



Planning Proposal

Affordable Rental Housing Contribution Scheme

July 2022

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Appendices

1	Draft Affordable Rental Housing Contributions Scheme
2	Local Planning Panel Advice 22 June 2022

Introduction

1. Purpose of Planning Proposal

An amendment to the *Penrith Local Environmental Plan 2010* (LEP 2010) is proposed to establish an affordable rental housing scheme by introducing a new local provision to collect affordable rental housing development contributions for the delivery of affordable rental housing in the Penrith Local Government Area (LGA). This scheme applies to the nominated urban release areas of Glenmore Park Stage 3 and Orchard Hills North initially, with potential to expand across other residential growth areas of Penrith LGA.

The Department of Planning and Environment's (DPE) Gateway Process is the current process for making or amending Local Environmental Plans (LEPs). The process has several steps which are outlined in Table 1. The preparation of a Planning Proposal is the first step in the DPE's Gateway Process for amending LEP 2010.

Table 1: Gateway Process

No.	Step	Explanation
1	Planning Proposal	Council prepares a Planning Proposal explaining the intended effect of a proposed LEP and sets out the justification for making the LEP.
2	Gateway Determination	The Department of Planning and Environment, as a delegate of the Minister for Planning and Public Spaces, determines whether a Planning Proposal can proceed.
3	Community Consultation	The Planning Proposal is placed on public exhibition for the period identified in the Gateway Determination.
4	Assessment	Council considers the submissions received in response to the public exhibition and varies the Planning Proposal if required.
5	Drafting	Parliamentary Counsel prepares a draft local environmental plan.
6	Decision	The relevant planning authority approves the local environmental plan and it is published on the NSW legislation website making it law.

2. Background

Housing affordability has risen as a central issue across much of Australia's east coast over the past two decades. Significant and sustained price growth in property values has outpaced wage rises, resulting in declining housing affordability and growing public debate around the need to improve accessibility to the housing market.

Affordable Housing is housing for very low, low and moderate income households as defined by the *State Environmental Planning Policy (Housing) 2021*, Chapter 2 – Affordable Housing (the Housing SEPP) and the *Environmental Planning and Assessment Act 1979* (the Act). The social costs associated with deteriorating housing affordability are significant. Households on very low, low and moderate incomes can be displaced from local areas,

resulting in poor community diversity and social cohesion. Furthermore, displacement of ‘key workers’ can result in a reduced labour force of those workers who are essential to local economies.

The median dwelling price in Greater Sydney was some 10.1 times greater than the median household income in June 2021, compared to 6.6 times in June 2009. The number of years required for a typical household to save a 20% deposit on a median dwelling in Greater Sydney was recorded at 13.5 years in June 2021, up from 8.8 years in June 2009 (ANZ/ CoreLogic, 2021¹). For households earning *below* the median annual income, there is increasingly no alternative other than renting on a permanent basis.

The need for affordable rental housing in the Penrith LGA is based on evidence in both the draft *Western Sydney Affordable Housing Strategy (WSAHS)* and the draft *Penrith Local Housing Strategy*.

In 2016, there were some 2,411 low and 5,726 moderate income households experiencing mortgage and rental stress respectively. In addition to these households, demand for affordable rental housing is driven by Penrith’s other specialised groups who could equally require affordable rental housing, including:

- 2,343 households across the Penrith LGA renting in social housing accommodation and the 1,973 households currently on the waiting list.
- 10,150 residents who require assistance with core activities due to a disability.
- 2,218 individuals who required some form of homelessness service in the Penrith area (2021).
- 12,250 higher education students residing in the Penrith LGA, including 6,900 university students.

The capacity of these various groups to enter the private housing market without experiencing high levels of housing stress are limited. Analysis suggests that very low and low income households would be unable to afford to rent most forms of private housing accommodation without entering housing stress.

Analysis (SGS, 2021²) suggests that approximately 17.4% of Penrith residents were in housing stress in 2016, with 18.3% projected to be in housing stress by 2041.

This Planning Proposal has largely been informed by the following documents:

- *Draft Western Sydney Affordable Housing Strategy (WSAHS) 2021* – The draft Western Sydney Affordable Housing Strategy establishes a strategic direction for the provision of affordable rental housing within the Western City District, providing a broader policy vision and set of policy objectives relating to affordable rental housing. This includes the Penrith LGA.

¹ Australia and New Zealand Banking Group (2021); CoreLogic RP Data (2021). *Housing Affordability Report 2021*. Accessible from: https://news.anz.com/content/dam/news/articles/2021/November/ANZ_CoreLogic_Housing_Affordability_Report_2021_Final_Ir.pdf

² SGS (2021). *Western Sydney Draft Affordable Housing Contributions Scheme*. SGS, Sydney.

- [Draft Penrith Local Housing Strategy](#) – This document identifies a need for additional affordable rental housing supply across the Penrith LGA.
- [Penrith Local Strategic Planning Statement 2040](#) - Increasing the supply of affordable rental housing is a key objective under Planning Priority 4 (Improve the affordability of housing). A key action under Planning Priority 4 is to develop an Affordable Housing Policy in the immediate term.
- [Sustainability Blue Print for Urban Release Areas 2005](#) - Under Principle 3 of the Blueprint, social infrastructure requirements for new development are identified. Affordable housing is specifically identified as an item of social infrastructure which should be incorporated into the development of new residential release areas.

Council currently seeks the provision of 3% affordable rental housing for all its release areas under its *Sustainability Blueprint for Urban Release Areas*. The only mechanism currently available to ensure the delivery of affordable rental housing is by negotiating this through a Voluntary Planning Agreement (VPA), which can be challenging when release areas have fragmented land ownership.

The Proposal

The proposed framework seeks to apply affordable rental housing contributions to areas seeking to be rezoned for residential development. This LEP clause will allow a condition of consent to be included on future development applications to collect contributions within the nominated urban release areas of Glenmore Park Stage 3 and Orchard Hills North as identified in Figures 1 and 2. These residential release areas are currently subject to two separate Planning Proposals.

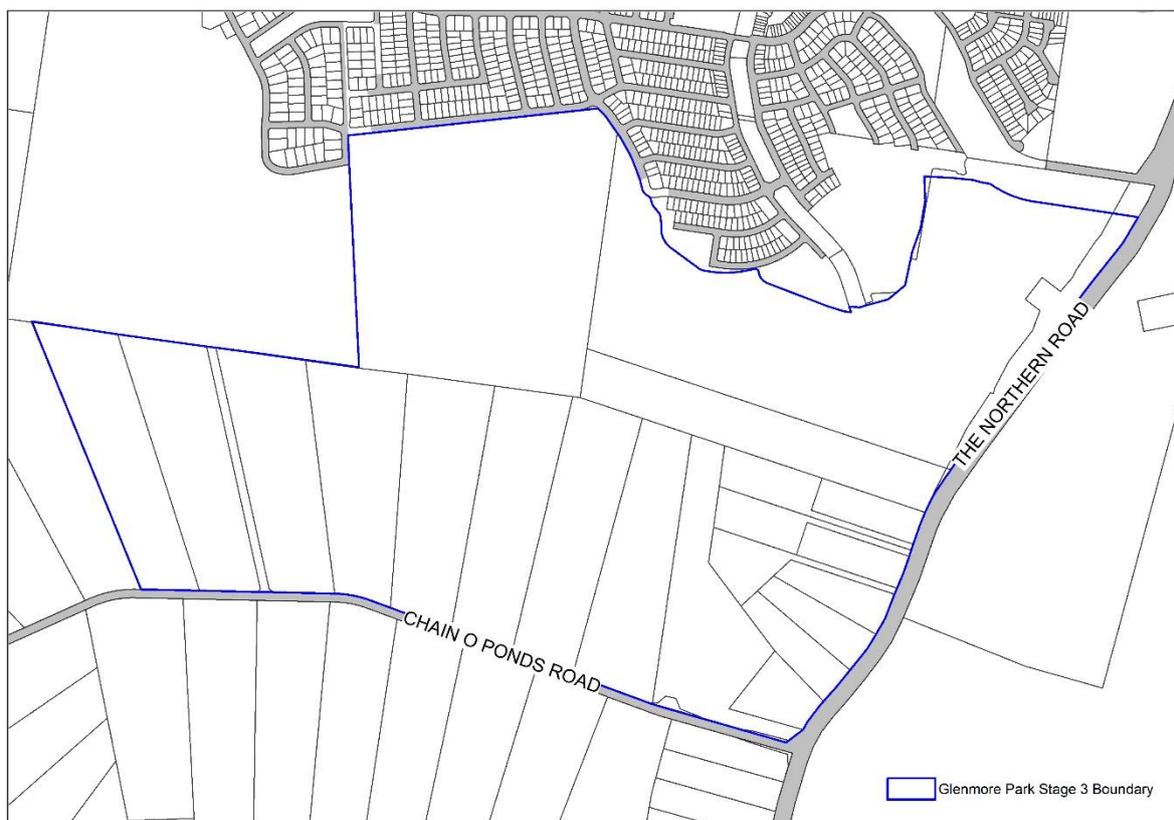


Figure 1 – Glenmore Park Stage 3 Boundary Map

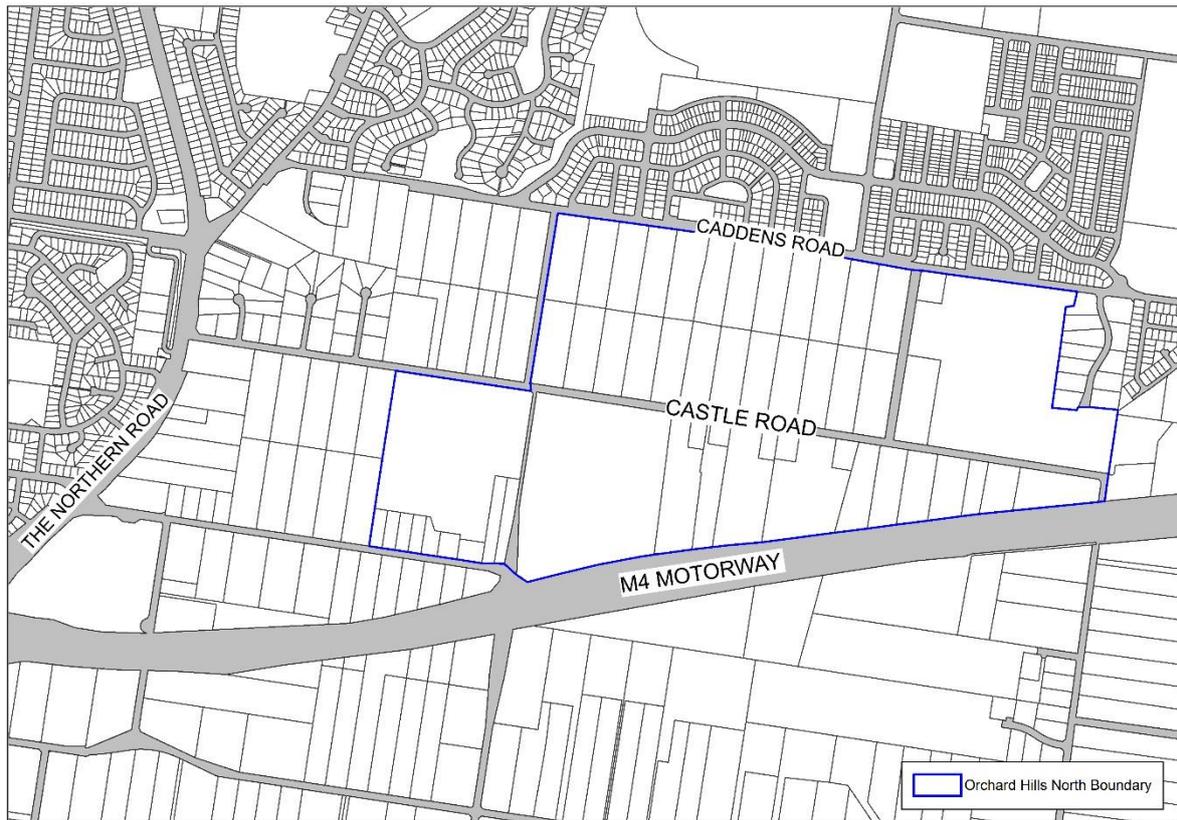


Figure 2 – Orchard Hills North Boundary Map

Glenmore Park Stage 3 Planning Proposal

The Glenmore Park Stage 3 Planning Proposal seeks to amend the LEP 2010 for a 206-hectare site located south of the established residential suburb of Glenmore Park, known as “Glenmore Park Stage 3”.

The Planning Proposal seeks to amend the current rural and environmental management planning controls for the rezoning area to facilitate urban development. The rezoning area will provide approximately 2,300 dwellings on varying lot sizes, plus provision for some shop top housing, a network of public open space and environmental corridors, a new neighbourhood precinct, a primary school, retail shops and sporting fields.

The masterplan proposes the following:

- 2,300 dwellings in the residential (R2 and R3) and environmental living (C4) zones.
- Housing diversity through a combination of dwelling caps, minimum lot sizes and residential development controls,
- A neighbourhood precinct comprising a retail centre, school and sports fields and new pedestrian connections. The retail shops will have provision for up to 100 shop-top dwellings. Open space has been designed to maintain the primary view line from The Northern Road,
- A green spine of environmental corridors (zoned C2) that loop through the site and connect the Mulgoa Nature Reserve, existing suburb of Glenmore Park, Chain-O-Ponds Road, the school, sports fields and shops. These corridors will provide a dual purpose of environmental conservation and passive recreation. Key dams will be retained for aesthetics and stormwater management.

- Five playing fields and local parks within 400m walking distance of the majority of all residents.
- A 10m wide landscape buffer in a widened perimeter road reserve adjacent to The Northern Road. This will remove existing driveway access points with The Northern Road and visually separate the rezoning area and The Northern Road.
- Collector road connections to the north, The Northern Road and Chain-O-Ponds Road.
- Allocate low impact residential development (in an environmental living zone) on the periphery of the site where there is special aesthetic and environmental values and to provide appropriate land use transitions to adjoining non-residential interfaces.

The Planning Proposal received a Gateway determination in September 2021. Council officers are currently working with the proponent to prepare the Planning Proposal, draft DCP and Contributions Plan for council reporting and public exhibition.

Orchard Hills North Planning Proposal

The Orchard Hills North Planning Proposal seeks to amend Penrith LEP 2010 for a 146.1ha site located at Caddens Road, Kingswood Road, Frogmore Road and Castle Road in Orchard Hills. The subject area is currently zoned RU4 Primary Production Small Lots under LEP 2010 and is utilised predominantly for rural residential lifestyle properties.

The rezoning area is proposed to be rezoned from RU4 Primary Production Small Lots to R1 General Residential (for the new housing areas), B2 Local Centre (for the neighborhood centre/village centre), RE1 Public Recreation (for parks and sportsfields), C2 Environmental Conservation (for the Claremont Creek corridor), and C3 Environmental Management (for the large lot housing area).

A maximum building height control of 8.5m is proposed for most of the rezoning area, except for the neighborhood centre (16m) and medium density housing areas (9m).

The new minimum lot size for small lot housing will be 220m². A minimum lot size of 300m² will be retained for the remaining general residential areas. However, to ensure that the impacts of small lot housing are managed appropriately, a LEP clause will be inserted requiring an integrated development application for all lots smaller than 300m². An integrated development application includes assessing the subdivision of the land and the proposed dwelling at the same time and assessing suitability of the lot size to enable suitable amenity and landscaping (including tree planting). Lot sizes for blocks with greater than 10% slope will need to be a minimum of 450sqm.

It is envisaged that the development of the rezoning area would deliver approximately 1,729 dwellings in a broad mix of housing types, and a population of around 5,187 people. A neighborhood centre/village centre is proposed in the rezoning area to contain around 6-8,000sqm of retail floorspace, and a community facility. New parks, sportsfields, stormwater facilities and roads are planned to support the additional population.

The rezoning area is anticipated to potentially deliver a total of 1,729 lots. Of these, 177 lots (10%) would be small lot integrated housing (having a minimum lot size of 220sqm). Approximately 74 lots (4%) are anticipated to have a minimum size above 450sqm due to having a slope greater than 10%.

This Planning Proposal is currently being prepared to seek Council endorsement and submission to DPE for a Gateway Determination.

Part 1 – Objectives or Intended Outcomes

The objective of this Planning Proposal is to amend the Penrith LEP 2010 to collect affordable rental housing development contributions for the delivery of affordable rental housing in the Penrith LGA.

The intended outcomes of this Planning Proposal are to:

- Provide for the delivery of affordable rental housing through the planning system, recognising its role as a vital economic and social infrastructure.
- Ensure Penrith LGA provides affordability advantages and remains an attractive and inclusive location for a range of residents.
- Provide a transparent framework for development to make equitable affordable rental housing contributions.
- Provide certainty and clarity for landowners and developers seeking to develop land in the Penrith LGA.
- Achieve the actions within Penrith LSPS and Local Housing Strategy to collect affordable rental housing contributions on land with significant residential uplift and provide affordable rental housing where required and development viability can be maintained.

Part 2 – Explanation of Provisions

The objective and intended outcomes of the Planning Proposal will be achieved by amending LEP 2010. The proposed changes are presented in this Part of the Planning Proposal.

It is proposed to introduce a new local provision in the Penrith LEP 2010 to collect affordable rental housing development contributions for the delivery of affordable rental housing in the Penrith LGA. This scheme is proposed to apply to the residential release areas of Glenmore Park Stage 3 and Orchard Hills North.

The objective of this planning proposal is to increase the amount of affordable rental housing within Penrith. It provides a comprehensive and transparent framework which gives local communities greater clarity about the affordable rental housing planned for in their areas, and affordable rental housing contribution schemes provide developers certainty and transparency about how affordable rental housing contributions will be determined and the contribution rate that will be applied in a condition of consent.

This scheme applies to all residential development except:

- Developments which do not result in at least one additional dwelling being created,
- Exempt development,
- Secondary dwellings,
- Development solely for the purpose of social and/or affordable rental housing,
- Boarding housing,
- All non-residential development is exempt from the Scheme.

Affordable rental housing contribution rates are in addition to other contributions across the LGA, including local infrastructure contributions (s7.11 or s7.12), state and regional infrastructure contributions. As a condition of development consent, all eligible development in the nominated urban release areas must contribute to affordable rental housing according to the rates as provided below. The Scheme will replace the need to negotiate separate Voluntary Planning Agreements (VPA) for affordable rental housing in these areas, unless where proponents seek to deliver over and above the Scheme.

Development, where affordable rental housing contributions are imposed as a condition of consent, is levied on the basis that:

- Redevelopment and renewal of areas where additional development capacity is provided will reduce the availability of affordable private rental stock in these locations. As these locations are typically endowed with good access to infrastructure, employment and amenities, there is a strong case for the provision of affordable rental housing alongside private market development.
- As growth and renewal occur across the Penrith LGA, the proportion of dwellings available at affordable rates, either via social/affordable housing or private market rental, will reduce if intervention does not occur. Therefore, the proportion of households living in housing stress is also highly likely to increase. This provides

justification for the imposition of affordable rental housing contributions as an inclusionary development standard across the Penrith LGA.

The benefits of the proposed approach are:

- Facilitate the practical implementation of the district local plan into the planning framework.
- Contribution rates have been tested with reference to the various housing sub-markets in the LGA to ensure development viability is not adversely affected.
- It will provide a clear and consistent approach to securing contributions for affordable rental housing where there is an increase in development capacity. This increases certainty for land owners and developers and ensures equity in the application of contribution requirements.

As a condition of development consent, all land to which the draft Scheme applies is required to provide contributions for affordable rental housing according to the rates provided. A monetary contribution required to be made under the Scheme is to be paid at the time specified in the condition. The contribution rate is derived from the draft WSHAS, which recommends that an affordable rental housing contribution rate be based on a percentage of the Gross Realisation Value (GRV) of development. The GRV is proposed to be set at **\$7,596,658 per/ha NDA**. Feasibility testing has determined that this approach is viable. The viability assessment is included in Appendix 1.

Two contribution rates are proposed to be applied in Glenmore Park Stage 3 and Orchard Hills North, a specified rate (base rate) and an inclusionary rate.

1. Specified (base) contribution rates

Area	Year of commencement	Contribution Rate (% GRV)	Contribution per ha NDA
Orchard Hills North	2024	-	-
Glenmore Park Stage 3	2024	2%	\$151,933

2. Inclusionary contribution rates (in addition to the specified contribution rates)

Year of commencement	Contribution Rate (% GRV)	Contribution per ha NDA
2024	1%	\$75,967
2027	2%	\$151,933

Contributions can be made as a monetary contribution or in-kind as land or dwellings for the purpose of affordable rental housing. A monetary contribution is required within urban release areas as it is not practical to provide affordable rental housing within these areas. Community Housing Providers have advised affordable rental housing that is near railway stations and city centres closer to services and facilities is preferred.

Collected contributions will be pooled and affordable rental housing can then be provided in areas close to transport and access to services. A policy framework on how Council will collect and use affordable rental housing contributions will be prepared, with input from Council's Property and City Activation Community and Place teams.

Part 3 – Justification

This part of the Planning Proposal provides details on the need for the proposed amendment to the Penrith LEP 2010, the relationship with the strategic planning framework, the impacts of the proposed amendment, and State and Commonwealth interests.

Section A – Need for the Planning Proposal

Q1. Is the Planning Proposal a result of an endorsed local strategic planning statement, strategic study or report?

The *Penrith Local Strategic Planning Statement (LSPS)*, adopted by Council on 23 March 2020, sets out the 20-year vision for land use in the Penrith LGA taking into consideration the economic, social and environmental needs of the community. It recognises the special characteristics that contribute to Penrith's local identity and outlines how growth and change will be managed into the future.

The LSPS highlights the need to address housing affordability in Penrith and includes *Planning Priority 4: Improve the affordability of housing* and *Action 4.1 Develop an Affordable Housing Policy*. This Planning Proposal achieves both the planning priority and action.

The LSPS also acknowledges, under *Planning Priority 3: Provide new homes to meet the diverse needs of our growing community*, that a sufficient supply of well-located and services land for new homes will deliver a range of benefits. This includes providing homes close to jobs, shops and services. The Planning Proposal responds to this planning priority by proposing a new provision to collect affordable rental housing development contributions for the delivery of affordable rental housing that is near railways stations and city centres, closer to services and facilities.

The Planning Proposal is also the result of a number of outcomes from the following documents:

- *Draft Penrith Local Housing Strategy* has been established to guide housing change and manage population growth in Penrith City over a period of 20 years, from 2016 to 2036. One of the key themes of this strategy is housing affordability. This document identifies a need for additional affordable housing supply across the Penrith LGA.
- *Sustainability Blue Print for Urban Release Areas 2005* - Under Principle 3 of the Blueprint, social infrastructure requirements for new development are identified. This document specifically identifies affordable rental housing as an item of social infrastructure which should be incorporated into the development of new residential release areas.
- *Western Sydney Affordable Housing Strategy 2021* establishes a strategic direction for the provision of affordable rental housing within the Western City District, providing a broader policy vision and set of policy objectives relating to affordable rental housing.

To inform the preparation of this Planning Proposal a *Draft Affordable Rental Housing Contributions Scheme* was prepared which includes a feasibility assessment that examined the capacity of development to tolerate affordable rental housing contributions within the residential release areas of Glenmore Park Stage 3 and Orchard Hills North. This is provided as Appendix

1. These sites are included in the nominated area as two developments where land is proposed to be rezoned for residential development resulting in significant uplift and increase in land value. It is through this value increase that development can contribute to affordable rental housing contributions.

The Scheme has been prepared in accordance and is consistent with Section 7.32 of the Act, Chapter 2 of the Housing SEPP and DPE's Guideline for *Developing an Affordable Housing Contribution Scheme*.

Q2. Is the Planning Proposal the best means of achieving the objectives or intended outcomes, or is there a better way?

This Planning Proposal provides a transparent framework for development to make equitable affordable rental housing contributions and provides certainty and clarity for landowners and developers seeking to develop land in the Penrith LGA.

Section 7.32 of the *Environmental Planning and Assessment Act 1979* allows for the collection of development contributions for the purpose of affordable housing provision by NSW councils. This can occur where a need is identified within a planning instrument and where:

- The consent authority is satisfied that the proposed development will or is likely to reduce the availability of affordable housing within the area, or
- The consent authority is satisfied that the proposed development will create a need for affordable housing within the area, or
- The proposed development is allowed only because of the initial zoning of a site, or the rezoning of a site, or
- The regulations provide for this section to apply to the application.

The Housing SEPP identifies that there is a need for affordable rental housing in Penrith. The Housing SEPP is the mechanism through which Council can mandate a contribution to affordable rental housing from new development. This provision will provide Council with a sound framework to collect contributions for affordable rental housing for greenfield areas. For other areas contributions towards affordable rental housing where residential uplift is proposed would still be subject to negotiation through VPAs, however Council would have a sound basis to enter into those negotiations.

The Planning Proposal is to facilitate a new affordable rental housing contribution scheme within Penrith. This Planning Proposal is the only way to achieve this.

Section B – Relationship to Strategic Planning Framework

Q3. Will the planning proposal give effect to the objectives and actions of the applicable regional, or district plan or strategy (including any exhibited draft plans or strategies)?

Greater Sydney Region Plan – Metropolis of Three Cities

In March 2018, the Greater Sydney Commission published the *Greater Sydney Region Plan – A Metropolis of Three Cities*. The Plan sets a 40-year vision (to 2056) of three cities where most residents live within 30 minutes of their jobs, education and health facilities, services and great places. The Plan also establishes a 20-year plan to manage growth and change for Greater

Sydney in the context of social, economic and environmental matters, and guide the delivery of infrastructure. It also informs district and local plans and the assessment of planning proposals.

The Plan includes two key objectives in response to housing affordability:

- Objective 10: Greater Housing Supply, supported by Action 3: updated local environmental plans that respond to housing strategies; and
- Objective 11: Housing is more diverse and affordable, supported by Strategy 11.1: Prepare Affordable Rental Housing Target Scheme.

This Planning Proposal is consistent with several relevant directions, objectives and strategies of the plan. Specifically, the Planning Proposal will increase the supply of affordable rental housing in Penrith LGA.

Western City District Plan

In March 2018, the Greater Sydney Commission published the *Western City District Plan*. This is a 20-year plan to manage growth in the context of economic, social and environmental matters to achieve the 40-year vision for Greater Sydney. It guides the implementation of the Greater Sydney Region Plan at a district level and provides the link between regional and local planning. The District Plan informs local strategic planning statements, like the Penrith LSPS, and local environmental plans, like Penrith LEP 2010. It also informs the assessment of planning proposals.

The district plan encourages councils to develop local housing strategies and actions to address the range of housing needs in their LGAs, including affordable rental housing. The District Plan includes one key planning priority in response to housing affordability, being Planning Priority W5: Providing housing supply, choice and affordability, with access to jobs, services and public transport.

The Planning Proposal supports the district plan's priority of 'Housing Diversity and Affordability' by facilitating the delivery of affordable rental housing in Penrith through the planning framework.

Q4. Will the planning proposal give effect to a council's endorsed local strategic planning statement, or another endorsed local strategy or strategic plan?

The Planning Proposal will give effect to the Penrith LSPS and specifically Planning Priority 4: Improve the affordability of housing and Action 4.1 Develop an Affordable Housing Policy. The Planning Proposal will also help give effect to Planning Priority 3: Provide new homes to meet the diverse needs of our growing community.

As discussed under Q1 above, the Planning Proposal will also give effect to:

- *Draft Penrith Local Housing Strategy* which identifies the need for additional affordable rental housing supply across the Penrith LGA.
- *Sustainability Blue Print for Urban Release Areas 2005* which specifically identifies affordable rental housing as an item of social infrastructure which should be incorporated into the development of new residential release areas.
- *Western Sydney Affordable Housing Strategy 2021* which identifies the need for affordable rental housing in the Penrith LGA.

The *Penrith Community Plan* was adopted by Council on 26 June 2017 and represents the community's vision for the City as it grows over the next 20 years. That vision is one of a sustainable and prosperous Regional City with a harmony of urban and rural qualities and a strong commitment to environmental protection and enhancement.

The Penrith Community Plan identifies seven community outcomes:

1. We can work close to home
2. We plan for our future growth
3. We can get around our City
4. We have safe, vibrant places
5. We care for our environment
6. We are healthy and share a strong community spirit
7. We have confidence in our Council.

Under outcome 2, the Plan acknowledges the desire to provide housing that meets community needs without compromising the character and amenity of the neighbourhoods. Particularly Strategy 2.1: Facilitate development in the City that considers the current and future needs of our community. It indicates that Council will ensure different housing types to suit different types of households and work with developers to ensure they make a fair contribution and make sure homes keep up with changing needs. The Planning Proposal is consistent with the Community Plan.

Q5. Is the planning proposal consistent with applicable State Environmental Planning Policies?

The NSW Government publishes State Environmental Planning Policies (SEPPs) and Sydney Regional Environmental Plans (deemed SEPPs). These documents deal with matters of State or regional planning significance. The Planning Proposal is consistent with applicable SEPPs, as demonstrated in Table 2.

Table 2: State Environmental Planning Policies

SEPP Title	Applicable	Consistent
State Environmental Planning Policy (Primary Production) 2021	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy (Resources and Energy) 2021	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy (Resilience and Hazards) 2021	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy (Industry and Employment) 2021	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy (Transport and Infrastructure) 2021	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.

SEPP Title	Applicable	Consistent
State Environmental Planning Policy (Biodiversity and Conservation) 2021	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy (Planning Systems) 2021	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy (Precincts – Eastern Harbour City) 2021	No	Not applicable
State Environmental Planning Policy (Precincts – Central River City) 2021	No	Not applicable
State Environmental Planning Policy (Precincts – Western Parkland City) 2021	No	Not applicable
State Environmental Planning Policy (Precincts – Regional) 2021	No	Not applicable
State Environmental Planning Policy (Housing) 2021	Yes	Consistent – The framework to develop an affordable housing scheme is through Chapter 2 – Affordable Housing. This SEPP identifies that there is a need for affordable rental housing across NSW and is the mechanism through which Council can mandate a contribution to affordable rental housing from new development.
State Environmental Planning Policy (Building Sustainability Index: BASIX) 2004	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy (Exempt and Complying Development Codes) 2008	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.
State Environmental Planning Policy No 65—Design Quality of Residential Apartment Development	Yes	Consistent – Nothing in the Planning Proposal will prevent the application of this SEPP.

Q6. Is the planning proposal consistent with applicable Ministerial Directions (s.9.1 directions)?

The Minister for Planning and Public Spaces issues Local Planning Directions that councils must follow when preparing planning proposals. The directions cover the following broad categories:

- Planning Systems
- Biodiversity and Conservation
- Resilience and Hazards

- Transport and Infrastructure
- Housing
- Industry and Employment
- Resources and Energy
- Primary Production

The Planning Proposal is considered to be consistent with all applicable Section 9.1 Local Planning Directions, as demonstrated in Table 3.

Table 3: Section 9.1 Ministerial Directions - Local Planning Directions

Direction	Applicable	Consistent	Comment
1 Planning Systems			
1.1 Implementation of Regional Plans	Yes	Yes	The Planning Proposal applies to land within the Greater Sydney Region Plan and Western City District Plan. The Planning Proposal will give effect to these Plans as discussed under Q3 above.
1.2 Development of Aboriginal Land Council land	No	N/A	
1.3 Approval and Referral Requirements	Yes	Consistent	The Planning Proposal will not include any provisions requiring concurrence, consultation or referral of development applications to a Minister or public authority or identify development as designated development.
1.4 Site Specific Provisions	Yes	Consistent	The Planning Proposal does not propose a provision allowing a particular development to be carried out.
1 Planning Systems – Place-based			
1.5 Parramatta Road Corridor Urban Transformation Strategy	No	N/A	
1.6 Implementation of North West Priority Growth Area Land Use and Infrastructure Implementation Plan	No	N/A	
1.7 Implementation of Greater Parramatta Priority Growth Area Interim Land Use and Infrastructure Implementation Plan	No	N/A	
1.8 Implementation of Wilton Priority Growth Area Interim Land Use and Infrastructure Implementation Plan	No	N/A	

Direction	Applicable	Consistent	Comment
1.9 Implementation of Glenfield to Macarthur Urban Renewal Corridor	No	N/A	
1.10 Implementation of the Western Sydney Aerotropolis Plan	Yes	Consistent	<p>The Planning Proposal does not apply to land shown on the Aerotropolis SEPP's Land Application Map. It also does not apply to the additional land shown on the Aerotropolis Boundary Map, as that land is zoned for rural purposes.</p> <p>The Planning Proposal is consistent with the Western Sydney Aerotropolis Plan as it will not prevent the application of the airport safeguards provisions in the SEPP.</p>
1.11 Implementation of Bayside West Precincts 2036 Plan	No	N/A	
1.12 Implementation of Planning Principles for the Cooks Cover Precinct	No	N/A	
1.13 Implementation of St Leonards and Crows Nest 2036 Plan	No	N/A	
1.14 Implementation of Greater Macarthur 2040	No	N/A	
1.15 Implementation of the Pymont Peninsula Place Strategy	No	N/A	
1.16 North West Rail Link Corridor Strategy	No	N/A	
1.17 Implementation of the Bays West Place Strategy	No	N/A	
2 Design and Place			
3 Biodiversity and Conservation			
3.1 Conservation Zones	Yes	Consistent	The Planning Proposal does not apply to land within a conservation zone or land otherwise identified for environment conservation/ protection purposes in the Penrith LEP 2010.
3.2 Heritage Conservation	Yes	Consistent	The Planning Proposal will not affect existing heritage conservation provisions in LEP 2010.
3.3 Sydney Drinking Water Catchments	No	N/A	

Direction	Applicable	Consistent	Comment
3.4 Application of C2 and C3 Zones and Environmental Overlays in Far North Coast LEPS 26	No	N/A	
3.5 Recreation Vehicle Areas	Yes	Consistent	The Planning Proposal does not propose a provision allowing land to be developed for the purpose of a recreation vehicle area.
4 Resilience and Hazards			
4.1 Flooding	No	N/A	The Planning Proposal will not affect existing provisions in LEP 2010 relating to flood planning and the flood planning area.
4.2 Coastal Management	No	N/A	
4.3 Planning for Bushfire Protection	Yes	Consistent	<p>The Planning Proposal applies to some land that is mapped as bushfire prone land or in proximity to land mapped as bushfire prone land.</p> <p>The Planning Proposal does not propose to rezone any land or increase development densities.</p> <p>In accordance with this direction, consultation with the NSW Rural Fire Service will be undertaken, following receipt of a Gateway Determination and prior to community consultation, and any comments made considered.</p>
4.4 Remediation of Contaminated Land	Yes	Consistent	The Planning Proposal does not propose a change of use of land.
4.5 Acid Sulfate Soils	No	N/A	
4.6 Mine Subsidence and Unstable Land	No	N/A	
5. Transport and Infrastructure			
5.1 Integrating Land Use and Transport	Yes	Consistent	The Planning Proposal proposes a provision to collect affordable rental housing development contributions for the delivery of affordable rental housing that is near railways stations and city centres, closer to services and facilities. This achieves the objective of this direction to improve access to housing by walking, cycling and public transport.

Direction	Applicable	Consistent	Comment
5.2 Reserving Land for Public Purposes	Yes	Consistent	This Planning Proposal does not create, alter, reduce, rezone existing zonings or reservations of land for public purposes.
5.3 Development Near Regulated Airports and Defence Airfields	Yes	Consistent	The Planning Proposal will not affect any provisions relating to residential development within the 20 ANEC/ANEF contour for Western Sydney Airport.
5.4 Shooting Ranges	No	N/A	
6. Housing			
6.1 Residential Zones	Yes	Consistent	<p>The Planning Proposal applies to the Glenmore Park Stage 3 and Orchard Hills North residential release areas currently subject to two separate Planning Proposal that propose residential development.</p> <p>This Planning Proposal proposes to introduce a clause that will collect development contributions for the delivery of affordable rental housing within the Penrith LGA. As such, it will support the objectives of this direction to encourage a variety and choice of housing types to provide for existing and future housing needs.</p>
6.2 Caravan Parks and Manufactured Home Estates	No	N/A	
7. Industry and Employment			
7.1 Business and Industrial Zones	No	N/A	
7.2 Reduction in non-hosted short-term rental accommodation period	No	N/A	
7.3 Commercial and Retail Development along the Pacific Highway, North Coast	No	N/A	
8. Resources and Energy			
8.1 Mining, Petroleum Production and Extractive Industries	No	N/A	
9. Primary Production			
9.1 Rural Zones	Yes	Consistent	This Planning Proposal does not rezone land or increase the density of development.
9.2 Rural Lands	No	N/A	

Direction	Applicable	Consistent	Comment
9.3 Oyster Aquaculture	No	N/A	
9.4 Farmland of State and Regional Significance on the NSW Far North Coast	No	N/A	

Section C – Environmental, Social and Economic Impacts

Q7. Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected as a result of the proposal?

The Planning Proposal will not adversely affect the critical habitat or threatened species, populations or ecological communities or their habitats.

Q8. Are there any other likely environmental effects as a result of the planning proposal and how are they proposed to be managed?

It is unlikely that this Planning Proposal would have any adverse environmental effects.

Q9. Has the planning proposal adequately addressed any social and economic effects?

The socio-economic profile of Penrith indicates a clear and critical need to provide affordable rental housing for very low to moderate income households in the Penrith LGA. Significant and sustained price growth in property values has outpaced wage rises, resulting in declining housing affordability and growing debate around the need to improve accessibility to the housing market.

Housing is a fundamental human right and one of the universal determinants of health and wellbeing. The social cost associated with deteriorating housing affordability are significant. Households on very low, low and moderate incomes can be displaced from local areas, resulting in poor community diversity and social cohesion. Furthermore, displacement of 'key workers' can result in a reduced labour force of those workers who are essential to local economies.

Increasing the supply of affordable rental housing across Greater Sydney is a priority for all levels of government across. Ensuring that affordable rental housing and social housing is delivered to meet the needs of very low, low, and moderate-income households is essential to enhancing the social sustainability of the Penrith community as it grows.

Less affordable rental housing negatively impacts individuals, the community and the local economy. Approximately 17.4% of Penrith residents were in housing stress in 2016, with 18.3% projected to be in housing stress by 2041. In 2016, there were some 2,411 and 5,726 low to moderate income households experiencing mortgage and rental stress respectively.

A critical consideration in introducing new contribution requirements in the Penrith LEP 2010 is the impact on development viability. To understand the economic impacts of the proposed affordable rental housing contribution rates, independent work was undertaken to test the local housing needs of Penrith and assessed the feasibility that examined the capacity of development to tolerate affordable rental housing contributions within the urban release areas of Glenmore Park Stage 3 and Orchard Hills North.

The Planning Proposal addresses these social and economic effects by proposing a local provision to collect affordable rental housing development contributions for the delivery of affordable rental housing in the Penrith LGA and the proposed contribution rates have been tested to ensure development viability.

There will be a further opportunity to identify and assess any additional social and economic effects of the Planning Proposal when it is exhibited for community and stakeholder feedback.

Section D – State and Commonwealth Interests

Q10. Is there adequate public infrastructure for the planning proposal?

While this Planning Proposal will facilitate additional affordable rental housing, it will not result in an increase in density greater than that already anticipated for the two residential release areas and is not expected to result in any additional burden on existing public infrastructure.

This Planning Proposal proposes a new local provision to collect affordable rental housing development contributions for the delivery of affordable rental housing in the Penrith LGA.

Q11. What are the views of State and Commonwealth public authorities consulted in accordance with the Gateway determination?

The Gateway Determination will provide details on the consultation to be undertaken with State and Commonwealth public authorities.

Part 4 – Mapping

There are no amendments proposed to the LEP 2010 map tiles.

Part 5 – Community Consultation

The Planning Proposal will be publicly exhibited in accordance with the requirements of Schedule 1, Clause 4 of the *Environmental Planning and Assessment Act 1979* and the Department of Planning and Environment's 'Guide to Preparing Local Environmental Plans'. The Gateway Determination will outline the community consultation to be undertaken.

The Planning Proposal and all exhibition material will be available to view on Council's website and the NSW Planning Portal.

Notice of the public exhibition will be given in the local newspaper and on Council's website. Consultation with public authorities will be undertaken in accordance with the requirements of the Gateway Determination.

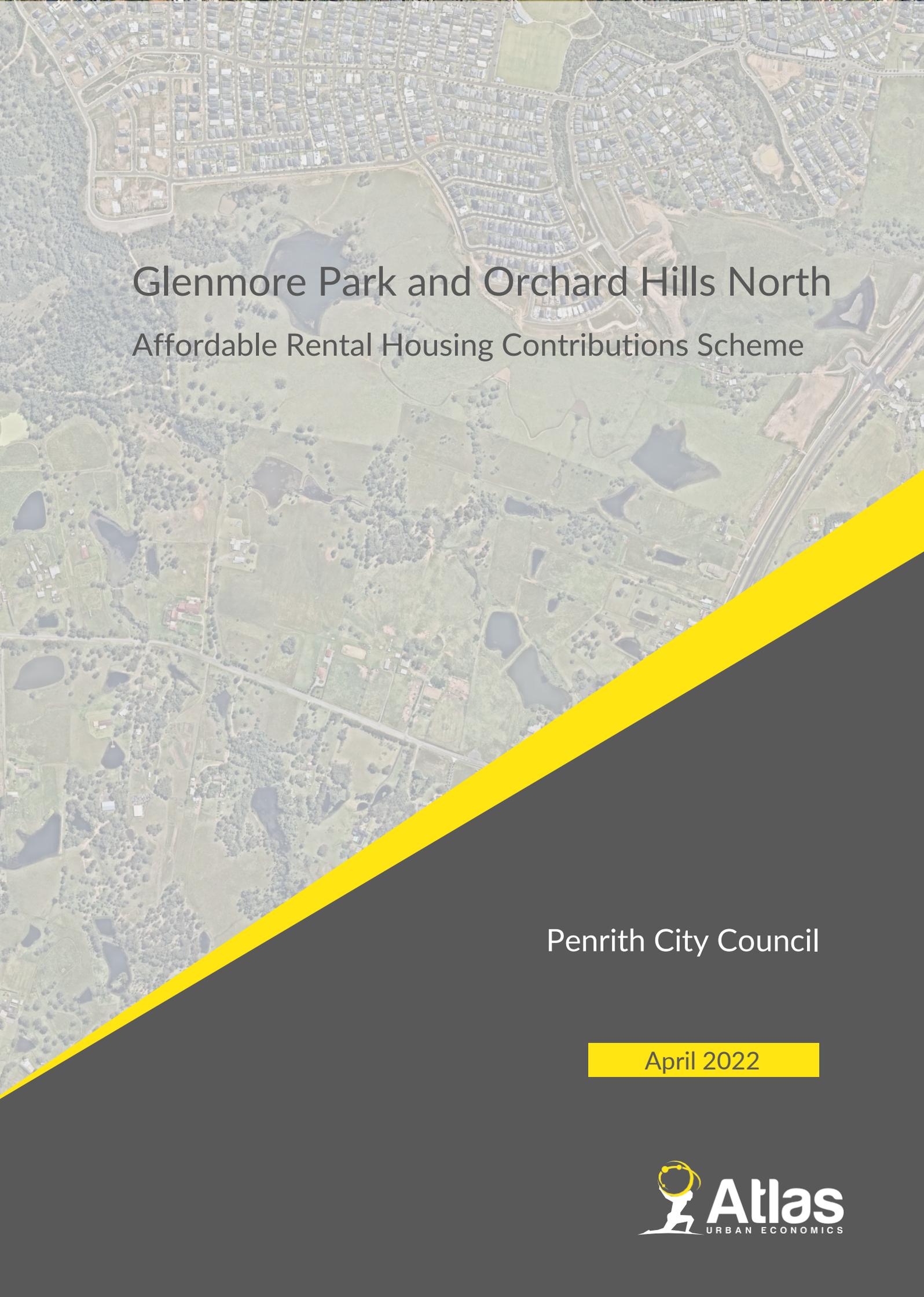
Part 6 - Project Timeline

Milestone	Timeframe
Local Planning Panel's advice on the Planning Proposal	22 June 2022
Council's endorsement to send the Planning Proposal to the Department of Planning and Environment	25 July 2022
Submission to the Department of Planning and Environment	29 July 2022
Gateway Determination issued	August 2022
Public exhibition and public authority consultation	September 2022
Consideration of submissions	October 2022
Reporting of the Planning Proposal to Council	November 2022
Submission to the Department of Planning and Environment	December 2022
Publication of LEP amendment	February 2023

These timeframes are estimates only and subject to change due, in part, to factors beyond Council's control.

Appendices

APPENDIX 1
Draft Affordable Rental Housing Contributions
Scheme



Glenmore Park and Orchard Hills North

Affordable Rental Housing Contributions Scheme

Penrith City Council

April 2022

Document Control

Project Manager: Jacob Vince
Email: jacob.vince@atlasurbaneconomics.com
Telephone: 1300 149 151

Job ID: J209
Job Name: Penrith Affordable Housing
Contributions Scheme

Client: Penrith City Council
Client Contact: Natalie Stanowski

Document Name: Penrith Affordable Housing Contributions
Scheme OHN & GP3 final draft

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Version	Date	Approved by	Reviewed by
Draft	7 April 2022	Jacob Vince	Esther Cheong
Final Draft	6 May 2022	Jacob Vince	Esther Cheong

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Glossary of Terms

Affordable Housing	Housing for Very Low, Low and Moderate income households (as defined by State Environmental Planning Policy (Housing) 2021, Chapter 2 - Affordable Housing and the Environmental Planning and Assessment Act 1979).
Affordable Rental Housing	Affordable housing managed by a community housing provider and rented to Very Low, Low or Moderate income level households.
'As Is' Value	The 'as is' value of land and/or property, also referred to as 'existing use' value, refers to the value of land and/or property in its current use notwithstanding its potential value in alternative uses.
Community Housing Provider	Community housing providers are registered under the National Regulatory System of Community Housing. In NSW, a community housing provider must be registered by the Registrar of Community Housing to receive assistance from the Department of Family and Community Services or NSW Land and Housing Corporation.
Contribution Rate	The contribution rate that is used in the calculation of the monetary contribution for a relevant development and is annually adjusted for indexation purposes.
Inclusionary Contribution	The base affordable housing contribution applicable.
In-kind Dedication	Dedication of a completed affordable rental housing dwelling on-site to a planning authority.
Gross Floor Area	<p>As defined in the Penrith Local Environmental Plan 2010, 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">(a) the area of a mezzanine, and(b) habitable rooms in a basement or an attic, and(c) any shop, auditorium, cinema, and the like, in a basement or attic, but excludes:(d) any area for common vertical circulation, such as lifts and stairs, and(e) any basement:<ul style="list-style-type: none">(i) storage, and(ii) vehicular access, loading areas, garbage and services, and(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.
Gross Realisation Value	The value of new housing stock upon completion of development.
Housing Affordability	The relationship between expenditure on housing cost (whether a mortgage payment or a rental payment) and household income. An accepted benchmark measure of housing affordability is where no more than 30% of gross household income is spent on housing costs.

Inclusive Housing	Inclusive housing refers to housing that caters to a wide range of users, including households in housing stress, seniors, people with disabilities, students, key workers, and section of the broader residential market (e.g. First Home Buyers).
Inclusionary Zoning	A planning intervention which mandates a certain proportion of development be delivered (or included) as affordable housing dwellings as a condition of planning consent.
Land Dedication	Dedication of land on-site to a planning authority for the purposes of affordable housing.
Low Income Household	As defined under State Environmental Planning Policy (Housing) 2021, Chapter 2 - Affordable Housing, households with gross incomes between 50% and 80% of the median household income of the Sydney Statistical Division (i.e. Greater Sydney).
Moderate Income Household	As defined under State Environmental Planning Policy (Housing) 2021, Chapter 2 - Affordable Housing, households with gross incomes between 80% and 120% of the median household income of the Sydney Statistical Division (i.e. Greater Sydney).
Residual Land Value	The maximum price a developer would be prepared to pay for a site in exchange for the opportunity to develop the site, whilst achieving target hurdle rates for profit and project return. It is a commonly used valuation approach to assess the value of land as a hypothetical development and involves assessing the value of the completed product, making a deduction for development costs and further deduction for profit and risk, all while ensuring the development achieves the target project margin and return. Land value is a 'residual' that remains.
Specified Contribution	A specific affordable housing contribution rate applicable to certain areas within the Penrith LGA in addition to the inclusionary contribution.
Western City District	The Western City District as defined in the Greater Sydney Region Plan comprising the Blue Mountains, Camden, Campbelltown, Fairfield, Hawkesbury, Liverpool, Penrith and Wollondilly LGAs.
Very Low-Income Household	As defined under State Environmental Planning Policy (Housing) 2021, Chapter 2 - Affordable Housing, households with gross incomes less than 50% of the median household income of the Sydney Statistical Division (i.e. Greater Sydney).

Glossary of Abbreviations

ABS	Australian Bureau of Statistics
ANZSIC	Australia New Zealand Standard Industry Classification. The ANZSIC is hierarchical classification with four levels: Division (the broadest level), Subdivisions, Groups and Classes (the finest level).
PCC	Penrith City Council
CHP	Community Housing Provider
DCP	Development Control Plan
DPE	NSW Department of Planning and Environment
ERP	Estimated Resident Population
DCJ	Department of Communities and Justice
FSR	Floor Space Ratio
GFA	Gross Floor Area
GRV	Gross Realisation Value
GSC	Greater Sydney Commission
LEP	Local Environmental Plan
LGA	Local Government Area
LHS	Local Housing Strategy
LSPS	Local Strategic Planning Statement
NDA	Net Developable Area
RBA	Reserve Bank of Australia
RFB	Residential Flat Building
RLV	Residual Land Value

1. Strategic Context and Background

1.1 Objectives of the Scheme

The purpose of the Penrith Affordable Rental Housing Contributions Scheme (the Scheme) is to provide for the collection of development contributions for the delivery of affordable rental housing in the Penrith LGA. This relates to several key policy objectives to:

- Identify existing and projected unmet need for affordable rental housing in the Penrith LGA.
- Provide for the delivery of affordable rental housing through the planning system, recognising its role as vital economic and social infrastructure.
- Capture increases in land value granted to individual landowners via the planning approvals process.
- Ensure that the Penrith LGA retains its affordability advantages and remains an attractive and inclusive location for a range of residents.

1.2 Where Does the Scheme Apply?

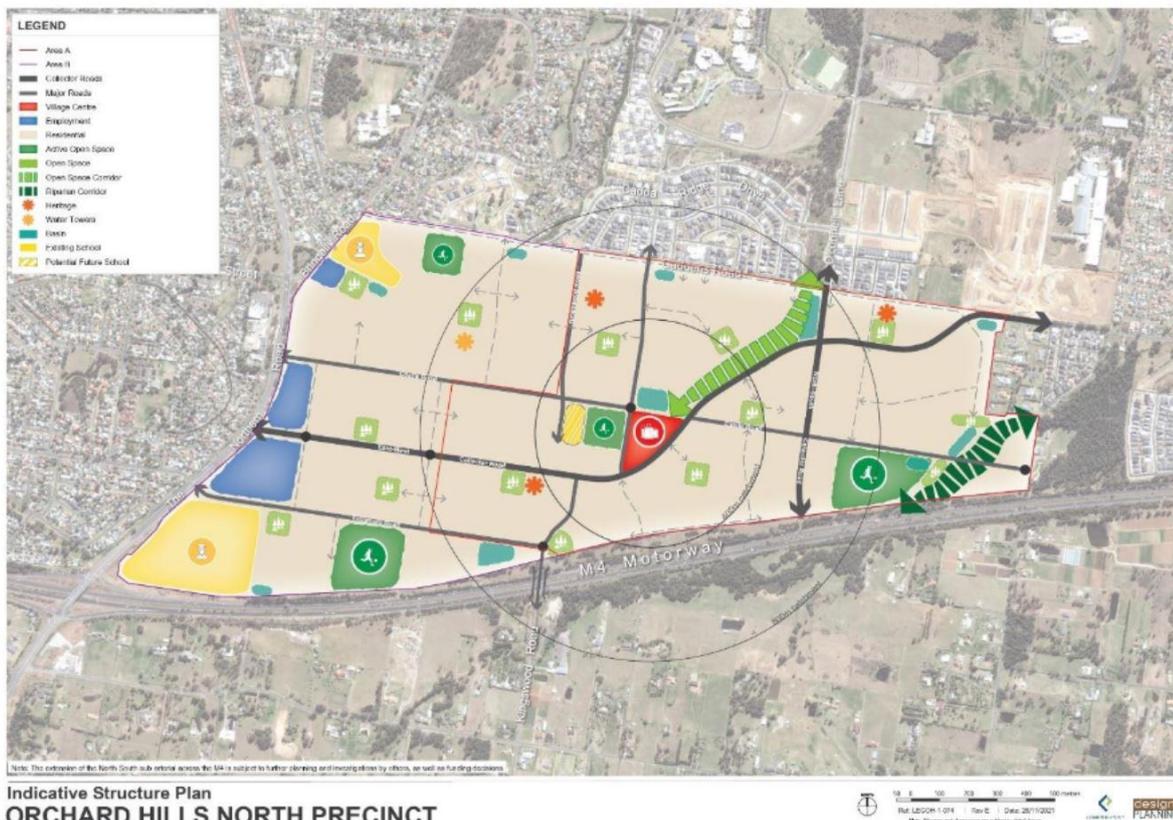
The Scheme applies to the areas shown in **Table 1.1**, referred to as 'Contribution Areas'.

Table 1.1: Areas to which the Scheme Applies

Location	Area Status
Orchard Hills North	Greenfield
Glenmore Park Stage 2	Greenfield

The areas are depicted in **Figure 1.1** and **Figure 1.2**, both of which are subject to planning proposals which would permit additional residential development.

Figure 1.1: Orchard Hills North Contribution Area



Source: Penrith City Council

Figure 1.2: Glenmore Park (Stage 3) Contribution Area



Source: Penrith City Council

1.3 What Types of Development Does the Scheme Apply To?

The Scheme applies to all residential except:

- Developments which do not result in at least one additional dwelling being created.
- Exempt development.
- Secondary dwellings.
- Development solely for the purpose of social and/or affordable rental housing.
- Boarding houses.

All non-residential development is exempt from the Scheme.

1.4 Need for Affordable Rental Housing

The Evidence Base

The need for affordable rental housing in the Penrith LGA has been considered in both the:

- The draft Western Sydney Affordable Housing Contributions Scheme (SGS, 2021)
- The Penrith Local Housing Strategy (Ethos Urban, 2020).

This Scheme draws upon this evidence base and supplements with targeted research and analysis (refer to Schedule 1).

Overview

Housing affordability has risen as a central issue for both State and local government across much of Australia's east coast over the past two decades. Significant and sustained price growth in property values has outpaced wage rises, resulting in declining housing affordability and growing public debate around the need to improve accessibility to the housing market.

Sydney is at the forefront of Australia's housing affordability debate. Not only is Greater Sydney the least affordable capital city in Australia (ANZ/CoreLogic, 2021), it has been consistently ranked amongst top three most unaffordable cities globally and is now only outranked by Hong Kong in terms of unaffordability (Demographia, 2022).

The median dwelling price in Greater Sydney was some 10.1 times greater than the median household income in June 2021, compared to 6.6 times in June 2009. The number of years required for a typical household to save a 20% deposit on a median dwelling in Greater Sydney was recorded at 13.5 years in June 2021, up from 8.8 years in June 2009 (ANZ/ CoreLogic, 2021). For households earning *below* the median annual income, there is increasingly no alternative other than renting on a permanent basis.

The social cost associated with deteriorating housing affordability are significant. Households on very low, low and moderate incomes can be displaced from local areas, resulting in poor community diversity and social cohesion. Furthermore, displacement of 'key workers' can result in a reduced labour force of key workers essential to local economies.

Demand for Affordable Rental Housing

In 2016, there were some 2,411 and 5,726 low to moderate income households experiencing mortgage and rental stress respectively. In addition to these households, demand for affordable rental housing is driven by Penrith's other specialised groups who could equally require affordable rental housing, including:

- The 2,343 households across the Penrith LGA renting in social housing accommodation and the 1,973 households currently on the waiting list.
- The ~10,150 residents who require assistance with core activities due to a disability.
- The 2,218 individuals who were required some form of homelessness services in the Penrith area (2021).
- The ~12,250 students (non-school) residing in the Penrith LGA, including 6,900 university students.

The capacity of these various groups to enter the private housing market without entering high levels of housing stress are limited. Analysis suggests that very low and low income households would be unable to afford renting most forms of private housing accommodation without entering housing stress.

Analysis (SGS, 2021) suggests that approx 17.4% of Penrith residents were in housing stress in 2016, with 18.3% projected to be in housing stress by 2041.

Existing Supply of Affordable Housing

As at March 2022, the Penrith LGA comprised a total 3,286 social and affordable housing properties. In addition to this social and affordable housing stock, there are around ~500 additional dwellings/rooms located throughout Penrith which provide accommodation for other specialist groups. These are summarised below.

- **Social Housing**
As at March 2022, a total of 2,908 social housing dwellings were identified in the Penrith LGA. There are primarily managed by the Department of Communities and Justice.
- **Affordable Rental Housing**
As at March 2022, a total of 378 affordable rental housing dwellings with these managed by various CHPs.
- **Boarding Houses**
As at March 2022, a total of 16 registered boarding houses within the Penrith LGA with a total of 282 rooms were identified (Atlas Economics; NSW Fair Trading 2022).
- **Special Needs Housing**
At December 2021, a total of 217 Specialist Disability Accommodation within the Nepean Blue Mountains region (NDIS, 2021).

Schedule 1 (The Evidence Base) provides a more detailed analysis of the need for affordable rental housing in the Penrith LGA.

1.5 Legislative Basis for Affordable Housing Contributions

Section 7.32 of the *Environmental Planning and Assessment Act 1979* (the Act) allows for the collection of development contributions for the purpose of affordable rental housing provision by NSW councils. This can occur where a need is identified within a planning instrument and where:

- The consent authority is satisfied that the proposed development will or is likely to reduce the availability of affordable rental housing within the area, or
- The consent authority is satisfied that the proposed development will create a need for affordable rental housing within the area, or
- The proposed development is allowed only because of the initial zoning of a site, or the rezoning of a site, or
- The regulations provide for this section to apply to the application.

As of February 2019, all NSW councils where these requirements have been met are authorised to enact these contributions as a condition in their local environmental plan (LEP).

Development where affordable housing contributions are imposed as a condition of consent is levied on the basis that:

- Redevelopment and renewal of areas where additional development capacity is provided will reduce the availability of affordable private rental stock in these locations. As these locations are typically endowed with good access to infrastructure, employment and amenities, there is a strong case for the provision of affordable housing alongside private market development.
- As growth and renewal occurs across the Penrith LGA, the proportion of dwellings available at affordable rates, either via social/affordable housing or private market rental, will reduce if intervention does not occur. Therefore, the proportion of households living in housing stress is also highly likely to increase. This provides justification for the imposition of affordable housing contributions as an inclusionary development standard across the Penrith LGA.

1.6 Relationship to Other Affordable Housing Provisions in the LGA

State Environmental Planning Policy (Housing) 2021

Where an applicant seeks to utilise bonus provisions for affordable housing provided in the State Environmental Planning Policy (Housing) 2021, this contributions plan does not apply.

Draft Western Sydney Affordable Housing Strategy

The draft Western Sydney Affordable Housing Strategy establishes a strategic direction for the provision of affordable housing within the Western City District, providing a broader policy vision and set of policy objectives relating to affordable housing. This includes the Penrith LGA.

Penrith Local Strategic Planning Statement 2040

Increasing the supply of affordable rental housing is a key objective under Planning Priority 4 (Improve the affordability of housing) of the Penrith Local Strategic Planning Statement 2040 (LSPS 2040).

A key action under Planning Priority 4 is to develop and Affordable Housing Policy in the immediate term.

Penrith Local Housing Strategy (2019)

The Penrith Local Housing Strategy (LHS) identified a need for additional affordable housing supply across the Penrith LGA. Several key recommendations were provided in the LHS, including:

- Explore the establishment of a broad-based scheme for affordable housing delivery that includes a combination of mechanisms including affordable housing contributions and incentive mechanisms so there is flexibility for the housing industry to deliver or make financial contributions towards affordable housing in Penrith.
- Investigate broad-based funding options that recognise the delivery of market-priced housing creates a need for targeted affordable housing provision to ensure all residents have the ability to access housing.

- Focus specific measures for the delivery of affordable housing on locations that maximise access to jobs, health and education, and that affordable housing is ‘tenure blind’ and meets the same amenity standards as market housing.
- Investigate the inclusion of affordable housing targets, inclusionary zoning, development incentives and affordable housing funding schemes in identified Housing Diversity Precincts, particularly locations likely to benefit from new public transport infrastructure.
- Balance plans for the renewal of precincts with growth potential with the retention of existing affordable housing stock to maintain a market-driven supply of affordable housing.

Sustainability Blueprint for Urban Release Areas (2005)

The Sustainability Blueprint for Urban Release Areas (the Blueprint) applies to the residential release areas in the Penrith LGA. Under Principle 3 of the Blueprint, social infrastructure requirements for new development are identified.

Affordable housing is specifically identified as an item of social infrastructure which should be incorporated into the development of new residential release areas. Specifically, the Blueprint identifies:

- At least 3% of residential allotments should be provided for the purpose of affordable housing.
- Alternatively, an appropriate monetary contribution can be provided for delivery of affordable housing elsewhere in the City of Penrith. However, on-site provision is encouraged and preferred.

1.7 Affordable Rental Housing Principles

Consistent with the principles for affordable rental housing provided in the State Environmental Planning Policy (Housing) 2021, the principles for affordable rental housing in the Penrith LGA are:

- Affordable rental housing is to be created and managed in Penrith so that a socially diverse residential population representative of all income groups is developed and maintained across the Penrith LGA.
- Affordable rental housing is to be made available to Very Low, Low or Moderate income households, as per the following percentage ranges of median household income. These are based on the current median income for the Sydney Statistical Division 4, as calculated by the Australian Bureau of Statistics (ABS) (see **Table 1.2**).

Table 1.2: Classification of Household Income Levels

Income Band	Percentage of Median Household Income	Annual Household Income (Sydney) 2020-2021
Very Low	<50% median	<\$49,300
Low	50%-80% median	<\$78,900
Moderate	80%-120% median	<\$118,300

Source: DCJ (2022)

- Affordable rental housing is to be rented to these households at rates no greater than 30% of their household income.
- Contributions made via the dedication of land is to be used for the purpose of affordable housing provision.
- Dwellings provided for affordable rental housing are to be managed so as to maintain their continued use for affordable housing.
- Rental income from affordable housing received by or on behalf of Council, after deduction of normal landlord’s expenses (including management and maintenance costs and all rates and taxes payable in connection with the dwellings), must be used for the purpose of improving or replacing affordable housing or for providing additional affordable housing in the Penrith LGA.
- Affordable rental housing is to consist of dwellings constructed to a standard that, in the opinion of the consent authority, is consistent with other dwellings in the vicinity.

2. Affordable Housing Contributions

2.1 Contribution Rates

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

As a condition of development consent, all eligible development in the Contribution Areas must contribute to affordable housing according to the rates provided in the Scheme. Other conditions of consent are provided in section 2.6.

Two contribution rates are to apply in the Contribution Areas:

- Inclusionary contribution rates, which are the 'base' contribution rates applicable.
- Specified contribution rates, which apply in addition to the inclusionary contribution rates in specific areas of the Penrith LGA.

Inclusionary Contribution Rates

The following contribution rates apply in the Contributions Areas:

Table 2.1: Inclusionary Contribution Rates

Year of Commencement	Percentage of Eligible Floor Area	Equivalent Contribution per ha NDA*
2024	1%	\$75,967
2027	2%	\$151,933

Source: SGS/Savills (2021)

*Affordable housing contribution rate subject to change and dependent on final Development Contribution Plan.

Specified Contribution Rates

The following contribution rates are specified to apply in the Contribution Areas in addition to the inclusionary contributions:

Table 2.2: Specified Contribution Rates

Area	Year of Commencement	Contribution per ha NDA	Equivalent Contribution Rate
Orchard Hills North	2024	-	-
Glenmore Park (Stage 3)	2024	\$151,933	2%

Source: Atlas Economics

2.2 Dedication of Dwellings

Where a contribution is to be made in-kind as dwellings for the purpose of affordable housing, the contribution amount is calculated as a percentage of GFA (where available), according to rates provided in section 2.1 of the Scheme.

Calculation:

Orchard Hills North (1% x total dwellings or GFA), Glenmore Park Stage 3 (3% x total dwellings or GFA)*

*Total dwelling numbers are to be finalised on the gazettal of Planning Proposals.

- Where contributions are to be made in-kind via dedication of dwellings, the following conditions must also be satisfied:
- Dwellings must align with the affordable housing principles provided in section 1.7.
- Completed dwellings are dedicated to Council in perpetuity and free of cost.
- Total GFA exceeds 75 square metres.
- Dwellings should be dispersed across multiple floors of the same development.

- Where only part of a contribution is satisfied through dedication of completed dwellings, any remaining requirement is to be paid as a monetary contribution.

2.3 Equivalent Monetary Contributions

Where a monetary contribution is to be made, the contribution amount will be calculated as a percentage of GRV, according to rates provided in **Table 2.3**.

This percentage of floorspace will then be valued according to the market value of the type of floorspace developed, expressed as GRV per ha NDA.

Calculation:

$$(\% \text{ of contributions required}) \times (\text{GRV per ha NDA})$$

Table 2.3: Gross Realisation Value Rates

Location	GRV per ha NDA (2021)
Orchard Hills North	\$7,596,658
Glenmore Park (Stage 3)	\$7,596,658

Source: SGS/Savills (2021)

2.4 Dedication of Land

Where a contribution is to be made in-kind as land dedicated for the purpose of affordable housing, the equivalised monetary value of the contributions should first be calculated as per section 2.3. This monetary value should then be multiplied by the market value of land on the site, expressed as RLV per square metre.

Where a dedication of land is to be made, an independent valuation must be undertaken to the satisfaction of Council to determine the market value of that land. This will be provided to the applicant prior to the indexing of contribution rates.

Calculation:

$$[(\% \text{ of contributions required}) \times (\text{GRV per ha NDA})] / (\text{RLV per ha NDA})$$

Where contributions are to be made in-kind via dedication of land, the following conditions must also be satisfied:

- Must have a minimum area of 800 square metres.
- Must be within 400m walking distance of a bus stop or 800m walking distance of a train station.
- Must not be contaminated or require remediation.
- Must not be subject to flood constraints.
- Where only part of a contribution is satisfied through dedication of completed dwellings, any remaining requirement is to be paid as a monetary contribution.

Council may require that contributions be made in-kind as dwellings or as an equivalent monetary contribution where a contribution via dedication of land is not deemed appropriate.

2.5 Exemptions and Exclusions from this Scheme

Detailed in section 0 of this Scheme.

2.6 Conditions of Consent for Affordable Rental Housing

Council will levy developer contributions for affordable housing via conditions of consent. These conditions will require that the following be provided:

- The total number of dwellings in the development on which an affordable housing contribution is applicable to.
- The relevant contribution rates.
- Satisfactory evidence that any monetary payment payable will be paid upon issuing of a construction certificate.
- Satisfactory evidence that the title of any in-kind contributions for affordable rental housing will be transferred to Council or a registered CHP prior to the granting of a construction certificate.
- Approved plans which show where in-kind contributions will be provided (within the same development application).
- An independent valuation of any land to be dedicated as an affordable housing contribution.

3. Administration and Implementation

3.1 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. 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 where no further approvals are required, before the consent is issued.
- For development which involves subdivision, prior to the release of the subdivision certificate.
- For development not involving subdivision, but 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.
- 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 136L 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 formulas set out in section 3.2.

Contributions can be made as a monetary contribution or in-kind as land or dwellings for the purpose of affordable rental housing. Each type of contribution should be made as follows:

Monetary Contributions

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

If the applicant is unable to make this payment at the issue of a construction certificate or complying development certificate, Council must be provided with evidence to this effect. In such cases, a deferred payment can be arranged via a bank guarantee where:

- The guarantee is by an Australian bank for the total or outstanding contribution amount plus interest.
- The guarantee requires the bank to unconditionally pay the guaranteed sum to the Council at the time specified in the agreement.
- The applicant will be required to pay all costs incurred in the establishment, operation, administration or discharge of the bank guarantee.
- The bank's obligations are discharged when payment to the Council is made in accordance with the guarantee, or when the Council notifies the bank in writing that the guarantee is no longer required, or if the related consent lapses.

However, the decision to accept a deferred payment is at the sole discretion of the Council.

Dedication of Dwellings

Where a contribution is proposed to be made through the dedication of dwellings provided on site, the applicant must transfer the titles of the dwellings to Council. An agreement to transfer the titles must be made and evidence of this provided to Council prior to the granting of a construction certificate.

Council must also be satisfied that the nominated dwellings meet the conditions stated in section 2.2 of the Scheme.

The affordable housing contribution will be satisfied when the title is transferred to Council prior to issue of an occupancy certificate.

Dedication of Land

Where the contribution is proposed to be satisfied through the dedication of land, Council will ensure the proposed land satisfies the conditions stated in section 2.4 of the Scheme. Council may require that contributions be made in-kind as dwellings or as an equivalent monetary contribution where a contribution via dedication of land is not deemed appropriate.

3.2 Indexing of Payments

Rates included in this plan have been derived from the viability assessment (see Schedule 2 of the Scheme). This assessment should be updated prior to the implementation of new contribution rates in 2024 to account for changes in market conditions and costs of development.

Monetary Contributions

In the case of monetary contributions, the contribution amount will be based on the gross realisation value (GRV) per square metre or ha for that location. Initial GRV per square metre/ ha rates are provided in Schedule 3 of the Scheme.

These should be adjusted annually by Council, within one week of the first of July. Rates will be adjusted according to movement in the median price of dwellings in the LGA. This is published quarterly in the NSW Government Rent and Sales Report, Table: Sales Price - Greater Metropolitan Region - Strata.

Calculation:

$$(\text{new GRV per sqm/ ha}) = (\text{initial GRV per sqm/ ha}) \times (\text{updated median price} / \text{former median price})$$

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

Dedication of Land

Where a land dedication is proposed, its value will be determined by the residual land value (RLV) per square metre on the proposed site. This rate will be set according to an independent valuation satisfactory to Council to determine the market value of the land, as set out in section 2.4 of the Scheme.

3.3 Distribution and Management of Funds

Collection of affordable housing contributions is under the jurisdiction of Council. Distribution and management of funds will be undertaken solely by Council.

Alternatively, Council could partner with other local governments with the objective of gaining economies of scale in the delivery of affordable rental housing through the 'pooling' of contributions in the Western City District and Blacktown LGA.

Councils within the arrangement would transfer all monetary contributions gained through the Scheme to the management of a 'lead council'. The lead council would be responsible for pooling of these contributions and subsequent transfer of ownership to the appointed CHP (see section 3.4) as per an agreement under the Local Government Act 1993 (NSW).

The councils participating in the joint distribution and management of funds would be:

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

Monetary Contributions

In the case of monetary contributions, these will be placed under the management of the lead council immediately following their collection. Each individual council will retain ownership of these contributions until they are transferred to the appointed CHP, as per a governance arrangement set up by an agreement with the lead council.

Dedication of Dwellings

Dwellings gained for the purpose of affordable housing via the Scheme will be transferred to the ownership of the appointed CHP.

Dedication of Land

In the case of in-kind contributions of land, the land title will be transferred to the appointed CHP for the purpose of affordable housing on a case-by-case basis.

3.4 Registered Community Housing Providers and Delivery Program

Councils within the partnership arrangement will collectively appoint a CHP as to take ownership of contributions accrued via their respective schemes. The contract for this appointment will last for a term of five years, after which a new tender will be issued for the next term.

The appointed CHP will take full ownership and management responsibilities for any monetary or in-kind affordable housing contributions gained during their term. Affordable housing contributions transferred to the appointed CBD will be done so on the condition that all will be retained for the purpose of affordable housing in perpetuity.

Councils within the arrangement will also provide a delivery program that outlines how funds raised or property assets provided under the Scheme will be used and requirements for reporting and transparency. This will clearly delineate the responsibilities of the appointed CHP and will aim to ensure that each council is apportioned a share of the funds equal to their individual contribution over the course of a 15-year period. Council may provide direction on the CHP's procurement in relation to target demographics or locations for affordable housing.

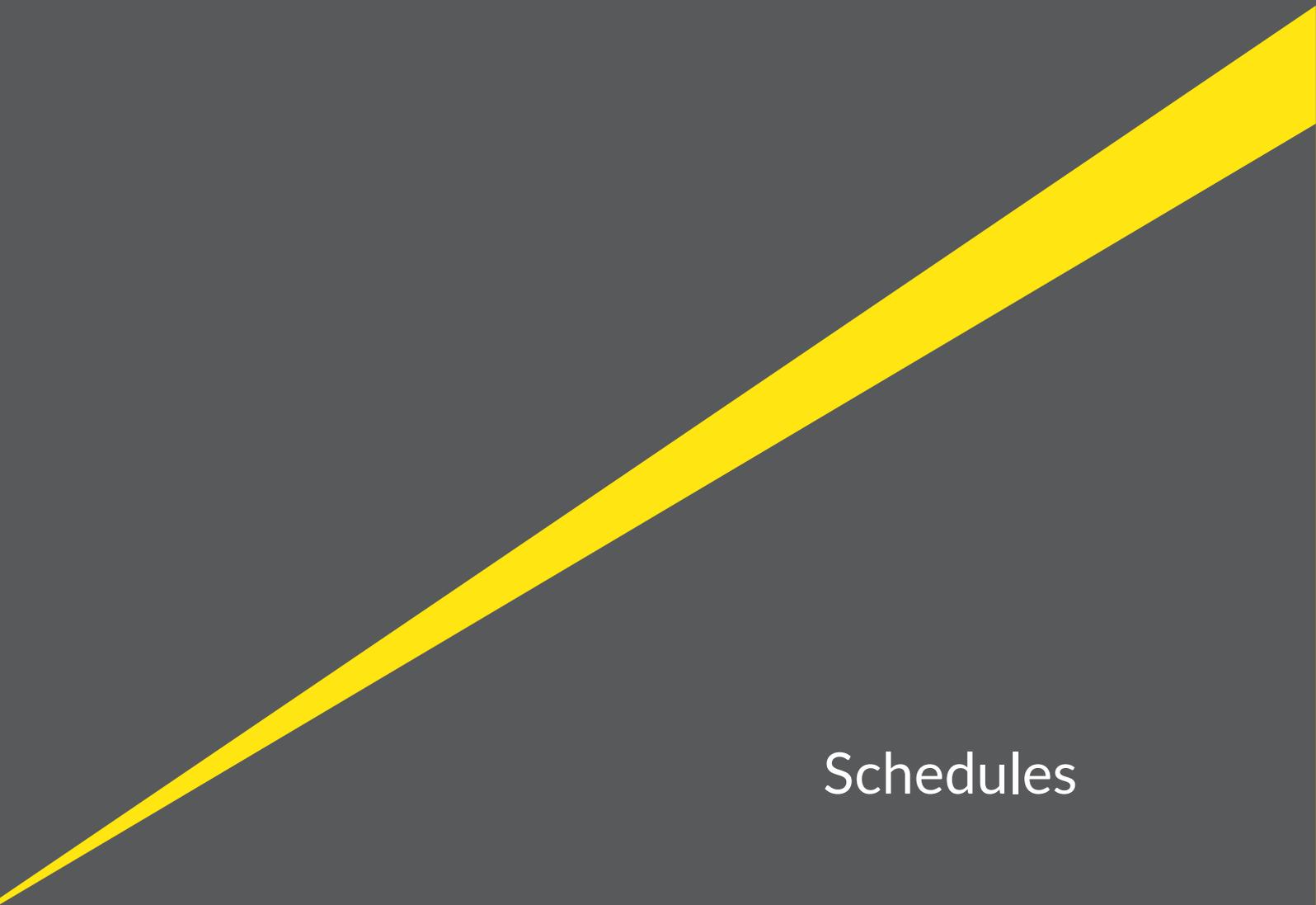
3.5 Monitoring and Review of the Scheme

The Scheme will be reviewed collectively by the councils within the partnership arrangement on a yearly basis. Key considerations will include:

- Performance of the Scheme and appointed CHP in relation to the delivery program. This will consider the number, size, quality and location of dwellings provided. It will also consider whether progress has been made in ensuring that new dwellings are provided across the partnership area to reflect the individual contribution of each council.
- Whether affordable dwellings provided through the Scheme are rented to Very Low, Low and Moderate income households at a per cent of gross household income or at a discount-to market rent.
- Whether all funds gained through the Scheme are utilised for the purpose of improving, replacing, maintaining or providing additional affordable rental housing within the partnership area.
- Maintenance and management issues.
- Social capital objectives – community building and connectedness.
- Access to and use of support services by tenants.
- Internal management issues for councils within the partnership arrangement.
- Tenant satisfaction.

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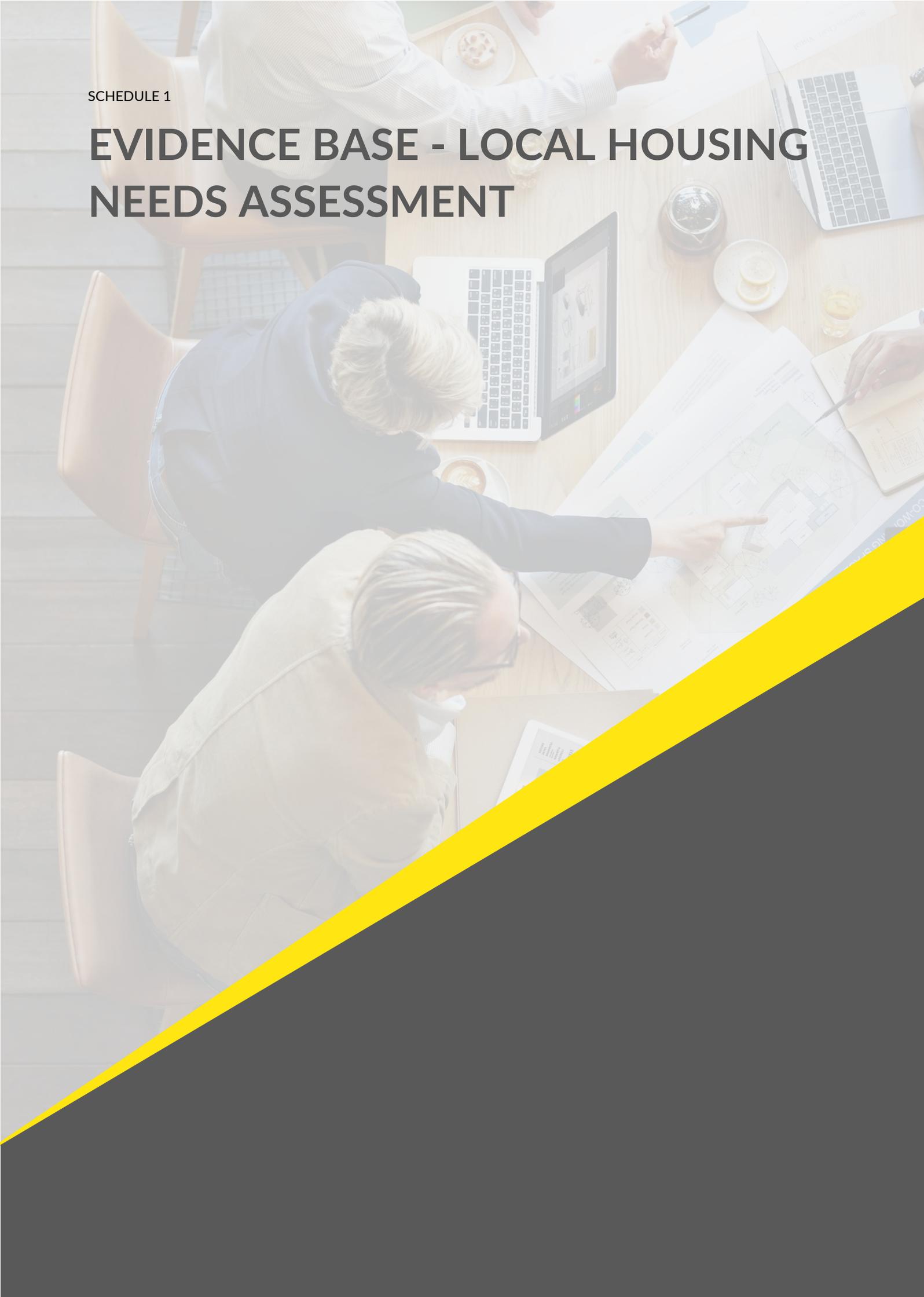
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Schedules

SCHEDULE 1

EVIDENCE BASE - LOCAL HOUSING NEEDS ASSESSMENT



The draft Western Sydney Affordable Housing Contributions Scheme (draft WSAHCS) included a Local Housing Needs Assessment to support the case for affordable rental housing across Western City District, including the Penrith LGA.

The WSAHCS evidence base was carried out at a regional level. To complement the case for affordable rental housing provision in the Penrith LGA, the local housing needs assessment has been supplemented with additional data and analysis at the local Penrith LGA level.

Demographic Analysis

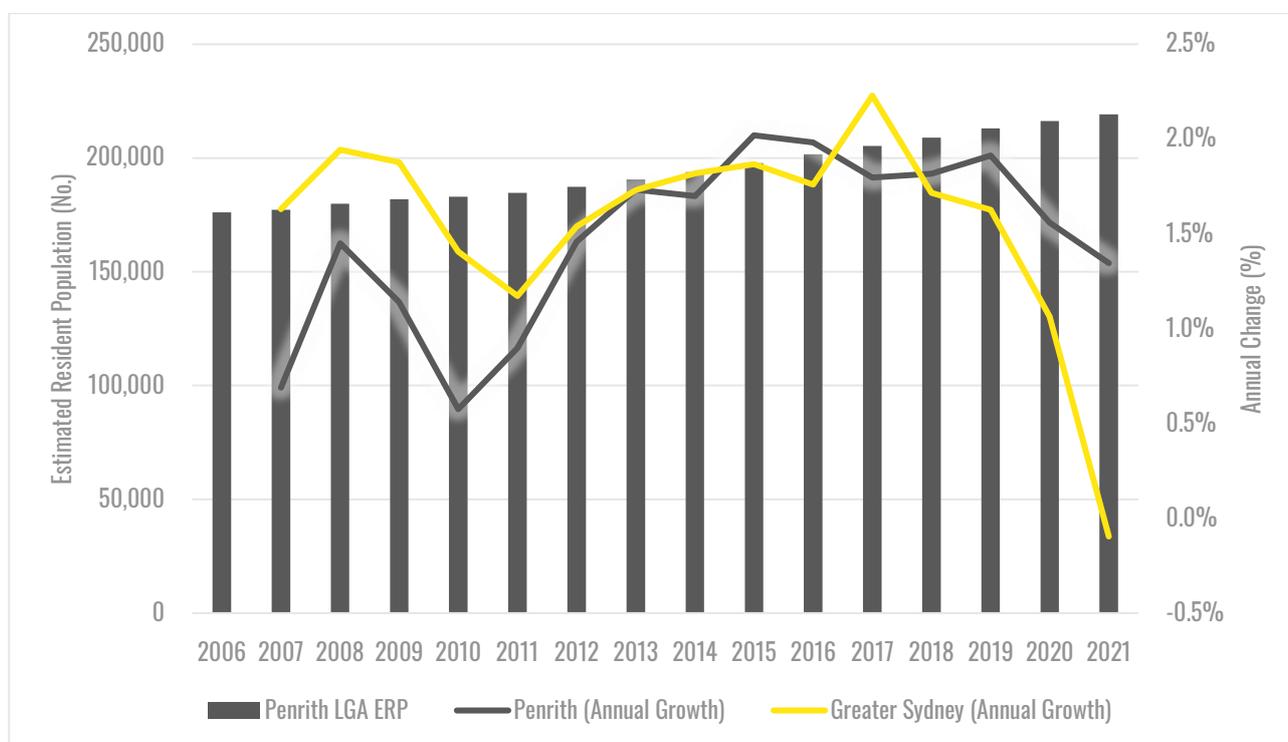
Population Size and Growth

The Penrith LGA recorded a population of 219,173 in 2021 (ABS, 2022). Population growth over the past decade has slowed averaging 1.7% per annum, with Penrith’s population growth outpacing Greater Sydney for much of the past 6-years.

The majority of this population growth has been focused in Penrith release areas such as Jordan Springs, Glenmore Park and Claremont Meadows where new low-density housing has been developed, along with Penrith’s key centres such as Penrith, Kingswood and St Marys where high-density development has begun to emerge.

Figure S1.1 illustrates historical population growth in the Penrith LGA over 2006-2021 compared to Greater Sydney.

Figure S1.1: Historical Population Growth (2006-2021), Penrith LGA



Source: ABS (2022), compiled by .id

Age Characteristics

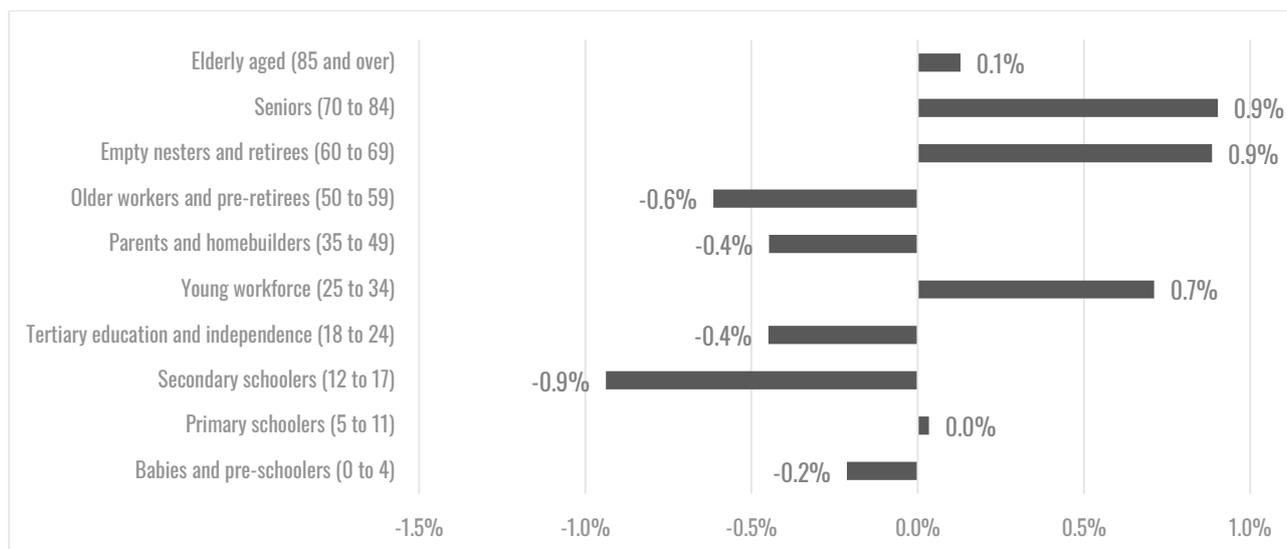
The age composition of Penrith’s residents is changing. Young workers (aged 25-34) were the strongest growing age cohort between 2011-2016 with an additional ~4,000 residents recorded in this period. This was closely followed by residents aged between 60-69 years old, with an additional ~3,300 residents in this cohort recorded.

Overall, the number of older residents (60 years and older) grew markedly in comparison to the rest of working population. The number of residents aged 60 years and over grew by ~6,400 over 2011-2016, whereas the number of residents aged between 18-59 years old grew by ~8,800.

On a percentage basis, residents aged between 60-69 years old and 70-84 years old recorded the largest rises (0.9% respectively), closely followed by younger residents (25-34 years old) who grew by 0.7%.

Figure S1.2 illustrates the changes in age structure of Penrith’s residents between 2011 and 2016.

Figure S1. 2: Age Characteristic Trends (2011-2016), Penrith LGA



Source: ABS (2017, 2012), compiled by .id

Household and Family Composition

The household and family composition of Penrith evolved over the decade to 2016 as a result of demographic and social changes. Key changes observed over the past decade include:

- The average household size slightly declined from 2.87 persons per household in 2006 to 2.86 persons in 2016.
- Couples with children make up 37% of total households, growing by some ~1,300 households since 2006.
- Couples without children households make up approximately 22% of total households, with the number of these households rising by ~2,100 in the decade to 2016.
- Single parent family households account for 14% of total households, growing by ~1,250 households since 2006.
- Lone person households account for 18% of total households following growth of ~1,650 households from 2006.

Household Income

Income is a key indicator of socio-economic status. As at 2016, Penrith LGA residents recorded a median household income of \$1,658 per week – slightly lower than the Greater Sydney median of \$1,745 per week. Median household incomes of residents in Penrith increased by circa 3.5% per annum over the five years to 2016.

Affordable housing is provided for households on Very Low, Low and Moderate incomes. These are defined as:

- **Very Low:** households with incomes less than 50% of the Greater Sydney median household income.
- **Low:** households with incomes between 50% and 80% of the Greater Sydney median household income.
- **Moderate:** households with incomes between 80% and 120% of the Greater Sydney median household income.

Based on the 2016 median household income in Greater Sydney (\$91,000), the following observations can be made on households in the Penrith LGA:

- Around 12,700 households recorded annual household incomes of \$42,000 or less. This income bracket broadly equates to the definition of Very Low incomes.
- Around 13,500 households recorded annual household incomes of between \$42,000 and \$78,000. This income bracket broadly aligns with the definition of Low Incomes.
- Some 8,400 households recorded annual household incomes of between \$78,000 and \$104,000. This income bracket broadly aligns with the definition of Moderate Incomes.

Based on the above analysis, there were some 34,600 households across the Penrith LGA earning Very Low, Low and Moderate incomes as at 2016.

Household Tenure

Household tenure is another useful proxy to understand the socio-economic profile of a region/ LGA. For example, if renters are the predominant occupier, this could indicate a younger and transient demographic whereas a higher concentration of homeowners indicates an established area with mature families/ empty nesters.

As an established LGA with a historically high proportion of older residents, it is not surprising that just over 63% of households in the Penrith LGA have purchased their family home (either outright or with a mortgage). Approximately 24% of households are renting in the private market, with around 4.4% of households renting through social housing.

The proportion of homeowners in Penrith is being outpaced by those renting. Between 2011 and 2016, the proportion of homeowners fell from 68% to 63%, whilst the proportion of households in the rental market had grown from 26% to almost 29%. This aligns with a broader trend observed across Greater Sydney, as homeownership becomes increasingly difficult given marked increases in housing values.

Dwelling Profile

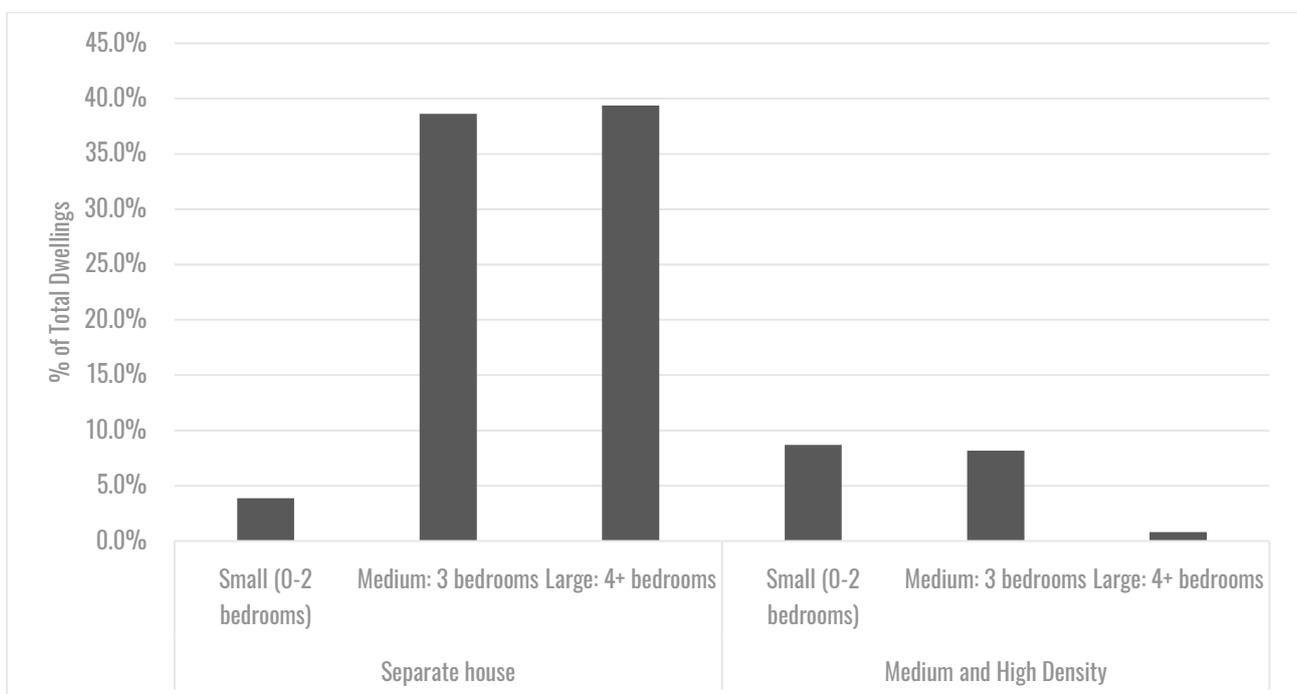
The need and preference for dwellings changes as families grow and change. The evolving needs of households correlates directly with dwelling supply and need.

As a traditionally low-density area, Penrith is characterised by detached housing which accounted for 80% of total dwelling stock in 2016. Medium-density typologies accounted for just over 15% of total stock, whereas apartments and other dwelling types accounted for the remaining 5%. This has no doubt shifted over the past 5-6 years as medium and higher-density development have become more prevalent across the LGA.

Aligning with the high proportion of detached dwelling stock, the overwhelming majority of housing across the Penrith LGA comprised 3-bedrooms or more as at 2016 (circa 81%). Smaller typologies (2-bedrooms or less) accounted for just 12% of total stock. This contrasts with the large number of lone person and couple families without children across the LGA, potentially indicating a mismatch between household type and dwelling stock.

Figure S1.3 illustrates the Penrith LGAs housing stock by typology and size as at 2016.

Figure S1.3: Dwelling by Type and Size (2016), Penrith LGA



Source: ABS (2017)

Demand for Affordable Rental Housing

Residents in Social Housing

Existing Residents

Data on households renting social housing accommodation in the Penrith LGA has been provided by the Department of Justice and Communities (DCJ). As at March 2022, there were a total of 2,812 households renting social housing within the Penrith LGA. The DCJ directly manage the properties of 2,434 of these households.

Key socio-demographic attributes (as at March 2022) of these 2,434 households managed by DCJ include:

- The total tenant population recorded for these 2,434 households is 4,784 residents, reflecting an average household size of 1.97 residents per household. This is significantly lower than the average household size recorded for the broader Penrith LGA in 2016 (2.86 persons per household).
- The average age of the lead tenant was 57 years old.
- Around 32% of households (784 households) have a tenant aged 65 years and older.
- Around 1,378 households (57%) would be eligible for seniors housing given the lead tenant is aged 55 years and over.
- Around 20% of households (584 households) comprise children aged under 18 years old.
- Almost half of all households are lone person households with only 10% (301 households) being large households (4 persons or more).
- The average tenure was recorded as 12 years with 22% of households (543 households) have been renting their property for 20 years or more.
- Only 12% (298 households) have resided within their property for less than 12 months.,

These demographic findings are illustrative of an older, less mobile resident population which occupy social housing across the Penrith LGA. Given the majority of households are lone person households and/or aged over 55 years and over, understanding how existing social housing stock matches the existing and future needs of this population will be critical.

Waiting Times

Discussions with DCJ indicate there is a significant waiting list for social housing across Penrith; the current number of households waiting for social housing within the LGA was approximately 1,973 households as at March 2022. Approximately 10% of these households in waiting are defined as priority applicants¹.

The average waiting time for social housing in the Penrith LGA is 5 to 10 years. This applies to all property types and sizes. These waiting times are generally in line with that observed across other parts of Western Sydney.

A comparison of waiting times (as at June 2021) in various regions of Greater Sydney is provided in **Table S1.1**.

Table S1.1: Average Social Housing Wait Times, Select Areas of Greater Sydney

Allocation Zone	Waiting Time (Years)			
	Studio/1 Bedroom	2 Bedrooms	3 Bedrooms	4+ Bedrooms
Inner City	5-10	10+	5-10	10+
Eastern Suburbs	5-10	10+	10+	10+
Leichardt/Marrickville	5-10	10+	10+	10+
Northern Suburbs	5-10	10+	5-10	10+
Northern Beaches	5-10	5-10	5-10	5-10
Canterbury	10+	10+	10+	10+
Inner West	10+	10+	10+	10+

¹ Priority applicants are defined as those with an urgent and ongoing housing need with a locational requirement to live within a certain area.

Allocation Zone	Waiting Time (Years)			
	Studio/1 Bedroom	2 Bedrooms	3 Bedrooms	4+ Bedrooms
Sutherland	10+	5-10	10+	10+
St George	10+	10+	10+	10+
Riverwood	5-10	10+	10+	10+
Parramatta/Baulkham Hills	5-10	10+	10+	10+
Auburn/Granville	5-10	10+	10+	10+
Blacktown	10+	5-10	5-10	10+
Mount Druitt	5-10	10+	5-10	5-10
Penrith	5-10	5-10	10+	5-10
Richmond/Windsor	10+	5-10	5-10	5-10
Holroyd	5-10	10+	10+	10+
Bankstown	5-10	10+	10+	10+
Fairfield	10+	10+	10+	10+
Liverpool	10+	10+	10+	10+
Campbelltown	5-10	5-10	5-10	10+
Camden	5-10	5-10	5-10	5-10
Wollondilly	5-10	2-5	2-5	5-10

Source: DCJ (2021)

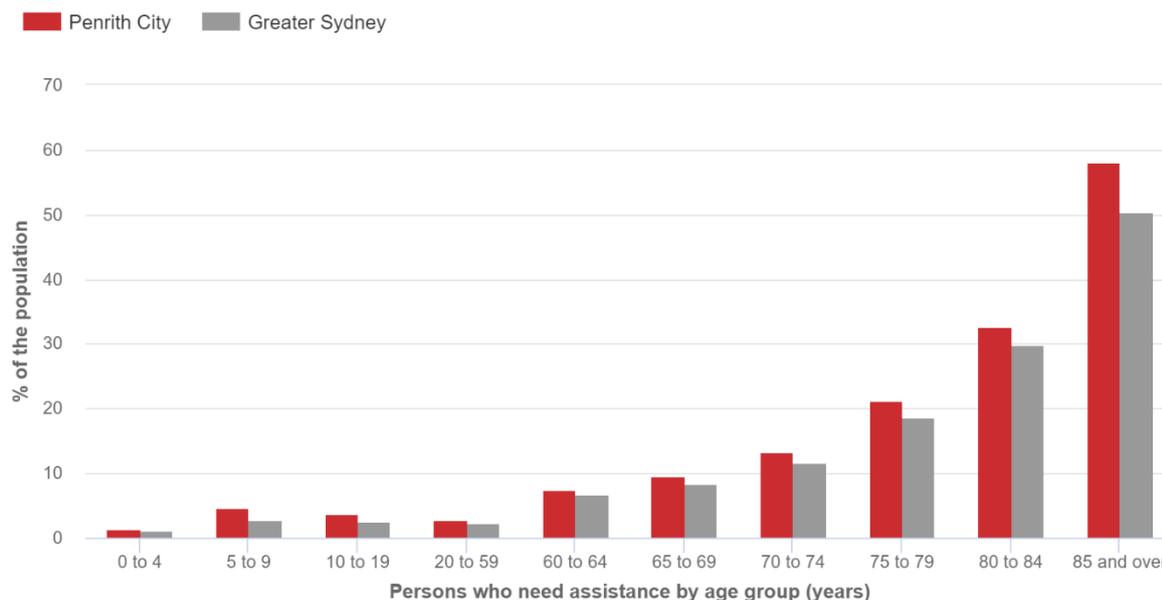
Residents with Special Needs

Residents with special needs can be defined as those with a form of disability with a need for assistance in self-care, body movement, or communication (excluding health young children). Accordingly, a resident with special needs could equally include a young person with a physical disability or an elderly resident suffering from old age.

In 2016, around 10,150 residents (about 5.2% of the Penrith LGAs population) were identified as having some form of need for assistance. This represented a marked increase to that recorded in 2011, where a total of 7,669 residents were identified as having some form of special needs (approximately 4.3% of the population). The proportion of residents in Penrith with a need for assistance is *higher* than that observed in Greater Sydney (5.2% and 4.9% respectively).

Figure S1.4 illustrates the proportion of residents with special needs (by age group) across the Penrith LGA.

Figure S1.4: Residents with Special Needs by Age Group (2016), Penrith LGA



Source: .id (2022)

Homelessness

Homelessness is defined by the ABS as “when a person does not have suitable accommodation and are living in a dwelling that is inadequate, has no tenure or their initial tenure is short and unextendable and/or does not allow them to have control of and access to space for social relations” (ABS, 2012).

Homelessness could manifest in a variety of examples such as living on the streets, in parks or cars (primary homelessness), couch surfing or constantly moving from various shelters (secondary homelessness) to living in accommodation below minimum standards in terms of quality or tenure (tertiary homelessness).

As at the 2016 Census, the Penrith region² recorded some 873 homeless residents. The overwhelming majority of homeless residents identified fell within the ‘persons in supported accommodation for the homeless’, ‘persons living in other crowded dwellings’ and ‘persons living in severely crowded dwellings’ categories – accounting for around 76% of all homeless residents within the region.

Additional homelessness data is released by the Australian Institute of Health and Welfare (AIHW) which collect information on people seeking services from agencies that receive funding under the National Housing and Homelessness Agreement. As at June 2021, the AIHW identified a total of 2,218 clients within the Penrith LGA seeking services from homelessness agencies. This is more than double than that recorded in 2014-2015.

Table S1.2: Clients Seeking Homelessness Services, Georges River LGA

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-2020	2020-21
Clients	1,033	1,513	1,643	1,865	2,022	1,944	2,218
Change (No.)		480	130	222	157	-78	274

Source: AIHW (2021)

Student Residents

In 2016, ~12,250 people in the Penrith LGA were attending university, TAFE or some other form on non-school education. Around 6,900 were attending university, representing 3.5% of the population. This is lower than the proportion of Greater Sydney’s overall population who are attending university, identified as 6.1%.

The number of university students expanded over the 2011-2016 period, rising by some 1,473 residents (or 27%). The number of residents attending university has consistently grown in the decade to 2016 at a rate faster than that observed in the broader Greater Sydney region. The growth in Georges River’s student population is shown in **Table S1.3**.

Table S1.3: Student Residents (excluding Primary and Secondary School), Georges River LGA

Type	2006	2011	2016	Avg. Annual Growth (%)
University	4,010	5,431	6,904	5.6%
TAFE	4,469	4,798	4,099	-0.9%
Other	859	1,058	1,250	3.8%
Total	9,338	11,287	12,253	2.8%

Source: .id (2021)

² Defined as the Penrith Statistical Area 3 geography

Housing Stress

Housing Stress is defined as per the NATSEM (National Centre for Social and Economic Modelling) model as households in the lowest 40% of incomes who are paying more than 30% of their usual gross weekly income on housing costs (either mortgage repayments or rent). This section considers the levels of housing stress observed in the Penrith LGA as at 2016.

Mortgage Stress

As at the 2016 Census, there were 2,411 households with a mortgage spending more than 30% of their income on housing costs. This was equivalent to around 9.3% of total households with a mortgage and slightly below the Greater Sydney average of 10.3% (.id, 2022).

Mortgage stress varies markedly across the Penrith LGA. The suburbs of Oxley Park, Werrington, North St Marys and St Marys all recorded the highest levels of mortgage stress with over 14% of households with a mortgage defined as in mortgage stress (.id, 2022). Conversely, the peri-urban areas of Llandilo, Kemps Creek and Luddenham/Wallacia recorded mortgage stress levels of sub-5%>

Mortgage stress across Penrith slightly *declined* over the 2011-2016 period, with the number of lower income households in mortgage stress declining by 421 households. This decline in mortgage stress aligns with a broader trend observed across Western Sydney and Greater Sydney over the 2011-2016 period.

Table S1.4 summarises the number and proportion of Penrith households experiencing mortgage stress in 2016.

Table S1.4: Households in Mortgage Stress (2016), Penrith LGA

Area	2011		2016		Change (2011-16)
	No.	% of Total	No.	% of Total	
Penrith LGA	2,832	10.9%	2,411	9.3%	-421
WSROC Region	25,761	15.2%	22,429	13.1%	-3,332
Greater Sydney	61,596	11.6%	55,887	10.3%	-5,709

Source: ABS (2017, 2012), compiled by .id

Rental Stress

Compared to mortgage stress, a larger number and proportion of households in the Penrith LGA were recorded as experiencing rental stress as at the 2016 Census. In total, some 5,726 households in the sub-40% income bracket were identified as spending more than 30% of their income on rental costs. This is equivalent to 29.6% of all renter households which is higher than the Greater Sydney equivalent (26.4%).

Similar to mortgage stress levels, rental stress differs by locality across the Penrith LGA. The suburbs of St Marys, Werrington, Kingswood and Penrith recorded the highest levels of mortgage stress with over 33% of renter households having fallen into rental stress (.id, 2022). The suburbs of Castlereagh and Mulgoa recorded the lowest levels of rental stress at 12.5% and 11% of total renter households respectively.

Unlike mortgage stress levels, the prevalence of rental stress across Penrith *grew* over the 2011-2016 period with an additional 1,249 renter households recorded as experiencing rental stress. This aligns with an uptick in rental stress observed across the broader Western Sydney and Greater Sydney region over the period.

Table S1.5 summarises the number and proportion of Penrith households experiencing rental stress in 2016.

Table S1.5: Households in Rental Stress (2016), Penrith LGA

Area	2011		2016		Change (2011-16)
	No.	% of Total	No.	% of Total	
Penrith LGA	4,477	28.0%	5,726	29.6%	1,249
WSROC Region	41,446	30.7%	51,704	32.4%	10,258
Greater Sydney	122,165	25.1%	147,789	26.4%	25,624

Source: ABS (2017, 2012), compiled by .id

Population and Household Projections

Official population and household projections for the Penrith LGA have been carried out by the NSW Department of Planning and Environment (2019). Over the 2016-2041 period, the Penrith LGA is expected to:

- Grow by some ~168,000 residents at an average annual rate of 2.5%.
- Record almost 65,000 additional households with an average annual growth rate of 2.7%.
- Require ~69,000 new dwellings, reflecting around 2,750 additional dwellings per annum at a rate of 2.7%.

Table S1.6: Population, Household and Dwelling Forecasts (2016-2036), Penrith LGA

	2016	2021	2026	2031	2036	2041
Population	201,597	230,289	248,577	292,019	350,906	369,246
Change (5-yrs)		28,692	18,288	43,442	58,887	18,340
Average annual change (%)		2.7%	1.5%	3.3%	3.7%	1.0%
Households	69,299	80,548	88,007	104,300	126,256	134,232
Change (5-yrs)		11,249	7,459	16,293	21,956	7,976
Average annual change (%)		3.1%	1.8%	3.5%	3.9%	1.2%
Dwellings	73,405					142,186
Change (5-yrs)						
Average annual change (%)						

Source: NSW DPE (2019)

Changing Household Composition

Household projections carried out by DPE (2019) illustrate the demographic changes expected to occur over the coming years to 2041 as the LGA accommodates some 65,000 new households.

- **Couple families with children** are expected to remain the largest household cohort over the coming decades to 2041 with an additional ~16,200 households anticipated over the 2021-2041 period. However, these households will represent a smaller proportion of Penrith's total households, down from 37.6% in 2016 to 34.7%.
- **Lone person households** are expected to increase significantly over the decades to 2041, increasing by some 14,650 households. Lone person households will represent the second largest household cohort by 2041, increasing from 19.8% in 2021 to 22.8% of all households. This is the largest proportional change of any of the household cohorts.
- **Couples without dependents** will remain the a large household cohort with some ~11,500 new households expected. The proportional representation is expected to remain consistent at just over 21% of total households.
- **One parent family households** are expected to increase by a total of ~8,000 households with their proportional representation remaining consistent at around 14.8% of total households.
- **Group households and other family households** are expected to grow by some 3,200 households with their proportional representation remaining relatively consistent.

Table S1.7: Household Type Forecasts (2016-2041), Penrith LGA

Household Cohort	2021		2031		2041		Change (2021-41)
	No.	%	No.	%	No.	%	
Couple only	17,050	21.2%	22,142	21.2%	28,522	21.2%	11,472
Couples with children	30,307	37.6%	37,643	36.1%	46,570	34.7%	16,263
Single parent	11,802	14.7%	15,375	14.7%	19,853	14.8%	8,051
Multiple/other family households	3,673	4.6%	4,624	4.4%	5,808	4.3%	2,135
Lone person	15,965	19.8%	22,322	21.4%	30,621	22.8%	14,656
Group	1,751	2.2%	2,194	2.1%	2,858	2.1%	1,107

Source: NSW DPE (2019)

Affordable Housing Supply

Social Housing

Social housing is owned and managed by the DCJ. Prospective tenant eligibility is assessed against a set of defined criteria. Applicants are generally only eligible if they earn very low or low incomes. Successful applicants pay a rent equivalent to 25%-30% of their gross income.

As at March 2022, Land and Housing Corporation (LAHC) own a total 2,908 residential properties in the Penrith LGA. These properties are a mix of detached houses, semi-detached typologies (townhouses, row housing) and apartments. Social housing is highly concentrated within the Penrith LGA with almost 62% of stock located within four suburbs – Penrith (24.4%), Kingswood (13.7%), Cranebrook (12.0%) and St Marys (11.5%). Some suburbs have little to no social housing within their boundaries.

Figure S1.5 illustrates the distribution of social housing stock across the Penrith LGA as at March 2022.

Figure S1.5: Social Housing Stock by Suburb, Penrith LGA



Source: Atlas/DCJ (2022)

The majority of social housing dwellings across the Penrith LGA are 3-bedroom dwellings, accounting for 45% of total social housing dwellings. 2-bedroom account for some 27% of social housing stock, with other dwellings such as studios, 1-bedrooms and 4+ bedrooms accounting for 28% of total housing stock.

The number and proportion of social housing stock by dwelling size is shown in Table S1..

Table S1.8: Social Housing Stock by Dwelling Size (Bedrooms), Penrith LGA

Dwelling Size	No.	% of Total Stock
Studios	101	3%
One bedroom	430	15%
Two bedroom	797	27%
Three bedroom	1,306	45%
Four+ bedroom	274	9%

Source: DCJ (2022)

Community and Affordable Rental Housing

Community housing operates under the same principles as social housing however is managed by community housing providers (CHPs). As not-for-profit organisations, CHPs receive a mix of government assistance in the form of grants, loans, dwellings, or current operational funding to deliver and manage community housing.

Whilst similar to social housing with regard to eligibility requirements, community housing can accommodate tenants who receive Commonwealth Rent Assistance (CRA). Tenants generally pay 25%-30% of their income in rent in addition to the CRA benefit which is received by the CHP. Affordable rental housing utilises a different rent-setting mechanism, with rents typically based on a discount-to-market principle (commonly 75%-80% of market rent).

There is unfortunately no central register that monitors the stock of affordable rental housing in a given area. Some councils develop and maintain their own register for this purpose. Of the 2,908 LAHC-owned residential properties in the Penrith LGA, some 378 are managed by local CHPs (notably Wentworth Housing and Evolve Housing).

A review of the most recent NRAS Quarterly Performance Report (Q2, 2020) indicates there is a total of some 456 registered NRAS properties within the Penrith LGA – all of these allocations are set to expire by or before 2026.

Special Needs Housing

Housing for special needs (physical or mental disability) is typically delivered by non-government organisations registered as Specialist Disability Accommodation (SDA) providers under the National Disability Insurance Scheme (NDIS).

An audit of registered SDA dwellings indicates there are some 217 registered dwellings located throughout the Nepean and Blue Mountains region³ as at December 2021 (NDIS, 2021). The current stock of SDA dwellings is mixed between basic support and high physical support as demonstrated in Table S1.9

Table S1.9: Specialist Disability Accommodation in Nepean/Blue Mountains Region (December 2021)

Locality	Design Category					Total
	Basic	Improved Liveability	High Physical Support	Robust	Fully Accessible	
Outer West and Blue Mountains	68	59	38	19	33	217

Source: NDIS (2021)

Boarding Houses

The State Environmental Planning Policy (Housing) 2021 encourages both the traditional form of boarding houses (accommodation with shared facilities) and new generation (New Gen) boarding houses (self-contained rooms).

The Office of State Revenue exempts boarding houses from land tax or allows a reduction in the taxable land value. Boarding houses need to be registered and must charge rental tariffs below published rates to be eligible for land tax concessions. Notwithstanding, boarding houses can still charge rental tariffs above the published rates which can be seen with increasing numbers of modern, new generation (referred to as 'New Gen') boarding houses.

A total of 16 registered boarding houses were identified in the LGA with a total of 282 rooms. The overwhelming majority are in Kingswood, with other locations including St Marys and North St Marys.

Table S1.10: Boarding Houses, Penrith LGA

Suburb	Boarding Houses	Rooms
Kingswood	12	210
North St Marys	1	12
St Marys	3	60
Total	16	282

Source: Atlas Economics/NSW Fair Trading (2022)

³ Nepean Blue Mountains Region defined as the Outer West and Blue Mountains Statistical Area 4 geography

With the advent of New Gen boarding houses, the profile of boarding house occupants is observed to be evolving. Once serving as transitional housing and accommodating residents unable to find housing on the private market, boarding houses are increasingly accommodating residents who could equally rent in the private market.

Future Pipeline

A review of the development pipeline across the Penrith LGA suggests future supply of social, affordable and most forms of specialist housing is limited. The exception to this is observed in the case of boarding houses, where a significant amount of New Gen boarding house development activity is being pursued. A review of development activity shows:

- There are no new **social housing developments** currently being planned or delivered across Penrith.
- Eight projects across Penrith are currently being progressed under the State Environmental Planning Policy (Housing) 2021 and could deliver up to 88 **affordable housing** dwellings. These projects are observed in Cambridge Park, Kingswood, Penrith and St Marys.
- A significant amount of **boarding house** development activity is underway – a total of 25 projects have the potential of delivering some 396 boarding rooms over the next 3 to 4 years. These are focused in Kingswood, Penrith and St Marys. It is highlighted that all of these projects could be classified as 'New Gen' boarding houses.
- No new **special needs housing** is currently observed in the development pipeline.

Table S1.11 analyses the development pipeline for non-market housing across the Penrith LGA as at April 2022.

Table S1.11: Development Pipeline, Non-Market Housing

Project	Suburb	Status	Dwellings/Rooms
Social Housing			
Nil			
Affordable Housing			
56 Cam St	Cambridge Park	Development Approval	6
252 Great Western Hwy	Kingswood	Development Approval	12
61-63 Great Western Hwy	Kingswood	Site Preparation in Progress	10
63 Markham Av	Penrith	Development Approval	2
91 Thornton Dr	Penrith	Early Planning	30
118-120 Station St	Penrith	Development Approval	5
170 Canberra St	St Marys	Construction	2
23-25 Lethbridge St	St Marys	Construction	21
Boarding Houses			
30 Day St	Colyton	Development Approval	24
36-52 Templar Rd	Erskine Park	Development Approval	8
91 Second Ave	Kingswood	Development Approval	19
26 Hargrave St	Kingswood	Development Approval	12
1 Edna St	Kingswood	Site Preparation in Progress	16
71-73 Second Ave	Kingswood	Development Application	29
12 Walter St	Kingswood	Development Approval	19
6 Edith St	Kingswood	Development Approval	11
31 Second Ave	Kingswood	Development Approval	18
20 Paskin St	Kingswood	Development Approval	23
36 Jamison Rd	Kingswood	Development Approval	11
3 Edward St	Kingswood	Development Approval	13
6 Edna St	Kingswood	Development Approval	11
28 Great Western Hwy	Kingswood	Development Application	10

Project	Suburb	Status	Dwellings/Rooms
1 Station Ln	Penrith	Development Application	30
1 Tornaros Ave	Penrith	Development Approval	12
159 Jamison Rd	Penrith	Development Approval	21
131 Cox Ave	Penrith	Development Approval	10
79 Doonmore St	Penrith	Development Approval	6
82 Mamre Rd	St Marys	Development Approval	16
114 Glossop St	St Marys	Building Approval	15
17 Chapel St	St Marys	Development Approval	8
7 Waratah St	St Marys	Development Application	6
76 Hobart St	St Marys	Development Approval	16
19-21 Parklawn Pl	St Marys North	Development Approval	32

Source: Atlas Economics/Cordell Connect

Affordable Housing Gaps

Existing Demand and Supply

The foregoing analysis has demonstrated the breadth and depth of demand for non-market housing across the Penrith LGA is significant. Providing more of the following non-market housing typologies is critical.

- **Social Housing**

There are approximately 2,908 social housing dwellings across Penrith. There are significant waiting lists, with some 1,973 households currently waiting for social housing in the LGA. The average wait time for any type of social housing stock in Penrith is between 5 and 10 years.

Almost 60% of Penrith's social housing residents are aged 55 years and over with around half of all households being lone person households. While special needs tenants can be accommodated in 'standard' social housing, there is generally a need for more properties suited to different special needs (physical/ mobility, mental health, aged).

There is currently no additional housing being planned and delivered across the LGA.

- **Community and Affordable Rental Housing**

Wentworth Link Housing and Evolve Housing are the primary community and affordable rental housing providers in the Penrith LGA, operating some 378 affordable rental dwellings owned by DCJ.

There are approximately 456 NRAS-delivered affordable rental housing dwellings in the LGA. The NRAS scheme is currently being phased out and will conclude in 2026. The development pipeline suggests some 88 affordable housing dwellings could be delivered across the LGA in the coming years.

- **Special Needs Housing**

ABS data indicates there were some circa 10,150 residents in Penrith with a core disability in 2016, up by around 32% from the 7,699 residents recorded in 2011.

There were some 217 registered Specialist Disability Accommodation dwellings recorded in the Nepean-Blue Mountains region as at December 2021. An audit of the development pipeline indicates there are no SDA dwellings currently being planned or delivered across the LGA.

- **Students**

The number of students (particularly tertiary students) is growing markedly across Penrith. Historically in family households, they are increasingly observed in lone person and group households. Students who do not live at home are observed to seek out rental housing in the private market, sharing houses and apartments in group households or accommodating rooms in boarding houses. There is a notable supply of boarding houses observed in the supply pipeline with some 396 rooms being proposed and delivered.

- **Homeless**

Homelessness has been growing across Penrith. In June 2021, the AIHW identified a total of 2,218 clients within the Penrith LGA seeking services from homelessness agencies. This is more than double than that recorded in 2014-2015.

This analysis suggests a need for more social and community housing stock, wait times for social housing of up to a decade indicative of a severely undersupplied market. Social housing (including community, indigenous and special needs) and homeless shelters are subject to different planning processes beyond the control of Council. Strategic planning could however assist to facilitate delivery of affordable rental housing that could accommodate some of the overflow demand from social housing tenants.

Capacity to Pay for Housing

Across the Penrith LGA, it is estimated there were some 34,600 households earning Very Low, Low and Moderate incomes in 2016. The capacity of households in Penrith on Very Low, Low and Moderate incomes to enter the private housing market without entering high levels of housing stress are limited.

A review of current Very Low, Low and Median household income bands in Greater Sydney suggests that the maximum weekly rent that these households could afford to pay without entering housing stress was assessed to be \$284, \$455 and \$683 respectively.

When compared against the median weekly rents for houses, townhouses and units in the Penrith LGA, only households on moderate incomes were likely able to afford to rent within the LGA without experiencing housing stress (though low income households could likely afford to rent a townhouse or unit). Households on Very Low incomes would not be able to afford to rent any form of housing (based on median rents) without entering housing stress.

The analysis highlights the difficulty for households on Very Low and Low incomes to be accommodated in the private rental market. This is particularly important given many of these households are single parent or lone person households.

Table S1.12 summarises the high-level comparison of Very Low, Low and Moderate income households to afford rental accommodation in the Penrith LGA.

Table S1.12: Capacity to Pay for Rental Housing (December 2021), Penrith LGA

Income Bands	Annual Household Income (Greater Sydney, 2020-21)	Weekly (Monthly) Equivalent	Maximum Tolerance (30% gross income)		Rental Affordability in Penrith LGA based on Median Rents*		
			Weekly	Monthly	House (\$500 p.w)	Townhouse (\$420 p.w)	Unit (\$390 p.w)
Very Low (50% median)	\$49,300	\$948 (\$4,108)	\$284	\$1,233	No	No	No
Low (50%-80% median)	\$78,900	\$1,517 (\$6,575)	\$455	\$1,973	No	Yes	Yes
Moderate (80%-120% median)	\$118,300	\$2,275 (\$9,858)	\$683	\$2,958	Yes	Yes	Yes

*Median rents as at December 2021 as per the DCJ *Rents and Sales Report December 2021*
Source: Atlas Economics/DCJ (2022)

Need for Affordable Rental Housing

Existing Need

The foregoing analysis demonstrates the depth of demand for subsidised housing across the Penrith LGA. The analysis suggests the pool of demand for affordable housing (as a type of subsidised housing) is observed from two main sources:

2. Households currently on the waiting list for social housing in Penrith.
1. Households on Very Low, Low and Moderate incomes in the private rental market experiencing housing stress.

Households with highly specialised needs (e.g. disability housing, aged care) require more targeted supply beyond the realms of typical affordable rental housing. Other specialist groups (e.g. students) could be accommodated by other forms of subsidised housing such as boarding houses.

Households on the waiting list for social housing would equally meet the criteria for affordable housing and are likely being accommodated in some other form of subsidised housing (e.g. crisis housing, boarding houses) or experiencing housing stress in the private rental market. There are 1,973 households currently on the waiting list for social housing in Penrith.

It is reasonable to assume that renter households in housing stress are not presently accommodated in social housing. Analysis has demonstrated the difficulty for Very Low- and Low-income households to afford rental accommodation. There was over 5,700 households earning the lowest 40% of incomes experiencing rental stress in the LGA as at 2016.

When combining these two key demand cohorts, there is a potential existing demand for some 7,673 subsidised (social, community or affordable rental housing) dwellings across the Penrith LGA.

It is recognised that social housing is subject to different planning processes beyond the control of Penrith Council. Nevertheless, the provision of more affordable rental housing will be critical in meeting 'overflow demand' from social housing tenants unable to be accommodated in social housing, as well as accommodating households in the private rental market already experiencing high levels of housing stress.

It is further stressed that the vast majority of subsidised housing in Penrith is social housing with very little community or affordable rental housing. Addressing this supply gap is critical to properly addressing the broader housing continuum.

Future Need

Housing stress projections were carried out as part of the *Western Sydney Draft Affordable Housing Contributions Scheme* (SGS, 2021). Assuming incidences of housing stress remained unchanged to 2041, these projections indicate that some 25,000 households in the Penrith LGA would be experiencing housing stress over the coming decades.

Figure S1.13 summarises the housing stress projections by LGA as per the draft WSAHCS.

Figure S1.13: Future Housing Stress in the Western City (2041)

LGA	Severe stress	Moderate stress	Homeless	Social housing	Total in housing stress	% in housing stress
Blacktown (C)	22,700	10,200	3,600	9,000	45,500	21.0%
Blue Mountains (C)	1,800	1,500	200	600	4,100	11.6%
Camden (A)	6,200	3,700	400	400	10,700	10.1%
Campbelltown (C) (NSW)	9,400	4,600	1,900	5,700	21,600	23.4%
Fairfield (C)	10,900	5,400	4,100	5,300	25,700	27.1%
Hawkesbury (C)	2,000	1,400	400	1,000	4,800	15.2%
Liverpool (C)	18,600	7,300	2,900	5,200	34,000	22.3%
Penrith (C)	12,300	7,400	2,000	3,300	25,000	18.3%
Wollondilly (A)	1,300	900	200	200	2,600	8.6%
Total	55,000	42,300	15,600	60,900	173,900	19.4%

Source: SGS (2021)

Whilst it is difficult to predict housing stress with any high degree of accuracy over a long period time, the projections carried out in the draft WSAHCS provide useful insight into the significant level of potential demand for affordable rental housing across Penrith over the coming years.

SCHEDULE 2

VIABILITY ASSESSMENT



Introduction

Where a site is the beneficiary of planning uplift (whether from a rezoning or increase in FSR) there is generally a commensurate increase in land value. It is through this value increase that development can contribute to affordable housing.

This section carries out a viability assessment to examine the capacity of development to tolerate affordable housing contributions within the Contribution Areas of Orchard Hills North and Glenmore Park Stage 3.

Testing Methodology

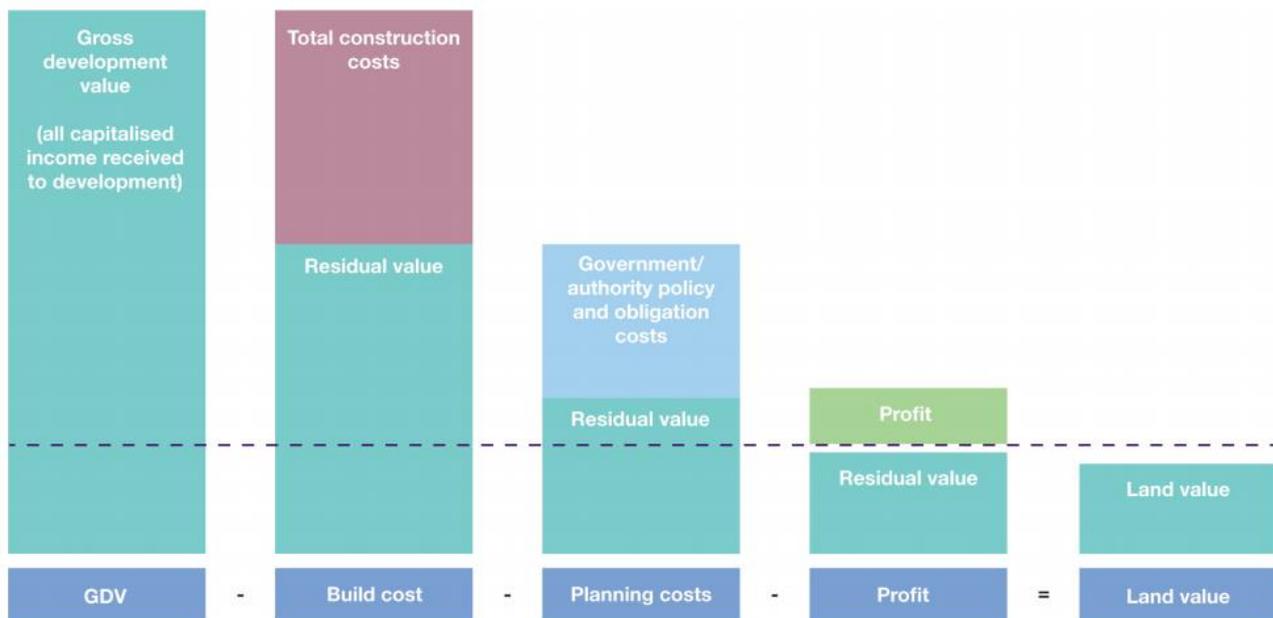
Generic feasibility modelling is undertaken to test the viability of development after affordable housing contributions. At the time of the assessment, the Contribution Areas are greenfield areas not yet rezoned, but released for planning.

The viability assessment imputes an opportunity cost of land (as unzoned precincts released for planning) based on the financial feasibility analysis undertaken by Council (as part of the Western Sydney Planning Partnership). Testing is iteratively undertaken to test the implications of affordable housing contributions on development feasibility.

The Residual Land Value (RLV) approach is adopted as the method of assessment. This involves assessing the value of the completed product, making a deduction for development costs and a further deduction for profit and risk while ensuring the development achieves target profit margin and target return. The amount that a development can afford to pay for land is a 'residual', i.e. the amount that remains after development costs are deducted and target hurdle rates are achieved.

Figure S2.1 illustrates the concept of the Residual Land Value (Hypothetical Development) approach.

Figure S2.1: The Residual Land Value Method



Source: RICS (2019)

The RLV is the maximum price a developer would be prepared to pay for a property in exchange for the opportunity to develop the site while achieving target hurdle rates for profit and project return. For there to be an incentive to develop, the RLV must exceed the value of the assumed opportunity cost of land.

There are two steps in the generic feasibility modelling:

1. Step 1 - Identify likely development yields in the Contribution Areas based on the planning proposals prepared and test the feasibility of development assuming the opportunity cost of land as unzoned, released greenfield precincts.
2. Step 2 - Iteratively test inclusion of different Affordable Housing contributions rates on the viability of development. The testing includes all statutory fees and charges including draft s7.11 contribution rates (as available at the time of testing) and draft strategic biodiversity contributions (as exhibited in 2021).

The feasibility testing observes the tolerance of residential development (only) to Affordable Housing contributions while remaining viable. There is no intention to require Affordable Housing contributions from non-residential development.

Orchard Hills North

The Orchard Hills North Contributions Area comprises a net developable area of approx. 177.6ha. The land is currently zoned RU4 Primary Production Small Lots under the Penrith Local Environmental Plan (2010).

The precinct is comprised of Part A (102.3ha) and Part B (75.3ha). Together, Parts A and B have a potential for 2,875 dwellings. Part A is the subject of a planning proposal which envisages rezoning to part R1 General Residential, B2 Local Centre, RE1 Public Recreation, E2 Environmental Conservation and E3 Environmental Management.

Table S2.1 summarises the development yields of the Contributions Area (Part A and B), focusing on the residential uses (which is the subject of the viability assessment for Affordable Housing contributions).

Table S2.1: Estimated Development Yields

Land Use	Area A	Area B
Residential	99.8ha NDA 1,729 dwellings (17.3 dw/ ha)	65.0ha NDA 1,146 dwellings (17.6 dw/ ha)
Village Centre	2.5ha NDA 6,000-8,000sqm retail	-
Other Enterprise/ Employment	-	10.3ha NDA

On a residential NDA of approx. 100ha, residential yields are equivalent to densities of around 17.5 dwellings/ hectare.

The draft Orchard Hills North Development Contributions Plan 2022 anticipates the following residential development contributions. Non-residential development contributions are not examined as non-residential development is not tested.

Table S2.2: Residential Development Contributions (\$/ha NDA)

Land Use	Area A	Area B
Transport	\$450,751	\$258,087
Open Space	\$823,722	\$1,224,098
Water Cycle Management	\$461,952	\$384,743
Plan Administration	\$10,507	\$10,526
Local Contributions (\$/ha NDA)	\$1,746,932	\$1,877,454
Equivalent contributions per dwelling	\$100,865	\$106,520

Source: Penrith City Council

Glenmore Park Stage 3 Planning Proposal

The Glenmore Park Stage 3 Contributions Area is estimated to comprise an area of approx. 150ha. The land is zoned a mix of RU2 Rural Landscape and E3 Environmental Management under the Penrith Local Environmental Plan (2010).

The precinct is the subject of a planning proposal and is understood to envisage the residential yields in Table S2.3. The expected development contributions are also summarised.

On a residential NDA of approx. 150ha, residential yields are equivalent to densities or around 16.2 dwellings/ hectare.

Table S2.3: Estimated Development Yields

Residential Land Use	Development Yields	Local Contributions (\$/ dwelling)
Low density	1,760	\$69,657
Medium density	510	\$53,928
Fonzie flats	30	\$44,940
Shop top housing	100	\$53,928
Total	2,400	Avg. \$65,350

Source: Penrith City Council

Opportunity Cost of Land

This section considers the opportunity cost of land of the sites selected. The 'opportunity cost of land' refers to the value of a foregone option. In the Contribution Areas, sites derive value from their existing uses (and the expectation of rezoning following release of precincts).

Englobo greenfield precincts in the Penrith LGA not rezoned are estimated to comprise land values of \$1.9 million to \$2.15 million per hectare (SGS/ Savills, 2021). Post rezoning, englobo land values are expected to approach \$3 million per hectare.

The assessed opportunity cost of land is a necessary input to observe the baseline feasibility of development and impact of including Affordable Housing contributions.

Development Contributions

In late 2021, the NSW Government exhibited a proposed regional infrastructure contributions (RIC) framework comprised:

- A base RIC component.
- A strategic biodiversity component.
- A transport project component.

It is understood a base RIC component will likely not be applicable as the Contribution Areas will be subject to state planning agreements. Nevertheless, a strategic biodiversity contribution is assumed at the exhibited rate of \$5,000 per dwelling.

Local s7.11 contributions are assumed to be payable at the draft rates of:

- Orchard Hills North - \$100,000 to \$106,000 per dwelling.
- Glenmore Park Stage 3 - \$44,000 to \$70,000 per dwelling (equivalent to average of approx. \$65,400 per dwelling).

Revenue and Cost Assumptions

Generic feasibility testing relies on a series of high-level revenue and cost assumptions.

Revenue assumptions for new residential uses are summarised in **Table S2.4**.

Table S2.4: Revenue Assumptions, Contribution Areas

Residential Land Use	Revenue
Low density (serviced blocks)	\$1,000/sqm to \$1,200/sqm
Medium density (built)	\$750,000 to \$950,000
Environmental Living (serviced blocks)	\$400/sqm to \$500/sqm
Fonzie flats (built)	\$425,000 to \$475,000
Shop top housing (built)	\$500,000 to \$550,000

Source: Atlas

High-level cost assumptions are based on construction publications and industry experience.

Table S2.5: Cost Assumptions, Contribution Areas

Residential Land Use	Servicing Costs	Build Costs*
Low density (serviced blocks)	\$60,000	-
Medium density (built)	\$40,000	\$300,000
Environmental Living (serviced blocks)	\$100,000	-
Fonzie flats (built)	\$40,000	\$150,000
Shop top housing (built)		\$300,000

Source: Adapted from Savills (2021)

All costs are subject to additional allowances for professional fees (6.5%) and contingencies (5%).

Other revenue assumptions:

- GST is included on the residential sales.
- Sales commissions at 2% gross sales.
- Marketing costs at 0.25% gross sales.
- Legal cost on sales at \$1,500 per lot.

Other cost assumptions are:

- Legal costs, valuation and due diligence at 0.5% of land price and stamp duty at NSW statutory rates.
- Statutory fees:
 - DA fees of 1% and CC fees of 0.5% of construction costs.
 - Long service levy at 0.35% construction costs.
 - S7.11 contributions rates (detailed above).
 - RIC strategic biodiversity contributions at \$5,000 per dwelling.
- Landholding costs at statutory land values.
- Loan establishment costs at 0.35% of peak debt
- 100% debt funding at interest capitalised monthly at 5% per annum.

Hurdle Rates and Performance Indicators

Target hurdle rates are subject to perceived risk of a project (planning, market, financial and construction risk). The higher the project risk, the higher the hurdle rate. The following performance indicators are relied upon:

- Development margin profit divided by total development costs (including selling costs).
- Discount rate refers to the project internal rate of return (IRR) where net present values of an investment is zero.
- Residual Land Value is arrived at by assessing the maximum land value a developer is willing to pay based on both hurdles of development margin and discount rate being met.

The following benchmark hurdle rates are assumed.

Table S2-6: Performance Indicators and Target Hurdle Rates*

Performance Indicator	Feasible	Marginal-to Feasible	Not Feasible
Development Margin	>20%	18%-20%	<18%
Project IRR	>12%	11%-12%	<11%

Source: Atlas

*Lower project IRR hurdle rate is assumed due to the long-term nature of the development (>10 years)

Testing Outcomes

Orchard Hills North

Owing to the 'high' local development contributions at Orchard Hill North greater than \$100,000 per dwelling, there is limited capacity for development to contribute to Affordable Housing.

At 1% Affordable Housing, development feasibility is marginal-to-feasible. This would mean the Inclusionary zoning contributions of 1% proposed to be effective from 2024 could be marginally tolerated. The second staged implementation of Inclusionary zoning (2% by 2027) could potentially be tolerated given the long phasing-in period (5 years to 2027).

Should the local development contributions reduce from their current levels, the Affordable Housing contribution rates should be re-visited.

Glenmore Park Stage 3

Local development contributions at Glenmore Park Stage 3 (averaging \$65,000 per dwelling) are comparatively lower than Orchard Hills North. This leads to greater tolerance to Affordable Housing contributions.

The feasibility testing finds there is potential for Affordable Housing contributions as follows:

- On rezoning (2022-2024) - 3% at \$227,900/ ha of NDA (3% specified contributions).
- On first stage of phased implementation of inclusionary zoning (2024) 3% at \$227,900/ha of NDA (2% specified contributions, 1% inclusionary zoning)
- On second stage of phased implementation of inclusionary zoning (2027) - 4% at \$303,866/ ha of NSA (2% specified contributions, 2% inclusionary zoning).

By the time the second stage of implementation of the inclusionary zoning, a total Affordable Housing contribution of 4% would be required.

Matters for Consideration

Both the NSW Government and Council recognise that the viability of affordable housing contributions is subject to development feasibility. If development is not feasible in the first instance (in a base case) with no requirement for Affordable Housing contributions, that development will not occur in any event.

If affordable housing contributions are identified to be viable, an effective affordable housing contributions framework should be efficient, transparent and equitable whilst cognisant of dynamic market conditions.

Impact on Development Feasibility

As the capacity of development to pay an affordable housing contribution is premised on development feasibility, sites which are still unviable to develop under the proposed controls do not have the capacity to contribute. In these scenarios, the issue of any contributions is moot.

In greenfield precincts, land values rise significantly when they are rezoned for urban uses from rural uses. While this provides scope for development to pay for infrastructure (including Affordable Housing), developers will need to factor in such contributions as a development cost which is reflected in the price paid for development sites. It is important that a developer does not overpay for a site. In time, market dynamics will adjust as the market factors-in the cost of the contributions.

Market Notice

The market's tolerance for unexpected development costs depends on market cycles. If the market is on an upward trajectory, unexpected development costs may be able to be offset by rising end sale values and eventual sale prices of completed product. In an environment of falling sale values of softening market conditions, even expected development costs may not be tolerated by falling end sale values.

In any event, clear and definitive notice to the market of Council's intentions to implement an affordable housing contributions scheme in unison with any amendments to the planning framework would provide notice and certainty to the development industry.

Other Infrastructure Priorities

The increase in value associated with changes to planning controls represents the maximum amount of contributions which can be made to public benefit. Various forms of public benefit (affordable housing being just one) need to be appropriately apportioned by planning authorities to align with their strategic planning objectives. Ensuring competing infrastructure priorities does not exceed this increase in value is critical to preserving development feasibility.

The s7.11 local contribution rates at Orchard Hills North are an example of where competing infrastructure priorities can undermine the capacity of development to contribute to Affordable Housing. A reduction in these rates would result directly in the opportunity for Affordable Housing contributions.

INITIAL VALUES FOR CALCULATION OF CONTRIBUTION RATES

Identifying Suitable Rates

This schedule sets out suitable contribution rates from the viability assessment and can be used by councils and used in section 2.1 of the Scheme for the specified precincts.

Greenfield Areas

The following contribution rates can apply in greenfield areas according to the relevant rezoning scenario (already zoned or not zoned). This contribution amount is additional to the base 1% and 2% base contribution requirements imposed in 2024 and 2027 respectively.

Table S3.1: Contribution Amount per ha of NDA

Location	Not Zoned (already released)	Equivalent %
Penrith LGA	\$75,967	1%
	\$151,801	2%
	\$227,742	3%

Source: Savills

SYDNEY

Level 12, 179 Elizabeth Street
Sydney, NSW 2000

MELBOURNE

Level 7, 333 Collins Street
Melbourne, VIC 3000

T: 1300 149 151

E: info@atlasurbaneconomics.com



APPENDIX 2

Local Planning Panel Advice 22 June 2022

PLANNING PROPOSAL DESCRIPTION	Planning Proposal – Affordable Housing Contribution Scheme
DATE OF LPP MEETING	Wednesday 22 June 2022
PANEL MEMBERS	Jason Perica (Chair) Chris Hallam (Expert) John Brunton (Expert) Geoff Martin (Community Representative)
APOLOGY	
DECLARATIONS OF INTEREST	

Executive Summary

The purpose of this report is to present a Planning Proposal for Penrith City Council's (Council) Affordable Housing Contribution Scheme which proposes to introduce a new clause in the Penrith Local Environmental Plan (LEP) 2010 to collect affordable housing development contributions for the delivery of affordable housing in the Penrith Local Government Area (LGA). This LEP clause will apply to nominated urban release areas of Glenmore Park Stage 3 and Orchard Hills North which are currently subject to two separate Planning Proposals.

The Local Planning Panel's advice on the Planning Proposal is sought in accordance with the requirements of Section 2.19 of the *Environmental Planning and Assessment Act 1979*. It is recommended that the Planning Proposal generally be supported and progressed through the next steps in the Gateway process.

It is intended that the Planning Proposal will be reported to an upcoming Council meeting for consideration, with a recommendation to endorse and forward the Planning Proposal to the Minister for Planning and Public Spaces requesting a Gateway Determination to enable public exhibition.

Background

Housing affordability has risen as a central issue across much of Australia's east coast over the past two decades. Significant and sustained price growth in property values has outpaced wage rises, resulting in declining housing affordability and growing public debate around the need to improve accessibility to the housing market.

Affordable housing is housing for very low, low and moderate income households as defined by the *State Environmental Planning Policy (Housing) 2021*, Chapter 2 – Affordable Housing (the Housing SEPP) and the *Environmental Planning and Assessment Act 1979* (the Act). The social costs associated with deteriorating housing affordability are significant. Households on very low, low and moderate incomes can be displaced from local areas, resulting in poor community diversity and social cohesion. Furthermore, displacement of 'key workers' can result in a reduced labour force of those workers who are essential to local economies.

The need for affordable housing in the Penrith LGA is based on evidence in both the draft *Western Sydney Affordable Housing Strategy* (WSAHS) and the draft *Penrith Local Housing Strategy*.

To inform the preparation of this Planning Proposal, Council engaged Atlas Urban Economics to prepare a *Draft Affordable Housing Contribution Scheme* (the Scheme). Atlas Urban Economics built on the work in the draft WSAHS to prepare the draft Scheme to specifically apply to Glenmore Park Stage 3 and Orchard Hills North precincts. Atlas Urban Economics also undertook a feasibility assessment that examined the capacity of development to tolerate affordable housing contributions within the nominated urban release areas. This is provided as Appendix 1 to the Planning Proposal.

The sites included in the nominated area are two developments where land is proposed to be rezoned for residential development resulting in significant uplift and increase in land value. It is through this value increase that development can contribute to affordable housing contributions.

This Planning Proposal builds on the work prepared by Atlas Urban Economics and aims to facilitate the delivery of affordable housing in Penrith through the planning framework.

Planning Proposal

The Planning Proposal seeks to introduce a new provision in Penrith LEP 2010 to collect affordable housing development contributions for the delivery of affordable housing in the Penrith LGA.

The intended outcomes of this Planning Proposal are to:

- Provide for the delivery of affordable housing through the planning system, recognising its role as a vital economic and social infrastructure.
- Ensure Penrith LGA provides affordability advantages and remains an attractive and inclusive location for a range of residents.
- Provide a transparent framework for development to make equitable affordable housing contributions.
- Provide certainty and clarity for landowners and developers seeking to develop land in the Penrith LGA.
- Achieve the actions within the Penrith LSPS and Local Housing Strategy to provide affordable housing on land with significant residential uplift and where development viability can be maintained.

The Planning Proposal and appendices are provided as Attachment 1 to this report.

The LEP clause is proposed to apply within the nominated urban release areas of Glenmore Park Stage 3 and Orchard Hills North initially, with potential to expand across other residential growth areas of Penrith LGA. Affordable housing development contributions will apply where land is proposed to be rezoned for residential development.

The draft LEP clause excludes:

- Developments which do not result in at least one additional dwelling being created.
- Exempt development.
- Secondary dwellings.
- Development solely for the purpose of social and/or affordable housing.
- Boarding houses.
- All non-residential development is exempt from the draft Scheme.

The objective of this Planning Proposal is to increase the amount of affordable housing within Penrith. It provides a comprehensive and transparent framework which gives local communities greater clarity about the affordable housing planned for in their areas. Affordable housing contribution schemes also provide developers certainty and transparency about how affordable housing contributions will be determined and the contribution rate that will be applied in a condition of consent.

Affordable housing contributions rates provided in the draft Scheme are in addition to other contributions across the LGA, including local infrastructure contributions (s7.11 or s7.12), state and regional infrastructure contributions. As a condition of development consent, all eligible development in the nominated urban release areas must contribute to affordable housing according to the rates provided in the draft Scheme. The draft Scheme will replace the need to negotiate separate VPAs for affordable housing in these areas, unless proponents seek to deliver over and above the Scheme.

As a condition of development consent, all land to which the draft Scheme applies is required to provide contributions for affordable housing according to the rates provided. A monetary contribution required to be made under the Scheme is to be paid at the time specified in the condition. The contribution rate is derived from the draft WSHAS, which recommends that an affordable housing contribution rate be based on a percentage of the Gross Realisation Value (GRV) of development. The GRV is proposed to be set at **\$7,596,658 per/ha NDA**. Feasibility testing has determined that this approach is viable. The viability assessment is included as Appendix 1 of the Planning Proposal.

Two contribution rates are proposed to be applied in Glenmore Park Stage 3 and Orchard Hills North, a specified rate (base rate) and an inclusionary rate.

1. Specified (base) contribution rates

Area	Year of commencement	Contribution Rate (% GRV)	Contribution per ha NDA
Orchard Hills North	2024	-	-
Glenmore Park Stage 3	2024	2%	\$151,933

2. Inclusionary contribution rates (in addition to the specified contribution rates)

Year of commencement	Contribution Rate (% GRV)	Contribution per ha NDA
2024	1%	\$75,967
2027	2%	\$151,933

Contributions can be made as a monetary contribution or in-kind as land or dwellings for the purpose of affordable housing. A monetary contribution is required within urban release areas as it is not practical to provide affordable housing within these areas. Community Housing Providers have advised affordable housing that is near railway stations and city centres closer to services and facilities is preferred.

Collected contributions will be pooled and affordable housing can then be provided in areas close to transport and access to services. A policy framework on how Council will collect and use Affordable Housing Contributions will be prepared, with input from Council's Property and City Activation Community and Place teams will be prepared.

Key considerations

Relationship to strategic planning framework

The proposal demonstrates consistency with a number of strategic policies:

Penrith Local Strategic Planning Statement (LSPS)

- The Planning Proposal responds to Planning Priority 4: Improve the affordability of housing and Action 4.1 Develop an Affordable Housing Policy. This Planning Proposal achieves both the planning priority and action.
- The LSPS also acknowledges, under Planning Priority 3: Provide new homes to meet the diverse needs of our growing community, that a sufficient supply of well located and services land for new homes will deliver a range of benefits. This includes providing homes close to jobs, shops and services.

The Planning Proposal is consistent with the *Greater Sydney Region Plan 'A Metropolis of Three Cities'* by responding to Objective 10: Greater Housing Supply and Objective 11: Housing is more diverse and affordable. The Planning Proposal is also consistent with the *Western City District Plan* by responding to Planning Priority W5: Providing housing supply, choice and affordability, with access to jobs, services and public transport. The Planning Proposal supports these plans by facilitating the delivery of affordable housing in Penrith through the planning framework.

Draft Penrith Local Housing Strategy - One of the key themes of this strategy is housing affordability. This document identifies a need for additional affordable housing supply across the Penrith LGA.

Sustainability Blue Print for Urban Release Areas 2005 - Under Principle 3 of the Blueprint, social infrastructure requirements for new development are identified. This document specifically identifies affordable housing as an item of social infrastructure which should be incorporated into the development of new residential release areas.

Western Sydney Affordable Housing Strategy 2021 establishes a strategic direction for the provision of affordable housing within the Western City District, providing a broader policy vision and set of policy objectives relating to affordable housing.

Social and Economic Considerations

The socio-economic profile of Penrith indicates a clear and critical need to provide affordable housing for very low to moderate income households in Penrith LGA. Significant and sustained price growth in property values has outpaced wage rises, resulting in declining housing affordability and growing debate around the need to improve accessibility to the housing market. Households on very low, low and moderate incomes can be displaced from local areas, resulting in poor community diversity and social cohesion.

Less affordable housing negatively impacts individuals, the community and the local economy. Approximately 17.4% of Penrith residents were in housing stress in 2016, with 18.3% projected to be in housing stress by 2041. In 2016, there were some 2,411 and 5,726 low to moderate income households experiencing mortgage and rental stress respectively.

A critical consideration in introducing new contribution requirements in the Penrith LEP 2010 is the impact on development viability. To understand the economic impacts of the proposed affordable housing contribution rates, independent work was undertaken to test the local housing needs of Penrith and assessed the feasibility that examined the capacity of development to tolerate affordable housing contributions within the urban release areas of Glenmore Park Stage 3 and Orchard Hills North.

The Planning Proposal addresses these social and economic effects by proposing a local provision to collect affordable housing development contributions for the delivery of affordable housing in the Penrith LGA and the proposed contribution rates have been tested to ensure development viability.

By seeking to progress to public exhibition, there will be an opportunity to identify and assess any additional social and economic effects of the Planning Proposal from a range of stakeholders including business and industry, state agencies, as well as the community.

Need for and approach to a new LEP provision

As part of its justification, the Planning Proposal should demonstrate that the proposed approach is the best, most efficient and most time effective approach to delivering the desired outcome.

The Planning Proposal is to facilitate a new affordable housing contribution scheme within Penrith. This Planning Proposal is the only way to achieve this and provides a transparent framework for development to make equitable affordable housing contributions and, provides certainty and clarity for landowners and developers seeking to develop land in the Penrith LGA.

Section 7.32 of the Act allows for the collection of development contributions for the purpose of affordable housing provision by NSW councils. This can occur where a need is identified within a planning instrument and where:

- The consent authority is satisfied that the proposed development will or is likely to reduce the availability of affordable housing within the area, or
 - The consent authority is satisfied that the proposed development will create a need for affordable housing within the area, or
-

- The proposed development is allowed only because of the initial zoning of a site, or the rezoning of a site, or
- The regulations provide for this section to apply to the application.

Development, where affordable housing contributions are imposed as a condition of consent, is levied on the basis that:

- Redevelopment and renewal of areas where additional development capacity is provided will reduce the availability of affordable private rental stock in these locations. As these locations are typically endowed with good access to infrastructure, employment and amenities, there is a strong case for the provision of affordable housing alongside private market development.
- As growth and renewal occur across the Penrith LGA, the proportion of dwellings available at affordable rates, either via social/affordable housing or private market rental, will reduce if intervention does not occur. Therefore, the proportion of households living in housing stress is also highly likely to increase. This provides justification for the imposition of affordable housing contributions as an inclusionary development standard across the Penrith LGA.

The Housing SEPP identifies that there is a need for affordable housing across NSW. The Housing SEPP is the mechanism through which Council can mandate a contribution to affordable housing from new development. Once approved by the Department of Planning and Environment (DPE), and subsequently included within the Penrith LEP 2010, Council will have a sound framework to collect contributions for affordable housing for greenfield areas. For other areas contributions towards affordable housing where residential uplift is proposed would still be subject to negotiation through VPAs, however Council would have a sound basis to enter into those negotiations.

Next Steps

It is intended that the Planning Proposal will be reported to an upcoming Council meeting for consideration. The report proposes to seek Council's endorsement to forward the Planning Proposal to the Minister for Planning and Public Spaces with a request to issue a Gateway Determination to enable public exhibition.

Panel's Advice

In accordance with the requirements of Section 2.19 of the Act, the Planning Proposal is referred to the Penrith Local Planning Panel for advice.

A record of the Panel's advice will be included in the report seeking Council's decision on the Planning Proposal and provided to the Department of Planning and Environment.

Conclusion

This report outlines Council's Planning Proposal for a new provision in the Penrith LEP 2010 to collect affordable housing development contributions for the delivery of affordable housing in the Penrith LGA.

This LEP clause will allow a condition of consent to be included on future development applications to collect contributions within the nominated urban release areas of Glenmore Park Stage 3 and Orchard Hills North.

RECOMMENDATION

It is recommended that the Planning Proposal generally be supported and progressed through the next steps in the Gateway process.

ATTACHMENTS

Attachment 1 - Planning Proposal for Affordable Housing Contribution Scheme.

PLANNING PROPOSAL DESCRIPTION	Planning Proposal – Affordable Housing Contribution Scheme
DATE OF LPP MEETING	Wednesday 22 June 2022
PANEL MEMBERS	Jason Perica (Chair) Chris Hallam (Expert) John Brunton (Expert) Geoff Martin (Community Representative)
APOLOGY	
DECLARATIONS OF INTEREST	

Panel Advice provided pursuant to Section 2.19 of the EP&A Act 1979

The Panel has considered the Planning Proposal and the preliminary assessment prepared by Council officers and provides the following advice:

1. The Planning Proposal for the Affordable Housing Contribution Scheme is supported in principle, including the approach of considering viability, subject to the following matters being considered at the appropriate time:
 - a) Making it clear the scheme supports Affordable Rental Housing, including considering appropriate naming and explanation;
 - b) Opportunities to simplify the contribution rate operations should be explored;
 - c) A scheme for Penrith City alone would seem more practical than seeking an agreed district wide approach, at least in the short term;
 - d) Council's staff intention for wider implementation of an Affordable Rental Housing Contribution Scheme be explained in the report to Council;
 - e) Given some complexity in the analysis done, suitable explanatory documentation be provided during public exhibition, in plain English;
 - f) The proposed policy to implement the scheme be finalised prior to gazettal.
2. It is recommended that the Planning Proposal be progressed through the next steps in the Gateway process.

Jason Perica - Chair Person 	John Brunton – Expert 
Chris Hallam - Expert 	Geoff Martin – Community Representative 