFT  
October 2023

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# 1 INTRODUCTION

## 1.1 Purpose

This Distribution Plan (the Plan) sets out the operational policy for how contributions received under the Regional Affordable Housing Contribution Scheme (the Scheme) are to be distributed to *Eligible Affordable Housing Providers* under commissioning arrangement for the delivery of affordable housing.

This Plan must be consistent with the provisions of the adopted Scheme.

The Plan is a non-statutory operational policy of the local councils included in the Scheme for the administration and governance of a regional approach to delivery of affordable housing. For the Plan to be in force for each local council participating in the Scheme it must be adopted by formal resolution by each participating local council.

The local councils included in the Scheme are:

- Blacktown City Council
- Blue Mountains City Council
- Camden Council
- Campbelltown City Council
- Fairfield City Council
- Hawkesbury City Council
- Liverpool City Council
- Penrith City Council, and
- Wollondilly Shire Council.

This Distribution Plan may be amended from time to time without requiring amendment of the Scheme or the relevant Environmental Planning Instrument. Amendments to the Distribution Plan require agreement by formal resolution of all local councils participating in the Scheme.

The Distribution Plan will be made available electronically on participating council websites to accompany the Scheme.

This Distribution Plan is effective from XX XX XXX

## 1.2 Principles

The principles guiding the Plan include:

- efficient and effective delivery and management in-perpetuity of quality affordable rental housing supply in Western Sydney for very low, low and moderate income households
- cooperation between Western Sydney local councils to distribute affordable housing contributions through a regional approach, in partnership with NSW Department of Communities and Justice (DCJ - to be Homes NSW)



- delivery, ownership, and management of affordable housing utilising the expertise and resources of the Community Housing Sector and NSW Government housing providers and the regulatory framework established under the Community Housing Providers Act 2012.
- amplification of the overall supply of affordable housing through distribution approaches that are competitive and leverage external financing and/or land assets, and
- transparent reporting on the collection, management, and expenditure of contributions as per the intent of the Scheme.

### 1.3 Governance

A Distribution Plan Committee will be formed by the Western Sydney Planning Partnership Control Group to monitor regional implementation of the Plan and to make recommendations to participating councils on any proposed amendments to the Plan.

This will involve:

- a Senior Officer from each local council participating in the Scheme being a member of the Committee
- meetings being held on an ad-hoc basis to review and monitor the regional arrangements established under the Plan
- recommendations from the Committee to participating councils being first unanimously adopted by all Committee members, and
- recommendations from the Committee being reported to local councils to consider by formal resolution where these involve amendments to the Plan.

## 2 MANAGEMENT OF CONTRIBUTIONS

### 2.1 Use of contributions

As per the Scheme:

*Each Council will collect contributions from development in accordance with this Scheme and will ensure that these funds and any interest that is accrued are used for the purpose of affordable housing including: the reasonable costs for the administration and review of the Scheme, and the reasonable costs for the administration of the commissioning process that is required to support delivery<sup>1</sup>.*

For the purposes of this Plan, affordable housing is as defined under State Environmental Planning Policy (Housing) 2021, namely:

- housing for very low, low or moderate income households where no more than 30% of gross income is paid in rent, or
- housing for households eligible to occupy rental accommodation under the National Rental Affordability Scheme where the rent is no more than the rent that would be charged if the household was to occupy rental accommodation under that scheme.

<sup>1</sup> WSPP (2023) 'Draft Affordable Housing Contributions Scheme'

Contributions collected for affordable housing under the Scheme may be used for the following purposes:

- capital costs incurred in the delivery of affordable housing including the design, approval, and construction of affordable housing dwellings
- capital costs incurred in the acquisition of land for affordable housing, and
- capital costs incurred in the provision of any supporting infrastructure directly related to the provision of affordable housing required under a development consent.

Consistent with the Scheme, and where reasonable and justifiable, affordable housing funds may also be used for administration or review of the Scheme and this Plan. This may include the following:

- preparation and review of the Scheme, including studies that support the review and update of the contributions rates
- preparation, monitoring, and review of the Plan
- meeting the reasonable costs of individual local councils incurred in the financial and legal management of contributions, including the transfer as part of the commissioning process of funds to eligible affordable housing providers
- meeting the costs of managing contributions made in the form of land, including the transfer as part of the commissioning process of land to eligible affordable housing providers
- costs associated with the administration of the sub-region commissioning process, including the preparation of partnership agreement with DCJ, seeking and evaluating expressions of interest (including undertaking due diligence) and entering into legal agreements with eligible affordable housing providers
- costs incurred by DCJ in administration of the commissioning process, and
- other reasonable costs required to ensure the efficient and effective administration of the Scheme, including this Plan, and the delivery of affordable housing by eligible affordable housing providers.

## 2.2 Collection of contributions

Each local council in the Scheme will be responsible for the imposition of conditions of consent on development for the collection of affordable housing contributions as per the Scheme, and the collection and management of these contributions.

*Each Council will retain ownership of contributions until they are transferred to an eligible affordable housing provider<sup>2</sup>.* This would include:

- in the case of the financial contributions, each local council in the Scheme will maintain a separate restricted fund for affordable housing contributions
- any interest accruing to a local council from these contributions will be retained in the fund for use in providing affordable housing

<sup>2</sup> WSPP (2023) 'Draft Affordable Housing Contributions Scheme'

- land can only be contributed in lieu of a monetary contribution where it is evaluated by both DCJ and councils within the relevant sub-region as being suitable for the delivery of affordable housing, including in terms of location and supporting infrastructure, and where this is likely to deliver at least an equivalent affordable housing delivery outcome to that which would have been delivered through a monetary contribution.
- In the case of land contributions, any revenue received by local councils from the interim use of such land pending its use as affordable housing where this is in excess of land holding costs, is to be paid into the fund for affordable housing contributions, and
- local councils will manage and report on these funds, including the transfer of funds to eligible housing providers, as part of their annual report.

### 2.3 Transfer of funds to eligible affordable housing providers

Transfer of contributions from a local council to an eligible affordable housing provider will occur as a result of the commissioning process described in this Plan. Local councils will transfer funds directly to the eligible affordable housing provider once DCJ has entered into a suitable agreement to deliver affordable housing with the housing provider.

Where the agreement is with a community housing provider (CHP):

- DCJ will enter into a Community Housing Assistance Agreement (CHAA) which will, amongst other matters:
  - specify the location, type, number, and quality of affordable housing dwellings to be delivered, and
  - provide for DCJ to require the placing of a restriction on title to ensure the provision of affordable housing in perpetuity.
- DCJ will ensure compliance by the CHP with the terms of the CHAA, and
- the CHP will be the owner of any affordable housing asset delivered pursuant to a CHAA.

Where affordable housing is to be delivered by a NSW Government housing provider:

- DCJ and the NSW Government housing provider will enter a binding and perpetual contract stipulating the location, number, type, and quality of affordable housing to be delivered, and
- the NSW Government housing provider will be the owner of any affordable housing asset delivered pursuant to the contract entered with DCJ.

In the case where land is dedicated in lieu of a monetary contribution for affordable housing:

- the development of the dedicated land for affordable housing will be considered through the commissioning process identified in this Plan
- the value of land to be dedicated will be taken to have the same value as the monetary contribution that would otherwise have been made, irrespective of any changes in land value which may have occurred between its dedication and its commissioning for affordable housing delivery
- where the land is to be provided by a NSW Government housing provider to augment the delivery of affordable housing by those providers under the Scheme, its market value will be treated for bid evaluation purposes as though a leveraged third-party contribution, in the same

way that CHP-leveraged funding under through the National Housing Finance and Investment Corporation and other affordable housing funding schemes would be evaluated, and

- where a participating local council determines to dedicate suitable land to facilitate the delivery of affordable housing under the Scheme, the council will be entitled to a monetary contribution from its affordable housing fund equal to the market value of the land at the time of dedication.

### 3 SUB-REGIONAL POOLING

#### 3.1 Sub-regional pooling

As per the Scheme:

*Distribution of contributions collected under this Scheme will be through these contributions being pooled for use across a sub-regional grouping of LGAs, instead of being limited to distribution in the source LGA.*

*These pooled contributions can be allocated to affordable housing projects located within the boundaries of the sub-region from which the contributions were collected, including in the adjoining LGA from where the contribution was collected.*

*This approach will allow sub-regional groups of local councils to gain economies of scale and greater flexibility in the delivery of affordable rental housing<sup>3</sup>.*

Sub-regional pooling of funds enhances opportunities for securing suitable sites and projects and increases the scale of contributions available to eligible affordable housing providers.

The distribution of the funds for each sub-region for affordable housing delivery by eligible affordable housing providers will be through the commissioning process described in this Plan.

Key fund distribution arrangements are as follows:

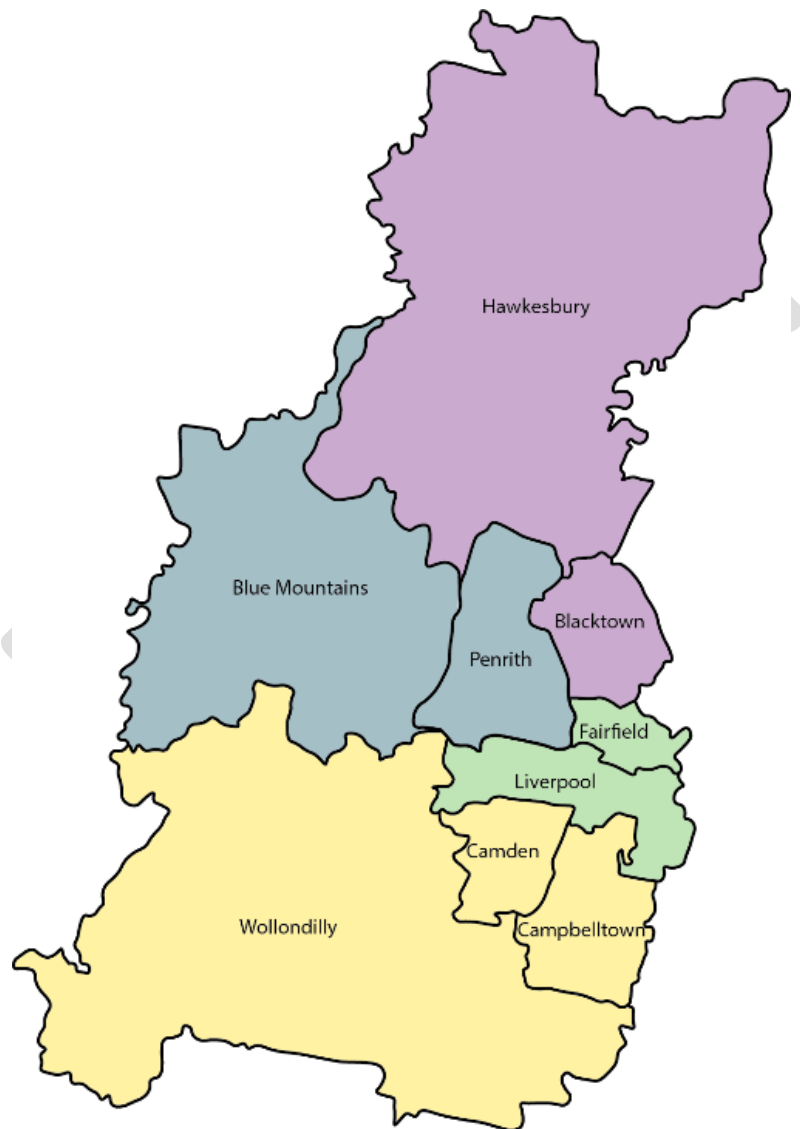
- local councils do not transfer funds into a sub-regional pool 'account' or to DCJ but instead manage their funds until the commissioning process has selected eligible housing providers and CHAAs or DCJ/NSW Government housing provider contracts are in place
- once providers have been selected and CHAAs or contracts are in place, local councils will transfer affordable housing funds or land directly to the selected eligible housing providers
- each local council will provide a report on the available contributions that can be distributed for the sub-region prior to each commissioning processes commencing for that sub-region
- subject to available contributions and market factors, there will be at least one annual commissioning round seeking expressions of interest and proposals for the delivery of affordable housing for each of the sub-regions
- the criteria for evaluating which eligible housing provider expressions of interest and proposals will be funded are outlined in this Plan, and
- this includes encouraging the proportionate distribution of affordable housing across a sub-region relative to the quantum of contributions collected per LGA.

<sup>3</sup> WSPP (2023) 'Draft Affordable Housing Contributions Scheme'

### 3.2 Sub-regional groups of LGAs

The sub-regional groups of LGAs under this Scheme are:

- Blacktown City and Hawkesbury City councils LGAs
- Blue Mountains City and Penrith City councils LGA
- Liverpool City and Fairfield City councils LGAs
- Camden, Campbelltown City, and Wollondilly Shire councils LGAs.



*Map - Sub-regional groupings of LGAs for 'pooling' of contributions for distribution*

## 4 COMMISSIONING

### 4.1 Commissioning of affordable housing delivery

As per the Scheme:

*Each local council participating in the Scheme will enter into a partnership agreement with NSW Department of Communities and Justice to manage the commissioning process for eligible affordable housing providers.*

*A commissioning process will be established for each sub-region of LGAs as identified in the Distribution Plan.*

*The timing for expressions of interest rounds for the commissioning process will be identified in the Distribution Plan<sup>4</sup>.*

DCJ will work with local councils to lead the commissioning process to select eligible housing providers to deliver affordable housing under the Scheme. The key features of the commissioning process are as follows:

- partnership agreements will be entered into between each participating local council and DCJ to authorise DCJ to be the agent for commissioning affordable housing delivery on behalf of the councils
- a separate commissioning process will be undertaken by DCJ for each of the four sub-regions
- subject to available contributions and market factors, it is intended there be at least one annual round seeking expressions of interest and proposals for the delivery of affordable housing for each of the sub-regions, with this to occur following the release by councils of their annual report early in the financial year
- each council is to inform DCJ of the affordable housing contribution funds they have available for sub-regional pooling
- DCJ will commence the sub-regional commissioning process through a call for expressions of interest from eligible affordable housing providers
- the EoI process will be managed by DCJ, including guidance developed in consultation with local councils on what matters need to be addressed by housing providers in an EoI
- DCJ will convene an evaluation panel for each sub-region to assess EoIs comprising senior representatives from each local council within that sub-region
- short-listed EoI applicants will be invited by DCJ to submit proposals, with the sub-regional evaluation panels evaluating proposals to select which eligible housing providers will be asked to deliver affordable housing in that sub-region
- DCJ will then negotiate and enter into CHAAs for CHPs or contracts with NSW Government housing providers and will then enforce compliance by the provider with those agreements and contracts
- local councils will transfer the required affordable housing contributions funds or land assets directly to the selected housing providers once agreements and/or contracts are in place

<sup>4</sup> WSPP (2023) 'Draft Affordable Housing Contributions Scheme'

- DCJ will be the final arbiter on the selection of eligible housing providers in the event that unanimous agreement cannot be reached by an evaluation panel
- evaluation panels may seek expert advice to assist in their deliberations, including financial, legal and probity advice where required
- the reasonable administrative costs incurred by DCJ and local councils through the commissioning process, including the costs of procuring expert advice, are to be met from affordable housing contribution funds, and
- DCJ will report to councils on progress against milestones for delivery of affordable housing as provided for under CHAAs or NSW Government housing provider contracts.

The flow chart below provides an example of the potential role of DCJ, councils and housing providers in the commissioning process (flow chart is from DCJ for regional councils and would be varied for this distribution plan).

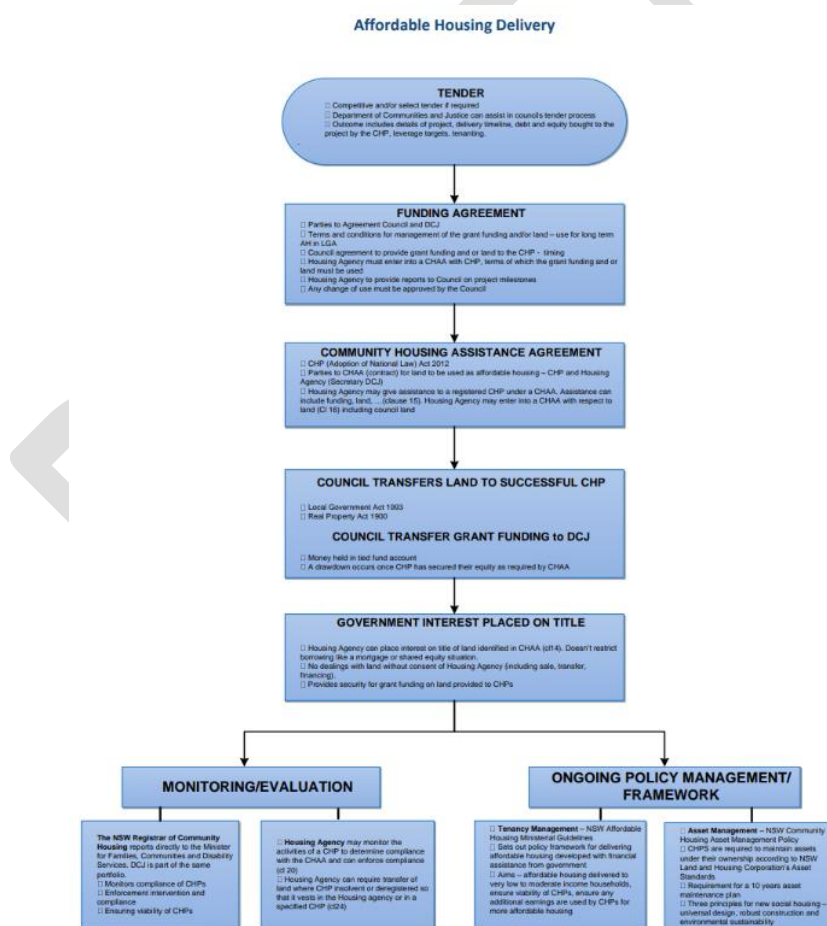


Figure – NSW DCJ example delivery process

*This commissioning process will allow eligible affordable housing providers to submit Expressions of Interest to deliver affordable housing by utilising contributions that have been collected through this Scheme<sup>5</sup>.*

DCJ, in consultation with local councils, will specify the matters that eligible affordable housing providers will need to address in an EoI. This will include:

- for a CHP, ability, and likelihood to leverage funding from third-party sources to augment affordable housing contributions
- for NSW Government housing providers, capacity to contribute land or other capital to offset affordable housing delivery costs
- commitment to in-perpetuity provision of affordable housing under the Scheme
- evidence of expertise and experience in designing, constructing, managing, and maintaining affordable housing
- evidence of capacity to deliver affordable housing which meets location, typology, quality, and delivery timing, and
- commitment and capacity to build to a high quality and level of amenity, with best-practice energy efficient design and standards to minimise environmental impact and reduce operational costs.

*The commissioning process for affordable housing delivery will prioritise the allocation of contributions on a competitive basis, based on assessment criteria, for evaluation of expressions of interest, which are identified in the Distribution Plan<sup>6</sup>.*

Criteria for the evaluation of EoIs and proposals will also have regard to the principles in SEPP (Housing) 2021 including:

- extent of contribution to the creation of mixed and balanced communities
- extent of contribution to creation of a socially diverse residential population representative of all income groups
- availability of affordable housing for very low, low and moderate income groups at an appropriate rate of gross household income
- extent to which the housing is appropriate for meeting the needs of more vulnerable members of the community including the elderly and people with a disability
- level of consistency with construction standards of other dwellings in the locality to reflect and enhance the locality
- mitigation of loss of existing affordable rental housing, and
- avoidance or mitigation of adverse climate and environmental impacts.

<sup>5</sup> WSPP (2023) 'Draft Affordable Housing Contributions Scheme'

<sup>6</sup> WSPP (2023) 'Draft Affordable Housing Contributions Scheme'



*The commissioning of affordable housing will consider the principles for the location of affordable housing as set out in the Distribution Plan<sup>7</sup>.*

Evaluation of EoIs and proposals for the delivery of affordable housing will also be assessed against locational criteria which prioritise locations that are accessible and have an identified affordable housing need. Specifically, affordable housing projects are to prioritise the location of dwellings in accordance with the following criteria:

- locations with high numbers of very low, low and moderate income employees, such as service centres or 'keyworker' precincts (e.g., hospitals)
- areas well-serviced by public transport, being no more than 800m from a train station or 400m from a bus stop, unless it can be demonstrated that other suitable transport options are available or will be available in the future
- areas with access to open space and social infrastructure (including schools, libraries, and community centres) or proposed social infrastructure and open space, and
- avoidance of highly constrained areas or areas subject to significant environmental hazards, including high flood and significant bush fire risk.

Finally, the commissioning process is to account for the proportion of affordable housing contributions collected at the individual LGA-level across sub-regions. Specifically:

- delivery of affordable housing under the scheme, while considering locational priorities at a sub-regional level, must also have regard to the extent to which affordable housing is delivered equitably across each of the participating local councils based on the quantum of affordable housing contributions each local council contributes to the sub-regional pool.

*Transfer of contributions (including financial and/or land contributions) from a Council to an eligible affordable housing provider will be undertaken after the NSW Department of Communities and Justice has entered into a Community Housing Assistance Agreement (CHAA) or similar agreement with the provider following the commissioning process.*

*This CHAA will ensure that the funds will be used for Affordable Housing consistent with the requirements of this Scheme<sup>8</sup>.*

The objectives of DCJ in entering a CHAA are to:

- support the growth of CHPs and increase supply of affordable rental accommodation
- enable CHPs to strategically manage assets to best meet future housing and resident needs, and
- provide a secure asset base for CHPs to leverage additional finance for investment in affordable housing.

CHAAs provide for CHPs to receive assistance to deliver affordable housing. Pursuant to the Scheme, this will take the form of affordable housing monetary, or land contributions transferred from local councils to the CHP.

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<sup>7</sup> WSPP (2023) 'Draft Affordable Housing Contributions Scheme'

<sup>8</sup> Id

CHPs may also access other assistance under a CHAA, including assistance provided under the National Rental Affordability Scheme.

CHAAs consist of a set of common terms and a list of affordable housing policies. CHPs must comply with those terms and policies and CHAAs are binding on CHPs.

To enter into a CHAA, CHPs must be registered under the National Regulatory System for Community Housing as prescribed by the *NSW Community Housing Providers (Adoption of National Law) Act 2012*. Failure of a CHP to comply with a CHAA may be cause for a review of their registration status.

CHPs must allocate affordable housing in accordance with the NSW Affordable Housing Ministerial Guidelines. Amongst other matters, when making an allocation a CHP should balance the needs of households in housing stress with the requirement to generate sufficient income to meet finance and other operating costs.

## 4.2 Eligible affordable housing providers

*Eligible affordable housing providers are defined in this section<sup>9</sup>.*

Housing providers that can seek contributions to deliver and manage affordable housing are both the community housing sector providers and the NSW Government housing providers.

DCJ has the key NSW Government role in the delivery of affordable rental housing.

- DCJ works with the private, not-for-profit sector and local government to broker partnerships to deliver affordable housing including through the National Rental Affordability Scheme, Social and Affordable Housing Fund and a range of other projects and programs
- This occurs under the legislative framework provided by the Housing Act 2001 and the Community Housing Providers (Adoption of National Law) Act 2012 (CHP Act).
- The objects of the CHP Act include:
  - facilitating government investment in the community housing sector
  - ensuring protection of that investment
  - ensuring community housing is developed as viable and diversified, and
  - supporting the provision of registered community housing for people on very low, low, and moderate incomes.
- The NSW Community Housing Registrar is an independent statutory officer appointed by the NSW Minister for Families, Communities and Disability Services under the CHP Act. Functions include:
  - assessing the suitability of entities to be registered
  - registering CHPs and canceling registrations
  - monitoring compliance and exercising enforcement and intervention functions
  - examining governance, management, probity, tenancy and asset management, community engagement, and financial viability and sustainability
  - periodic formal compliance assessments - annually for the larger providers, every two years for smaller CHPs
  - undertaking ad hoc compliance assessments triggered by complaints and notifications received by the Registrar.
- The Secretary DCJ is a Housing Agency under the CHP Act and is able to give assistance (funding, land, etc.) to a registered CHP through a CHAA.

<sup>9</sup> WSPP (2023) 'Draft Affordable Housing Contributions Scheme'

- Where land is provided (including by a local council) DCJ can place government interest on the title requiring a dealing application for assessment by DCJ if the CHP proposes sale, transfer etc.
- The CHP Act also gives DCJ power to monitor a CHP to determine compliance with the CHAA and can require a CHP to meet specified standards and targets to ensure assistance is used for the purposes for which it was provided.
- Where a CHP becomes insolvent, registration is cancelled and DCJ can require that the land affected by government interest vests in DCJ as a Housing Agency or in an alternative and specified CHP.

*The following affordable housing providers will be eligible to submit expressions of interest, and be eligible to receive contributions because of the commissioning process:*

1. Tier 1 and Tier 2 registered community housing providers, as registered by the NSW Registrar of Community Housing at the time of commissioning
2. Tier 3 registered community housing providers, as registered by the NSW Registrar of Community Housing at the time of commissioning, only where it is demonstrated that the development activity would be small-scale and low risk
3. The NSW Government Aboriginal Housing Office (to be renamed Housing NSW)
4. The NSW Government Land and Housing Corporation (to be renamed Housing NSW), or
5. The NSW Government Landcom<sup>10</sup>.

### 4.3 Ownership and in-perpetuity provision of affordable housing

*Ownership and ongoing management of the affordable housing dwellings constructed with contributions from this Scheme will be held by the eligible affordable housing provider<sup>11</sup>.*

The ownership and ongoing management of affordable housing provided for under the Scheme will rest with the CHP or NSW Government provider.

There are significant benefits in CHPs owning property rather than councils retaining ownership or part ownership, viz:

- the affordable housing will be provided in perpetuity in the LGA as interest is registered on title
- it is more likely to result in leveraging additional affordable housing supply as the CHP can use asset ownership to leverage additional funds to invest in additional affordable housing, with specific leveraging targets being able to be set in CHAAs
- it strengthens the financial position of CHPs which can improve service delivery to affordable housing clients
- it lowers the cost of affordable housing as the charitable status of not-for-profit CHPs gives CHPs access to tax concessions and Commonwealth and State government grant programs, and
- ownership of dwellings by CHPs ensures there are no ongoing maintenance liability, property management and asset replacement costs for local council - scarce local council resources do not need to be allocated to managing a likely growing class of affordable housing assets.

<sup>10</sup> WSPP (2023) 'Draft Affordable Housing Contributions Scheme'

<sup>11</sup> Id

For NSW Government providers, who will typically contribute land as part of the delivery of affordable housing under the Scheme, asset ownership and management accountability for the assets appropriately sits with those entities as they have capacity to leverage significant economies of scale across their portfolios to efficiently and effectively maintain housing assets.

*The Community Housing Assistance Agreement (CHAA) will ensure that the affordable housing dwellings (or the equivalent number of dwellings created) are retained as affordable housing in perpetuity. The details of this agreement will be identified in the Distribution Plan<sup>12</sup>.*

Under the Scheme, CHPs pursuant to a CHAA, and NSW Government housing providers pursuant to a contract with DCJ, will be bound to deliver affordable housing funded under the Scheme in perpetuity.

In order to respond to shifting affordable housing demands over time, including changes in household demographics, key worker employment locations and accessibility to community infrastructure, and in order to renew affordable housing assets as they reach the end of their economic life, and subject to agreement being reached with both DCJ and the local council, affordable housing assets either whole or part funded under the Scheme may be 'recycled' by CHPs and State Government providers on the proviso that all proceeds from any asset recycling are reinvested in the provision of affordable housing in the subject LGA.

These constraints on asset recycling are to be provided for under the CHAA or DCJ/State provider contract.

For CHPs, DCJ will also place a covenant on title requiring affordable housing to be provided pursuant to that title in perpetuity unless otherwise agreed under asset recycling arrangements. Any new title issued to a CHP under an asset recycling agreement will be similarly covenanted to provide affordable housing in-perpetuity.

DCJ will enforce compliance with CHAAs and NSW Government provider contracts. Local councils will not have a compliance role.

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<sup>12</sup> WSPP (2023) 'Draft Affordable Housing Contributions Scheme'

**ITEM 02****Voluntary Planning Agreement Monthly Status Report**

<b>Strategic Objective</b>	Healthy, Inclusive, Engaging Improve liveability and quality of life for the community by delivering vibrant parks, places and facilities
<b>File Ref</b>	334374.2023
<b>Report By</b>	Yee Lian - Contributions Planning Officer
<b>Approved By</b>	Lina Kakish - Director Planning & Compliance

**EXECUTIVE SUMMARY**

The purpose of this report is to provide a summary of all activity associated with Planning Agreements (VPAs), which include VPAs that are offers under review, negotiation and executed VPA schedule of works, land and monetary contributions.

**RECOMMENDATION**

That the Committee receives and notes this report

**REPORT**

This report is prepared to table the status of Voluntary Planning Agreements (VPAs) for November 2023. The list outlines the status of each VPA, as well as their individual items.

Items that are stroked through resemble matters that are considered no longer outstanding.

Items are still outstanding when the works or land have not commenced, incomplete, under defects, maintenance periods, or deferred for further diligence / investigations.

Currently Council has:

- 1 Letter of offers under review
- 3 under review and/or negotiation
- 21 currently executed VPAs.

## **FINANCIAL IMPLICATIONS**

There are no financial implications relating to this recommendation.

## **CONSIDERATIONS**

<b>Economic</b>	There are no economic and financial considerations.
<b>Environment</b>	<p>Manage the environmental health of waterways.</p> <p>Manage air, water, noise and chemical pollution.</p> <p>Protect, enhance and maintain areas of endangered ecological communities and high quality bushland as part of an attractive mix of land uses.</p>
<b>Social</b>	There are no social and cultural considerations.
<b>Civic Leadership</b>	<p>Provide information about Council's services, roles and decision making processes.</p> <p>Deliver services that are customer focused.</p> <p>Operate a well-developed governance system that demonstrates accountability, transparency and ethical conduct.</p>
<b>Legislative</b>	<p>Environmental Planning and Assessment Act 1979</p> <p>Environmental Planning and Assessment Regulations 2021</p>
<b>Risk</b>	There is no risk associated with this report.

## **ATTACHMENTS**

1. Monthly VPA Status Report to Council as at 15 November 2023



## VOLUNTARY PLANNING AGREEMENT REPORT - 15 NOVEMBER 2023

6	3.2.4	Maintenance works described in the VMP to optimise plant establishment and weed control	Complete	July 2021	
7	3.2.5	Construction of drainage channel between the Cowpasture Road and Hinchinbrook Creek and to the Government Road stormwater detention basin to the South, varying between 15m and 40m width and at an average depth of 1m. In accordance with the drainage design approved as part of DA-926/2010.	Further investigation	Council to carry out an inspection and seek signoff	
8	3.3	Designated Land - Public Recreation Land	Incomplete	Council seeking further clarification illegal dumping and soil remediation works	
2	VPA-8	<b>Coopers Paddock Warwick Farm</b>	<b>Status</b>	<b>Comments</b>	
9	3.1.1	Removal of any waste and subsequent fill (related to the removal of the waste) to existing or otherwise approved finished ground level.  Removal and / or other appropriate management of site contamination as identified in, and in accordance with, the Site Contamination Report	Incomplete	Site audit statement required.  Awaiting ATC's response	
10	3.1.2	Carry out the program of works and maintenance as specified in the Vegetation Management Plan approved by Council	Incomplete	Awaiting ATC's response	
11	3.1.3	Carry out offsetting works within the Designated Land in accordance with the ecological report 'Ecological Constraints Report Proposed Rezoning Lot 1 DP 581034 Coopers Paddock Governor Macquarie Drive Warwick Farm' prepared by Travers Bushfire & Ecology and dated August 2011 and accepted by the NSW Office of the Environment and Heritage and the VMP approved by Council	Incomplete	Subject to 3.1.1 and 3.1.2	
12	3.1.4a	<del>Governor Macquarie Drive to be widened to 2 lanes in each direction between the entrance to the Coopers Paddock Site and a new entrance into the ATC Site near the existing Old Tote Stand. The new carriage way is to be constructed on the southern side of the existing carriageway of Governor Macquarie Drive</del>	Project delivery amended	This project is being managed via Council's Transport project team	
13	3.1.4b	<del>Provision of the following works in both carriageways of Governor Macquarie Drive: • Lighting • Kerb and Guttering • Median Strip</del>	Project delivery amended	This project is being managed via Council's Transport project team	
14	3.1.4c	<del>Subject to Council approval, construct 2 new intersections at the Coopers Paddock and Governor Macquarie Drive intersection and proposed car park entrance at Governor Macquarie Drive</del>	Project delivery amended	This project is being managed via Council's Transport project team	



## VOLUNTARY PLANNING AGREEMENT REPORT - 15 NOVEMBER 2023

15	3.1. 5a	The construction of shared bike / pedestrian paths of a minimum width of 2.5 metres located adjacent to Governor Macquarie Drive on the northern side of the existing carriageway, to run the length from the existing cycle path near the William Long Bridge to the Hume Highway	Project delivery amended	This project is being managed via Council's Transport project team
16	3.1. 5b	The construction of a shared bike / pedestrian path of a minimum width of 2.5m within the Industrial Land	Project delivery amended	This project is being managed via Council's Transport project team
17	3.1. 5b	The construction of a shared bike / Pedestrian path of a minimum of 2.5 metres from Munday street to Warwick Farm Railway Station	Project delivery amended	This project is being managed via Council's Transport project team
18	3.2a	Dedicated Land: That part of the Developer's Land south of Governor Macquarie Drive Coloured green and identified as 'Designated Land' and "RE1" and land coloured orange and identified as Environmental Land "E2" on the plan	Incomplete	Council to meet on site to finalise path alignment, path design, approval process and associated works with VMP
19	3.2b	That part of the Developer's Land immediately adjacent to Governor Macquarie Drive which is necessary to ensure that the road works to be carried out to Governor Macquarie Drive are within the dedicated road reservation and align with the zone boundaries at the time of the dedication of that land.	In progress	Status update required from Property Team regarding land transfer
3	VPA-9	<b>New Brighton Golf Club, Brickmakers Drive, Moorebank</b>	<b>Status</b>	<b>Comments</b>
20	3.1a	Construction of a 2.5m shared pedestrian/bike path within the Georges River foreshore land to be dedicated to Council	In progress	Developer to provide Council revised design plans on pedestrian/bike path
21	3.1b	Construction of a 2.5m shared pedestrian/bike path linking between the Georges River foreshore and Residential Land along the northern boundary of Lot 103 DP 1070029 to Brickmakers Drive	In progress	Developer to provide Council revised design plans on pedestrian/bike path
22	3.1c	Construction of a 2.5m shared pedestrian / bike network within the residential area	In progress	Pathway completed but not handed over to Council due to construction (stages) within precinct
23	3.2a	Preparation of a Vegetation Management Plan (VMP) to the satisfaction of Council that defines planting offsets required as a consequence of any possible clearing works	In progress	Council to confirm satisfaction with works program
24	3.2b	Riparian Planting within the Public Recreation Land along the foreshore (in accordance with an approved Vegetation Management Plan) and adjacent to cycleway links and golf course land. This includes the allowance for potential vegetation offsetting	Not commenced	Subject to VMP approval
25	3.2c	Construction of a perimeter fence around the basin located on the southern boundary of Lot 2210 DP1090848, the design of which must be approved by Council in writing	Complete	Handed over to Council

## VOLUNTARY PLANNING AGREEMENT REPORT - 15 NOVEMBER 2023

26	3.2d	Landscaping and recreational facilities provided on Lot 1 within the Community Scheme established as part of the Development comprising community swimming pool, mixed use court, cabana and meeting place, seating, and BBQs	Complete	Handed over to Community scheme (via 88b titles)
27	3.2e	Reconstruction of Cantello Reserve Dog Park within Cantello Reserve	Complete	Handed over to Council
28	3.3a	Construction of 8-metre-wide access and easement to enable the public to traverse under the M5 Motorway. The design must be approved by Council in writing.	Incomplete	Responsibility with Developer
29	3.4a	Installation of two (2) Gross Pollutant Traps (GTPs). The design must be approved by Council in writing	Complete	Handed over to Council
30	3.4b	Construction of water quality control ponds. The design must be approved by Council in writing	Complete	Handed over to Council
31	4	Land - Public Recreation - 40m wide strip of land running parallel to the Mean High-Water Mark of the nearest bank of the Georges River	Incomplete	Seeking Director's decision on memo about the management and ownership of contaminated foreshore land
4	VPA-10	90 Flynn Avenue, Middleton Grange	Status	Comments
31	6	Monetary contribution	Incomplete	This matter is a legal matter and subject to a further confidential report to Council
5	VPA-11	Georges Cove, 146 Newbridge Road, Moorebank (Tanlane)	Status	Comments
32	3.1a-d	Embellishment of river foreshore land	Incomplete	Deed of Variation subject to finalisation
33	3.1e	Dedication of River Foreshore land to Council	Incomplete	Deed of Variation subject to finalisation
34	3.2a	River Foreshore land - development of a vegetation management plan	Incomplete	Deed of Variation subject to finalisation
35	3.2b	River Foreshore land - removal of noxious weeds	Incomplete	Deed of Variation subject to finalisation
36	3.2c	River Foreshore land - completion of works described in the vegetation management plan	Incomplete	Deed of Variation subject to finalisation
37	3.2d	Conduct of maintenance works prescribed in the Vegetation Management Plan	Incomplete	Deed of Variation subject to finalisation
38	3.3	Construction of bike/pedestrian path	Incomplete	Deed of Variation subject to finalisation
39	3.4	Construction and dedication of bike/pedestrian path link to Brickmakers Drive	Incomplete	Deed of Variation subject to finalisation
40	3.5a-b	Construction of passive recreation facilities on the river foreshore land	Incomplete	Deed of Variation subject to finalisation
41	3.6	Dedication of 'Drainage Channel'	Incomplete	Deed of Variation subject to finalisation
42	3.7	Construction and dedication of road bridge over drainage channel, embankment, and road to Brickmakers Drive	Incomplete	Deed of Variation subject to finalisation
43	3.8	Construction and dedication of pedestrian access to Newbridge Road more or less in the position on the plan and a pedestrian path within the	Incomplete	Deed of Variation subject to finalisation

## VOLUNTARY PLANNING AGREEMENT REPORT - 15 NOVEMBER 2023

		public verge along the entire length of the land frontage to Newbridge Road		Incomplete		Deed of Variation subject to finalisation
44	3.9	Dedication of an easement over the land for access for the purpose of allowing council to undertake maintenance to the River Foreshore land more in less in the position on the plan				
6	VPA-12	124 Newbridge Road, Moorebank		Status	Comments	
45	3.1a-c	Embellishment of river foreshore land		Outstanding	Development Status to be confirmed	
46	3.1d	Dedicated of river foreshore land		Outstanding	Development Status to be confirmed	
47	3.2a	Development of a Vegetation Management Plan (VMP) and offset Strategy		Outstanding	Development status to be confirmed	
48	3.2b	Completion of works described in the VMP		Outstanding	Development status to be confirmed	
49	3.2c	Conduct of maintenance works described in the VMP		Outstanding	Development status to be confirmed	
50	3.3a-c	Construction of bike/pedestrian path		Outstanding	Development status to be confirmed	
51	3.3d	Construction of pedestrian footpath along northern boundary of site within Newbridge Road verge - RE2 Private Recreation		Outstanding	Development status to be confirmed	
52	3.3e	Construction of pedestrian footpath along northern boundary of site within Newbridge Road verge - B6 Enterprise Corridor		Outstanding	Development status to be confirmed	
7	VPA-15	75 Flynn Avenue, Middleton Grange		Status	Comments	
53	6	Monetary Contribution		Outstanding	This matter is a legal matter and subject to a further confidential report to Council	
8	VPA-17	220-230 Northumberland Street, Liverpool		Status	Comments	
54	5	Monetary Contribution		Outstanding	Development status to be confirmed	
9	VPA-18	Liverpool MegaCenta (The Grove) 10 Orange Grove Road, Warwick Farm		Status	Comments	
55	Clause 6	Monetary Contributions		Outstanding	Development status to be confirmed	
56	4.1	Roadworks which will include the rehabilitation of the road surface and construction of a pedestrian access on the Homepride Avenue Land		Outstanding	Development status to be confirmed	
57	4.2	RMS Roadworks - Orange Grove Road / Viscount Place Intersection		Outstanding	Development status to be confirmed	
58	4.3	RMS Roadworks - Hume Highway / Homepride Avenue Intersection		Outstanding	Development status to be confirmed	
10	VPA-19	20 Shepherd Street, Liverpool		Status	Comments	
59	3.1	Transport Service - Establish and operate a publicly accessible shuttle bus service that connects the Development to the Liverpool CBD		Incomplete	Action taken to commence shuttle bus	
60	3.2	Bike Share Pods		Incomplete	Site inspection required for sign off.	
61	3.3	Publicly accessible car share spaces		Incomplete	Site inspection required for sign off	

## VOLUNTARY PLANNING AGREEMENT REPORT - 15 NOVEMBER 2023

62	3.4	Woodbrook Road pedestrian and Cycle underpass - RTA now doing these works - Council has accepted a monetary contribution of \$71,825 ex GST in lieu of these works	Outstanding	Work program under discussion between Council major project team and developer – contribution payment being confirmed by Finance team.
63	3.5	<del>Monetary Contribution – Local Traffic Infrastructure Contribution</del>	Complete	
64	3.6	<del>Monetary Contribution – Regional Traffic Infrastructure Contribution</del>	Complete	
65	3.7	Bank Stabilisation Works	Outstanding	Work program under discussion between Council major project team and developer
66	3.8	Riverwalk Works	Outstanding	Work program under discussion between Council major project team and developer
67	3.9	Pedestrian and Cycle Pathway upgrade through Lighthorse Park to Newbridge Road - LCC accepts completion of works except for the final portion of the path adjacent to Lighthorse Park. Council accepted a monetary contribution of \$310,334 ex GST in lieu of these works	Outstanding	Work program under discussion between Council major project team and developer – contribution payment being confirmed by Finance team.
68	3.10	Rehabilitation of riparian zone - Light horse Park	Outstanding	Work program under discussion between Council major project team and developer
69	3.11	<del>Monetary Contribution – Open Space Contribution</del>	Complete	
70	VPA-32 Clause 6.1	<del>420-446 Macquarie Street, Liverpool</del> <del>Monetary Contribution towards restoration works to Collingwood House</del>	Status Complete	Comments Contributions spent on project 100740 - Collingwood House Restoration between 2015/16 and 2016/17
71	VPA-33 Clause 6	25, 29 & 35 Scott Street, Liverpool Monetary Contribution to Council to facilitate acquisition of land known as 37 Scott Street, Liverpool (The Laneway Land) for the purposes of a public laneway for pedestrian access by the Council.	Status TBC	Comments Status update required
72	VPA-34 Clause 6	85 Flynn Avenue, Middleton Grange Monetary Contribution	Status Incomplete	Comments This matter is a legal matter and subject to a further confidential report to Council
73	VPA-36 Clause 3	4-8 Hoxton Park Road, Liverpool Provision of Affordable Housing Lots	Status Outstanding	Comments Status update required
74	VPA-37 Clause 4	Monetary Contribution	Status Outstanding	Comments Status update required
75	4.B2	Middleton Grange Town Centre Embellishment of New Park 2	Status Outstanding	Comments Site inspection required for program status
76	4.C1	Construction of a signalised intersection at Main St and Flynn Ave and the intersection for the new proposed access lane and Flynn Avenue	Status Outstanding	Comments Site inspection required for program status

## VOLUNTARY PLANNING AGREEMENT REPORT - 15 NOVEMBER 2023

77	4.C2	Construction of a roundabout at Southern Cross Avenue and Main Street	Outstanding	Site inspection required for program status
78	4.C3	Construction of a T-intersection at Southern Cross Avenue and Middleton Drive	Outstanding	Site inspection required for program status
79	4.C4	Construction of a T-intersection at Southern Cross Avenue and Bravo Avenue	Outstanding	Site inspection required for program status
80	4.D	Construction of an upgrade to Cowpasture Road intersection, Flynn Avenue from Qantas Boulevard to Ulm Street as a widened 4 lane road within the existing road reserve	Outstanding	Site inspection required for program status
81	4.E	Construction of a road upgrade and services for Southern Cross Avenue to a standard comparable to the existing Southern Cross Drive between the western boundary of the land to the Middleton Grange Primary School	Outstanding	Site inspection required for program status
82	4.F	Culvert, drainage and shared road works wholly within Lot 102 DP 1128111 – Public Reserve	Outstanding	Site inspection required for program status
83	4.H	Monetary Contribution	Outstanding	Site inspection required for program status
16	VPA-40	28 Yarrunga Street, Prestons	Status	Comments
84	3	Monetary Contribution	Outstanding	7.11 contribution not paid Works monetary contribution not paid Seeking status of DA commencement. This matter is a legal matter awaiting further legal advice.
17	VPA-42	1370 Camden Valley Way, Leppington	Status	Comments
85	4.1	Maintenance Works required to maintain and keep in good repair the Acquisition Land, and any improvements on it, prior to its acquisition by Council	Outstanding	DA not commenced
86	4.2	Registration of Positive Covenant on the title of the Acquisition Land to provide for public use and access of the Acquisition Land and to ensure the Developer carries out the Maintenance	Outstanding	DA not commenced
87	5.1	Social Court	Outstanding	DA not commenced
88	5.2	Walking Loop	Outstanding	DA not commenced
89	5.3	Link across Riparian corridor (Boardwalk / Bridge)	Outstanding	DA not commenced
90	5.4	Pedestrian Crossing	Outstanding	DA not commenced
18	VPA-44	5 Melito Court, Prestons	Status	Comments
100	3	Monetary Contribution towards traffic management infrastructure upgrades – Intersection of Bernera Road, Yarrunga Street and Yato Road	Complete	VPA to be removed from Land title

## VOLUNTARY PLANNING AGREEMENT REPORT - 15 NOVEMBER 2023

19	VPA-46	14 Yarrunga Street, Prestons		Status	Comments
101	3	Monetary Contribution		Incomplete	Status update required
20	VPA-54	80 Flynn Avenue, Middleton Grange		Status	Comments
102	1	Monetary Contribution		Incomplete	This matter is a legal matter and subject to a further confidential report to Council
21	VPA-55	100 Southern Cross Avenue, Middleton Grange		Status	Comments
103	1	Monetary Contribution		Incomplete	Status update required

**ITEM 03**

**Development Assessment**

<b>Strategic Objective</b>	Liveable, Sustainable, Resilient Deliver effective and efficient planning and high-quality design to provide best outcomes for a growing city
<b>File Ref</b>	017770.2024
<b>Report By</b>	William Attard - Manager Development Assessment
<b>Approved By</b>	Lina Kakish - Director Planning & Compliance

**EXECUTIVE SUMMARY**

This report is prepared to table a snapshot of key Development Assessment (DA) statistics.

**RECOMMENDATION**

That the Committee receives and notes the Development Assessment report.

**REPORT**

The following key Development Assessment (DA) statistics are provided:

**Development Applications and Class 1 Appeals**

<b>Development Applications (DAs) Outstanding/Received/Completed</b>	
Outstanding – 31 January 2024	357 DAs
DAs Received – November 2023 to January 2024	402 DAs
DAs Completed – November 2023 to January 2024	512 DAs
<b>Class 1 Appeals (November 2023 to January 2024)</b>	
Outstanding – 31 January 2024	38 Appeals
Lodged – Deemed Refusal / Against Council's Determination	5 Appeals / 7 Appeals
Appeals Upheld – s34 Agreement / Hearing	3 Appeals / 1 Appeals
Appeals Dismissed	1 Appeals
Appeals Terminated	0 Appeals
Appeals Withdrawn	1 Appeals
<b>Development Application (DA) Approval Statistics (November 2023 to January 2024)</b>	
DAs Approved	184 DAs
Total Capital Investment Value (CIV) (\$)	\$430M CIV
New Lots Approved	507 Lots
New Homes Approved	288 Homes
DA Fees Released from Trust (\$)	\$1286k Fees
Contribution Fees Raised (\$)	\$22.6M Contributions

<b>PANs Received, Returned &amp; Average Timeframes (November 2023 to January 2024)</b>	
PANs Received	402 PANs
PANs Returned	228 PANs
Average Timeframe - PAN to Lodgement	26 Days
<b>Average Determination Timeframe</b>	
Average Determination Timeframe – For Current Financial Year	263 Days
Average Determination Timeframe – For November 2023	224 Days
Average Determination Timeframe – For December 2023	261 Days
Average Determination Timeframe – For January 2024	227 Days

**Development Assessment (DA) Team Vacancy (Technical Officers Only)**

<b>Position</b>	<b>Positions</b>	<b>Vacancy</b>
Principal Planner	1	0
Senior DA Planners	9	2 (Under Recruitment)
Senior Planning Advisory Officers	3	1 (Under Recruitment)
DA Planners	14	1 (Under Recruitment)
Student Planners	4	1 (Under Recruitment)
Duty Officers	2	0

**FINANCIAL IMPLICATIONS**

There are no financial implications relating to this recommendation.

**CONSIDERATIONS**

<b>Economic</b>	There are no economic and financial considerations.
<b>Environment</b>	There are no environmental and sustainability considerations.
<b>Social</b>	There are no social and cultural considerations.
<b>Civic Leadership</b>	Undertake communication practices with the community and stakeholders across a range of media. Provide information about Council's services, roles and decision making processes.
<b>Legislative</b>	There are no legislative considerations relating to this report.
<b>Risk</b>	There is no risk associated with this report.

**ATTACHMENTS**

Nil



**ITEM 04**

**Draft Compliance and Enforcement Policy**

<b>Strategic Objective</b>	Healthy, Inclusive, Engaging Improve liveability and quality of life for the community by delivering vibrant parks, places and facilities
<b>File Ref</b>	022153.2024
<b>Report By</b>	Noelle Warwar - Manager Community Standards
<b>Approved By</b>	Lina Kakish - Director Planning & Compliance

**EXECUTIVE SUMMARY**

In late 2015 the NSW Ombudsman issued Enforcement Guidelines and a Model Policy for Councils. The Policy provides structure for consistency and transparency in decision-making regarding compliance and enforcement issues and facilitates a proportional approach to compliance and enforcement based on risk and impact.

The draft Compliance and Enforcement Policy is intended to replace Council's Current Enforcement Policy (adopted on 23 November 2022).

The key changes to the Policy include:

- The title has been changed to include both compliance and enforcement;
- It has been updated to reflect the principles of the NSW Ombudsman's Guidelines and Model Policy for Councils;
- The Policy provides greater clarity on the use of discretion; and
- The Policy proposes a proportionate approach to enforcement and compliance management based on the level of risk in regard the unlawful activity and the resources available.

The draft policy was presented at a Governance Committee meeting held on 10 October 2023 seeking that the Committee recommends that Council:

1. Endorse the draft 'Compliance & Enforcement Policy' for public exhibition for a period of not less than 28 days (Attachment 1).
2. Direct the CEO to report back to council at the end of the exhibition period

On being put to the meeting the motion was declared CARRIED.

The item was raised at Council meeting on 22 November 2023. Council determined that the draft Compliance and Enforcement Policy would be deferred to a Governance meeting for a thorough discussion with Councillors.

The Manager of Community Standards will present on and answer questions on the draft policy.

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**RECOMMENDATION**

That the Committee recommends Council:

1. Endorse the draft 'Compliance & Enforcement Policy' for public exhibition for a period of not less than 28 days (Attachment 1).
2. Delegates to the CEO the finalisation of the 'Compliance & Enforcement Policy', should no submissions be received; or report back to Council the details of the submissions upon conclusion of the exhibition period.

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**REPORT**

As a regulator, Council is obliged under certain legislation including but not limited to the Local Government Act 1993, Environmental Planning and Assessment Act 1979, Protection of Environment Act 1991, Public Spaces (Unattended Property) Act 2021 and Roads Transport Act 2013 to properly deal with allegations about unlawful activities relating planning, building and construction, environmental and public health, safety, car parking and transport, companion animal management, and public and natural area regulation.

This may also include activities that are prohibited or unauthorised or contrary to the terms of a consent or approval. A failure to properly deal with allegations and compliance can have adverse outcomes for the community and expose Council to liability and subsequent litigation expenses.

The Policy outlines matters for consideration through the various stages of the process from receipt of unlawful activity complaints through to the types of enforcement actions that can be considered, including the use of discretion.

A key aspect of the Policy is the inclusion of a "risk matrix" which provides guidance on how Council will prioritise, and action complaints received, particularly during times where the number of complaints received exceed the available resources dedicated to investigations.

Currently, with the exception of the most serious public safety matters, requests are dealt with in the order they are received and utilising the same investigative process (site visit etc). Given

the available Council resources, the current process has resulted in a backlog of more than 700 unactioned requests with wait times far exceeding 12 months.

The Policy is intended to give priority to the high-risk complaints where a full investigation will be conducted. Lower risk complaints may be dealt with via the use of discretion (i.e. no action) or alternatively via “letters of cooperation”. Letters of cooperation will provide information on how the customer may be able to resolve the issue via other means. This may include speaking with their neighbour, seeking the support of the Community Justice Centre (mediation), other requests that may be better dealt with via for example a strata corporation or other agency (such as NSW Police or the NSW Housing).

As staff resources become available, more detailed investigations of complaints other than high risk would be able to occur.

The benefits of this approach include a focus on the more serious matters in our community i.e. where there is a threat to persons, property or the environment and a more timely response to concerns from our community. This approach also provides clear communication and expectations on how Council will respond.

As part of the implementation of a revised Compliance and Enforcement Policy Council will need to make internal administrative changes to its processes to manage the impact of the Policy changes. This includes developing processes and forms / checklists, standard letters used to respond to low risk and impact concerns.

## **REVIEW BY GOVERNANCE & LEGAL**

In preparing the draft policy, feedback was sought from Council’s Governance Team and Legal Services Team. The feedback provided has been considered and incorporated into the final draft policy.

## **FINANCIAL IMPLICATIONS**

There are no financial implications relating to this recommendation.

## **CONSIDERATIONS**

<b>Economic</b>	There are no economic and financial considerations.
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<b>Environment</b>	<p>Manage the environmental health of waterways.</p> <p>Manage air, water, noise and chemical pollution.</p> <p>Protect, enhance and maintain areas of endangered ecological communities and high quality bushland as part of an attractive mix of land uses.</p> <p>Raise community awareness and support action in relation to environmental issues.</p>
<b>Social</b>	<p>There are no social and cultural considerations.</p>
<b>Civic Leadership</b>	<p>Act as an environmental leader in the community.</p> <p>Undertake communication practices with the community and stakeholders across a range of media.</p> <p>Provide information about Council's services, roles and decision making processes.</p> <p>Deliver services that are customer focused.</p> <p>Operate a well-developed governance system that demonstrates accountability, transparency and ethical conduct.</p>
<b>Legislative</b>	<p>Local Government Act 1993.</p>
<b>Risk</b>	<p>The risk is deemed to be Medium.</p> <p>The risk is considered within Council's risk appetite.</p>

## **ATTACHMENTS**

1. Draft Compliance and Enforcement Policy



## COMPLIANCE AND ENFORCEMENT POLICY

Adopted: (Current date)

TRIM 281536.2023-008



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## COMPLIANCE AND ENFORCEMENT POLICY

**DIRECTORATE:** Planning and Compliance

**BUSINESS UNIT:** Community Standards

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### 1. PURPOSE/ OBJECTIVES

This Policy provides information for all internal and external stakeholders and interested parties about Council's position on compliance and enforcement matters for Liverpool City.

The purpose of the Policy is to provide structure, consistency and transparency in decision making, and to facilitate a proportionate approach to compliance and enforcement. It is also intended to assist Council staff to act promptly, effectively, and consistently in response to allegations of unlawful activity.

This Policy outlines matters to be considered at the various stages of the enforcement process from the receipt and investigation of reports alleging unlawful activity, through to what enforcement options Council will consider and whether to commence criminal or civil proceedings.

In certain circumstances Council will have shared enforcement responsibilities with other regulatory authorities. Advice and guidance are also provided on the role of Council in building and construction compliance matters where there is a Private Certifier, and the role of Councillors in enforcement.

Responsible Council staff will apply this Policy as appropriate in their use of discretion and exercise of official functions. In each case, staff will consider the relevant circumstances and facts and decide what action to take on the all available information.

Council's regulatory responsibilities are applicable to threatened or *actual unlawful activity*, as well as a failure to take action (in order to be compliant with certain legal requirements). For simplicity, this policy refers to both an act and/or an omission by an alleged offender as 'unlawful activity'.

### 2. DEFINITIONS

The Following are the definitions of key terms in this policy:

**Enforcement**

Actions taken in response to contraventions of laws.

**Regulation**

A legal instrument made under an Act of the Parliament of New South Wales. In this Policy, the term Regulation refers to Rules, Regulation or other statutory instruments administered by Council.

**Report alleging unlawful activity**

An expression of concern or a request for service in relation to alleged unlawful activity, where a response or resolution is explicitly expected or legally required.

**Unlawful activity**

Any activity or work that has been or is being carried out contrary to the below and/or failure to take required action in order to be compliant with:

- Terms or conditions of a Development Consent, Approval, Permit or Licence.
- An environmental planning instrument that regulates the activities or work that can be carried out on particular land.
- A legislative provision regulating a particular activity or work.
- A required Development Consent, Approval, Permission or Licence.

**3. POLICY STATEMENT**

This Policy applies to the investigation of complaints about unlawful activity or failure to comply with the terms or conditions of Approvals, Consents, Notices or Orders. It outlines how to determine whether complaints of unlawful activity require investigation, options for dealing with unlawful activities and regulatory breaches, matters for consideration and facilitates a proportionate approach to compliance management.

It is based in the NSW Ombudsman "Enforcement Guidelines for Councils" and "Model Policy" (2015).

The Objectives of this Policy are:

1. To establish clear guidelines and protocols for Council staff in the managements of Council's regulatory activities.
2. To provide a framework to facilitate a responsive and risk-based approach to proactive and reactive compliance and enforcement matters.
3. To improve compliance management and reduce the impact of unlawful activity on the community and our environment.

The Policy also provides advice and guidance on the role of the Private Certifiers and the role of Councillors in enforcement.

The Policy applies a risk based approach to compliance management to ensure resources are focussed on those matters posing the biggest risk to the community and environment. This approach is applied to both proactive compliance activities and also

in response to reports alleging unlawful activity (reactive compliance). Council will undertake enforcement action where appropriate in accordance with the Policy.

### 3.1 Compliance and Enforcement Principles

The following are the principles that underpin Council actions relating to compliance and enforcement.

Principle	Actions
<b>Accountable and transparent</b>	<ul style="list-style-type: none"> <li>• Acting in the best interest of public health and safety and in the best interests of the environment.</li> <li>• Ensuring accountability for decisions to take or not take action.</li> <li>• Acting fairly and impartial, without bias or unlawful discrimination.</li> <li>• Providing information about compliance and enforcement priorities and the framework for decisions to improve understanding and certainty and promote trust by the regulated community.</li> <li>• Ensuring meaningful reasons for decisions are given to all relevant parties, particularly when there is a departure from this Policy.</li> </ul>
<b>Fair and Consistent</b>	<ul style="list-style-type: none"> <li>• Ensuring compliance and enforcement action is implemented consistently.</li> <li>• Encouraging customer reports about possible unlawful activity by acting reasonably in response to the circumstances and facts of each matter.</li> </ul>
<b>Proportionate</b>	<ul style="list-style-type: none"> <li>• Ensuring the level of enforcement action is proportionate to the level of risk and seriousness of the breach.</li> <li>• Making cost effective decisions about enforcement action.</li> <li>• Taking action to address harm and deter future unlawful activity.</li> </ul>
<b>Timely</b>	<ul style="list-style-type: none"> <li>• Ensuring responses to reports alleging unlawful activity and decision making in relation to those is timely.</li> </ul>

### 3.2 Risk Based Regulation

Our Community expects to live in a healthy and liveable City where we value and protect our environment. The number of laws and regulations have increased expanding the scope of necessary enforcement. From time-to-time reports alleging unlawful activity will exceed available resources.

Risk based approach to compliance action chosen by Council will depend on the degree of risk, and the impact of the non-compliance on Council's ability to achieve its objectives. This risk based approach is a way to target resources where they are most needed and where they will produce the most effective impact.



Council is committed to developing and implementing both proactive and reactive strategies to achieve effective and efficient risk-based compliance enforcement programs. To this end, Council uses intelligence gained from its customer management systems to determine the most appropriate strategy.

Proactive compliance monitoring assists Council in meeting its statutory requirements, respond to common complaints and maintain a positive monitoring presence. The aim of proactive strategies is to reduce the number of reactive incidents requiring a Council response.

Education and awareness raising activities are both proactive approaches to preventing breaches of the law and can be very cost effective in achieving compliance. Providing information to the public through media releases, Council's website, workshops with target groups and brochures/fact sheets together with Incentives e.g. financial/awards, are all strategies Council will explore to determine the best fit for the areas of focus.

Council's risk-based approach involves categorising alleged unlawful activity into low, medium, and high risk, based on the following:

- degree of impact on health, property or the environment;
- seriousness of the offence;
- priority for council and the community.

Council's Risk Category Matrix in Appendix 1 reflects these factors and will be used to guide enforcement action. The colour-coding in Figure 1 indicates how enforcement action may be related to the risk assessment. Council will apply its risk-based approach intelligently and consider the appropriate action in the facts and circumstances of each case.

Periodic reviews of Council's Risk Category Matrix will be undertaken using intelligence collated from its case management systems and other sources. When reviewing the matrix, Council will consider whether systemic or more serious patterns are emerging which warrant re-assessing the risk exposure of unlawful activities.

### **3.3 Responsibility**

Council receives information about alleged unlawful activity from members of the public, contact from other government agencies and information gathered by its officers during proactive inspections.

Only Council staff with appropriate delegations from the Chief Executive Officer can undertake investigations, compliance and enforcement action in relation to this policy.

Where enforcement action is taken, Council staff are required to:

- Treat all relevant parties with courtesy and respect;
- Communicate with all relevant parties and provide feedback on the progress of an investigation and any reasons for delay without compromising the integrity of the investigation;
- Maintain full and proper records in relation to the assessment and investigation of reports alleging unlawful activity, including reasons for any decisions;
- Provide as much information as possible to all relevant parties about the outcomes of investigations to demonstrate adequate and appropriate action was taken and/or is proposed to be taken in response to a report of alleged unlawful activity; and
- Provide information to all relevant parties about any avenues to seek an internal or external review of a decision.

All reports alleging unlawful activity are to be entered into Council's customer request system and actioned within the appropriate risk-based time frame by the appropriate business unit.

### **3.4 Submitting Reports of Unlawful Activity**

Reports alleging unlawful activity will be recorded in Council's customer request system and will be allocated a unique reference number. The report will be referred to the relevant Council Officer to commence any necessary action.

The name, address and contact details of the person submitting the report will also be recorded. This information is critical as Council may need to rely on evidence from the complainant to prove any alleged offence and commence enforcement action. Council will advise any Complainant of the progress and outcome/s of the investigation.

As outlined in Council's Customer Service Policy, Council generally seeks to keep confidential any personal information identifying a complainant. Council will comply with the information protection principles in the Privacy and Personal Information Protection Act 1998, but within the scope permitted under that and other legislation may disclose this information in a variety of circumstances including the following:

- When access to the information is permitted under a Council Policy (consistent with legislation)
- Legal proceedings are commenced, and the information is disclosed in evidence
- When access to the information is permitted under legislation, including the Government Information (Public Access) Act 2009 or the Local Government Act 1993.
- The disclosure is required to comply with the principles of procedural fairness
- The disclosure is necessary to investigate the matter.

It is important to note that in some circumstances, it may be possible to ascertain the identity of the person submitting the report by the nature of the allegation.

#### **3.4.1 What Council expects from people who report allegations of unlawful activity**

Council expects that people who report allegations of unlawful activity will cooperate and act in good faith in respect of any investigations conducted by Council. This includes:

- Providing a clear description of the problem (and the outcome sought, if relevant);
- Providing a clear description / account of the impact that the alleged activity is having;
- Giving all available and relevant information to Council, including any new information about the alleged activity that may become known to the person following the making of their report;
- Not giving any information that is intentionally misleading or wrong;
- Cooperating with Council's enquiries and providing timely responses to questions and requests for information; and
- Treating Council's staff with courtesy and respect.

#### **3.4.2 Anonymous Reports**

Anonymous reports will be recorded and assessed. However, because it is not possible to seek clarification or additional information about a matter, it is more difficult to evaluate the allegations. To provide consistency with Council's Internal Ombudsman's Policy, Council shall not undertake an investigation into an anonymous complaint, unless the issue places public safety at risk and raises a serious matter and there is sufficient information for the officer to undertake the investigation.

#### **3.5 Responding to concerns about Unlawful Activity**

Council will record every report alleging unlawful activity.

Not all reports will, can or need to be investigated. A preliminary assessment of all matters will be made to determine the priority for a response, and whether investigation or other action is required.

An investigation of alleged unlawful activity may take a significant amount of time to complete, particularly where the issues are complex. If Council decides to investigate, staff will give the person who reported the alleged unlawful activity regular feedback on the progress of the investigation, and any reasons for delay. This does not mean that the individual can expect to be given details about every aspect of the investigation or information that would compromise the integrity of the investigation.

Decisions about what action should be taken by Council are made at the Council's discretion. This means the objective is that reports alleging unlawful activity will be resolved to the satisfaction of Council, not necessarily the person raising the matter. Council will generally try to resolve matters quickly and informally as possible so as to avoid the need to take formal action.

Council staff will endeavour to manage the expectations of people who report alleged unlawful activity, and in particular explain that in the absence of sufficient evidence of unlawful activity, Council may be unable to take further action. Council does not have unlimited resources and powers to deal with reports alleging unlawful activity.

### **3.6 Investigating alleged Unlawful Activity**

A preliminary assessment of all requests will be made to determine whether investigation or other action is required. Council will prioritise matters based on the Compliance and Enforcement Principles (section 4).

If there is insufficient information in the report to undertake a preliminary assessment, the customer will be advised, and the matter not tasked for investigation.

#### **3.6.1 Circumstances where no regulatory action will be taken**

Council will take no further action, if, following a preliminary assessment, it is identified that:

- The Report is not supported with evidence, appears to have no substance, or is vexatious.
- Council does not have jurisdiction to investigate or is not the appropriate authority to take action on the issues raised. Where there is another appropriate authority or course of action, Council may bring that matter to the attention of the authority or provide information and contact details to the individual. For example, Safework NSW for workplace safety matters, the NSW Environment Protection Authority (EPA) for possible environmental offences and Community Justice Centres NSW for personal disputes.
- The report relates substantially to a matter previously determined by Council and no new or compelling information is presented which would cause Council to change its earlier decision. In this case, staff will acknowledge the report and advise that no further action will be taken as no new information had been provided (other than where the person has previously been advised they would receive no further response).
- The allegations relate to a lawful activity (e.g. where there is an existing approval, or the activity is permissible without Council approval or consent being required).

The relevant Coordinator, Manager, Director, or CEO may use discretion in determining that an investigation or further regulatory action isn't required.

Examples of circumstances where regulatory action may be determined not be required include where:

- a. The Investigation revealed that approval is likely to be achieved.
- b. It is not a safety concern.
- c. There is no amenity impact to the community.
- d. The complaint is made anonymously, relates to low-risk activity as defined by Councils 'Risk Category Matrix' and is without supporting evidence.
- e. The complaint relates to a known neighbourhood dispute and is considered vexatious.
- f. It is not in the public interest as the outcome will not justify the expenditure of resources.

### **3.6.2 Relevant factors guiding decisions as to whether to take regulatory action**

When deciding whether to investigate, Council will consider factors relevant to the circumstances of the case, which may include whether:

- The activity is having a significant detrimental effect on the environment, or it constitutes a risk to public safety.
- The report is premature as it relates to some unfinished aspect of work that is still in progress.
- The activity or work is permissible with or without permission.
- All conditions of consent are being complied with.
- Significant time has elapsed since the events, the subject of the report, took place.
- Another body is a more appropriate agency to investigate and deal with the matter.
- It appears there is a pattern of conduct or evidence of a possible widespread problem.
- The person or organisation reported has been the subject of previous reports.
- The report raises matters of special significance in terms of the Council's existing priorities.
- There are significant resource implications in relation to an investigation and any subsequent enforcement action.
- It is in the public interest to investigate the report.
- The activity is having an amenity impact to the community.

The above factors for Council to consider and weigh in making a determination. Council staff are not limited in their use of discretion by these considerations and may decide to investigate based on these and other factors.

The objective of the processes Council staff use when investigating incidents of alleged unlawful activity, is to:

- Determine the cause of the incident;

- Determine if there has been a contravention of Law, Policy or Standards;
- Gather evidence to the required standard to support any required enforcement action; and
- Determine any necessary action to mitigate the possibility of reoccurrence of similar incident.

Any decision not to investigate an allegation of unlawful activity will be recorded and the reasons for that decision clearly stated.

### **3.7 Deciding whether or not to take enforcement action**

When deciding whether to take enforcement action in relation to a confirmed case of unlawful activity, Council will consider the full circumstances and facts of the matter and the public interest. The following general considerations will assist Council staff in determining the most appropriate response in the public interest:

#### **3.7.1 Considerations about the alleged offence and impact:**

- The nature, extent and severity of the unlawful activity, including whether the activity is continuing.
- The harm or potential harm to the environment or public health, safety or amenity caused by the unlawful activity.
- The seriousness of the breach, including whether the breach is merely technical, inconsequential or minor in nature.
- The time period that has lapsed since the date of the unlawful activity.

#### **3.7.2 Considerations about the alleged offender:**

- Any prior warnings, cautions, instructions, advice that was issued to the person or organisation reported or previous enforcement action taken against them.
- Whether the offence was committed with intent.
- Whether the person or organisation reported has been proactive in the resolution of the matter and assisted with any Council requirements and instructions.
- Any mitigating or aggravating circumstances demonstrated by the alleged offender.
- Any particular circumstances of hardship affecting the person or organisation reported.
- The youth, age, maturity, intelligence, physical health, mental health or special disability or infirmity of the alleged offender, a witness or a victim.
- The willingness of the alleged offender to cooperate in the investigation and prosecution of others.

#### **3.7.3 Considerations about the impact of any enforcement action:**

- The prevalence of the alleged offence or breach and the need for deterrence.
- Whether an educative approach would be more appropriate than a coercive approach in resolving the matter.

- The prospect of success if the proposed enforcement action was challenged in court.
- The costs and benefits of taking formal enforcement action as opposed to taking informal or no action.
- What action would be proportionate and reasonable in response to the unlawful activity.
- Whether Council's prior advice or actions have been relied upon by the alleged offender such as to create a form of estoppel.

#### **3.7.4 Consideration about the potential for remedy:**

- Whether the breach can be easily remedied.
- Whether it is likely consent would have been given for the activity if it had been sought.
- Whether there is a draft planning instrument on exhibition that would make the unauthorised use legal.

### **3.8 Options for dealing with Confirmed cases of Unlawful Activity**

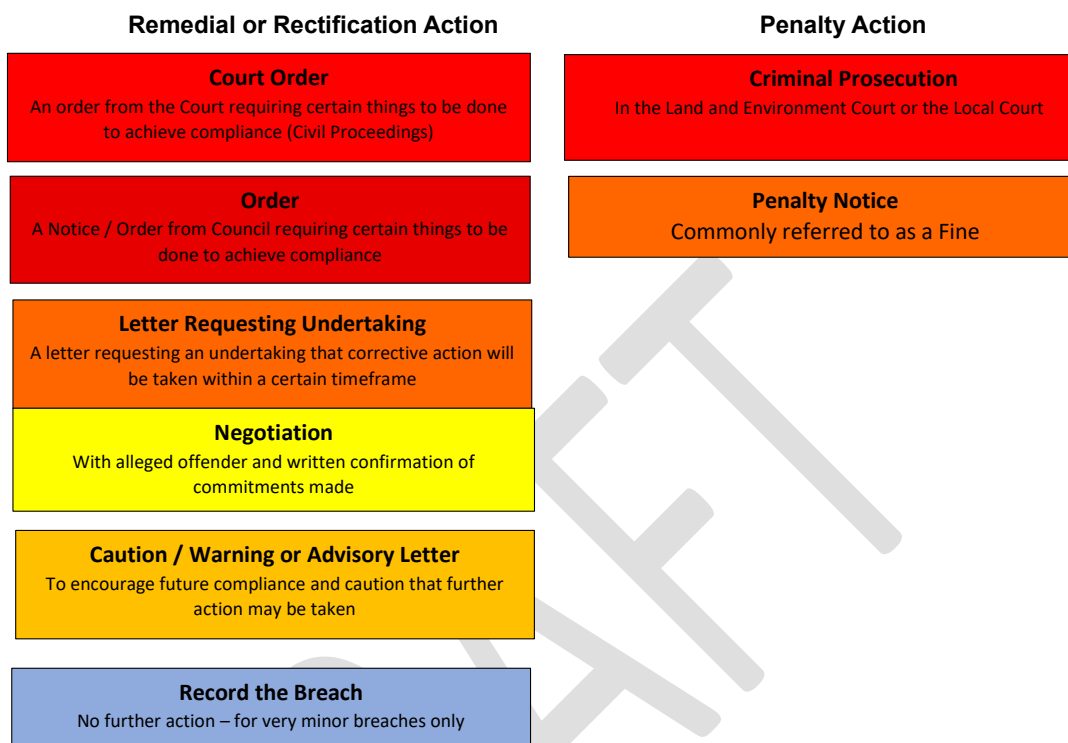
There is a range of enforcement action available as illustrated below in Figure 1. The examples given in Figure 1 have been ranked from highest formality at the top to lowest formality at the bottom.

In deciding what enforcement action to take, Council will:

- use discretion to determine the most appropriate response to confirmed cases of unlawful activity;
- take a risk-based approach;
- choose the least formal option likely to achieve its enforcement objectives;
- consider the circumstances and facts of each case and decide on the merits of the case.

Council may use more than one enforcement approach in a case. Enforcement options are not necessarily mutually exclusive: for example, in some circumstances it may be appropriate to simultaneously issue an Order and a Penalty Notice. It is also important to note that the following is a guide only and each case must be assessed on the particular facts.

Figure 1: Enforcement actions available to Council



Note that it may be appropriate to use more than one enforcement option in some cases. If initial enforcement action does not achieve a satisfactory outcome, it may be necessary to proceed to a higher level of enforcement response. For example, if a warning letter or notice of intention does not achieve the desired response, it may be appropriate to give an Order; or if an Order is not complied with, it may be appropriate to bring enforcement or prosecution proceedings.

### 3.9 Offences when penalty notice can be issued

For certain offences a penalty notice can be issued as the appropriate regulatory action, even for these certain offences, Council officers have the authority to use discretion and issue a caution in place of a monetary fine. The circumstances for which a Council Officer may use discretion are clearly outlined as guidelines in section 19A (3) of the *Fines Act 1996*.

**<https://dcj.nsw.gov.au/justice/policy-reform-and-legislation/publications/guidelines.html>** **Following up enforcement action**

All enforcement action will be reviewed and monitored to ensure compliance with any undertakings given by the subject of enforcement action or advise, directions or orders



issued by council. Reports alleging continuing unlawful activity will be assessed and further action taken if necessary. If the unlawful activity has ceased or the work has been rectified, the matter will be resubmitted for follow up action to ensure compliance outcomes are met. Should initial enforcement action be found to have been ineffective, Council staff will consider other enforcement options.

### **3.10 Taking Legal Action**

Council and delegated staff will be guided by legal advice in deciding whether to commence criminal or civil proceedings and will consider the following:

- Whether there is sufficient evidence to establish a case to the required standard of proof;
- Whether there is reasonable prospect of success before a Court; and
- Whether the public interest warrants legal action being pursued.

The same considerations apply to whether Council should continue with proceedings. Council will act reasonably in response to new material.

#### **Whether there is sufficient evidence to establish a case to the required standard of proof**

Council considers the decision to take legal action a serious matter, and as such will only initiate and continue proceedings once it has been established that there is admissible, substantial and reliable evidence to the required standard of proof.

The basic requirement of any **criminal** prosecution is that the available evidence establishes a prima facie case.

The Prosecutor is required to prove the elements of the offence beyond reasonable doubt.

In **civil** enforcement proceedings, Council will require sufficient evidence to satisfy the court that an actual or threatened breach has occurred on the balance of probabilities.

#### **Whether there is a reasonable prospect of success before a Court**

Given the expense of legal action Council will not take legal action unless there is a reasonable prospect of success before a Court. In making this assessment, Council staff will consider the availability, competence and credibility of witnesses, the admissibility of the evidence, all potential defences, and any other factors which could affect the likelihood of a successful outcome.

**Whether the public interest requires legal action to be pursued**

The principal consideration in deciding whether to commence legal proceedings is whether to do so is in the public interest. In making this determination, the same factors to be considered when taking enforcement action apply.

The following considerations relate more specifically to the decision to commence legal proceedings and may also assist Council and its delegated staff in making the determination:

- Whether the applicable law is obsolete or obscure
- Whether proceedings may be counter-productive and bring the law into disrepute
- The availability of any effective alternatives to proceedings
- Whether an urgent resolution is required (court proceedings may take some time)
- The possible length and expense of court proceedings
- What sentencing options are available to the court in the event of conviction
- The alleged offender's degree of culpability
- The attitude of the victim and possibly material witnesses
- Whether a precedent will be set by instituting proceedings.

Council will consider discretionary factors to the extent applicable to the facts and circumstances of the case and will give them appropriate weight.

**Time within which to commence proceedings**

Council staff must be aware of legislative time limits in which enforcement proceedings must be commenced. Sometimes legal action will be statute barred despite good evidence that unlawful activity has occurred.

**3.11 Shared Enforcement Responsibilities**

Some reports will raise matters involving shared regulatory responsibilities between Council and other authorities including the Environment Protection Authority, NSW Police, NSW Department of Planning and Environment, NSW Liquor and Gaming, NSW Fair Trading, NSW Food Authority and Crown Lands.

Council recognises that collaboration and cooperation between authorities to address issues of shared regulatory responsibility is the best approach. To this end, where there are shared legislative responsibilities, Council staff will work with relevant authorities to establish:

- Which authority will take the leading role on any joint investigation
- Which activities each authority will carry out
- Responsibilities for updating an individual where relevant
- Protocols for exchanging confidential information between the relevant authorities.

Council will reasonably endeavour to respond to requests for information or assistance on joint regulatory matters in a timely manner.

### **3.12 Role of Council Where a Private Certifier Has Been Nominated as the Principal Certifier**

Where the Private Certifier has been appointed as the Principal Certifier the Council recognises that the Private Certifier is the authority responsible for ensuring compliance with the conditions of development consent.

Private Certifiers have limited enforcement powers. They can issue a Written Directions Notice (WDN) to the owner or builder to comply with the conditions of consent or rectify any breaches. A copy of any WDN issued by a Private Certifier must be provided to Council for assessment as to whether Council will consider enforcement action.

Persons making complaints regarding a site where the PCA is private will be advised to contact the Private Certifier in the first instance. This will give the Private Certifier an opportunity to address the issues and take appropriate action.

Should the Private Certifier fail to use their enforcement powers to address the issue raised within a reasonable timeframe, Council will give consideration to investigate the matter dependent upon the specific circumstances and whether there is a serious threat to persons and/or property.

It must be noted that Council is not the regulator of Private Certifiers and any complaints about the conduct of Private Certifiers must be directed to NSW Fair Trading.

Council will endeavour to work with Private Certifiers to resolve any issues when they arise to achieve compliance with the development consent or complying development certificate. Council staff will take steps to ensure individuals are clear about which agency performs which role.

### **3.13 Review and Appeal Processes**

Any order issued by Council (as a proposed order) (unless issued in an emergency) will have a notice period allowing representations to be made (generally up to 21 days). Representations should be made in writing to the attention of the relevant section Manager.

Fines issued by Council under a range of legislation have a review process that is managed by Revenue NSW. Information on how to request a review of a fine can be found at [www.revenue.nsw.gov.au](http://www.revenue.nsw.gov.au).

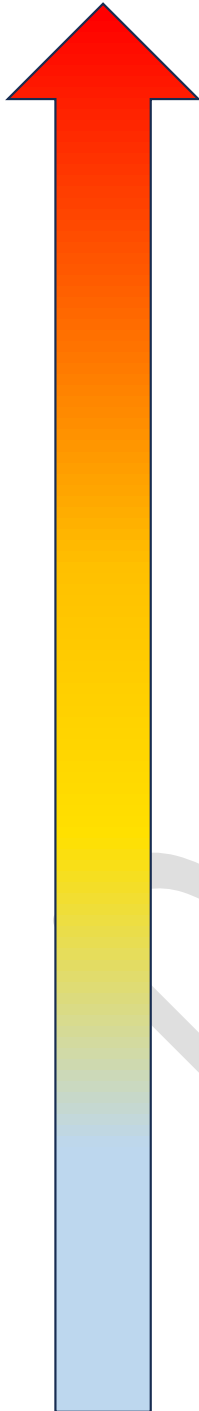
### **3.14 Role of Councillors in Enforcement**

Compliance and enforcement matters are sensitive and easily susceptible to allegations of impropriety, bias or inconsistency. In order to manage those risk, and consistent with Council's Code of Conduct, Councillors do not attend on-site meetings with Council staff, the complainants, or persons the subject of investigation or enforcement action, or direct staff in relation to particular outcomes relating to investigations or enforcement options or actions.

Councillors can help individuals who raise concerns with them by referring them to the relevant team for the appropriate action to take place as outlined in this Policy.

## **4. RELEVANT LEGISLATIVE REQUIREMENTS** *(where applicable)*

This policy is based in the NSW Ombudsman "Enforcement Guidelines for Councils" and "Model Policy" (2015).

**APPENDIX 1****RISK CATEGORY MATRIX**

Including but not limited to:

***High Risk***

- Large scale / significant pollution incidents
- Dog attacks, straying stock and roaming dogs
- Large scale vegetation clearing
- Unattended/Illegally parked vehicles in unsafe locations
- Collapsed or unsafe building works adjacent to public areas
- Poor sediment control on building sites
- Swimming pool barrier fencing
- Fire safety matters
- Domestic sewage surcharge

***Medium Risk***

- Abandoned motor vehicles
- Minor pollution incidents
- Breaches of tree preservation orders
- Commercial & industrial air/noise complaints (criteria)
- Food/beauty/Skin penetration and other health related premises complaints
- Significant unauthorised/non-complying building works
- Building works where a Private Certifier appointed
- Land filling
- Rubbish dumping
- Parking
- Footpath obstructions
- Onsite sewage management systems
- Illegal Boarding houses/multi occupancies/dual occupancies

***Low Risk***

- Animal registration / general companion animal enquiries
- Barking Dogs
- Domestic air noise complaints (power tools, air conditioners, pool pumps, amplified music)
- All other animal related enquiries
- Overgrown land (criteria)
- Home business / home occupation
- Minor unauthorised / non-complying building works (criteria)
- Overland stormwater flow (criteria)
- Smoke nuisance from domestic wood heaters, outdoor BBQ's, burning prohibited items
- Keeping of roosters, rooster noise, including poultry and fowl houses
- Strata issues where NSW Civil and Administrative Tribunal (NCAT) is appropriate authority

The action undertaken by Council in response to a request will be proportionate the quantum of resources available at the time. For example, where the number of requests exceeds the number of resources available, requests may be actioned using compliance through voluntary action (letter of cooperation). Conversely, when resources are available, more detailed investigations may be conducted.

**RELATED POLICIES & PROCEDURE REFERENCES**

This Policy has been developed in consultation with Wollongong City Council. Liverpool Council acknowledges the Wollongong City Council Compliance and Enforcement Policy in the creation of this document.

**AUTHORISED BY**

Council Resolution

**EFFECTIVE FROM**

*This date is the date the policy is adopted by Council resolution.*

**REVIEW DATE**

*The policy must be reviewed every two years or more frequently depending on its category or if legislative or policy changes occur.*

**VERSIONS**

*The current and previous version of the policy should be set out in the following table.*

Version	Amended by	Changes made	Date	TRIM Number
1	New Policy	Compliance		281536.2023-008

**ITEM 05**

**Review of Council's Financial progress,  
forecasts and assumptions**

<b>Strategic Objective</b>	Visionary, Leading, Responsible Ensure Council is accountable and financially sustainable through the strategic management of assets and resources
<b>File Ref</b>	033873.2024
<b>Report By</b>	Vishwa Nadan - Chief Financial Officer
<b>Approved By</b>	Farooq Portelli - Director Corporate Support

**EXECUTIVE SUMMARY**

In June 2023 the Council adopted its 2023-24 operating budget with estimated revenue of \$379.3 million and expenditure of \$250.8 million. In terms of the net operating result before grants and contributions provided for capital purposes, Council budgeted for an operating deficit of \$3.7 million.

This report provides revised projected operating result based on Q2 Budget Review and highlights key risks and opportunities that may impact on the projected result.

**RECOMMENDATION**

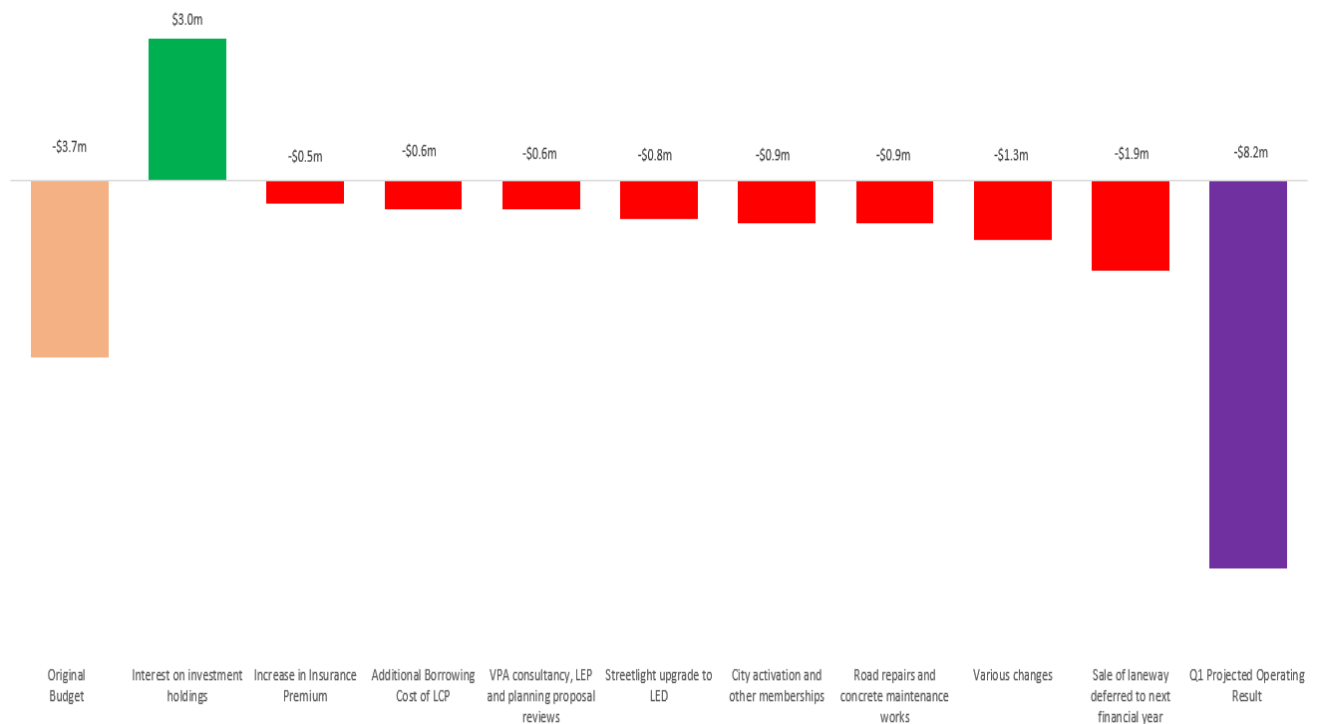
That the Committee receives and notes the report.

**REPORT**

**Budget Performance**

In June 2023 the Council adopted its 2023-24 operating budget with estimated revenue of \$379.3 million and expenditure of \$250.8 million. In terms of the net operating result before grants and contributions provided for capital purposes, Council budgeted for an operating deficit of \$3.7 million.

Council, based on the results of Q1 Budget Review, projected an operating deficit of \$8.2 million. Key variations are restated below:



The Q2 Budget Review, based on Council resolutions, program initiatives, market trends and actual budget performance to 31 December 2023, Council is projecting an operating deficit of \$8.3m. Key variations noted are:





On-going review of resource requirements to achieve corporate initiatives has resulted in an investment in additional unbudgeted positions and program costs. The \$4.6 million cost associated with engagement of additional staff resources and regrading's is expected to be absorbed by salary savings from current vacancies, deferred recruitment, and restructured positions across the Council.

Detailed analysis of both revenue and expenditure is provided as **Attachment 1**.

## **Operating Revenue**

Budget performance of key sources of operating revenue were as follows:

	YTD Budget \$'000	YTD Actual \$'000	FY Budget \$'000	FY Proposed Budget \$'000	Indicator
Rates & annual charges	85.034	86.314	170.067	171.467	👍
Other operating grants & subsidies	3.987	6.635	14.484	14.104	👍
Interest & investment income	5.717	8.473	11.433	16.433	👍
FAG grants	0.110	0.110	8.968	8.968	👉
Childcare fees & grants	4.260	3.778	8.521	8.552	👍
DA & other building fees	3.415	2.531	6.829	6.829	👍
Property rentals	2.396	2.775	5.644	5.316	👉
Parking fines	1.760	1.585	3.520	3.520	👍
Car parking fees	1.718	1.644	3.437	3.305	👍
Recovery - restoration works	1.220	1.080	2.440	2.440	👉
Ex-gratia income - Intermodal	0.000	0.000	2.245	2.245	👍
Net gain from disposal of assets	0.000	0.425	1.900	0.000	👎
Hire - community & recreational facilities	0.662	0.433	1.323	1.323	👉
Fair value increment on investment	0.000	1.144	0.000	0.500	👍

## Operating Expenditure

Budget performance of key areas of operating expenses were as follows:

	YTD Budget \$'000	YTD Actual \$'000	FY Budget \$'000	FY Proposed Budget \$'000	Indicator
Salaries including superannuation	43.711	40.820	88.871	89.046	👍
Tipping & waste services	17.308	18.510	34.617	33.214	👍
Utilities (electricity / water / gas)	3.575	3.657	7.150	7.947	👎
Software licenses	2.019	2.149	4.038	4.229	👎
Contributions - NSW Fire / SES / RFS	1.881	1.881	3.761	3.761	👍
Insurance	2.729	3.133	3.079	3.579	👎
Contracted labour (agency)	1.388	1.418	2.777	2.084	👍
Tipping (hazardous waste)	0.685	1.143	2.401	1.101	👍
Borrowing costs	1.248	1.022	2.496	7.500	👎
Professional services	1.110	1.697	2.041	3.440	👎
Workers compensation	1.027	0.781	2.053	2.053	👍
Overtime	0.744	1.849	1.488	1.488	👎
Legal costs	0.724	1.032	1.448	1.821	👎
Internet (data)	0.579	0.459	1.157	1.107	👍
Consultants	0.420	1.227	0.840	1.643	👎

## Risks & Opportunities

The following risks and opportunities have been identified with the potential to change the projected budget result for FY 2023/24.

- i) FAG Operating Grant [*Risk Probability: Low/Moderate*] – The NSW Grants Commission fully paid 2023/24 financial assistance grant in advance. Any change to their position for FY2024/25 is not known at this stage.
- ii) Net Loss from Disposal of Assets [*Risk Probability: Highly Likely*] – As part of the road renewal process, a portion of the road surface is scrapped off and then replaced. The replacement cost is capitalised, however, there is a written down value attached to the portion removed. The cost of write-off depends on the condition of the road at time of renewal and depth of surface removed.

### Cash Reserves

At 31 December 2023, Council had \$376 million in cash and investments classified as follows:

	<i>Opening Balance 1 Jul 2023</i>	<i>Closing Balance 31 Dec 2023</i>
<b>Externally Restricted</b>		
S711 Contributions	280,969,884	296,066,005
City Development Fund	379,285	443,307
Domestic Waste Reserve	1,324,273	3,346,968
Environment Levy	5,928,977	6,350,269
Stormwater Reserve	868,572	1,569,692
Edmondson Park Reserve	2,859,276	2,917,310
Contribution Reserve	3,340,407	3,340,407
Grants Reserve - Capital	11,538,211	9,040,588
Grants Reserve - Operating	413,756	405,446
Better Waste & Recycling Reserve	1,861	0
Deferred Grants Reserve - Capital	36,932,973	44,844,296
Deferred Grants Reserve - Operating	7,169,256	1,680,355
Deferred WSIGP Interest	-	22,451
<b>Total Externally Restricted</b>	<b>351,726,732</b>	<b>370,027,097</b>
<b>Internally Restricted</b>		
Employee Leave Entitlement Reserve	4,484,000	4,484,000
Insurance Reserve	1,796,043	1,796,043
Parking Strategy Reserve	2,578,921	1,493,226
General Property Reserve	7,164,084	5,634,549
Loan Reserve	54,208,072	-
Carnes Hill Stage 2 Precinct Development Reserve	4,290,076	4,277,206
Moorebank Intermodal Company Ltd Ex-Gratia Funds	524,796	524,796
Temporary funding LCP	-	(13,400,000)
<b>Total Internally Restricted</b>	<b>75,045,990</b>	<b>4,809,819</b>
<b>Unrestricted Cash - Net Position</b>	<b>25,640,191</b>	<b>974,199</b>
<b>Total Cash and Investments</b>	<b>452,412,913</b>	<b>375,811,114</b>

### ATTACHMENTS

1. Budget Analysis - Q2 Projections

Liverpool City Council  
Summary Financial Results - Consolidated  
For the period 1 July 2023 to 30 June 2024

	2022-23 Annual Actual	2023-24 Original Budget	2023-24 Revotes	2023-24 Resolutions	2023-24 Revised Budget	2023-24 Quarter 2 Request	2023-24 Proposed Budget	Variance (Proposed - Original Budget )	Comments
Net Operating Results Before Grants & Contributions for Capital Purposes	532,296	(3,743,183)	0	(214,996)	(8,287,206)	(33,895)	(8,321,101)	(4,577,918)	
Revenue									
Rates & Annual Charges	156,678,212	170,067,438	0	0	170,067,438	1,400,000	171,467,438	1,400,000	+\$1.4m Anticipated increase in rates & annual charges due to growth.
User Charges & Fees	15,799,906	18,900,354	0	0	18,768,354	1,000,000	19,768,354	868,000	+\$1.0m Release of bonds for engineering works. - \$132k Lower than anticipated carpark revenue from Bathurst Street carpark and On-street parking due to WFH and economic downturn.
Interest & Investment Revenue	13,687,423	11,433,224	0	0	14,433,224	2,000,000	16,433,224	5,000,000	+\$5.0m Higher than anticipated interest on investment holdings.
Grants & Contributions - Operating	31,685,306	28,323,585	0	0	28,291,776	(317,626)	27,974,150	(349,435)	-\$477k Deferred operating grants funding adjustments -\$223k Better Waste program ceased +\$48k Contributions from member councils for Metropolitan Rural Land Strategy +\$24k Grant from Department of Planning and Environment for Railway Street activation +\$10k Grant from Department of Planning and Environment for environmental sustainability  +\$269k Other operating grants: \$54k Grant funding from Department of Premier and Cabinet \$53k Grant from Department of Planning for Harris Creek flood study \$46k Grant from EPA for on-ground litter prevention program \$35k various grants (Australia Day council, DPA for flood study, RFS) \$32k Grant from Department of Planning (Species Hibbertia) \$31k Grant from Department of Education for environment projects \$18k Grant from Department of Planning and Environment for Cabramatta Creek flood study
Grants & Contributions - Capital (Others) *	85,488,202	82,227,319	8,148,946	600,000	88,506,800	(5,890,721)	82,616,079	388,760	+\$8.2m 2022-23 carryovers +\$1.7m Grant from TfNSW under the High Pedestrian Activity Program +\$1.1m Grant from TfNSW under the Black Spot Program +\$1.1m Grant from TfNSW under the round 4 of WSIP grant program +\$825k LRCI Phase 4 grant for Gurner Avenue -Fourth to Lee and Clark +\$572k Grant from TfNSW for design work of Moore St and George St cycleways +\$408k Contributions for roads and drainage works under WIK agreement +\$400k Grant from TfNSW for City Centre Traffic Calming proposal  -\$4.6m Reversal of TfNSW grant for GMD upgrade as project will not be completed this financial year -\$2.7m Realignment of Lighthorse Park projects under WestInvest deed instalment funding - \$2.0m Grant adjustment for Kurrajong Rd/Lyn Parade intersection upgrade due to extended timeframe -\$3.0m GMD & Hume Highway intersection will not be completed this financial year -\$2.0m Lighthorse park play area to be delivered in FY 2024/25 -\$1.3m Carnes Hill precinct stage 2 to be delivered by 2028 -\$1.3m Kurrajong Rd & Lyn Pde intersection project timeframe extended due to major service relocation works required +\$1.0m Grant from Dept of Regional NSW Public Works under Natural Disaster Restoration Program +\$417k Grant from DPE for Denham Court Road upgrade +\$95k Grant for Liverpool Koala Vehicle Strike
Grants & Contributions - Capital (s711) *	59,842,631	50,000,000	0	0	50,000,000	0	50,000,000	0	
Other Revenues	10,615,804	10,825,636	0	0	10,825,636	595,864	11,421,500	595,864	+\$325k Additional revenue from CPAC & Bellbird Café +\$230k Revenue from mattress shredding +\$25k Additional legal fees recovery \$15k Reimbursements of utility charges

Liverpool City Council  
Summary Financial Results - Consolidated  
For the period 1 July 2023 to 30 June 2024

	2022-23 Annual Actual	2023-24 Original Budget	2023-24 Revotes	2023-24 Resolutions	2023-24 Revised Budget	2023-24 Quarter 2 Request	2023-24 Proposed Budget	Variance (Proposed - Original Budget )	Comments
Rental Income	4,525,820	5,644,057	0	0	5,649,932	(333,929)	5,316,003	(328,054)	<b>-\$708k</b> Lease rental adjustment for the old Liverpool Library <b>+\$353k</b> Cowpasture Road property lease rental from Sep 2023 to June 2024 <b>+\$27k</b> Other rental adjustments
Net Gain from the Disposal of Assets	0	1,900,000	0	0	0	0	0	(1,900,000)	<b>-\$1.9m</b> Reversal of gain as disposal of laneway anticipated in FY2024-25
Fair value increment on Investments	631,159	0	0	0	0	500,000	500,000	500,000	<b>+\$500k</b> anticipated increase in fair value of investments
Total Revenue	378,954,465	379,321,613	8,148,946	600,000	386,543,160	(1,046,412)	385,496,748	6,175,135	
Expenses									
Employee Costs	80,440,146	94,043,486	0	100,496	94,143,982	150,337	94,294,319	250,833	<b>+\$3.0m</b> New positions created (48 FTE) net of capitalised labour <b>-\$716k</b> Deleted positions (5 FTE) as part of restructure <b>+\$76k</b> Regrading of positions, car allowance adjustments and other employee costs <b>-\$2.3m</b> Salary savings allocated to fund new positions and other salary adjustments  <b>+\$1.6m</b> New positions created (19 FTE) net of capitalised labour <b>-\$1.4m</b> Delayed recruitment for identified vacant positions  <b>-\$584k</b> Deleted positions (6 FTE) as part of restructure <b>+\$42k</b> Regrading of positions and other employee costs <b>+\$487k</b> Reversal of capitalised labour (previous structure)  <b>+\$100k</b> additional FTE to implement integrated pest management policy and strategy (Council resolution)
Borrowing Costs	1,173,624	2,496,009	0	0	3,119,157	4,381,055	7,500,212	5,004,203	<b>+\$4.4m</b> Interest expense on LCP borrowings from Nov 2023 to June 2024 <b>+\$590k</b> Interest expense for \$23m additional loan for LCP fit out <b>+\$31k</b> Interest expense adjustments for Cowpasture Road borrowings
Materials & Services - Tipping & Waste Services	33,149,238	35,649,100	0	0	35,649,100	(1,402,974)	34,246,126	(1,402,974)	<b>-\$1.2m</b> Lower tipping fees due to mattress shredding and other waste reduction initiatives <b>-\$137k</b> Reversal of Better Waste Program ceased in August 2022
Materials & Services - Other	61,392,853	61,432,690	0	112,500	65,079,094	209,756	65,288,850	3,856,160	<b>+\$815k</b> Streetlights upgrade to LED <b>+\$600k</b> Additional funding to carry out emergency and preventative road repair works <b>+\$510k</b> City Futures program costs for business events and memberships <b>+\$500k</b> Increase in insurance premiums <b>+\$300k</b> Additional funding required to clear the backlog of concrete maintenance works <b>+\$250k</b> Cleaning contractor for Warren Serviceway carpark <b>+\$222k</b> Various grant funded projects <b>+\$115k</b> Professional services for studies and peer reviews on planning proposals <b>+\$110k</b> Funding for after hours call services  <b>+\$500k</b> Outsourcing of DA assessments funded from salary savings <b>-\$500k</b> Salary savings to fund outsourcing of DA assessments  <b>+\$75k</b> Intern program through agency hire funded from salary savings <b>-\$75k</b> Salary savings to fund intern program

Liverpool City Council  
Summary Financial Results - Consolidated  
For the period 1 July 2023 to 30 June 2024

	2022-23 Annual Actual	2023-24 Original Budget	2023-24 Revotes	2023-24 Resolutions	2023-24 Revised Budget	2023-24 Quarter 2 Request	2023-24 Proposed Budget	Variance (Proposed - Original Budget )	Comments
									<div><div>+\$718k Operating expenses for Civic Place January to June 2023</div><div>+\$500k Outsourcing of DA assessments</div><div>+\$480k Staff relocation to Civic Place</div><div>+\$348k Cowpasture Road CEC fitout and operating expenses</div><div>+\$300k Commission paid on old Liverpool Library lease agreement</div><div>+\$200k City Futures program costs for sponsorships (Liverpool 2050)</div><div>+\$190k Supply and installation of telematic devices</div><div>+\$185k Additional funding required for park &amp; open space maintenance</div><div>+\$105k FOGO workshops</div><div>+\$81k Outgoings for old Liverpool Library as part of lease agreement</div><div>-\$1.3m Reversal of waste remediation budget to be funded from provision</div><div>-\$1.3m Deferred operating expenses funding adjustments</div><div>-\$230k Reduction of Old library operating expenses due to relocation to LCP</div></div>
Legal Costs	2,121,517	1,447,945	0	0	1,647,614	173,640	1,821,254	373,309	<div><div>+\$200k Additional legal expenses relating to court action taken against Canterbury/Bankstown Council on Voyager Point Footbridge matter</div><div>+\$112k Legal expenses relating to LCP leasing</div><div>+\$61k DEED settlement</div></div>
Consultants	1,616,171	840,054	0	0	1,531,196	112,300	1,643,496	803,442	<div><div>+\$321k Planning proposal for the creation of a new Liverpool Local Environmental Plan</div><div>+\$200k Developer contributions planning proposals reviews and peer studies</div><div>+\$170k Various consultancies on flood study, review of dam safety plan, and water quality</div><div>+\$80k Harris Creek flood study</div><div>+\$60k Chain of responsibility (funded from capital works)</div></div>
Depreciation	47,162,769	47,390,706	0	0	47,390,706	1,500,000	48,890,706	1,500,000	<div><div>+\$1.5m Estimated depreciation for LCP building and fittings</div></div>
Other Expenses	3,335,121	5,037,487	0	2,000	5,262,717	(245,910)	5,016,807	(20,680)	<div><div>+\$200k City Futures program costs for sponsorships</div><div>-\$200k City Futures program cost transferred to fund Liverpool 2050</div><div>+\$50k Early land acquisition scheme funded from Austral/Leppington North contribution plan</div><div>-\$75k Adjustment of lease incentives for old Library. Lease agreement still to be finalised.</div></div>
Net Loss from the Disposal of Assets	2,699,896	2,500,000	0	0	2,500,000	0	2,500,000	0	
Revaluation decrement / impairment of IPP&E	0	0	0	0	0	0	0	0	
Total Expenses	233,091,335	250,837,477	0	214,996	256,323,566	4,878,204	261,201,770	10,364,293	
Net Operating Result	145,863,129	128,484,136	8,148,946	385,004	130,219,594	(5,924,616)	124,294,978	(4,189,158)	
Less: Grants & Contributions for Capital Purposes *	145,330,834	132,227,319	8,148,946	600,000	138,506,800	(5,890,721)	132,616,079	388,760	
Net Operating Results Before Grants & Contributions for Capital Purposes	532,296	(3,743,183)	0	(214,996)	(8,287,206)	(33,895)	(8,321,101)	(4,577,918)	

## ITEM 06

## Disability Inclusion Action Plan 2024 – 2028

Strategic Objective	Healthy, Inclusive, Engaging Promote a harmonious community that celebrates its diversity
File Ref	017176.2024
Report By	Jacqueline Newsome - Coordinator Community Development
Approved By	Tina Bono - Director Community & Lifestyle

## EXECUTIVE SUMMARY

Liverpool's draft Disability Inclusion Action Plan (DIAP) 2024 – 2028 is a four-year plan which outlines Council's ongoing commitment to supporting equity and inclusion for people with disability, their families and carers in Liverpool. The draft DIAP sets out a comprehensive action plan which will guide Council in the delivery of programs, events and activities which promote access and inclusion for all community members.

A statutory review of the New South Wales Disability Inclusion Act (DIA) commenced in 2019 which resulted in amendments to the Act, including an update to the NSW DIAP Guidelines. The new Act – the *Disability Inclusion Amendment Act (2022)* - requires that:

- DIAPs must now be remade (not just reviewed) every four years;
- DIAPs must be made available in one or more formats accessible to people with disability; and
- DIAPs must include reference to intersectionality and highlight inclusion of the needs of the LGBTIQ+ people with disability.

The draft DIAP was developed in consultation with key internal and external stakeholders and considers the changes to legislation and NSW DIAP Guidelines 2022. A desktop analysis and peer review were undertaken by an external party to compare and understand how Council's services compared to neighbouring and leading councils to ensure the development of an inclusive and detailed Plan for Liverpool.

The draft DIAP identifies four key focus areas, aligned with those outlined in the NSW Disability Inclusion Plan 2021 - 2025, developed by the NSW Department of Communities and Justice (DCJ). These focus areas align with the Australian National Disability Strategy and Australia's obligations under the United Nations Convention on the Rights of Persons with Disabilities.

**RECOMMENDATION**

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That the Committee recommends Council:

1. Endorse the draft Disability Inclusion Action Plan 2024 – 2028 to be placed on public exhibition for a period of 28 days; and
2. Receive a post-exhibition report to Council on the draft Disability Inclusion Action Plan 2024 – 2028 incorporating community feedback or, if no significant feedback is received, direct the Chief Executive Officer (CEO) to adopt the draft Disability Inclusion Action Plan 2024 – 2028 on behalf of Council.

**REPORT**

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**Background**

The *NSW Disability Inclusion Amendment Act 2022* (the Act) requires all Council's in New South Wales to prepare a Disability Inclusion Action Plan (DIAP). Council recognises the range of important social, economic, and cultural reasons, as well as the legislative requirements, for creating an effective strategy of inclusion which supports people with disability, their families and carers.

Liverpool's draft DIAP 2024 – 2028 is a four-year plan which outlines Council's ongoing commitment to supporting equity and inclusion for people with disability, their families and carers in Liverpool. The draft DIAP sets out a comprehensive action plan which will guide Council in the delivery of programs, events and activities which promote access and inclusion for all community members.

The draft DIAP 2024 – 2028 identifies four key focus areas, aligned with those outlined in the NSW Disability Inclusion Plan 2021 – 2025, developed by the NSW Department of Communities and Justice (DCJ). These focus areas align with the Australian National Disability Strategy and Australia's obligations under the United Nations Convention on the Rights of Persons with Disabilities.

The focus areas have been identified as being of primary importance to people with disability, their families and carers in creating an inclusive community. The key focus areas are:

- Developing positive community attitudes and behaviours;
- Creating liveable communities;
- Supporting access to meaningful employment; and
- Improving access to services through better systems and processes.



**Changes to legislation**

A statutory review of the New South Wales Disability Inclusion Act (DIA) commenced in 2019 which resulted in amendments to the Act, including an update to the NSW DIAP Guidelines. The new Act – the *Disability Inclusion Amendment Act (2022)* - requires that:

- DIAPs must now be remade (not just reviewed) every four years;
- DIAPs must be made available in one or more formats accessible to people with disability; and
- DIAPs must include reference to intersectionality and highlight inclusion of the needs of the LGBTIQ+ people with disability.

To comply with the new Act, Council was obliged to review its DIAP and ensure the legislative requirements were met before submitting to the Department of Communities and Justice (DCJ). The amendments to the Act related to intersectionality and highlighting inclusion of the needs of LGBTIQ+ people, along with acknowledging the unique needs of all people with disability, have been incorporated into Council's draft DIAP 2024 – 2028 to ensure that Liverpool remains compliant with the relevant legislative requirements.

Once the draft DIAP has been finalised and adopted, Council will investigate suitable accessible formats including easy-read English, pictorial representations and translated materials.

**Methodology and development of the DIAP 2024 – 2028**

The draft DIAP 2024 – 2028 was drafted internally by the Community Development team. The process of drafting this Plan included the following actions:

- A desktop review of the existing DIAP (2017 – 2021) to identify achievements, ensure currency and appropriateness of language and terminology, and identify areas for improvement;
- Consultation with relevant internal and external stakeholders of the draft DIAP 2024 – 2028 including the Liverpool Access Committee, disability service providers, and relevant Council business units; and
- Engagement of Cred Consulting to conduct a peer review of the draft DIAP to benchmark against neighbouring and leading councils to ensure the Plan was aligned with industry best practice and ensure compliance with the changed legislation.

**Conclusion**

Following Council's endorsement of this draft, the DIAP will be placed on public exhibition for a period of 28 days. During this exhibition period, further community consultation will occur to ensure the draft DIAP is reflective of the Liverpool communities' needs and goals. At the conclusion of this public exhibition period, a further report will be brought to Council which details the content of any submissions received and their effect on the draft DIAP.

Should there be no significant feedback received from the community, it is recommended that Council direct the CEO to adopt the draft Disability Inclusion Action Plan 2024-2028 on behalf of Council.

## **FINANCIAL IMPLICATIONS**

Costs associated with this recommendation have been included in Council's budget for the current year and long-term financial plan.

## **CONSIDERATIONS**

<b>Economic</b>	There are no economic and financial considerations.
<b>Environment</b>	There are no environmental and sustainability considerations.
<b>Social</b>	Promote community harmony and address discrimination.
<b>Civic Leadership</b>	Encourage the community to engage in Council initiatives and actions. Operate a well-developed governance system that demonstrates accountability, transparency and ethical conduct.
<b>Legislative</b>	There are no legislative considerations relating to this report.
<b>Risk</b>	There is no risk associated with this report.

## **ATTACHMENTS**

1. Draft Disability Inclusion Action Plan 2024 - 2028



**LIVERPOOL**

**DISABILITY  
INCLUSION  
ACTION PLAN  
2024-2028**

**Liverpool – An inclusive place to live, learn and grow.**

**LIVERPOOL  
CITY  
COUNCIL**







## ACKNOWLEDGEMENT OF COUNTRY

Liverpool City Council acknowledges the traditional custodians of the land that now resides within Liverpool City Council's boundaries, the Cabrogal clan of the Darug Nation. We acknowledge that this land was also accessed by peoples of the Dharawal and Darug Nations.

## ACCESS AND EQUITY STATEMENT

Liverpool City Council acknowledges and respects First Nations people as the original inhabitants of the land which now resides within the Liverpool Local Government Area, the people of the Dharug (Darug) and Tharawal (Dharawal) nations. Liverpool City Council also acknowledges and respects Liverpool's multicultural communities and their varied cultural backgrounds, languages, traditions, religions and spiritual practices.



# CONTENTS

<b>MAYOR'S MESSAGE</b>	<b>6</b>
<b>CEO MESSAGE</b>	<b>7</b>
<b>OUR COMMUNITY</b>	<b>8-9</b>
<b>OUR VISION FOR INCLUSION</b>	<b>10</b>
<b>WHY A DIAP</b>	<b>11-12</b>
<b>KEY ACHIEVEMENTS</b>	<b>13</b>
<b>WHAT WE HEARD</b>	<b>14-15</b>
<b>ACTION PLAN</b>	<b>16-23</b>

An easy format and plain language version of this DIAP is available on Council website.

## MESSAGE FROM THE MAYOR



I am delighted to present Council's Disability Inclusion Plan (DIAP) 2024-2028 that reaffirms

our commitment to transform Liverpool into an even better place for people of all abilities to live, learn and grow.

As the level of government closest to the community, councils play an important role in promoting and championing the inclusion of people with disability in our community.

Council firmly believes that access and inclusion are everybody's business because everybody benefits when that foundation is in place and operating fully.

Liverpool City Council undertakes its role of making the environment more inclusive with the utmost dedication, striving to promote and support access and inclusion in the workplace every day.

Our Plan includes how we engage people with disability, support employment opportunities, design future buildings and public spaces to be accessible, provide information and ensure available services meet existing needs.

To compile this Plan, Council extensively consulted local residents with a disability, their carers, and service providers.

On behalf of Council, I want to thank everyone who participated in those sessions.

Your contribution was invaluable and your insightful feedback helped the development of Council's overall Plan.

Our intention is to make Liverpool a place of versatile opportunities for everyone regardless of their background, abilities or lifestyle.

Council's last DIAP offered significant upgrades to community facilities, including installation of inclusive play spaces and communications tools for children with disabilities.

They also contribute to the ongoing improvement to accessibility in our city.

Despite the appreciable progress there is still a long way to go towards improving access and inclusion for people with disability in our community.

We are ready for the journey.

This is our starting point.

You are invited to read through this Plan and continue having conversations with Council representative about how we can maintain our progress.

A blue ink signature of Mayor Ned Mannoun, featuring a large, stylized 'N' and 'M' followed by a horizontal line.

Mayor Ned Mannoun



## MESSAGE FROM THE CEO



For Liverpool City Council to assume a leadership role on disability access and inclusion in the broader community, we must first look inwards at our own internal processes and systems.

As a major employer, Council is striving to further raise the bar on inclusive employment practices in Liverpool, with the aim that other employers within our City will follow.

On a personal level, I am proud to be part of an organisation that aspires to enact positive change for people with disability within our community every day.

One way we are achieving this is through the Disability Inclusion Action Plan (DIAP) 2024– 2028 outlining practical steps to ensure everything we do as an organisation is in support of better outcomes for people with disability.

Reflected in this document are ideas arising from hours of consultation with stakeholders in the disability space, including members of the community with disability, carers and local service providers as well as Council staff.

One of our key strengths at Council is diversity among staff. This allows us to deliver solutions that best fit the needs of our community comprising people different abilities, backgrounds, and experiences.

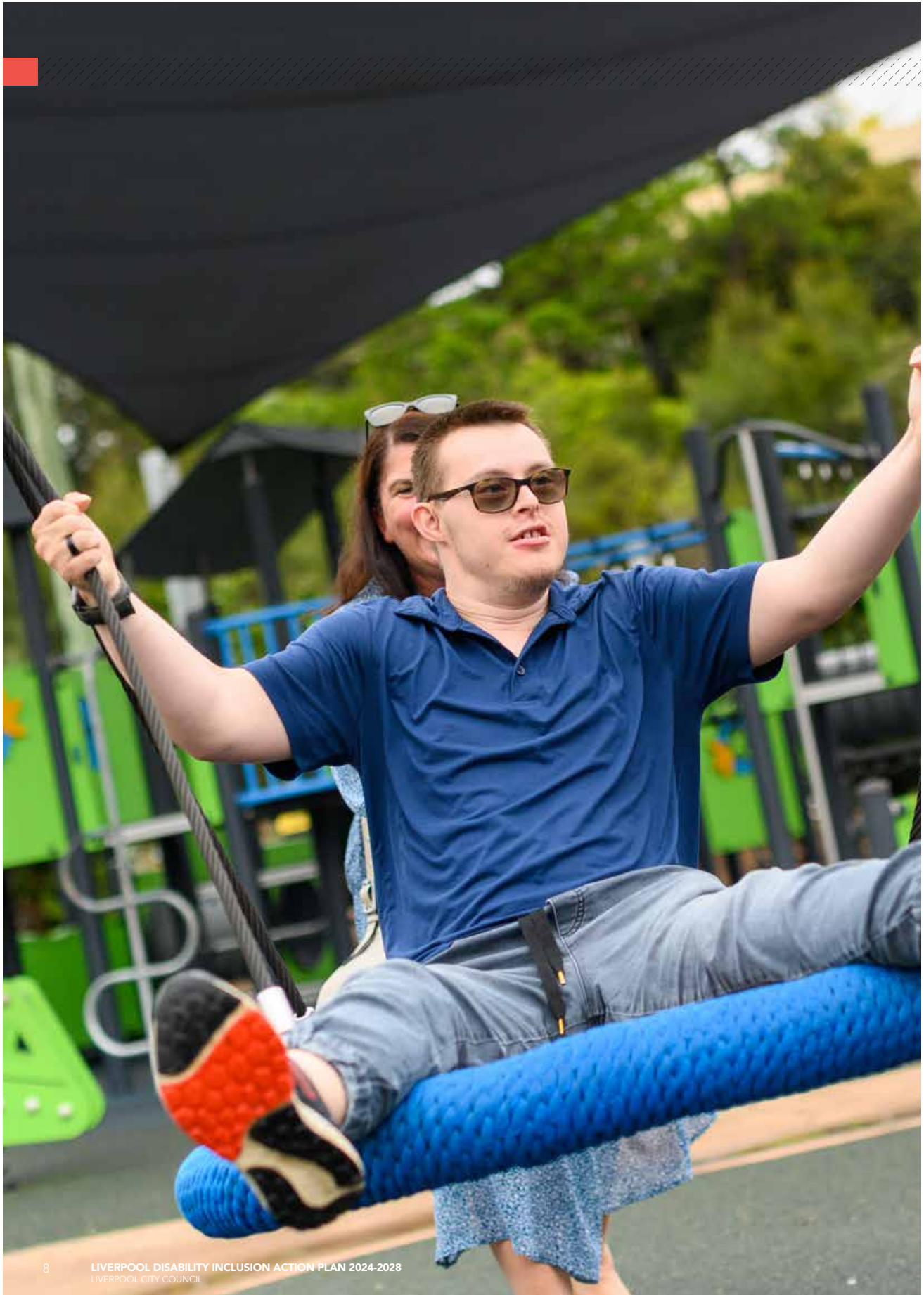
There is always room to enhance the way we do business here at Council. Our goal is to become an employer of choice for local people with disability by ensuring our equal opportunity employment practices are robust.

We are fortunate to have strong working relationships with disability service providers and stakeholders in the community to bring the aspirations and actions in this plan to life.

I look forward to working with these stakeholders to implement the key recommendations of this plan at all levels of Council, strengthening our existing services and building on key projects.

A handwritten signature in black ink, reading "John Ajaka". The signature is fluid and cursive, with a large initial 'J'.

**The Hon John Ajaka**  
CEO





## OUR COMMUNITY

**Our people, businesses, organisations and staff are diverse.  
It's our strength.**


Liverpool City Council Local Government Area (LGA) is set over 305.5 square kilometres and is home to more than 230,000 people from over 140 different backgrounds, making it one of the largest and most diverse areas in South West Sydney.

Liverpool is also at the heart of the greater Sydney metropolitan area's thriving economic hub and is home to the Western Sydney International Airport with forecasts of significant population growth, new release areas and major infrastructure development.

We recognise that as a rapidly growing city, Liverpool has many challenges with significant pressure added to the availability of housing, services, employment, and transport infrastructure for our community. This presents the urgent need and opportunity for access and inclusion to be in the forefront of all aspects of planning for the future.

Liverpool will continue to be welcoming and inclusive by recognising and supporting each other's differences and working every day to build connections within and outside our community.

According to the Australian Bureau of Statistics (ABS) 2021 Census:

234,917  
  
**2023**

  
POPULATION INCREASE TO  
**386,646**  
BY 2041

**15,269**  
PEOPLE IN LIVERPOOL LGA  
REQUIRE ASSISTANCE IN THEIR  
DAY-TO-DAY LIVES DUE TO  
**Disability**  
**Long-term health condition**  
**Old age**



**19,801**  
PEOPLE REPORTED  
THEY PROVIDE  
**Unpaid**  
**assistance**

# OUR VISION FOR INCLUSION

## Liverpool – An inclusive place to live, learn and grow

We promote and support access and inclusion in all areas of our business. This includes:

- How we listen to and talk with people with disability;
- How we support and encourage employment opportunities;
- How we plan our buildings and outdoor spaces;
- How we provide information and services;
- How we promote community awareness and improve attitudes towards people with disability; and
- What Federal and State government services we advocate to.

## INTERSECTIONALITY

Disability takes many forms and recognising it, let alone labelling it can be problematic. Disability can be physical, neurological, intellectual, cognitive, psychiatric and sensory. It may affect a person's mobility, communication or learning as well as their income and participation in education, social activities and employment options.

Our Social Justice Policy provides a framework where diversity is promoted and positive change for people with disability can occur.

We understand that a disability does not define a person. A person's lived experiences are shaped by multiple and diverse overlapping identities that can create further barriers to access and inclusion. The groups at greater risk include LGBTQIA+, First Nations people, women and non-binary people, culturally and linguistically diverse people, people from remote

areas, older people, children and young people, and people from lower socio-economic backgrounds.

We seek to adopt an intersectionality lens recognising and working towards breaking down societal norms and pressures to promote more opportunities for access and inclusion for people with disability.

We believe access and inclusion is everybody's business. This four-year DIAP seeks to address all forms of disability, reflecting on individual limitations and also the social barriers that restrict their life choices.

Council will be a leader in making Liverpool an inclusive community. We will improve our own practices to develop Council's internal systems and processes to ensure they achieve better outcomes for people with disability.



DL Toolkit: Module 1.3- Disability Intersectionality : CEDI Website (unc.edu)

# WHY A DISABILITY INCLUSION ACTION PLAN (DIAP)

We've created this action plan to show community leadership as an exemplary employer, and to ensure our services and information are accessible for all residents and visitors.

Across NSW, Australia and the world, governments are striving to ensure that people with disability have access to services as supported members of the community. Council's DIAP draws on the United Nations (UN) Convention on the Rights of Persons with Disabilities, the National Disability Strategy and the NSW Disability Inclusion Plan (see Figure 1).

Encouraging diversity enriches us as a community and supports individuals to participate fully in our society. The measures that we take now to support full inclusion will provide social, economic and personal benefits to the Liverpool community such as:

- Reducing disadvantage and discrimination that have wide-spread health, welfare, education and financial impacts; and
- Expanding work opportunities to enhance independence, self-worth and encourage social connections.

The UN Convention on the Rights of Persons with Disabilities (2006) outline eight principles of inclusion:

1. Focusing on abilities and not disabilities
2. Fundamental rights for all people
3. Genuine dialogue and participation
4. Improving access and inclusion for all
5. Prudent use of resources
6. Recognising the benefits of collaboration
7. Principles of Universal Design
8. Access is everyone's business



The NSW Disability Inclusion Plan 2021 – 2025 identifies four focus areas of inclusion after talking with people with disability. They are:

- Developing positive community attitudes and behaviours
- Creating liveable communities
- Supporting access to meaningful employment
- Improving access to mainstream services through better systems and processes

Keeping in mind these important principles and focus areas, Council has completed the disability inclusion action planning process as required by the Disability Inclusion Amendment Act 2022 (NSW). This process aligns with Council's Integrated Planning and Reporting cycle – the Community Strategic Plan, and Delivery Program and Operational Plan.

## HOW IT ALL FITS TOGETHER

Figure 1





# KEY ACHIEVEMENTS

**from Council's Disability Inclusion Action Plan 2017 – 2021 include:**

- Hosted annual International Day of People with Disability (IDPwD) celebrations at Casula Powerhouse Arts Centre (CPAC);
- Delivered new accessible toilets and inclusive playgrounds across the LGA including a Livvi's Place Playground at Lt. Cantello Reserve, Hammondville;
- Installed Communication Boards at various playgrounds across Liverpool to support communication and improve social interaction for children with disability;
- Convened the Liverpool Access Committee which provides advice and guidance to Council on access and inclusion matters;
- Held "sensory sessions" at major community events to cater for people with sensory processing disorders;
- Participated in the Sport NSW "Activate Inclusion Sports Day" which encourages children with disability to get involved in community sport;
- Hosted inclusive events and programs at CPAC and Libraries;
- Purchased a portable Hearing Loop device which can be utilised at meetings and activities at Liverpool Library;
- Provided AUSLAN interpreters at Council meetings, where required;
- Continued audit and improvements to access at local parks, playgrounds and community facilities; and
- Created an Accessible Technology Space at Liverpool Library equipped with resources to assist people with hearing, vision, mobility and learning disabilities.



## Who we engaged

This DIAP has been created after consultation with people with disability and their carers, community groups, advocates and Council staff who have a genuine desire to make Liverpool an inclusive place for all.

In late 2021 and early 2022, we reached out to stakeholders in the Liverpool LGA for their input to develop the Action Plan. This was done through a variety of engagement methods including a survey, meetings, telephone interviews and online discussions.

We asked what people with disability do, and don't like, about living and working in Liverpool.

We spoke with service providers about what Council does well, and what and how improvements can better support people with disability.

We also asked Council staff to reflect on what they do internally, and for the community, to support inclusion in Liverpool.

Comments were received from:

- People with disability and their carers
- Members of the Liverpool Access Committee
- Local schools and university
- Council staff
- Disability services sector and advocates including Autism Advisory and Support Service, EACH, Northcott, Deaf Connect, Disability Services Australia, Down Syndrome NSW, Vision Australia, Wellways Australia, Rebound Rehab, Grow and Your Story Disability Legal Support

In 2023, an independent peer review and desktop analysis was undertaken to ensure our DIAP meets industry and community standards.





## Key messages we heard

### Positive attitudes and behaviours

Positive attitudes need to be encouraged across all Liverpool communities and cultures

The Liverpool community needs to understand the challenges of people with disability in the community

Support inclusion for carers

### Liveable communities

Liverpool needs to be easier to get around, there should be:

- safe and reliable transport options
- accessible and appropriate parking
- an inclusive physical environment with sport and recreation opportunities

### Meaningful employment

Employment options should be supported, especially for young people which better matches people's capabilities

Local businesses need to understand the benefits and rewards of providing employment and training opportunities to people with disability

### Better systems and processes

People with disability should be considered with all decision making in Liverpool

## What we are going to do

Council's DIAP provides us with a 'to do' list that identifies who's responsible, who we can work with and when we should do it by.

The Community Strategic Plan 2022 – 2032 identifies four future directions for Council:



Our actions build on the directions above, and guide the four disability inclusion focus areas of:

1. Developing positive **community attitudes and behaviours**
2. Creating **liveable communities**
3. Supporting access to **meaningful employment**
4. Improving access to services through **better systems and processes.**

# ACTION PLAN 2024 – 2028

## ACTION PLAN 2024 – 2028

## DEVELOPING POSITIVE COMMUNITY ATTITUDES AND BEHAVIOURS



### 1. DEVELOPING POSITIVE COMMUNITY ATTITUDES AND BEHAVIOURS

STRATEGY	ACTION	RESPONSIBILITY
Raise the profile of people with disability in the community	<ul style="list-style-type: none"> <li>Quarterly profile of a person with disability included in Council's newsletter and/or social media channels</li> <li>Provide information on disability issues in Council newsletters and/or social media channels</li> </ul>	Communications
	Deliver and support events for International Day of People with Disability and Carers Week	Community Development
Encourage people with disability to participate in Council decision-making processes	<ul style="list-style-type: none"> <li>Encourage membership from people with disability on all Council committees</li> <li>Support access for people with disability to Council meetings and committees including provision of Auslan interpreters at Council meetings as requested</li> </ul>	Councillor and Executive Services
Support inclusive practices for local businesses	<ul style="list-style-type: none"> <li>Promote the "Making your Business Accessible" guide to support local businesses to improve access and inclusion</li> <li>Investigate opportunities to work with the business community to recognise and reward businesses who are active in disability inclusion</li> </ul>	Economy and Commercial Development
Provide staff resources and training on disability awareness and positive behaviour	<ul style="list-style-type: none"> <li>Incorporate general disability awareness training into induction processes for all staff</li> <li>Develop and implement specific disability awareness training</li> </ul>	People and Culture

## ACTION PLAN 2024 – 2028

## CREATING LIVEABLE COMMUNITIES



2. CREATING LIVEABLE COMMUNITIES		
STRATEGY	ACTION	RESPONSIBILITY
Improve access and inclusion in parks, playgrounds and sporting facilities	<ul style="list-style-type: none"> <li>Deliver parks, playgrounds and open spaces which improve access and inclusion for people with disability as part of Council's Capital Works Program and as recommended by audits of Council facilities and spaces for accessibility</li> <li>Include disability access requirements in sport and recreation facilities renewal and upgrade program</li> </ul>	Infrastructure Delivery
	Work with leisure centre management to support increased opportunities for access to specific events, programs and facilities for people with disability	Recreation and Community Outcomes
Support programs that increase social inclusion and community connection	<ul style="list-style-type: none"> <li>Investigate options which support people with disability to access cultural and leisure programs</li> <li>Establish inclusion of people with disability as a funding criteria for community groups applying for funding through Council's Grants, Donations and Community Sponsorship Program</li> </ul>	Community Development and Library and Museum Services Community Development
	Provide accessible leisure and therapeutic arts activities at the Casula Powerhouse Arts Centre	Casula Powerhouse Arts Centre
Contribute towards liveable and accessible public spaces	Undertake audits of Council facilities for accessibility including community centres, playgrounds and open spaces	Community Development
Continuously upgrade and renew Council assets to deliver above compliance accessibility	Incorporate specific considerations for the needs of people with disability in Council's Community Facilities Strategy, including inclusive programming and accessibility requirements	Community Development
	Plan and deliver an adopted program of upgrades and renewals to Council's portfolio of roads and transport related assets and facilities to ensure ongoing serviceability	Transport Management
	Plan and deliver an adopted program of upgrades and renewals to Council's portfolio of building assets to ensure ongoing serviceability, with particular consideration given to accessibility requirements	Infrastructure Delivery

## ACTION PLAN 2024 – 2028

## CREATING LIVEABLE COMMUNITIES

Continued.



## 2. CREATING LIVEABLE COMMUNITIES - Continued.

STRATEGY	ACTION	RESPONSIBILITY
Promote accessibility and Universal Design Principles in new and existing residential and commercial developments and in the design of public spaces	<ul style="list-style-type: none"> <li>Ensure development applications for new and existing developments address access and inclusion criteria to support accessibility for people with disability</li> </ul>	Development Assessment
	Consider the incorporation of universal design principles in the development and delivery of new and/or upgrades to existing public spaces, to create a more accessible and inclusive urban environment, for people of all levels of ability	City Planning Community Development Transport Management Infrastructure Planning Infrastructure Delivery
Improve accessible paths of travel to and parking at key destinations	<ul style="list-style-type: none"> <li>Evaluate the availability of accessible parking across the LGA</li> <li>Include access and mobility provisions for people with disability in pedestrian and transport management plans and strategies</li> </ul>	Transport Management
	Ensure enforcement of designated accessible parking spaces in the city centre	Community Standards
Support public transport that is accessible and inclusive	<ul style="list-style-type: none"> <li>Upgrade existing bus shelters and stops for compliance with disability standards</li> <li>Ensure Liverpool Traffic Taskforce advocates for services which are appropriate for people with disability</li> </ul>	Transport Management
Increase the provision and/or quality of accessible toilets, including Changing Places (adult accessible change facilities)	Include planning for accessible toilets and Changing Places at all Council venues and spaces	Infrastructure Delivery Recreation and Community Outcomes
Accessibility and inclusion at Council-run early education and care centres	<ul style="list-style-type: none"> <li>Identify and address access and participation barriers for all children</li> <li>Support the social inclusion of children with additional needs</li> </ul>	Childrens' Services

## ACTION PLAN 2024 – 2028

SUPPORTING ACCESS TO MEANINGFUL  
EMPLOYMENT

3. SUPPORTING ACCESS TO MEANINGFUL EMPLOYMENT		
STRATEGY	ACTION	RESPONSIBILITY
Create opportunities for the employment of people with disability	<ul style="list-style-type: none"> <li>Develop and implement initiatives that ensure disability inclusive practices are core to all of Council's hiring practices</li> </ul>	People and Culture
Review and enhance Council's employee value proposition (EVP) so it continues to create an engaging and inclusive environment for everyone, including for people with disability	Ensure strategies and activities are developed and are in place to support inclusion and belonging in the workplace	People and Culture
Work with employers, government and community to support local employment for people with disability	<ul style="list-style-type: none"> <li>Develop and implement initiatives that support local businesses to engage people with disability in employment</li> <li>Provide information on government programs and initiatives which support local businesses to engage people with disability in employment</li> <li>Work with local education institutions to support training and skills development to increase workforce engagement for people with disability</li> </ul>	Economic and Commercial Development



## ACTION PLAN 2024 – 2028

## IMPROVING ACCESS TO MAINSTREAM SERVICES THROUGH BETTER SYSTEMS AND PROCESSES



### 4. IMPROVING ACCESS TO MAINSTREAM SERVICES THROUGH BETTER SYSTEMS AND PROCESSES

STRATEGY	ACTION	RESPONSIBILITY
Ensure the DIAP is embedded in all aspects of business across Council	Establish an internal project control group to monitor implementation and progress on the DIAP.	Community Development
Raise awareness of services, events and facilities for people with disability in the community	<ul style="list-style-type: none"> <li>Promote Council provision of outdoor fitness equipment through a range of accessible formats</li> <li>Investigate the need for a disability sports directory</li> <li>Promote information on programs being offered at community centres and other Council facilities in a range of accessible formats (and languages)</li> </ul>	Recreation and Community Outcomes
	Promote accessible services and resources provided by Council's Library Service including the home library service	Library and Museum Services
	Update and maintain the Liverpool Mobility Map	Community Development
	Promote the "Infirm Service" to the community, which assists people with disability or chronic illness to bring their waste and recycling bins to and from the curb for collection	Waste and Cleansing
Review and upgrade access to Council facilities and services	Improve internal library access through review of assisted technology, design and placement of furniture and shelving	Library and Museum Services
	Conduct regular audits of Council facilities and recreation spaces to ensure ongoing compliance with relevant legislation and standards for access and inclusion	Recreation and Community Outcomes
Make community events accessible and inclusive	Improve access and inclusion to Council's Major Events for people with disability their families and carers	Major Events



## ACTION PLAN 2024 – 2028

## IMPROVING ACCESS TO MAINSTREAM SERVICES THROUGH BETTER SYSTEMS AND PROCESSES

Continued.



### 4. IMPROVING ACCESS TO MAINSTREAM SERVICES THROUGH BETTER SYSTEMS AND PROCESSES

STRATEGY	ACTION	RESPONSIBILITY
Support regional and local organisations providing services for people with disability	<ul style="list-style-type: none"> <li>Co-convene the South West Sydney Disability Forum</li> <li>Respond to requests for information from service providers and community about people with disability in Liverpool in a timely manner</li> <li>Develop a community profile and identify priority needs for people with disability in the LGA to support the prioritisation of services and supports in the community</li> </ul>	Community Development
	Review Council's Community Engagement Strategy to ensure consideration of people with disability	Corporate Strategy and Performance
	Develop and promote accessible documents and information, including large print and easy-to-read versions	Communications
Provide accessible and inclusive mechanisms for community engagement	Identify and promote accessible options and technologies for communicating with the community	Information Technology
	Update Council's style guide to reflect contemporary access requirements	Community Development
	Continually update website with useful resources and information for people with disability	Communications
Improve the accessibility of Council's website and resources		

The implementation of this Plan will be monitored by Council's Community Development Worker Aged and Disability, the contact between Council, the disability services sector, community, government agencies and service providers in the Liverpool LGA.

Progress reports on the implementation of this Plan will be incorporated as a standing item on the Liverpool Access Committee meetings.

A comprehensive review and evaluation of the Plan will be undertaken by the internal working group at the completion of the four year term.

The results will be reported to Council on the outcomes achieved. Outcomes will also be made available to service providers and people with disability upon request.



## For further information



### Visit Us

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