

Affordable Rental Housing Policy

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1. Scope

- 1.1 This Policy applies to all Affordable Rental Housing owned, or under consideration to be acquired or constructed, by City of Parramatta Council (**Council**).
- 1.2 This Policy applies to all Council Officials responsible for managing and/or making any decisions regarding Council's Affordable Rental Housing portfolio, including funding or other resources held for this purpose.
- 1.3 This Policy further applies to all planning agreements to be made or issued by Council pursuant to section 7.4 of the *Environment Planning and Assessment Act 1979* (NSW) (**EP&A Act**).

2. Purpose

- 2.1 This Policy sets out Council's approach for effectively managing its Affordable Rental Housing portfolio, in accordance with Council's prevailing policies and strategies applicable to managing its property assets.
- 2.2 This Policy establishes a framework for Council to increase its contribution to Affordable Rental Housing stock in the City of Parramatta local government area (**LGA**), including through acquisition and through statutory mechanisms, such as planning agreements under the EP&A Act.

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3. Policy

- 3.1 Council is committed to increasing its portfolio of Affordable Rental Housing in the LGA, including through land acquisition, construction, or property acquisition where Council resources permit it to do so.

Acquisition of Affordable Rental Housing

- 3.2 Council may acquire land for the purpose of Affordable Rental Housing utilising funds quarantined (under clause 3.14 of this Policy) or identified (under clause 3.16 of this Policy), provided that the acquisition is made in accordance with the criteria set out in Council's prevailing policies on property acquisition. In addition, the land should be suitable for Affordable Rental Housing.
- 3.3 Council may construct Affordable Rental Housing on Council-owned land utilising funds quarantined (under section 3.14 of this Policy) or identified (under section 3.16 of this Policy) provided that such construction is made in accordance with the criteria set out in Council's prevailing policies on property acquisition. In addition, construction should take place on land that is suitable for Affordable Rental Housing.
- 3.4 Council may acquire completed dwellings and categorise them as Affordable Rental Housing utilising funds quarantined (under clause 3.14 of this Policy) or identified (under clause 3.16), provided that the acquisition is made in accordance with the criteria set out in Council's prevailing policies on property acquisition. In addition, the land should be suitable for Affordable Rental Housing

Planning agreements

- 3.5 Council is committed to ensuring that planning agreements entered into with developers under section 7.4 of the EP&A Act will enable Council to secure Affordable Rental Housing, under the planning framework in New South Wales.
- 3.6 Pursuant to Council's Voluntary Planning Agreements Policy, Affordable Rental Housing may comprise one element of a planning agreement.
- 3.7 When considering the inclusion of Affordable Rental Housing as a component of a planning agreement, Council will ensure that up to 5 per cent of all dwellings are dedicated to Council as Affordable Rental Housing.

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- 3.8 The following considerations will apply to Council's inclusion of Affordable Rental Housing as a contribution in a planning agreement:
- 3.8.1 Dedication of Affordable Rental Housing is only applicable in developments comprised of a minimum of 20 dwellings.
 - 3.8.2 Dedication of Affordable Rental Housing is only applicable in areas subject to uplift or rezoning.
 - 3.8.3 Affordable Rental Housing should be dedicated at no cost to Council and be provided in perpetuity.
 - 3.8.4 The dedication of Affordable Rental Housing to Council will not necessarily replace a contribution to community infrastructure in a planning agreement. Council may pursue inclusion of both Affordable Rental Housing and community infrastructure in a planning agreement, based on the context of each location and the characteristics of each development.
 - 3.8.5 The decision by a developer to engage a scheme, such as the in-fill housing bonus set out in the State Environmental Planning Policy (Housing) 2021 (NSW) (**SEPP**), will not displace obligations to Council that form part of the planning agreement process, such as the dedication of Affordable Rental Housing.
- 3.9 Council will employ Schedule 1 Criteria for Determining Affordable Housing Contribution to specify the contribution towards Affordable Rental Housing that is applicable to the land that applies to the planning agreement. Council will give consideration given to the following factors when determining the applicable percentage (between 0 and 5%) of all dwellings that should be dedicated to Council as Affordable Rental Housing:
- 3.9.1 Critical need for infrastructure: Where there is a critical need for community or public infrastructure in the location that can be addressed through a planning agreement, Council may waive the Affordable Rental Housing contribution.
 - 3.9.2 Yield of the site: For sites with higher yield as the result of uplift, a higher percentage of dwellings dedicated as Affordable Rental Housing will apply.

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3.9.3 Change in land use: Where there is a significant change in land use, such as a change from industrial to residential zoning, a higher percentage of dwellings dedicated as Affordable Rental Housing will apply.

3.9.4 Change in site profitability: Where there is a significant change in site profitability, a higher percentage of dwellings dedicated as Affordable Rental Housing will apply.

3.9.5 Proximity to public transport infrastructure: For sites that are located within 800 metres of a train station, metro station, T-Way bus station, or light rail station, a higher percentage of dwellings dedicated as Affordable Rental Housing will apply.

3.9.6 Size of site: For sites 10 hectares or above, a higher percentage of dwellings dedicated as Affordable Rental Housing will apply.

3.9.7 Displacement of existing housing options: Where the development will displace diverse housing types, particularly lower cost housing options, a higher percentage of dwellings dedicated as Affordable Rental Housing will apply.

3.9.8 Availability of open space and community infrastructure in the development location: Where the existing provision of open space and community infrastructure is comparatively adequate in the area, as determined in accordance with Council's Community Infrastructure Strategy, a higher percentage of dwellings dedicated as Affordable Rental Housing will apply.

3.10 Council may consider requiring the lodgement of a security and any other mechanisms to ensure due delivery of the Affordable Rental Housing contribution.

Accessibility and Design

3.11 Dwellings must comply with the following access and design outcomes:

3.11.1 Dwellings should reflect the need for diversity in dwelling size. Where multiple dwellings are dedicated, Council will seek a mix of one and two-bedroom dwellings, in a ratio of 2:1 (e.g. two one-bedrooms and one two-bedroom dwelling). Where possible, Council will also advocate for the dedication of larger dwellings.

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3.11.2 Dwellings are subject to the same design requirements and controls as all other dwellings within a development site. This includes design outcomes and characteristics such as size, solar access, cross-ventilation and adaptable design.

3.11.3 Where multiple dwellings are dedicated, this should include a proportion of accessible and adaptable housing that is consistent with the Parramatta Development Control Plan 2023 (DCP).

3.11.4 All adaptable housing must meet Class C adaptability under Australian Standard 4299 – Adaptable Housing, consistent with Council’s DCP and Disability Inclusion Action Plan.

3.11.5 The allocation of car spaces for Affordable Rental Housing dwellings is to be consistent with the car parking requirements in the relevant planning controls.

3.12 Units to be dedicated to Council must have received a Final Occupation Certificate. It is expected that finishing will include all fixtures and fittings to enable occupation, including but not limited to:

- Air conditioning (split system)
- Hot Water Unit
- Floor coverings
- Window dressings
- Dishwasher
- Kitchen appliances

3.13 A waiver of the access and design requirements under this Policy may be negotiated with Council on an exceptional basis, prior to dedication.

Funding for Affordable Rental Housing

3.14 Pursuant to section 7.32 of the EP&A Act, Council will hold monetary contributions received via planning agreements or contributions schemes to be used for the purpose of Affordable Rental Housing.

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- 3.15 Income received by Council as a result of renting its Affordable Rental Housing dwellings must be utilised for expenses associated with Council's Affordable Rental Housing portfolio, including but not limited to:
- (a) costs associated with the maintenance or capital renewal of Council's Affordable Rental Housing portfolio; and
 - (b) costs associated with management of Affordable Rental Housing portfolio, including via a Community Housing Provider.
- 3.16 Accumulated net surplus may be utilised for investments associated with Council's Affordable Rental Housing portfolio, including but not limited to:
- (a) acquisition of land or property to be utilised for Affordable Rental Housing;
 - (b) construction of Affordable Rental Housing; or
 - (c) actions on Council land that will lead to the development of Affordable Rental Housing to be owned by Council.

Tenant Eligibility for Affordable Rental Housing

- 3.17 Council will consider the following eligibility criteria when assessing potential tenants for its Affordable Rental Housing units:
- 3.17.1 The applicant household must qualify as a very low, low, or moderate income household, as defined in section 1.4 of the EP&A Act.
- 3.17.2 At least one member of the applicant household must demonstrate evidence of a connection to the LGA. Typically, this requirement will be met by providing evidence of either:
- (a) employment within the LGA; and/or
 - (b) current residence within the LGA.
- 3.17.3 Other evidence of a connection to the LGA may also be considered, such as evidence that a member of the applicant household:
- (a) is engaged in study or volunteer work in the LGA;
 - (b) has family living in the LGA;
 - (c) has children attending school in the LGA; or

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(d) is engaged in other activities that demonstrate a connection to the LGA.

3.17.4 At least one member of the applicant household should provide proof of Australian citizenship or permanent residency in Australia.

3.17.5 The applicant household must not own property that could provide a solution to their housing requirements.

3.17.6 Waiver of specific eligibility requirements may be requested on an exceptional basis, such as in cases of other types of hardship.

3.18 Where the number of eligible applicants exceeds available Affordable Rental Housing units, priority for assigning tenancies will be as follows:

3.18.1 Priority will be given to applicants working in key worker roles of strategic importance to the LGA, particularly those on low incomes. The definition of key worker roles of strategic importance has been informed by research and Council's strategic priorities. These roles include, but are not limited to:

- (a) aged and disability carers;
- (b) ambulance officers and paramedics;
- (c) child carers;
- (d) commercial cleaners;
- (e) Cultural Workers;
- (f) educational aides;
- (g) fire and emergency services workers;
- (h) hospitality workers;
- (i) laundry workers;
- (j) midwives, nurses (registered, enrolled and mothercraft), and nursing support and personal care workers;
- (k) social workers;
- (l) teachers; and
- (m) welfare support workers.

3.18.2 Priority will be given to applicants who have been living or working in the LGA for at least two years prior to their application.

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Rental prices for Affordable Rental Housing

3.19 Council will monitor affordability of its Affordable Rental Housing properties to ensure properties remain affordable.

3.20 Council will set the rental prices for each Affordable Rental Housing dwelling at a 20 per cent discount of the market rental value, and no more than 30 per cent of the prospective tenant's income.

3.20.1 Market rental value will be assigned to each Affordable Rental Housing unit on an annual basis, based on an assessment of similar dwellings in the same area, as informed by the NSW Government Rent and Sales Report.

End of Asset Life

3.21 Where Council divests Affordable Rental Housing dwellings, Council's broader policies on property divestment will apply, and proceeds will be utilised for costs associated with Affordable Rental Housing.

4. Delegation

4.1 There are Administrative and/or Legislative Delegations applicable to this Policy, which are provided for in Council's Delegations Manual.

5. Procedure

5.1 This Policy must be read in conjunction with Council's prevailing policies on acquiring, managing, or divesting property, which set out the core administrative and operational requirements applicable to the management of Council's property assets.

5.2 This Policy must be read in conjunction with Council's Voluntary Planning Agreements Policy, which sets out the operational requirements applicable to negotiating planning agreements.

5.3 Council will prepare an annual report on the status of funds associated with Affordable Rental Housing, including contributions, expenditures, and other transactions, for tracking and auditing purposes.

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5.4 Council will comply with its responsibilities as the landlord for its Affordable Rental Housing properties, as set out by the *Residential Tenancies Act 2010* (NSW).

5.5 Council will appoint a Community Housing Provider to undertake all operational aspects of Council's Affordable Rental Housing portfolio.

5.5.1 Operational duties to be undertaken by the Community Housing Provider on Council's behalf may include:

- (a) considering applications from prospective tenants and renewal applications from existing tenants, using the eligibility criteria set out in clauses 3.17 and 3.18 of this Policy;
- (b) calculating rental rate pursuant to this Policy, taking into consideration market value and tenant income, including an annual audit of existing tenant income against the eligibility criteria;
- (c) proposing a market rental value for each dwelling, for endorsement by Council;
- (d) collecting rent;
- (e) managing rent arrears;
- (f) conducting periodic property inspections;
- (g) managing disputes between resident tenants within Council's property;
- (h) managing end-of-lease processes;
- (i) responding to property repairs and maintenance; and
- (j) monthly reports.

5.5.2 Where responsibilities have been delegated by Council to the Community Housing Provider, the Community Housing Provider is obliged to uphold the applicable landlord responsibilities under the *Residential Tenancies Act 2010* (NSW).

6. Definitions

Affordable Rental Housing	For the purposes of this Policy, refers to residential properties owned by Council, to be leased to tenants at a discounted rate in accordance with the criteria in this Policy.
Community Housing Provider	Refers to the organisation engaged by Council to undertake property management duties on its behalf, for its Affordable Rental Housing portfolio.

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Council Official	Councillors, employees, and delegates of Council (including members of committees that are delegates of Council).
Cultural Worker	For the purposes of this Policy, refers to an individual whose labour is required to facilitate the production of goods and services in arts, cultural and creative industries. This includes people employed in cultural institutions and organisations, people who organise cultural events and programmes, and workers whose labour extends cultural and creative practices, such as writers, artists, and musicians.

REFERENCES	<i>Environmental Planning and Assessment Act 1979 (NSW)</i> NSW Government Rent and Sales Report <i>Residential Tenancies Act 2010 (NSW)</i> <i>State Environmental Planning Policy (Housing) 2021 (NSW)</i>
ASSOCIATED POLICIES and STRATEGIES	Affordable Housing Action Plan Asset Management Policy Community Infrastructure Strategy Disability Inclusion Action Plan Land Dedication Policy Managing Conflicts of Interest with Council Related Developments Policy Parramatta Development Control Plan 2023 Procurement Policy Property Investment Policy Property Lease and Licence Policy Voluntary Planning Agreements Policy
ATTACHMENTS	Schedule 1: Criteria for Determining Affordable Housing Contribution

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Schedule 1: Criteria for Determining Affordable Housing Contribution

THRESHOLD QUESTIONS		
Question	Answer: YES	Answer: NO
Is the development comprised of less than 20 dwellings?	Sites that are made up of less than 20 dwellings are not subject to the Affordable Rental Housing component of planning agreements	Sites of 20 or more dwellings are subject to the Affordable Rental Housing component of planning agreements and the weighting criteria below applies
Is there a critical need for community or public infrastructure that can be addressed through a Planning Agreement?	If there is a critical need for community or public infrastructure in the location that can be addressed through a Planning Agreement, Council will waive the request for Affordable Rental Housing dedication and the weighting criteria will not apply.	Weighting criteria below applies

	Council seeks lower proportion of AH	Council seeks higher proportion of AH	Weighting Criteria	Weighting Points
Yield of the site	Smaller site yield, based on net GFA e.g. Site zoned 4:1 where 800sqm is developable for residential dwellings = 3,200sqm GFA yield (i.e. the calculation does not include land designated for non-residential purposes, such as roads and open space)	Larger site yield, based on net GFA e.g. Site zoned 8:1 where 2000sqm is developable for residential dwellings = 16,000sqm GFA yield (i.e. the calculation does not include land designated for non-residential purposes, such as roads and open space)	0 = 1,700 and under net GFA yield 1 = 1,701 to 3,500 net GFA yield 2 = 3,501 to 5,300 net GFA yield 3 = 5,301 to 6,200 net GFA yield 4 = 6,201 to 9,000 net GFA yield 5 = Above 9,000 net GFA yield	0 - 5
Change in land use	No change in land use (i.e. through rezoning)	Significant change in land use (e.g. industrial to residential, or change in density)	0 = No change in land use 2 = minor change in land use 4 = significant change in land use	0 - 4
Change in site profitability	No change in site profitability due to uplift	Significant change in site profitability due to uplift	0 = No change in site profitability 2 = minor change in site profitability 3 = significant change in site profitability	0 - 3
Proximity to adequate public transport infrastructure	More than 800m from a train, metro or T-Way station	Less than 800m from a train, metro or T-Way station	0 = More than 800m from a train, metro, light rail, or T-Way station 1 = Between 400m and 800m from a train, metro, light rail, or T-Way station 2 = Less than 400m from a train, metro, light rail, or T-Way station	0 - 2

Size of site	Site less than 10ha	Site more than 10ha	0 = 20 or more dwellings and on a site that is less than 10 ha 1 = 20 or more dwellings and on a site that is 10ha or larger	0 - 1
Displacement of existing housing options	Development does not displace existing affordable and/or diverse housing types (this refers to relatively low cost apartments, medium density, or dwellings that have other diverse, accessible, or affordable characteristics)	Development displaces existing affordable and/or diverse housing types	0 = Development does not displace existing affordable and/or diverse housing types (e.g. lower price bracket) 1 = Development displaces 10 or less existing affordable and/or diverse housing dwellings 2 = Development displaces more than 10 existing affordable and/or diverse housing dwellings	0 - 2
Community infrastructure provision (gaps)	Comparatively high community infrastructure gaps, based on the Community Infrastructure Strategy.	Comparatively low community infrastructure gaps, based on the Community Infrastructure Strategy.	0 = Less than 20% of the benchmark for community facilities based on current population 1 = Between 20% and 40% of the benchmark for community facilities based on current population 2 = More than 40% of the benchmark for community facilities based on current population	0 - 2
Community infrastructure provision (gaps)	Comparatively high open space gaps, based on the Community Infrastructure Strategy.	Comparatively low open space gaps, based on the Community Infrastructure Strategy.	0 = Less than 20% of the benchmark for open space provision based on current population 1 = More than 20% of the benchmark for open space provision based on current population	0 - 1

TOTAL SCORE (out of a possible 20 points)	[1-20]
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Guide for % of dwellings that Council will seek dedicated as affordable rental housing	
Points	%
19-20	5
17-18	4.5
15-16	4
13-14	3.5
11-12	3
9-10	2.5
7-8	2
5-6	1.5
3-4	1
1-2	0.5
0	0