

Affordable Rental Housing Strategy 2025



Acknowledgment of Country

Bayside Council acknowledges the Bidjigal Clan, the traditional owners of the land on which we meet and work and acknowledges the Gadigal people of the Eora Nation. Bayside Council pays respects to Elders past and present.



Contents

1.0	Introduction	5
2.0	What has happened so far?	10
3.0	Policy context	13
4.0	The affordable housing situation in Bayside	17
5.0	Bayside's vision for affordable rental housing	19
6.0	Guiding principles for affordable rental housing	20
7.0	Feasibility testing	21
8.0	Mechanisms for delivering affordable rental housing	23
9.0	Policy intervention 1	25
10.0	Policy intervention 2	27
11.0	Policy intervention 3	31
12.0	Monitoring and review	34

Figure 1:	Housing continuum	9
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Figure 2:	Study area map	21
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Figure 3:	Policy levers/strategic directions	24
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Table 1:	2021 Census affordable housing types	6
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Table 2:	Federal affordable housing context	13
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Table 3:	NSW & regional affordable housing policy and legislative context ..	15
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Other referenced documents:

Appendix A. Bayside affordable housing evidence base

Appendix B. Bayside affordable housing options paper

Appendix C. Bayside affordable housing feasibility testing



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Bayside's Housing Vision

Bayside LGA shall offer a range of appropriate homes for households on very low, low and moderate incomes to have safe and secure rental housing. Affordable rental housing will support our residents with access to employment, transport and services.

By working closely with industry and the community sector we will increase the supply of affordable rental housing while ensuring its design is seamlessly integrated with the local character, reflecting timeless design that blends harmoniously with the surrounding environment.



The Context



12,000 affordable rental housing homes required by 2041 in Bayside.



5-10 percent of new residential floorspace should provide for very low income to low moderate income households.

Housing target of 10,000 new homes in Bayside by 2029.

Affordable Rental Housing Strategy

Introduce an Affordable Housing Contribution Scheme

- 1.1 Draft an Affordable Housing Contribution Scheme.
- 1.2 Submit the proposed LEP amendment to the State planning authority for approval.

Build affordable housing dwellings

- 2.1 Seek to acquire relatively affordable walk-up apartments.
- 2.2 Use Council funds for land acquisition to develop purpose built affordable dwellings.
- 3.2 Partner with CHP through an expression of interest for co-investment.

Collaborate with State and Federal Government

- 3.1 Advocate for funding and resources.
- 3.2 Prepare an affordable housing portfolio policy.

1.0 Introduction

1.1 The purpose

Sydney has a housing crisis. With house prices increasing and making housing less affordable for those who live throughout the City, Bayside Council is looking at ways to help its residents afford to live in its Local Government Area (LGA).

- ▶ The NSW and Federal governments expect Council's to assist with the delivery of affordable housing.
- ▶ There is a need for 12,000 plus affordable rental housing dwellings in Bayside by 2041.

The Bayside Affordable Rental Housing Strategy (the Strategy) outlines the approach Bayside Council will take to facilitate the planning and delivery of safe, secure and affordable housing for its residents and workers. The Strategy:

- 1 Defines Affordable Rental Housing (ARH) in section 1.2.
- 2 Calculate the affordable rental housing needs of very low, low and moderate income households across the Bayside Local Government Area (LGA) in section 2.0.
- 3 Outlines actions that:
 - a) Protect existing affordable housing within the Bayside LGA;
 - b) Identify and advocate for improved housing affordability;
 - c) Bayside Council (Council) can take to increase the supply of ARH and diverse low-cost market housing to improve affordability outcomes both directly and more generally; and
 - d) Create a monitoring and review framework to report on the impact and effectiveness of the Strategy.



1.2 What is affordable rental housing?

“Affordable housing is rental housing available to very low to moderate income households which is priced so that these households are also able to meet other basic living costs. As a rule of thumb, housing is usually considered affordable if it costs less than 30% of gross household income.”

The *Environmental Planning and Assessment Act 1979* (EP&A Act) defines affordable housing as housing that is affordable and targeted to people on very low, low or moderate incomes. In many areas it must be subsidised or offered at below market rents.¹

State Environmental Planning Policy (Housing) 2021 (Housing SEPP) defines very low, low, or moderate incomes as up to 120% of the Greater Sydney median Income. The Housing SEPP also states that households must pay no more than 30% of its gross income in rent.

At the 2021 Census, the median weekly household income for Greater Sydney was \$2,077, compared to \$1,959 for Bayside LGA. Applying the data from the 2021 Census to the eligibility criteria from the Housing SEPP, Table 1 shows the housing income thresholds defined for Greater Sydney.

Table 1: 2021 Census affordable housing types

HOUSEHOLD TYPE	DEFINITION	HOUSEHOLD INCOME (WEEKLY)	30% OF HOUSEHOLD INCOME SPENT ON RENT (WEEKLY)
Very low income	A gross household income of <50% of the median household income	Up to \$1,039	Up to \$312
Low income	A gross household income of 50%-80% of the median household income	\$1,040 - \$1,662	\$313 - \$498
Moderate income	A gross household income of 80%-120% of the median household income	\$1,663 - \$2,492	\$499 - \$748
Greater Sydney median	-	\$2,077 (\$108,004 p/year)	\$623
Bayside median	-	\$1,959 (\$101,868 p/year)	\$588

Source: State Environmental Planning Policy (Housing) 2021, Section 13(1)(a)(i), Australian Bureau of Statistics 2021 and HillPDA 2024.

1. New South Wales Government (2024), *Environmental Planning and Assessment Act 1979 No 203*, cl. 1.4(1).

Affordable Rental Housing helps people on a very-low to moderate income have enough money for essentials like food, clothing, transport, healthcare and education. Affordable rental housing can also provide an opportunity for residents on lower incomes to temporarily save for deposits, or secure housing security through different stages in life and career, while gainfully employed. For a moderate-income household (24/25 financial year) earning up to \$129,605 per year, affordable rent would be up to \$748 per week*. 43% of Bayside residents aged 25 to 34 live in households eligible for affordable housing.

The following are examples of households that are typically eligible for affordable housing.

Providing people that have a local connection to Bayside and fall within the income bracket for eligibility for affordable housing:

► **Hayley (34)**

Hayley is a full-time nurse and a single mum with two kids. She earns \$120,000 a year before tax. She rents a three-bedroom apartment in Mascot to stay close to her job and her children's school. The rent costs her \$1,200 each week. After paying tax and rent, she has \$592.50 left each week for groceries, bills, and other living costs.

Hayley is eligible for affordable housing. If she were able to rent a similar place through an affordable housing program, she would only need to pay \$960 a week. That would leave her with an extra \$240 each week to help cover her family's needs and save money for future housing.

► **Quinn (45)**

Quinn works as a cleaner at a commercial site in Rockdale and lives alone. She earns about \$863.70 a week after tax, which is around \$51,000 a year before tax. Quinn rents a studio apartment in Rockdale for \$500 a week. After paying rent, she has \$363.70 left each week to cover all her basic living costs.

Quinn qualifies for affordable housing because her income meets the criteria. Affordable housing in the area helps make sure that people like Quinn, who provide important services like cleaning, can afford to live nearby. If she were to get affordable housing, her rent would be capped at \$400 a week, giving her an extra \$100 each week to help with other expenses.

► **Tony (39)**

Tony works casually as a stevedore in Botany and is a single dad with two kids. He earns about \$87,000 a year, with hourly pay ranging from \$44 to \$60. He rents a two-bedroom unit in Botany for \$875 a week. After tax and rent, he has \$473.30 left each week for essentials and other living expenses.

Tony qualifies for affordable housing based on his income. If he had access to affordable housing, his rent would be capped at \$700 a week. This would ease his financial stress by giving him more room in his budget to cover other costs.

► **Elle (24)**

Elle is 24 years old and has just graduated as a lawyer. She recently started a job in Kogarah with a starting salary of \$76,000. Renting a one-bedroom apartment near her work costs \$600 a week, which leaves her with about \$600 per week after tax to pay for bills, groceries, and other expenses.

If Elle had access to affordable housing at \$480 per week, she would save \$120 each week. This extra money would help her better manage her living costs, reduce financial pressure, and allow her to start building savings early in her career.

► **Matt (28)**

Matt works in aged care in Brighton-Le-Sands and earns \$55,000 a year before tax. He has lived in the area his whole life and wants to stay because he feels connected to the community and works nearby. After tax, Matt takes home about \$917 a week. He pays \$515 a week in rent for a one-bedroom apartment, which leaves him with \$402 each week to cover transport, bills, groceries, and other living costs.

If Matt had access to affordable housing, his rent would be capped at \$412 per week. This would give him an extra \$103 each week, making it easier for him to manage everyday expenses and improve his financial stability while continuing to live and work in his local community.

► **Joan (61)**

Joan has worked as a childcare worker in Bexley for 40 years. She earns \$66,000 a year. Joan is a widow and lives with her 7-year-old grandson in a two-bedroom home nearby. She pays \$700 a week in rent, which leaves her with \$365 each week to pay for the family's other expenses.

If Joan lived in affordable housing, her rent would be a maximum of \$560 per week. This would give her an extra \$140 each week to help cover costs and make things easier for her and her grandson.



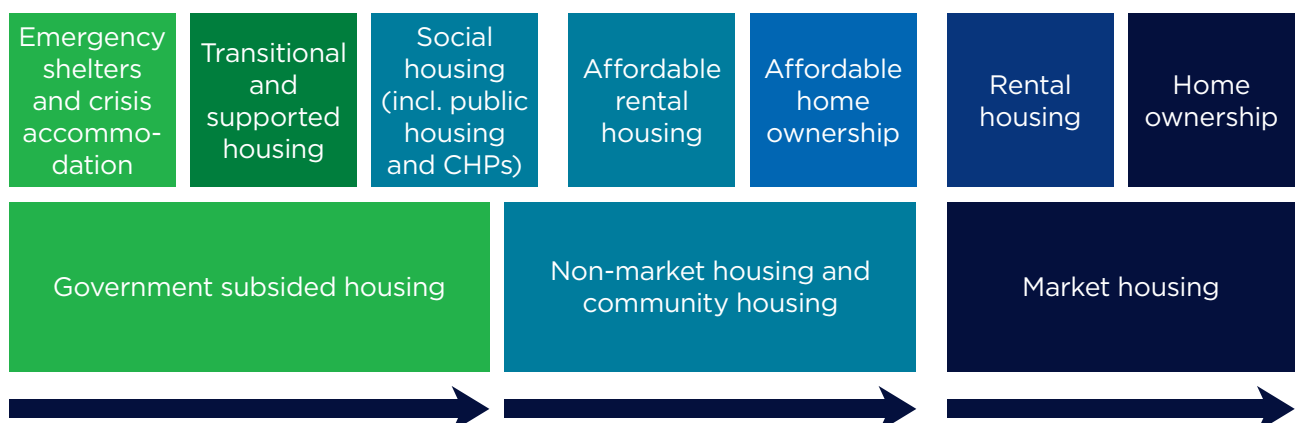
1.3 The housing continuum

The housing continuum (Figure 1) shows the range of housing options available, from emergency shelters and transitional housing to affordable rental units and homeownership. It illustrates the different stages of housing stability and support that individuals and families might need as they move towards more permanent and secure housing solutions.

The continuum displays the interconnections between different housing types, such as how a shortage in social housing can increase demand for affordable housing.

This Strategy is focussed on ARH. The success of council's efforts will involve working with other groups including Federal and State Government as well as the community sector and industry to focus across the continuum.

Figure 1: Housing continuum



2.0

What has happened so far?

2.1 Bayside housing strategy

Bayside Council completed several key initiatives and studies to lay the groundwork for its Affordable Housing Strategy, demonstrating a strong commitment to addressing housing needs in the community.

- ▶ Bayside Council Local Housing Strategy was endorsed in June 2021. DPHI required:
 - ▶ An Affordable Housing Policy;
 - ▶ Investigating the feasibility of an Affordable Housing Contribution Scheme (AHCS) in line with the Department's guidelines; and
 - ▶ Ensuring the Scheme considers all potential mechanisms and locations to secure affordable housing.
- ▶ Consultation with stakeholders to identify State Government-owned sites that could support long-term social and affordable housing needs.
- ▶ On 23 November 2022 Council resolved to support action to increase affordable housing. This included investigating the development of its landholdings to increase the stock of affordable housing, changes to planning controls to increase affordable housing stock, considering the implementation of an AHCS and looking into advocacy measures with the Australian and New South Wales (NSW) Government.
- ▶ In August 2023, SGS Economics and Planning prepared an Affordable Housing Evidence Base, which confirmed the need for an affordable housing strategy.
- ▶ In early 2024, Council began work on an options paper to outline the evidence base, understand the current market, stakeholder engagement, best practice approaches and potential actions.
- ▶ In June 2024, the Options paper was presented to Council, and Council endorsed proceeding to the next step of preparing an Affordable Housing Strategy.
- ▶ In late 2024, a Feasibility Testing Report was completed to demonstrate if a contribution scheme would be viable in selected case study areas.

This Affordable Rental Housing Strategy will therefore achieve DPHI's requirements from June 2021, while advancing Council's efforts to address local housing needs.

2.2 Improving market supply

Although it falls outside the scope of this Strategy, Bayside's Housing Strategy highlighted improving market supply as a key intervention to address affordability challenges. Market supply refers to the private housing sector, where developers and builders construct residential properties for sale or rent. By ensuring an adequate supply of both affordable and market housing, the aim is to reduce upward pressure on prices and rents, which can otherwise limit affordable options for residents.

Council's Local Housing Strategy highlights the importance of protecting affordable housing walk up apartments in local centres in the LGA, including Brighton Le Sands, Rockdale, Eastlakes, Hillsdale and Carlton. Redevelopment in these areas would reduce overall housing affordability and risk displacing existing communities from Bayside.

The Strategy highlights the importance of protecting these areas from redevelopment, and if redevelopment does occur additional affordable housing needs to be provided. For example, as part of a Voluntary Planning Agreement (VPA) at the Pagewood Green Complex in Pagewood, Council successfully secured 45 affordable units, demonstrating how similar agreements can help compensate for the loss of affordable housing stock due to redevelopment.

In addition to actions and interventions suggested in this Strategy, Council can continue efforts to facilitate the increase in market supply, including:

- ▶ **Increasing the number of available properties**
Encouraging developers to build more homes, apartments and rental properties across a variety of price points;
- ▶ **Facilitating faster planning and approval processes**
Streamlining processes to make it easier for developers to build and deliver housing;
- ▶ **Attracting investment in housing development**
Creating an environment that attracts private sector investment into new housing developments, such as undertaking master plans to provide strategic direction for where residential density may occur; and
- ▶ **Encouraging housing diversity**
Supporting a mix of housing types (e.g., single-family homes, multi-family apartments, affordable housing units) to cater to the needs of different household sizes and income levels.

This Strategy therefore relies on additional housing supply occurring within the private market, whilst focusing on ARH.



2.3 Planning agreements

Bayside Council has an adopted Bayside Council Planning Agreement Policy. Planning agreements are voluntary agreements between councils and developers where public benefits are provided or funded in relation to increasing development and change in planning controls.

Planning Agreements can include:

- ▶ Dedication of land;
- ▶ Monetary contributions;
- ▶ Construction of public infrastructure;
- ▶ Provision of materials for public benefit and/or use; or
- ▶ A combination of the above.

Planning agreements can be an effective mechanism to deliver required affordable housing.

The Bayside Council Planning Agreement Policy 2022 outlines the use of Voluntary Planning Agreements (VPAs) and the public benefits Council would accept. For affordable housing, voluntary planning agreements can be entered into for a development application or planning proposal.

Council will most likely seek affordable housing contributions where where permissible heights or densities are being increased.

Where a developer is required to make a housing available for ARH under the State Environmental Planning Policy (Housing) 2021 (Chapter 5 – Transport Orientated Development), Council would accept a Planning Agreement that offers to transfer or dedicate the affordable rental housing to Council. This would enable the ARH to be retained in the longer term.

3.0

Policy context

All levels of government have acknowledged the need for social and affordable housing. This Strategy has been developed in the context of a wide range of state, regional and local plans, strategies and legislation that relate to the planning and delivery of ARH.

3.1 The federal context

The Federal Government's role in delivering affordable housing is primarily working as a financing body to facilitate housing, whether supporting community housing providers or community housing providers in partnership with developers. The Federal Government also assist in funding affordable housing projects in collaboration with state government. The Federal Government has an aspirational target of 1.2 million new homes including 10,000 affordable homes. They have committed a \$10 billion investment fund, the Housing Australia Future Fund (HAFF).

This will support the delivery of social and affordable dwellings. To take advantage of the HAFF, Council would need to have affordable housing developments within the LGA. Housing Australia notified applicants of the outcomes of the first funding round of the program in late 2024, an initial pipeline of 185 projects to potentially deliver more than 13,700 social and affordable homes across the country. The second round of funding, involving partnership with State and Territory governments, commenced early 2025.

Table 2: Federal affordable housing context

THE NATIONAL HOUSING ACCORD	HOUSING AUSTRALIA FUTURE FUND (HAFF)
Aims to build 1.2 million new homes by 2029, with \$350 million committed over 5 years for 10,000 affordable homes. States and territories committed to delivering up to 10,000 affordable homes.	\$10 billion investment fund managed by the Future Fund. Income generated will be used to deliver 20,000 new social and 10,000 new affordable homes over five years, including housing to support acute housing needs.

3.2 NSW affordable housing policy and legislative context

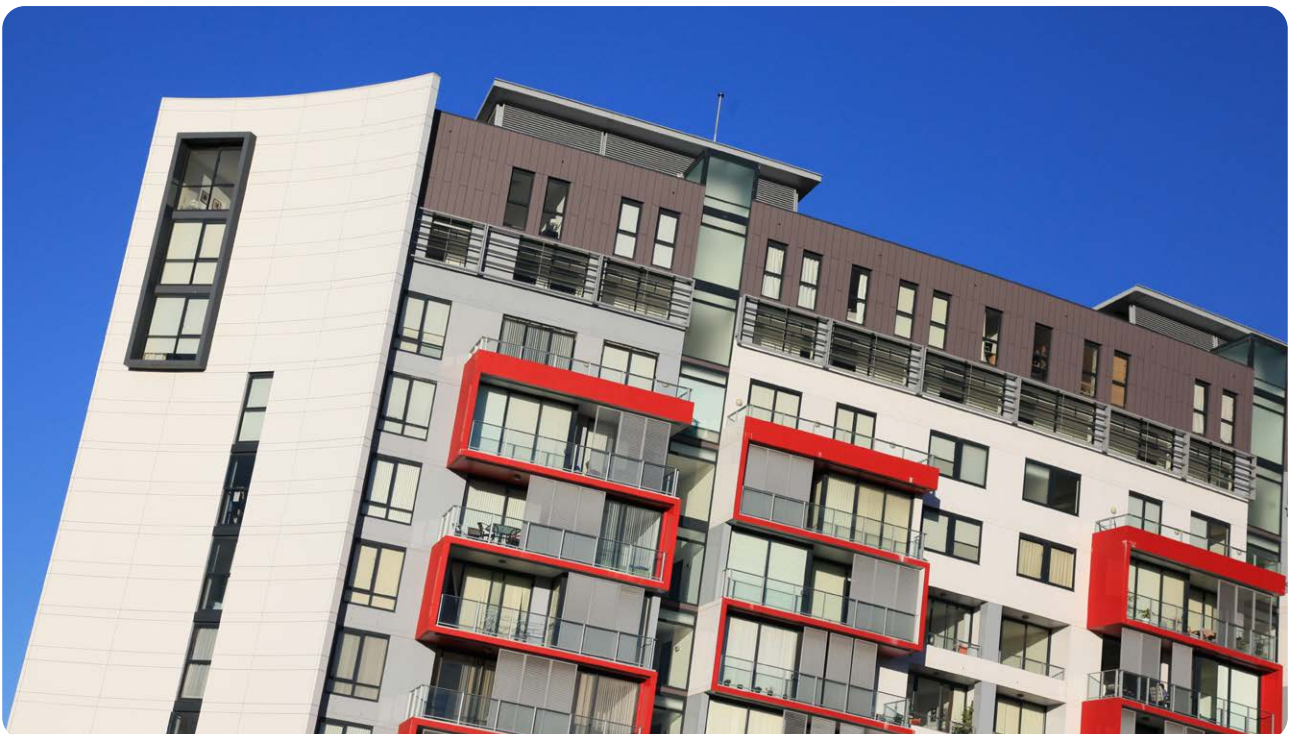
The NSW Government has significantly increased its focus on delivering affordable housing, recognising its critical importance in addressing housing supply challenges. 377,000 new homes have been committed across the state over the next five years to support the National Housing Accord. As part of this target, local councils have been given specific housing targets, taking into account existing infrastructure and ongoing housing projects.

“Bayside Council has a housing target of 10,100 new homes to be completed by 2029.”

The State government is responsible for setting policy direction to housing supply and provides policy incentives and financial levers to support housing delivery. Supporting safe, secure and affordable housing is a critical focus of the NSW Government.

In particular, the NSW policy and legislative context deals with the:

- ▶ Preparation and regulation of affordable housing contributions schemes (AHCS);
- ▶ Development and implementation of a bonus scheme for affordable housing through the Housing SEPP; and
- ▶ Setting of an affordable housing contribution rate at 2% within Transit Oriented Development (TOD) precincts, as defined in the Housing SEPP.



Other significant planning frameworks are outlined below.

Table 3: NSW and regional affordable housing policy and legislative context

NSW ENVIRONMENTAL PLANNING AND ASSESSMENT ACT 1979	STATE ENVIRONMENTAL PLANNING POLICY (HOUSING) 2021	METROPOLIS OF THREE CITIES AND EASTERN CITIES DISTRICT PLAN
Establishes the planning framework for NSW, allowing councils to introduce affordable housing provisions in LEPs via an affordable housing contribution scheme and includes an objective to promote affordable housing.	The housing SEPP incentivises developments with affordable housing through height and FSR bonuses and mandates a 2% affordable housing contribution for developments over 2,000sqm in Transit Oriented Development (TOD) precincts (which apply in Bayside).	The Metropolis of Three Cities framework, including the Greater Sydney Region Plan (2017) and the Eastern City District Plan (2018), outline a vision for sustainable growth in Sydney. These plans focus on increasing housing diversity, affordability and economic vitality by encouraging land use uplift with a 5-10% affordable housing contribution, subject to feasibility testing. They aim to balance housing demand with liveability, ensuring new developments enhance accessibility and quality of life while maintaining financial viability.

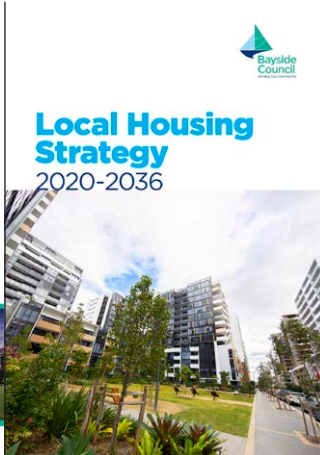
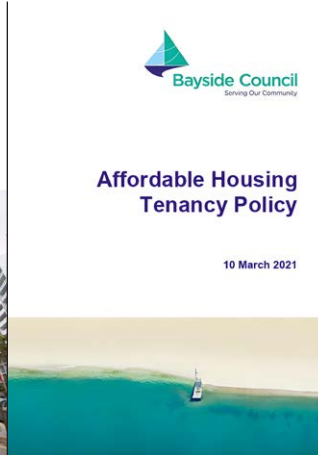
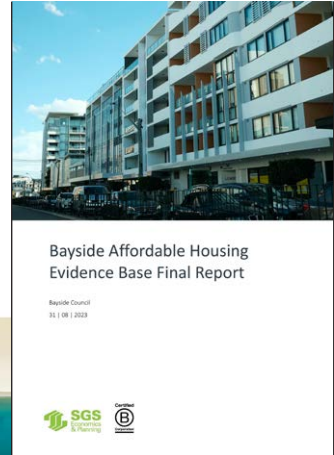


What does this mean for Bayside?

- ▶ Bayside Council has an obligation to provide and facilitate ARH.
- ▶ In addition to meeting housing targets, the State expects Bayside to actively plan for the provision of affordable housing within the local government area.
- ▶ TOD precincts in Bayside will require the implementation of an AHCS.
- ▶ The approval of Bayside's Local Housing Strategy is conditional on the implementation of a 5-10% affordable housing uplift scheme.

3.3 Local strategic context

Council's local strategic framework also signposts numerous actions for Council to take in relation to housing affordability and affordable housing.

			
BAYSIDE LOCAL STRATEGIC PLANNING STATEMENT (2020)	BAYSIDE LOCAL HOUSING STRATEGY (2021)	BAYSIDE AFFORDABLE HOUSING TENANCY POLICY (2021)	AFFORDABLE HOUSING EVIDENCE BASE (2023)
Seeks to ensure land use planning controls encourage a mix of dwelling types and increase the number of ARH.	Sets the strategic framework and vision for housing in Bayside. Includes 5 year housing targets to 2036, with a focus on medium density development.	Framework for managing Council's affordable housing properties, including guidelines for property management by CHPs and criteria for tenant selection and allocation.	Provides an evidence base for affordable housing in the Bayside Local Government Area.

4.0

The affordable housing situation in Bayside

In 2023, Council engaged SGS to prepare the Bayside Affordable Housing Evidence Base Final Report. This section summarises the key findings from the Bayside Affordable Housing Evidence Base Final Report.²

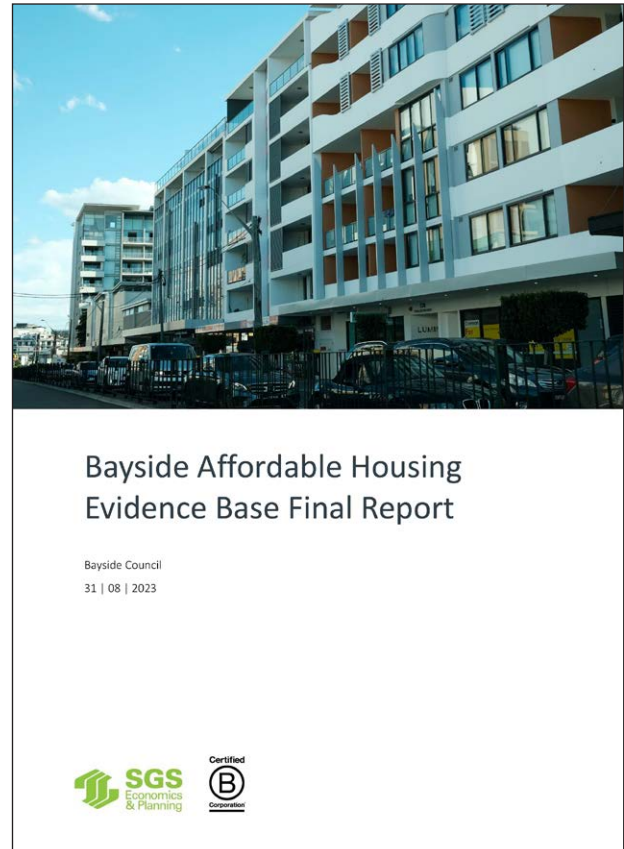
In summary:

- ▶ 3,151 (4.2%) dwellings were social housing or affordable dwellings.
- ▶ 18.9% of households in Bayside LGA are in housing stress in 2021.
- ▶ Without taking any action by 2041 this will increase to 15,220 households or 19.2%.
- ▶ In 2041, 2,201 couples with children and 2,311 couples with no children will be living in rental stress.
- ▶ The ageing population means that the fastest growing group in rental stress will be lone person households with a projected 1,539 additional lone person households in housing stress by 2031.
- ▶ In 2021, 70% of couple families with children living in 2-bedroom apartments in Bayside were living in rental stress.
- ▶ SGS forecast a total future demand for 15,220 social and affordable housing dwellings across the Bayside LGA by 2041.
- ▶ Accounting for the current and planned provision of 3,304 dwellings (as of 2023), this suggests a potential gap of 11,916 rental dwellings.

“To meet the gap of 11,916 dwellings, Bayside would require, on average, 596 social and affordable housing dwellings per year between 2021 and 2041.”

Using evidence from the SGS Evidence Housing Report, this Affordable Rental Housing Strategy will meet DPHI’s requirements and address Bayside’s housing needs.

An infographic on the next page provides a summary of Bayside’s socio- economic characteristics and the local housing context as at the 2021 Census.



². SGS Economics & Planning (2023), *Bayside Affordable Housing Evidence Base Final Report*

Bayside

50.6 km²

Land area

3,641/km²

Population density

Who we are?



Population of
175,184
in 2021



Median
age
35



Weekly
household
income
\$1,959



74,734
Private
dwellings

How do we live?



Average
household size
2.5



Median
weekly rent
\$500



Median monthly
mortgage payment
\$2,468

Household composition



68.3%
Family



25.2%
Lone
person



6.5%
Group

Family composition



43.4%
Couple with
children



39.1%
Couple no
children



14.9%
One parent
family

Housing type (2021)



34.5%
Separate
house

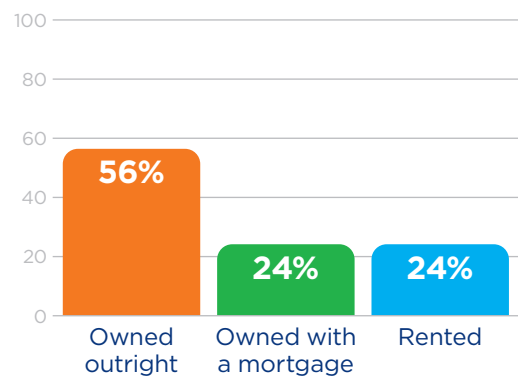


12.3%
Semi-detached,
row or terrace
house, townhouse

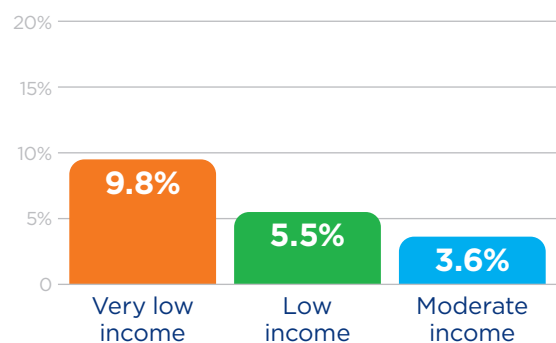
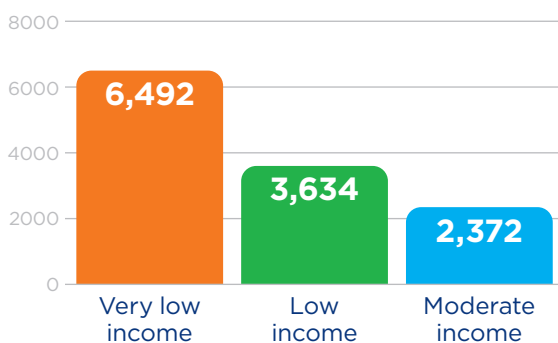


52.2%
Flat or
apartment

Tenure (2021)



Rental stress by household income (18.9% in 2021)



5.0

Bayside's vision for affordable rental housing

Bayside LGA shall offer a range of appropriate homes for households on very low, low and moderate incomes to have safe and secure rental housing. Affordable rental housing will support our residents with access to employment, transport and services.

By working closely with industry and the community sector we will increase the supply of ARH while ensuring its design is seamlessly integrated with the local character, reflecting timeless design that blends harmoniously with the surrounding environment.



6.0

Guiding principles for affordable rental housing

Based on the affordable housing research, Council's Housing Strategy and consideration of Council's affordable housing policy options (as outlined in HillPDAs' Affordable Housing Options Paper), the following principles guide the preparation of this Strategy and delivery of ARH in Bayside LGA.



Socially integrated: Affordable rental housing should be designed and located to promote social diversity and equity. Housing is well integrated with the existing community and urban fabric. Housing responds to cultural needs and meets the future expectations and preferences of prospective residents.



Economically viable: Planning interventions designed to incentivise or encourage affordable rental housing must be economically viable and should not unduly constrain market development of housing.



Accessible: Affordable housing developments cater to people of diverse ages and abilities, and are best located around key urban centres with clear access to services that are likely to be required by affordable rental housing tenants.



Key workers: By providing affordable housing options for key and essential workers, we enhance economic productivity and support the sustainability of local businesses.



Partnerships and collaboration: Through working with industry partners and taking a leading role in advocating to all levels of government to ensure that affordable housing outcomes in Bayside are improved.



Long term commitment: Affordable rental housing is a long-term commitment to be delivered in perpetuity, aimed at creating sustainable solutions that endure for future generations.

7.0

Feasibility testing

HillPDA completed feasibility testing to help inform the development of this Strategy. HillPDA analysed two areas as case studies in the LGA to inform the feasibility testing.

These are mapped in the figure below:

- 1 Botany Road Mascot Precinct, shown in green.
- 2 The Rockdale Spine – the part of the Rockdale Town Centre that has not yet been rezoned, shown in blue.

Figure 2: Study area map



Source: HillPDA 2024, NSW Government Spatial Services.

HillPDA analysis identified the following affordable housing contribution rates that could be applied:

- ▶ No contribution is to be applied when there is no development uplift;
- ▶ 1% in the Botany Road Mascot precinct, where the proposed FSR is less than 3:1;
- ▶ 2% in the Botany Road Mascot precinct where the proposed FSR is greater than or equal to 3:1; and
- ▶ 2% Council contribution to replace the NSW Government contribution in TOD precincts, through the inclusion of affordable housing in the LEP.

The NSW Government has imposed a 2% rate for transit-oriented development (TOD) in Bayside LGA. The TOD SEPP requires developers to provide the contribution through an in-kind contribution of dwellings. Through targeted consultation, industry and housing providers have stated that they preferred monetary contributions.

Bayside Council could replace the TOD contribution by introducing its own affordable housing scheme and percentage in the LEP, which maintains the 2% rate but enables flexibility by permitting monetary contributions as well as the dedication of dwellings.

“An affordable housing contribution is viable in Bayside and can be implemented throughout the TOD precincts and where there is an up zoning either through council-led mechanisms or through proponent-led applications.”



8.0

Mechanisms for delivering affordable rental housing

This section overviews how Bayside will support the delivery of ARH and lower cost market housing options.



8.1 Council's role to supporting affordable housing

Bayside is joining many councils across Sydney to help address increasingly unaffordable housing prices and a general shortage of housing. Local governments can do this through:

- ▶ Strategic planning;
- ▶ The regulation of housing supply and its form;
- ▶ Infrastructure planning and pricing policies, such as reducing development contributions or providing financial incentives;
- ▶ Rate setting;
- ▶ Community service delivery;³ and
- ▶ Developing underutilised Council owned land in partnership with CHPs.

In addition to actions by local governments, Bayside will work with the state and federal government to help deliver social and affordable housing.⁴

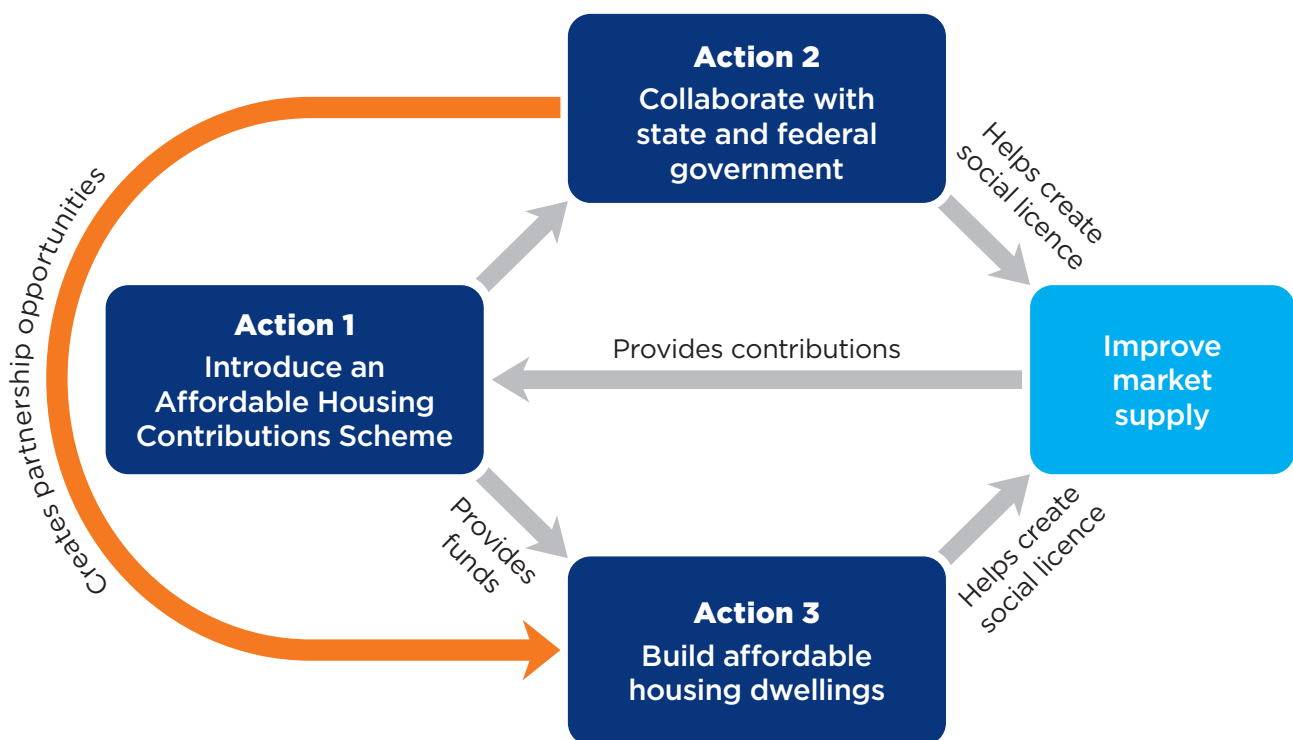
3. www.ahuri.edu.au/analysis/brief/what-role-can-local-government-play-delivering-affordable-housing

4. Western Sydney Planning Partnership 2023, Draft Affordable Housing Strategy.

8.2 Key strategic policy interventions

Council will use three policy levers as outlined in Figure 3.

Figure 3: Policy levers/strategic directions



Source: HillPDA 2024.

These strategic policy interventions are interrelated and work together to facilitate a supportive delivery environment for affordable housing. The strategic policy interventions are detailed in the following chapters of this strategy.

9.0 Policy intervention 1: Introduce an affordable housing contributions scheme

9.1 Strategic policy intervention

An affordable housing contribution scheme (AHCS) is the main avenue in NSW planning legislation that provides council a manner in which to facilitate affordable housing. AHCS requires new developments to contribute a share of the new dwellings to affordable housing.

Contributions will result in affordable housing dwellings being provided on the development site, affordable housing dwellings developed on other land, or a monetary equivalent contribution paid to Council to support ARH. In this strategic policy, Bayside Council will seek monetary contributions from developments, as the payments can be pooled to enable purpose built affordable housing with the right specifications. During the engagement process for the Affordable Housing Options Paper, the Community Housing Providers (CHP) sector generally favoured land and monetary contributions over dedicated dwellings. This Strategic Policy Intervention recommends that developers be given the "first right of refusal" for providing dedicated dwellings if the contribution exceeds a certain amount of floor space. If the value of the dwellings is significantly higher than the equivalent monetary contribution, or if they align with the council's strategy, the council may accept the dedication of the dwellings to Council. If this option is not accepted by Council, the developer would need to provide a monetary contribution.

Bayside Council will only impose affordable housing contributions where there has been an 'uplift' in zoning, floor area or height to unlock additional dwellings, through a Planning Proposal on the site. The affordable housing will be rental housing and in perpetuity.

Bayside Council commissioned feasibility testing (See Chapter 6) to test that this is viable.

9.2 Actions to implement the policy

Objective 1.1 – Prepare an affordable housing contribution scheme

The introduction of a mandatory requirement to provide affordable housing must normally occur as part of the rezoning of land. This is because it taps into the increased land value that arises from the rezoning. To impose a mandatory contribution requiring an affordable housing contribution, the LEP must be amended to include:

- ▶ **Applicability:** Specify the locations, zones and types of developments subject to the affordable housing provisions.
- ▶ **Exemptions:** Identify types of developments excluded from mandatory contributions.
- ▶ **Contribution requirement:** Define the requirement for an affordable housing contribution as a condition of development approval.
- ▶ **Calculation methodology:** Explain how contributions will be calculated, such as a percentage of the development's floor space.

Reference	Action
1.1.1	Draft an affordable housing contribution scheme that provides a 2% contribution in areas where the TOD SEPP applies. In other areas where there is proposed up-zoning a rate consistent with feasibility testing should be applied. Council will include a 10% of uplift for proponent-led planning proposals. This creates an expectation for affordable housing that is then considered when proponents purchase the site. For proponent-led proposals, contributions could also be included through a VPA. <i>Metric: Council introduces affordable housing contribution scheme.</i>
1.1.2	Include provisions in the LEP via a Planning Proposal to enable Council to: a. Reference an Affordable Housing Contribution Scheme in the LEP. b. Require an affordable housing contribution, consistent with an affordable housing contribution scheme. <i>Metric: Establish processes to monitor compliance and outcomes.</i>
1.1.3	Prepare a funding allocation strategy that ensures that the pool of funds collected from affordable housing contributions are quickly allocated to projects and spent on affordable housing priorities. This would reflect the mix of priorities in Policy Intervention 2, including proactively acquiring second hand sites, developing affordable housing on under-utilised land, and acquiring land for affordable housing development. <i>Metric: Portion of funds spent on affordable housing.</i>
1.1.4	Add new precincts/sites to the Affordable Housing Contribution Scheme as they are master planned with the affordable housing contribution determined through a residual land value assessment. <i>Metric: Feasibility testing completed for new master planned sites considering affordable housing contributions. Portion of sites with contributions introduced.</i>
1.1.5	Council investigate an amendment to the Bayside DCP 2022 to specify the quality of build required for in-kind affordable housing contributions.

10.0 Policy intervention 2: **Build affordable housing dwellings**

10.1 Strategic policy intervention

The affordable housing contribution scheme provides funds to build affordable housing.

This strategic intervention entails Council seeking the opportunities to build affordable housing dwellings. Entering partnerships with CHPs can lead to an increased supply of ARH in the LGA, which is an increasing trend with other councils in Greater Sydney. This is supported by research conducted by Paxon Group for the Community Housing Industry Association NSW. The findings suggest that local councils benefit more from partnerships with CHPs than with property developers.

This is because CHPs are dedicated to delivering affordable housing, which directly aligns with the councils' goals and leads to better outcomes for the community. Additionally, partnering with a CHP enables councils to leverage the provider's tax-free status, economies of scale, and long-term focus on affordable housing.

This policy intervention enables Council to enter into partnerships with the CHP on a case-by-case basis. Purpose built affordable housing managed by CHP is the most cost-effective way to deliver ARH. The policy intervention enables council to build affordable housing and enter into a management arrangement with a CHP to manage or manage themselves. Key barriers for council actively undertaking the building of affordable housing themselves include land availability.

It is recognised that CHPs and Council would compete with developers who can pay more for land. However, the funds from the affordable housing contribution scheme can provide partial contribution to fund land acquisition.

Council can consider affordable housing uses as part of its ongoing disposal of land (and include affordable housing in any contract) and any council development initiative (alongside other community objectives).

10.2 Actions to implement the policy

Objective 2.1 – Seek to acquire relatively affordable walk-up apartments

Council may have financial barriers to partnering with CHPs to build affordable housing units in the early stages of a contribution scheme. Council may not have the funds to enable a transfer worthwhile. This is exacerbated by restrictions on investment, whether government bonds, term deposits or other financial legislation restrictions.

To ensure that housing is delivered early and to overcome investment barriers, Council will seek to use monetary contributions to acquire relatively affordable dwellings and/or walk-up apartments to expand its affordable housing portfolio.

Walk-up units around centres including Mascot, Rosebery, Eastlakes, Banksia, Rockdale and Brighton Le Sands provide opportunities for council to acquire relatively affordable units and rent them for affordable housing. For example, recent real estate adverts in Eastlakes show a 3-bedroom walk-up apartment with parking selling for \$820,000 or a 2-bedroom apartment in Brighton-Le-Sands on the market for \$749,000.

This approach would allow for immediate affordable housing stock provision and minimize the time and complexity associated with new construction projects. By targeting these relatively affordable units, Council can quickly increase housing availability for lower-income households whilst also encouraging social diversity and equity.

As funds improve Council can then sell these apartments to reinvest into more substantial projects.

Reference	Action
2.1.1	Identify well located walk-up apartment buildings with affordable units available to purchase at market value. <i>Metric: Record the number of affordable housing units constructed or acquired.</i>
2.1.2	Conduct simple financial feasibility studies to ensure cost-effectiveness of purchase.
2.1.3	Review purchase opportunities and react quickly for the acquisition. Council may need to consider out-of-session transaction and finance approval for the purchases to align with the property market. <i>Metric: Monitor the land acquisition progress for affordable housing projects.</i>
2.1.4	Work with Council's planning and housing teams to ensure compliance with affordable housing requirements.

Objective 2.2 – Use council funds for development site acquisition to develop purpose-built affordable housing

Council could consider using its own available funds for development site acquisition or acquisition of dwelling in strategic locations, with the intent to develop purpose-built affordable housing.

This would provide Council with more control in the development process as it would be a land owner with pre-planning oversight, ensuring that housing is built to meet the needs of the community and remains affordable in the long term. Focusing on acquiring development sites in areas close to employment hubs and transport corridors will maximise accessibility and opportunities for residents.

Council requires significant funds and therefore this would be accumulated as supplemented by action 1.

Reference	Action
2.2.1	Identify key areas of development site acquisition that align with affordable housing needs. <i>Metric: Record the number of affordable housing units constructed or acquired.</i>
2.2.2	Identify potential sites and consider the ability to purchase the site either on its own or through a joint venture. <i>Metric: Track the number of Expressions of Interest (EOI) issued and the number of responses received.</i>
2.2.3	Explore extending the use of available funds for the procurement of transitional residential housing for victims of family and domestic violence.
2.2.4	Prepare a forward plan and framework, including financial analysis, to increase Bayside's affordable housing and transitional housing portfolio. <i>Metric: Track return on investment through long term capital growth.</i>

Objective 2.3 – Partner with CHP through an expression of interest (EOI) for co-investment

Council can collaborate with CHPs to deliver affordable housing through co-investment opportunities. By calling for an EOI, Council can identify CHP partners with experience in developing and managing affordable housing. This approach allows for shared risk and investment. A partnership with a CHP may also increase the chances of accessing additional funding and resources from the state and federal governments. This includes leveraging their expertise at securing funding through a range of grants such as HAFF.

A joint venture model could provide an avenue for Council to provide liquid funding to a CHP in return for a share in development, enabling construction and increasing Council's affordable housing portfolio. A joint venture model may also allow the partners to jointly share risks and gains from the venture.

Council likely needs funds or land to help create the partnership opportunity and add-value (contribute land or funds) to the project and partnership. Council can negotiate specific management and revenue shares with CHPs where necessary to appropriately share risks and any surpluses.

Reference	Action
2.3.1	Issue an EOI to invite CHPs to partner with Council on affordable housing projects. <i>Metric: Track the number of Expressions of Interest (EOI) issued and the number of responses received.</i>
2.3.2	Assess the capability and experience of potential partners in managing and delivering affordable housing.
2.3.3	Develop joint venture agreements that outline roles, responsibilities, and funding contributions. <i>Metric: Number of joint ventures established.</i>
2.3.4	Apply for state or federal funding, if available, to support the development. <i>Metric: Number of successful funding applications submitted and awarded.</i>

11.0 Policy intervention 3: **Collaborate with state and federal government**



11.1 Strategic policy intervention

Bayside is committed to taking action to help provide affordable rental housing in the LGA. However, the state and government are responsible for many aspects for ARH. Bayside will advocate and raise awareness on the issue of housing affordability in Bayside to other government and non-government bodies to ensure that they also contribute their fair share.

Council has a role to advocate and partner with the NSW Government and Federal Government to encourage investment in affordable housing and housing supply. Council can establish regular meetings with the state government to advocate for closing gaps. Council may also make submissions on policy aspects, make funding applications for infrastructure or affordable housing, subject to the criteria of the program.

Council's relevant policies and strategies are to provide information and/or education campaigns to explain the concept of affordable housing, current trends, and existing and future needs. CHPs and the development sector have reported that community opposition, primarily due to a lack of understanding of affordable housing, has created a barrier to its development. It is important that stakeholders are transparently educated on the benefits of affordable housing. Where there have been successful developments in Bayside that provide affordable housing, Council will celebrate these wins and share them with the community through policy intervention.

11.2 Actions to implement the policy

Objective 3.1 – Partner and engage with the State and Federal Government on government owned land

The NSW Government owns public housing in the LGA and the Federal Government has funding programs such as the HAFF. Council will advocate for the strategic renewal of public housing, incorporating affordable housing wherever possible. Similarly, Council would support and seek to collaborate with state agencies, Homes NSW, Landcom or the like on state government land identified through the NSW Government's land audit.

Council works directly with neighbouring councils, developers and residents to amplify concerns to state and federal government and make necessary submissions and proactive advocacy wherever possible.

Reference	Action
3.1.1	Advocate for additional funding and resources for ARH projects. <i>Metric: Track the success in obtaining the necessary approvals for affordable housing projects.</i>
3.1.2	Collaborate on policy development and legislative changes to improve the delivery of affordable housing.
3.1.3	Advocate to the NSW State Government for the renewal of areas with a high concentration of Social Housing in Bayside.

Objective 3.2 – Develop an affordable housing portfolio policy

During consultation, it was raised that while Council’s affordable housing tenancy policy is valuable, having an affordable housing portfolio policy would also be beneficial. Recognising that affordable housing is a continually changing and evolving space, having a portfolio policy to control the management, redevelopment and expansion of Council’s portfolio would be beneficial in drawing the maximum value from the dwellings. For instance, expensive dwellings in high strata and maintenance buildings could be sold and used to fund additional housing elsewhere in Bayside.

The ongoing provision of affordable housing should be cost-neutral for Council. The affordable housing subsidy is provided upfront through the AHCS and the direct construction of affordable housing.

Reference	Action
3.2.1	Prepare an affordable housing portfolio policy to identify objectives, methodology and criteria for how Council will manage its portfolio. <i>Metric: Set timeframes or targets on utilising the funds collected to result in increasing supply of ARH. As a priority, this pool of funds should be used for the purpose it is collected.</i>
3.2.2	Engage a CHP to manage affordable housing on council’s behalf.
3.2.3	Annually review the value for money of the portfolio. If a dwelling incurs higher costs through strata fees, management fees, depreciation and ongoing maintenance than the revenue received, consider re-evaluating the tenant mix, investing in improvements, or selling the property and reallocating the funds. <i>Metric: Track funds expended on affordable housing.</i>
3.2.4	The existing Affordable Housing Policy should be amended to ensure that Council is strategically investing in additional affordable housing.

12.0

Monitoring and review

It is essential that metrics are applied to monitor the delivery and outcomes of the above Strategy actions. Council will track the progress and evaluate the effectiveness of the strategy based on the following key metrics:

- 1** Record the number of affordable housing units constructed or acquired.
- 2** Track the number of Expressions of Interest (EOI) issued and the number of responses received.
- 3** Collect and evaluate feedback from partners and stakeholders.
- 4** Monitor the land acquisition progress for affordable housing projects.
- 5** Track the number of DAs lodged and approved for affordable housing projects.
- 6** Track funds expended on affordable housing.
- 7** Prepare an affordable housing contribution scheme.
- 8** Securing DPHI approval: track the success in obtaining the necessary approvals for affordable housing projects.
- 9** Monitoring contributions per annum (monetary contributions received or number of dwellings).
- 10** Set timeframes or targets on utilising the funds collected to result in increasing supply of ARH. As a priority, this pool of funds should be used for the purpose it is collected.
- 11** Review the contributions scheme for additional inclusions when new areas are rezoned and update regularly (every four years).

These metrics align to both the effectiveness of specific actions and the overall success of the strategy to provide Affordable Rental Housing in Bayside.

Council will conduct an annual review of progress based on these metrics to assess the ongoing effectiveness of the strategy. A more comprehensive review will be carried out every four years, involving a re-evaluation of priorities, needs and actions. This regular monitoring and review process will enable Council to make informed decisions, address emerging challenges and make necessary adjustments to achieve the desired outcomes of the Strategy.





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