

Green Square Affordable Housing Program



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Part 1 – Introduction

1.1 Purpose of this Program

This Program provides additional provisions, and more detailed information about the Green Square Affordable Housing Scheme, which is implemented through the following legislation:

- The *Environmental Planning and Assessment Act 1979* identifies the provision of affordable housing as a function of Council and section 94 of the Act allows for the collection of contributions for affordable housing.
- *State Environmental Planning Policy No. 70: Affordable Housing (Revised Schemes)* identifies that there is a need for affordable rental housing in the City of Sydney. The SEPP also defines affordable housing for the purposes of these schemes.
- *Sydney Local Environmental Plan 2012* (Sydney LEP 2012) contains controls for the calculation, provision and management of affordable housing contributions for development in Green Square and Ultimo-Pyrmont. The LEP also identifies any development that is excluded from making a contribution under the schemes.

Where there is an inconsistency between this Program and any environmental planning instrument applying to the same land, the provisions of the environmental planning instrument shall prevail.

1.2 The Green Square Affordable Housing Scheme

A fundamental objective for the renewal of Green Square is to retain a socially diverse population as the area gentrifies and undergoes significant renewal. This can be achieved by ensuring that there continues to be housing available to a wide cross section of socio-economic groups. From an economic perspective it is also vital that key workers can continue to live in the area.

In developing the *Green Square Structural Masterplan* in 1997, it was identified that the rezoning of Green Square and significant infrastructure improvements in the area would increase the development potential and hence land values in the area. The upward pressures on property values would raise purchase and private rental accommodation costs beyond the reach of low to moderate income households.

In order to mitigate these effects of renewal, it was determined that a scheme should be developed to provide affordable housing stock in the area using contributions collected through individual developments. This mechanism is called 'inclusionary zoning' and works on the principle that all sites in Green Square have benefited from the area's rezoning and renewal and should contribute to the achieving affordable housing objectives.

In 1999, the NSW Government, City West Housing and the former South Sydney Council developed the Green Square Affordable Housing Scheme. The Scheme aims to provide, as development proceeds over the next 15 to 20 years, a rental stock of approximately 330 units (which are to remain in the ownership of the Recommended Community Housing Provider) for low to moderate income households in the Green Square area.

To achieve this target, the Scheme allows Council to collect contributions through the development process, either by way of dedicating affordable housing units on site, or by making a monetary contribution to the Recommended Community Housing Provider, who will provide the units on other sites in and around Green Square.

The scheme is being implemented by the inclusionary zoning provisions in *Sydney Local Environmental Plan 2012*, which are enacted by the *Environmental Planning and Assessment Act 1979* and *State Environmental Planning Policy No 70—Affordable Housing (Revised Schemes)*. Under these provisions, all development within Green Square (other than certain specified development categories) is required to provide affordable housing.

Refer to Part 4 of this Program for more information about the history of the Scheme and how it was developed. The 330 affordable units to be delivered under this Scheme will contribute towards the 7959 affordable rental dwellings required within the City by 2030. At the time of writing, the Green Square Affordable Housing Scheme has resulted in the development of 102 affordable housing units in Green Square.

1.3 Green Square Affordable Housing Principles

The principles for the Green Square Affordable Housing Scheme are:

1. Affordable housing should be provided and managed in the Green Square locality so that a socially diverse residential population representative of all income groups is created and maintained;
2. Affordable housing that is provided is to be made available to a mix of households on low to moderate incomes;
3. Affordable housing that is provided is to be rented to eligible households at an appropriate rate of gross household income;
4. Dwellings provided for affordable housing are to be managed so as to maintain their continued use for affordable housing; and
5. Affordable housing is to consist of dwellings constructed to a standard which in the opinion of the Council is consistent with other dwellings in the Green Square locality.

1.4 Definitions

The following definitions apply for the purposes of this Scheme:

Affordable Housing	<p>As defined by the <i>Environmental Planning and Assessment Act 1979</i>:</p> <p><i>“housing for very low income households, low income households or moderate income households, being such households as are prescribed by the regulations or as are provided for in an environmental planning instrument”.</i></p>						
Low to moderate income households	<p>Derived from <i>State Environmental Planning Policy No 70—Affordable Housing (Revised Schemes)</i>:</p> <p>Low to moderate income households are those households whose gross incomes fall within the following ranges of percentages of the median household income for the time being for the Sydney Statistical Division according to the Australian Bureau of Statistics:</p> <table><tr><td>Very low income household</td><td>less than 50%</td></tr><tr><td>Low income household</td><td>50 or more but less than 80%</td></tr><tr><td>Moderate income household</td><td>80–120%</td></tr></table>	Very low income household	less than 50%	Low income household	50 or more but less than 80%	Moderate income household	80–120%
Very low income household	less than 50%						
Low income household	50 or more but less than 80%						
Moderate income household	80–120%						
Total Floor Area	<p>As defined by Clause 7.13(6) of Sydney LEP 2012:</p> <p><i>total floor area means the total of the areas of each floor of a building within the outer face of the external enclosing walls and including balconies, but excluding the following:</i></p> <ul style="list-style-type: none"><i>(a) columns, fins, sun control devices, awnings and other elements, projections or works outside the general lines of the outer face of the external walls,</i><i>(b) any area of a balcony that is more than the minimum area required by the consent authority in respect of the balcony,</i><i>(c) the maximum ancillary car parking permitted by the consent authority and any associated internal vehicular and pedestrian access to that car parking,</i><i>(d) space for the loading and unloading of goods.</i>						
Recommended Community Housing Provider	<p>Funds from this scheme will be released to the Recommended Community Housing Provider, listed in Schedule A.</p> <p>In the future, other Registered Community Housing Providers may apply to Housing NSW to receive funds from this Scheme for the purposes of developing affordable housing in accordance with this Program. Any new providers for this scheme will be added to Schedule A of this Program. Any new providers seeking inclusion to Schedule A should be on the Register of Community Housing Providers which is managed and maintained by the Registrar of Community Housing.</p>						
Registered Community Housing Provider	<p>As defined by the <i>Housing Act 2001</i>:</p> <p>A body corporate that provides community housing that has been registered by the Registrar of Community Housing under Part 9A of the <i>Housing Act 2001</i>.</p>						
Green Square Affordable Housing Levy Area	<p>The Sydney LEP 2012 defines the ‘Green Square Levy Area’ as being the Green Square Urban Renewal Area. The Green Square Affordable Housing Scheme applies to all land in this area.</p>						

Note: these definitions are provided in legislation which may change over time. Where there are inconsistencies, the definitions in the relevant legislation prevail.

Part 2 – Affordable housing provisions

2.1 Land to which this Program applies

The Green Square Affordable Housing Scheme applies to development within the Green Square Urban Renewal Area, as shown in Figure 1.

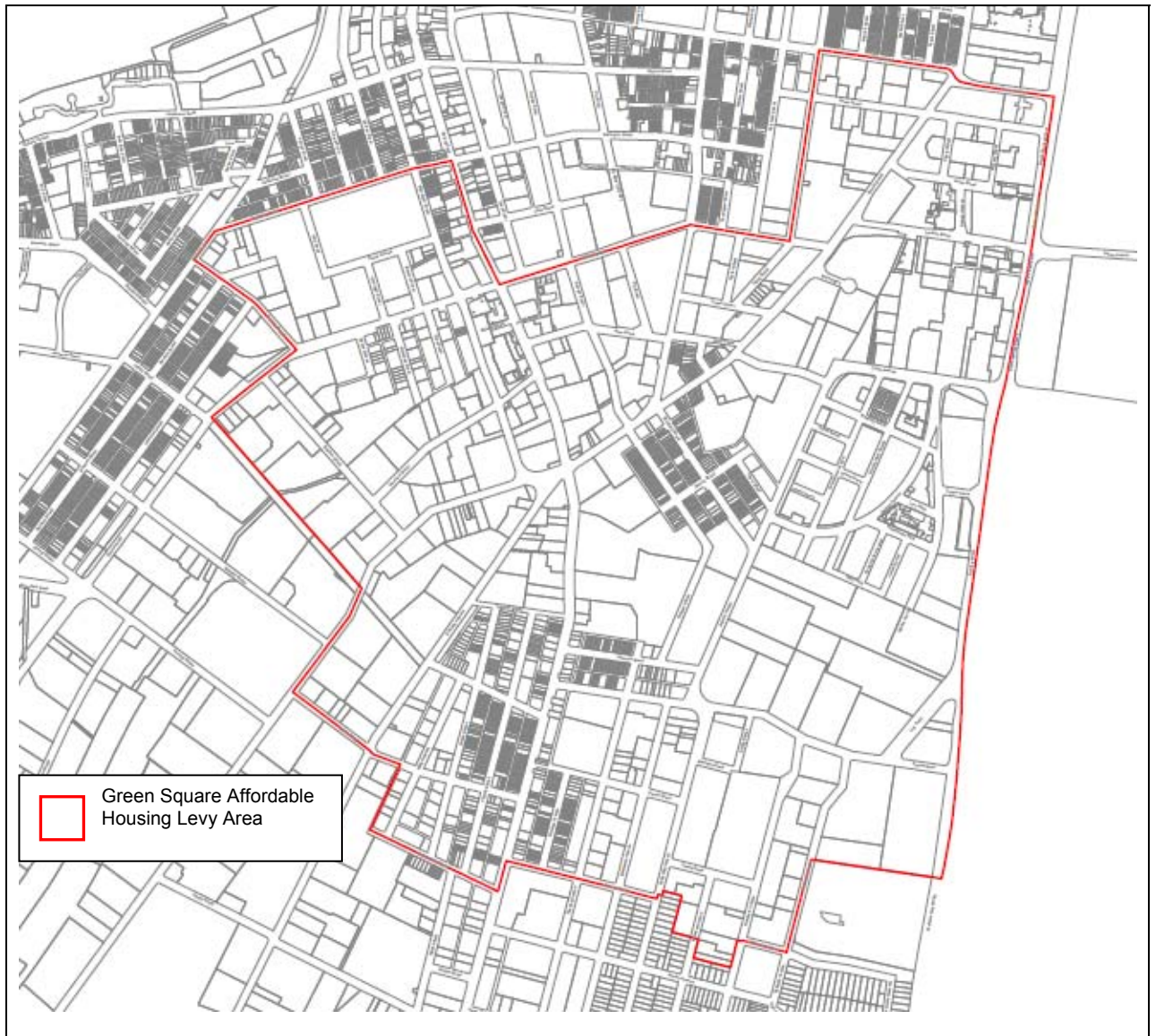


Figure 1 – The Green Square Affordable Housing Levy Area (which is the same as the Green Square Urban Renewal Area)

2.2 Provisions for calculating affordable housing contributions

All development within Green Square (other than development expressly excluded by Sydney LEP 2012) is required to provide affordable housing. The requirement for the provision of affordable housing will be a condition of development consent.

There are two different ways to make the required affordable housing contribution. The first is to provide affordable housing units on site that will be dedicated to an affordable housing provider. The second is to make a monetary contribution that is the equivalent of that floorspace. The formulas for calculating each are below.

Sections 2.3 to 2.5 of this Program provide some example calculations.

2.2.1 Dedication of affordable housing units on site

The provisions listed here derive from Sydney LEP 2012 and are repeated below for information.

- a. Unless specifically excluded by clause 7.13 of Sydney LEP 2012, development in the area shown in Figure 1 is to provide and dedicate affordable housing units at the rate of:
 - i. 1% of the total floor area that is to be used for non-residential uses; and
 - ii. 3% of the total floor area that is to be used for residential uses.
- b. The total floor area of affordable housing units must be greater than 50 square metres.
- c. If the affordable housing requirement under (a) is less than 50 square metres, then the contribution must be made by way of a contribution, in accordance with Section 2.2.2, below.
- d. Complete units and land are to be dedicated in favour of the recommended housing provider free of cost.
- e. Where affordable housing units are to be provided on site they must be to the satisfaction of the Recommended Housing Provider. If the units to be dedicated are not to the Recommended Community Housing Provider's satisfaction, the Provider may require that the contribution be made by way of an equivalent monetary contribution.

2.2.2 'Contribution Rates' for monetary contributions in lieu of affordable housing units

- a. Clause 7.13(3)(b) of Sydney LEP 2012 enables the City to accept the equivalent of the affordable housing requirement as a monetary contribution where the units are not provided on site.
- b. The current rates (valid for the period of **1 March 2010 to 28 February 2011**) for providing monetary contributions in lieu of providing units on site are:
 - i. \$121.39 per square metre of total floor area used for residential uses; and

- ii. \$40.45 per square metre of total floor area used for non-residential uses.
- c. Rates for monetary contributions are to be indexed annually in accordance with Section 2.7 of this Program.
- d. Council's website will contain the current rates for this Scheme, as indexed from time to time.
- e. The applicant may make an affordable housing contribution using a combination of on-site provision of units and monetary contributions.
- f. Funds are to be used solely by Recommended Community Housing Providers for the development of affordable housing units in accordance with this Program. The units are to be developed on land in the Green Square Urban Renewal Area to ensure that the desired socio-economic mix of the area is achieved.

Note: See Section 2.4 of this Program for example calculations.

2.3 Excluded development

Clause 7.13(6) of Sydney LEP 2012 excludes the following development from the affordable housing provisions (and do not have to make a contribution to affordable housing):

- (a) *development for the purposes of residential accommodation that will result in the creation of less than 200 square metres of gross floor area,*
- (b) *development for purposes other than residential accommodation that will result in the creation of less than 60 square metres of gross floor area,*
- (c) *development for the purposes of residential accommodation that is used to provide affordable housing or public housing,*
- (d) *development for the purposes of community facilities, public roads or public utility undertakings.*

Because all land in Green Square has benefited from the area's renewal, an affordable housing contribution is required for all development that is not specifically excluded from the provisions under Sydney LEP 2012.

To clarify, (a) and (b) only exclude developments that have a total floor area of less than 200 square metres if it is residential development, and 60 square meters if it is a non-residential development. Exclusions (a) and (b) do not relate to additional floor space to an existing building, but the **total floor area of the development on a site** (even if that development application does not change the remainder of the floor area).

Example:

A **100 square metre** residential addition of to an existing residential building of 4,000 square meters would result in a development with a total floor area of 4,100 square metres.

Even though the application is for less than 100 square metres the development is not exempt, because the development has a **total floor area greater than 200 square metres** and as such the development is not excluded under (a) and the affordable housing provisions apply.

The City may consider, on the individual merits, a case for exempting minor development from the levying of affordable housing contributions: As a guide only, 'minor works' are considered by Council to be:

- Development that relates to less than 15 sqm or 15% of the existing floor area, whichever is less*; or
- Minor refurbishment or repair works with a construction value of less than \$15,000; or
- Works where the applicable affordable housing contribution amounts to more than 30% of the agreed cost of construction.

* This provision includes refurbishment or a change of use. If it is proposed to refurbish, or change the use of 15 sqm of floor area or 15% of the existing floor area, then it is not considered minor development and the provisions of this Scheme apply.

2.4 Notes for the calculation of contributions

2.4.1 Example calculation

EXAMPLE DEVELOPMENT

	Land Use	Total Floor Area
Development Stage 1	commercial / warehouse	3,260 sqm
Development Stage 2	residential (136 units)	13,087 sqm
Development Stage 3	retail	10,500 sqm

Stage 1 – Non-residential development

Affordable housing provision on site:

- = 1% of 3,260 sqm
- = **32.6 sqm** of affordable housing units to be dedicated.

Minimum in kind provision not practical given size of development. Required minimum unit size is 50m².

OR

Monetary contribution in lieu of provision:

- = \$40.45 per m² of total floor area (3,260 sqm)
- = \$40.45 x 3,260
- = **\$131,867**

Stage 2 – Residential Development

Affordable housing provision on site:

- = 3% of 13,087 sqm
- = **392 sqm** of affordable housing units to be dedicated

(For example 4 units in kind with an average size of 98 sqm)

Note: The extra amount of area included to provide complete dwellings is necessary and **is not recoverable by the applicant**. Each affordable housing dwelling is required to have a total floor area of 50 sqm or greater.

OR

Monetary contribution in lieu of provision:

- = \$121.39 per sqm of total floor area (13,087 sqm)
- = \$121.39 x 13,087
- = **\$1,588,630.90**

Stage 3 – Non-residential development

Affordable housing provision on site:

= 1% of 10,500 sqm

= **105 sqm** of floor space (for example 1 unit @ 105 sqm)

This may be incorporated as part of Stage 2 development depending on timing of construction

OR

Monetary contribution in lieu of provision:

= \$40.45 per sqm of total floor area (10,500 sqm)

= \$40.45 x 10,500

= **\$424,725**

Affordable housing must be provided at each stage of the development. The applicant may choose to provide in lieu monetary contribution for all stages or provide both monetary contribution and housing contribution at the different stages.

2.4.2 Calculation of *total floor area*

The Sydney LEP 2012 requires the dedication of affordable housing units at rates based on the **total floor area**, which is defined as:

the total of the areas of each floor of a building within the outer face of the external enclosing walls and including balconies, but excluding the following:

- (a) columns, fins, sun control devices, awnings and other elements, projections or works outside the general lines of the outer face of the external walls,*
- (b) any area of a balcony that is more than the minimum area required by the consent authority in respect of the balcony,*
- (c) the maximum ancillary car parking permitted by the consent authority and any associated internal vehicular and pedestrian access to that car parking,*
- (d) space for the loading and unloading of goods.*

To clarify:

- The minimum-sized balconies required to be provided for residential buildings (under the controls) are **included** in the calculation of total floor area.
- Any extra balcony area (above what is required by the controls) is not included as total floor area so as not to penalise applicants for providing more generous balconies.
- Balconies provided on any non-residential building will not be included in the calculation of total floor area, unless they are enclosed by an outer wall.

2.4.3 Monetary contributions are calculated based on the *total floor area* of the entire development on the site

An affordable housing contribution is to be calculated based **on the total floor area of the whole development on the site**. There are no 'savings' or 'credit' for floorspace that already exists on the site, even if the building is being adapted and reused (see Clause 7.13 of Sydney LEP 2012).

The inclusionary zoning mechanism operates on the premise that all the land in Green Square has increased in value as a result of its rezoning and public investment in infrastructure in the area. The Green Square Affordable Housing Scheme seeks to capture some of this increase in land value for the provision of affordable housing units.

To achieve the target of 330 units, contributions must be collected for the redevelopment of every square meter of floor area permissible under the planning controls. To allow credits for existing floor space would result in the Scheme generating fewer units and less money and the 330 units would not be provided.

2.4.4 Satisfying Section 94 of the *Environmental Planning and Assessment Act 1997*

Council is authorised to require that an applicant make an affordable housing contribution under Section 94 of the *Environmental Planning and Assessment Act 1997*, if development meets the requirements of Section 94(1) of the Act.

All development in Green Square (that is not excluded from these provisions under Sydney LEP 2012) satisfies these conditions. Because Green Square is undergoing renewal as a result of rezoning and infrastructure investment, all development satisfies 94(1)(a) and 94(1)(b). Most development also satisfies 94(1)(c) because non-industrial development would not have been permissible if the Green Square Urban Renewal Area had not been rezoned in 2000 and 2002.

Development must only satisfy one of these conditions for Council to be able to require a contribution.

2.5 Applying the provisions twice on the same site

If an affordable housing contribution has already been made under these provisions, or the previous provisions under *South Sydney Local Environmental Plan 1998*, then a contribution is not required on subsequent development on land if:

- the total floor area is the same, or because of redevelopment of the site, will replace an equivalent area; or
- the same percentage of the total floor area has already been provided for use for affordable housing as required.

Where a development is larger than a previous development on the site (for which an affordable housing contribution was made) then the consent authority must require a contribution for the difference in total floor area. It does not matter whether the floor area for which the contribution was previously paid is demolished or re-used as part of the new development.

Example:

- A contribution was previously paid for a residential flat building with a total floor area of 1,000 square metres.
- A subsequent consent is sought to demolish the building and build a new residential flat building with a total floor area of 3,000 square metres.
- The applicant must pay a contribution which is calculated using the difference in total floor area, being 2,000 square metres:

Contribution = 2000 x residential contribution rate

Where a contribution has been collected for a non-residential development under the provisions and a subsequent development is for the same area but for residential uses (which attract a higher rate of contribution) the consent authority must require a contribution for the difference between the two rates. It does not matter whether the floor area for which the contribution was previously paid is demolished or re-used as part of the new development.

Example:

- A contribution was previously paid for an office with a total floor area of 500 square metres.
- A subsequent consent is sought to refit the office for flats with the same total floor area of 500 square metres.
- The applicant must pay a contribution which is calculated as follows:

Contribution = (500 x residential rate*) - (500 x non-residential rate *)

* using the rates which are current at the time of the determination of the new development application

2.6 Refunds for demolition or changes in use

Clause 7.13(5)(b) of Sydney LEP 2012 states that:

“the demolition of a building, or a change in the use of land, does not give rise to a claim for a refund of any amount that has been contributed under an affordable housing condition”.

To clarify, the consent authority must not refund the applicant where there is a change in use from residential uses to non-residential uses, and the monetary contribution required for the subsequent development is less.

The same applies where affordable housing units have been provided on site, in that the units are to remain the property of the Recommended Community Housing Provider.

2.7 Indexation

2.7.1 Indexation of Contribution Rates

The Contribution Rates for calculating monetary contributions are indexed annually to ensure that the contributions reflect the costs associated with the provision of affordable housing over time.

The Contribution Rates are indexed annually on March 1 on the basis of the Established House Price Index (HPI) for Sydney for the preceding year (December to December – using arithmetic averages of the quarterly index numbers) as published by the Australian Bureau of Statistics (Cat No. 6416.0).

The formula for the indexation of Contribution Rates is:

$$\text{Next Year's Contribution Rate} = \text{Current Contribution Rate} \times \frac{\text{HPI}^2}{\text{HPI}^1}$$

Where:

HPI¹ is the (average) House Price Index for the PREVIOUS period

HPI² is the (average) House Price Index for the CURRENT period

See Section 2.7.3 for the calculation of the HPI.

2.7.2 Indexation of Monetary Contributions

Where the consent authority has imposed an affordable housing condition requiring a monetary contribution, the monetary contribution amount must also be indexed over time.

For example if a consent was issued in 2000 and the applicant did not wish to pay the contribution and develop the site until 2003, the contribution would need to be indexed. Monetary contributions are indexed by the City of Sydney Council at the point of payment, using the following formula:

$$\text{Monetary Contribution} = \text{Base Contribution Amount} * x \frac{\text{HPI}^2}{\text{HPI}^1}$$

- The Base Contribution Amount is the amount obtained from the Notice of Determination and based on the contribution rates at the time of determination.
- HPI¹ is the Established House Price Index that applied at the time of consent.
- HPI² is the Established House Price Index that applied at the time of the lodgement of the bank guarantee.

2.7.3 Annual House Price Index

The Sydney Established House Price Index released by the Australian Bureau of Statistics (Cat No. 6416.0) is used for the annual indexation of Contribution Rates and for the indexation of conditioned monetary contributions from time to time.

The Australian Bureau of Statistics release quarterly HPI statistics. In order to mitigate the impacts of sharp increases and drops in housing prices, indexation for the Green Square Affordable Housing Scheme relies on an average HPI from the preceding year.

The HPI for this Scheme is calculated on 1 March annually, using the following formula:

$$\text{New HPI} = \frac{\text{March HPI} + \text{July HPI} + \text{September HPI} + \text{Dec HPI}}{4}$$

For Example, the HPI used for the period of 1 March 2011 – 28 February 2012, and released on 1 March 2011:

$$2011 \text{ HPI}^* = \frac{\text{Mar 2010 HPI} + \text{July 2010 HPI} + \text{Sep 2010 HPI} + \text{Dec 2010 HPI}}{4}$$

In some instances the Australian Bureau of Statistics revise the quarterly statistics after their initial release. The HPI for this Scheme is **not adjusted** to reflect any revisions. The HPI calculated on the 1 March is used consistently for one year.

The HPI figures used for the annual indexation of Contribution Rates and for the indexation of conditioned monetary contributions from time to time are as follows:

Application Period	Pre 2003 House Price Index	Revised Index (c) 2003 = 0
1 March 2001 - 28 Feb 2002	160.40	
1 March 2002 - 28 Feb 2003	188.00	
1 March 2003 - 28 Feb 2004	230.20	82.85
1 March 2004 - 28 Feb 2005	265.90	96.05
1 March 2005 - 28 Feb 2006		98.48
1 March 2006 - 28 Feb 2007		93.98
1 March 2007 - 29 Feb 2008		93.63
1 March 2008 - 29 Feb 2009		98.8
1 March 2009 - 29 Feb 2010		100.43
1 March 2010 - 29 Feb 2011		102.48

Table 1 – Housing Price Indexes used for the Green Square Affordable Housing Scheme 2001 – 2011

Source: Housing Price Indexes used for the Green Square Affordable Housing Scheme 2001 – 2011 based on the Established House Price Index for Sydney for the preceding year as published by the Australian Bureau of Statistics (Cat No. 6416.0).

2.8 How to condition an affordable housing contribution

2.8.1 Conditioning a Monetary Contribution

Where an applicant chooses to pay a monetary contribution towards affordable housing, the amount of the contribution will be nominated in the condition of development consent.

There is a standard condition for the Green Square Affordable Housing Scheme. The condition **must** contain the following information:

- a. The monetary contribution required;
- b. The total floor area of the residential component of the development and the total floor area of the non-residential component of the development;
- c. The contribution rates which are current at the date of determination*;
- d. The indexation period at the time of determination (i.e. for a consent dated July 2010, quote the period as *1 March 2010 – 28 February 2011*); and
- e. A requirement that the condition be satisfied to Council's satisfaction prior to the issue of a Construction Certificate.

***The current contribution rates are available on Council's website.**

Part 3 – How to make and affordable housing payment

In all instances the Council will require evidence that the condition of development consent relating to affordable housing will be satisfied prior to the granting of any Construction Certificate.

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

3.1 Procedure for dedicating affordable housing units

Where affordable housing is proposed to be provided on site, the applicant must transfer title of the affordable housing unit(s) to a Recommended Community Housing Provider experienced in the management of affordable housing.

An agreement to transfer title to the Recommended Community Housing Provider must be finalised to the satisfaction of the Council and evidence provided to Council prior to the granting of a construction certificate.

The Council must be satisfied that the nominated units will fulfil the affordable housing principles and design provisions set out in this Program and will have sought comment from the Recommended Community Housing Provider on the appropriateness of the units.

The affordable housing contribution will be satisfied when the title to the unit(s) is transferred to the Recommended Community Housing Provider. Evidence that the transfer of title has occurred will be required by Council before approval of any occupancy certificate.

3.2 Procedure for paying a monetary contribution

Where an applicant chooses to pay a monetary contribution towards affordable housing, the amount of the contribution will be nominated in the condition of development consent. Before the granting of any construction certificate, the applicant must provide evidence to Council of payment of the contribution. Payment will be by unendorsed bank cheque to the Department of Planning and Infrastructure.

As an alternative, the applicant may provide evidence that a satisfactory bank guarantee, to the value of the required contribution has been lodged with the Department of Planning and Infrastructure.

The procedure for both payment options are shown below:

3.2.1 Option 1 – Full payment prior to **Construction Certificate**

With this option, the monetary contribution is paid in full prior to the issue of a construction certificate.

When the applicant wishes to satisfy the affordable housing condition in order to obtain a **Construction Certificate**, the applicant contacts the Council's *City Plan Development Unit* and requests that an invoice for the amount be raised.



Council issue a signed invoice, known as **Form B**. The Form B will show the final contribution amount, once it has been indexed in accordance with this Program.



Applicant prepares an unendorsed bank cheque for the amount shown on **Form B**. The bank cheque is to be made out to the "Department of Planning".



Applicant takes the **Form B** and the bank cheque to:
*NSW Department of Planning
23-33 Bridge Street, Sydney*

It is strongly advised that applicants call the Department of Planning and Infrastructure Information Centre on (02) 9228 6333 to arrange an appointment to make the payment.



Department of Planning and Infrastructure issues a receipt (stamped copy of **Form B**) after accepting the bank cheque.

The Department of Planning and Infrastructure must fax a copy of the receipt to Council's City Plan Development Unit and the Recommended Community Housing Provider



Council/Private Certifier releases Construction Certificate upon the return of the receipt Form B.



Occupation Certificate can subsequently be issued without any further action.

3.2.2 Option 2 – Full payment prior to **Occupation Certificate**

This option allows for the monetary contribution to be paid in full at Occupation Certificate stage, rather than Construction Certificate stage. Instead, a bank guarantee for the contribution amount is required prior to the issue of a Construction Certificate.

When the applicant wishes to satisfy the affordable housing condition in order to obtain a **Construction Certificate**, the applicant contacts Council and requests that an invoice for the amount be raised.



Council issues a signed invoice, known as **Form A**. The invoice will show the final contribution amount, once it has been indexed in accordance with the Program.



Applicant prepares bank guarantee for the amount shown on the **Form A** and in the format required in Schedule A of this Program.



Applicant takes the **Form A** and the bank guarantee to:

*NSW Department of Planning
23-33 Bridge Street, Sydney*

It is strongly advised that applicants call the Information Centre on (02) 9228 6333 to arrange an appointment to lodge the guarantee.



Department of Planning and Infrastructure issues a receipt (stamped copy of **Form A**) after accepting the bank guarantee.

The Department of Planning and Infrastructure must fax a copy of the receipt Council's City Plan Development Unit and the Recommended Community Housing Provider



**Council/Private Certifier to release
Construction Certificate upon the return of the receipt Form A.**



The development is constructed.



When the applicant wishes to satisfy the affordable housing condition in order to obtain an **Occupation Certificate**, the applicant contacts the Council's *City Plan Development Unit* and requests that an invoice for the

amount be raised.



Council issue a signed invoice, known as **Form C**. The form will show the final contribution amount. The amount **is indexed again at this point**, using the HPI for the time of payment.



Applicant prepares an unendorsed bank cheque for the amount shown on **Form C**. The bank cheque is to be made out to the "Department of Planning".



Applicant takes the **Form C** and the bank cheque to:

*NSW Department of Planning
23-33 Bridge Street, Sydney*

It is strongly advised that applicants call the Department of Planning and Infrastructure Information Centre on (02) 9228 6333 to arrange an appointment to make the payment.

The bank guarantee is discharged when a payment for the affordable housing contribution has been received by the Department of Planning and Infrastructure by returning the document to the Bank with a letter advising that the undertaking is no longer required.



Department of Planning and Infrastructure issues a receipt (stamped copy of **Form C**) after accepting the bank cheque.

The Department of Planning and Infrastructure must fax a copy of the receipt Council's City Plan Development Unit and the recommended housing provider



Council/Private Certifier releases Occupation Certificate upon the return of the receipt Form C.

3.3 Management of affordable housing provided under the program

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

3.4 Procedures for the administration of funds by the City of Sydney Council, Department of Planning and Infrastructure and the Recommended Community Housing Provider

3.4.1 City of Sydney Council

- Council calculates the contribution and identifies the required contribution as a condition of consent.
- Once an applicant wishes to make a monetary contribution, Council issues the appropriate invoice for payment; either Form A, Form B or Form C. The City indexes the contribution amount at this stage.
- When a Form A, Form B or Form C is issued to an applicant, the City should also send (via email) a copy of the form to:
 - the Department of Planning and Infrastructure (as notification that an applicant will be making a payment in the near future); and
 - City West Housing (for business planning purposes).
- The City should also keep a register of any Form A, Form B or Form C issued to applicants.
- The City is responsible for calculating the HPI for the year beginning at 1 March. The City will also update contribution rates annually on 1 March, and provide the new rates on the City of Sydney's website.

3.4.2 Department of Planning and Infrastructure

- When an applicant presents the appropriate, sign Form A, B or C and an appropriate and correct bank cheque or bank guarantee (see Section 3.2), the Department of Planning and Infrastructure will accept payments of affordable housing contributions.
- A receipt voucher will then be issued to the applicant. The applicant will need to present these to Council/Private Certifier to enable the construction certificate to be released.

- The Department of Planning and Infrastructure must provide the Council and City West Housing with a copy of the signed receipt and keep a register of payments received.
- In lieu monetary contributions will be held in a *Green Square Affordable Housing Fund* by the Department of Planning and Infrastructure to be used for the specific purpose of procuring affordable housing in accordance with this Program.
- Funds will be released to the Recommended Community Housing Provider', as indicated in Schedule A, in accordance with an approved business plan relating to this Scheme.
- Funds will be paid into the *City South Affordable Housing Operating Account*, administered Housing NSW. Funds will only be released to 'recommended non-profit community housing providers' following receipt of an acceptable business plan and where a provider continues to meet performance and accountability requirements.

3.4.3 Recommended Community Housing Provider/s

Recommended Community Housing Providers are accountable to Housing NSW and will be required to provide:

- Annual audited financial statements in a prescribed form;
- Three year rolling business plans, updated annually;
- A statement of social and financial objectives which specify the broad policies on targeting of housing resources, allocation and rental policies, tenancy management, expenditure of income, financial reporting and sale of assets. This statement will address the issue of private developers' contributions in order to ensure that the monies collected as contributions are spent for the provision, improvement or management of affordable housing within a realistic timeframe;
- A statement of organisational principles which contains a provision that in the event of failure by the organisation to meet its objectives and performance requirements, leading to the organisation being wound up, the organisation's assets will be transferred either to another 'recommended community housing provider' or to the Land and Housing Corporation, on behalf of the Office of Community Housing. The Office of Community Housing will prepare a summary report for Council from information collected from recommended providers to satisfy Council that contributions continue to be used for the purpose for which they were collected.
- Annual data in a prescribed form including income profiles, household profiles, rent charged and other information.

For the purposes of determining eligibility to rent the affordable housing built through this Scheme, the annual household income of target groups (low to moderate income households) is to be updated annually by the Recommended Community Housing Provider, and placed on their website. The income data should be based on the most accurate and appropriate available source of information, including Census Data, Australian Household Survey, or indexed based on changes to average weekly earnings (AWF) in NSW (ABS Cat No. 6302.0).

3.4 Adding new Registered Community Housing Providers to: *Schedule A – Recommended Registered Community Housing Providers*

Other Registered Community Housing Providers may be added to Schedule A to this Program and participate in the Green Square Affordable Housing Scheme.

A Registered Community Housing Provider may apply to Housing NSW to be added to this Scheme and receive either units or funds generated by the Scheme.

Housing NSW must assess the application in terms of whether adding a new Provider would increase the Scheme's yield of affordable housing units, and demonstrate the case for any amendment to Schedule A. The impacts of an amendment on City West Housing's programming and business planning should also be considered.

Prior to an amendment to Schedule A, Housing NSW must also develop a strategy for the division of funds from this Scheme between multiple providers. This funding strategy is to be approved by the Minister for Family and Community Services prior to their amendment of this Program to add an additional provider to Schedule A.

In making a determination and in developing a funding strategy, Housing NSW is to consult with City of Sydney Council and the Department of Planning and Infrastructure.

Part 4 - History and background information

4.1 The need for affordable housing

Green Square is undergoing substantial change. Significant redevelopment and restructuring is occurring as a result of public investment in key transport infrastructure and the Council's rezoning of the area. The area is seeing a transition from its traditional manufacturing industries to more modern employment and residential uses.

These changes combined with South Sydney's proximity to Central Sydney have resulted in the area becoming increasingly attractive as a place to live.

In developing this Scheme in 1999, research demonstrated that the price of land for most land uses increased following the rezoning of the area. Land owners in Green Square have benefited from increases in land value, however, the increases in land value will have an impact on the affordability of housing, particularly for low and moderate income earners of the inner city as higher value uses are found for the land. The traditional suburbs of South Sydney have a history of diverse socio-economic groups aligned with its industrial past. Council are dedicated to preserving the area's social diversity by providing housing and employment opportunities for a socio-economic mix of households.

The research also indicated that over the first 5–10 years of the area's renewal, Green Square experienced a change in the socioeconomic structure of its population. The proportion of people with well paid jobs and higher incomes has increased, while the proportion of lower income households has declined. Analysis of the rental and purchase housing markets indicates that the majority of recent residential housing developments in the area are medium to high cost accommodation and that median rents have increased.

Section 4.5 of this Program describes the social and economic research undertaken as part of developing this Scheme.

The redevelopment of the of the area will continue to produce upward pressures on property values and place further pressure on purchase and private rental accommodation costs beyond the means of low to moderate income groups. Without provision of more affordable forms of housing, the market can be expected to continue to produce more expensive housing in the area, so that housing will only be affordable to households on relatively high incomes.

Existing lower income groups would need to move out of the area, and new lower income households may be prevented from finding housing in Green Square close to new employment opportunities.

4.2 What is affordable housing?

Affordable housing refers to 'reasonable' housing costs in relation to income. A common benchmark is that affordable housing is housing that does not absorb more than 30% of a very low, low or moderate income household's gross income.

Affordable housing is not social housing. It can be private or publicly owned, but available at a price that is less than 30% of household income.

The aim of the Green Square Affordable Housing Scheme is to provide dwellings which are affordable to very low, low and moderate income households, as described in Table 2. These households typically comprise key workers like teachers, cleaners and bus drivers.

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

Table 2 – Target Household Income

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

To ensure the ongoing availability of affordable housing to these key groups, this Scheme will produce affordable housing units that will remain in the ownership of the Recommended Community Housing Provider. The Provider will then rent the units to eligible households at less than 30% of household income, or less than market rate, whatever is less. To ensure that this Scheme addresses the affordable housing principles, renters will need to meet other criteria, such as demonstrating a local connection with the Green Square area.

4.3 Strategic Planning Context

The City recognises that access to secure, appropriate and affordable housing is not only a basic requirement for all people, but also an essential component of an inclusive, dynamic and sustainable city. The need for increased levels of affordable housing has been recognised in the following policy documents:

- *NSW State Plan*;
- *Sydney Metropolitan Strategy*;
- *Sydney City Draft Subregional Strategy*;
- *Sustainable Sydney 2030*;
- *Council of Capital City Lord Mayors' Affordable Housing Policy*;
- *City of Sydney Social Plan*; and
- *City of Sydney Affordable Rental Housing Strategy*.

Council's targets for affordable housing are detailed in the City's strategic document, *Sustainable Sydney 2030*, which was adopted by Council in 2009. *Sustainable Sydney 2030* establishes an ambitious target that, by 2030, of all housing in the City 7.5% will be affordable housing delivered by 'not-for-profit' or other providers.

To achieve this target, 7,959 affordable rental dwellings must be provided by 2030. The 330 units anticipated to be generated through this Scheme are crucial in achieving this overall target.

4.4 The Scheme's statutory planning control history

28 May 1999 Gazettal of *South Sydney Local Environmental Plan 1998* ('South Sydney LEP 1998') – *Amendment No. 6 (Green Square)*

This amendment rezoned the majority of industrial land in the 278 hectare Green Square Urban Renewal Area to mixed uses.

Amendment No. 6 also inserted provisions which allowed the consent authority to collect affordable housing contributions through the development of Green Square, in order to maintain social diversity as the area undergoes renewal.

18 February 2000 The validity of the affordable housing provisions were challenged in 1999 and on this date, the Land and Environment Court ruled that the South Sydney LEP 1998 provisions were invalid (*Meriton Apartments Pty Ltd v Minister for Urban Affairs and Planning* [2000] NSWLEC 20 Proceedings No. 40149 of 1999). The South Sydney LEP 1998 provisions were revoked.

5 June 2000 In response, the NSW Parliament made the *Environmental Planning and Assessment Amendment (Affordable Housing) Act 2000* ('the Affordable Housing Act') on this date.

Amongst other things, the Affordable Housing Act validated certain instruments (including the revoked LEP 1998 provisions) for the collection of affordable housing contributions. The Affordable Housing Act also amended the *Environmental Planning and Assessment Act 1979*, by:

- identifying the provision of affordable housing as an object of the Act; and
 - introducing section 94(F), which allows for a consent authority to require either land or monetary contributions for affordable housing projects.
-

7 September 2001	<p>Gazettal <i>South Sydney Local Environmental Plan 1998 – Amendment No. 7 (Green Square)</i></p> <p>This amendment rezoned another part of Green Square from an industrial zone to Mixed Use 10(e) zone.</p>
<hr/>	
31 May 2002	<p>The provisions in the Affordable Housing Act expired after 2 years. On 1 June 2002 the Minister for Planning made <i>SEPP 70 – Affordable Housing (Revised Schemes)</i> to allow for the continued operation of the Affordable Housing Scheme through the provisions in LEP 1998.</p>
<hr/>	
September 2002	<p>Former South Sydney Council adopt the Green Square Affordable Housing Development Control Plan and Practice Note.</p>
<hr/>	
6 February 2004	<p>Amalgamation of the City of Sydney and City of South Sydney Councils. The City of Sydney thereby became the new consent authority for Green Square and the administrator of this Scheme.</p>
<hr/>	
14 December 2012	<p>The consolidated Sydney LEP 2012 is notified on the NSW Legislation website. This document now contains the key provisions for the Green Square Affordable Housing Scheme and generally replaces <i>South Sydney LEP 1998</i>.</p> <p>At this time, the 2002 Green Square Affordable Housing Development Control Plan and Practice Note are combined to form this Program, which was adopted by the Council on 12 March 2012.</p>

4.5 How the Scheme was developed – Historic economic and social research

The following research information explains how and why the Scheme was developed in the late 1990s and justifies the current contribution rates. The data is no longer current and is to be used for information purposes only.

The Green Square redevelopment area is undergoing substantial change in both the types of land uses and community composition. New planning provisions which permit higher order land uses and increased densities combined with significant public infrastructure spending have substantially increased the development potential and land values for the area. Negative impacts as a result of these changes are likely to result in a loss of social diversity as increases in land value flow through to more expensive housing. Council wishes to maintain social diversity within the Green Square area by ensuring households earning low to moderate incomes can live in the area close to employment and services.

Indicators of changes in social diversity (socio-economic mix) include changes in the types of occupation, incomes of households and levels of education of households within an area. The following data identifies a trend of gentrification of the Green Square area and the immediate surrounds (postcode areas of Alexandria and Beaconsfield – 2015, Waterloo and Zetland – 2017 and Rosebery – 2018) with increasing proportions of higher income households reflecting increasing housing costs. Without specific provisions to enable low and moderate income households to be able to afford to live within Green Square, this trend can be expected to continue.

Occupation

Table 3 shows the proportion of the population by various occupations and indicates that there has been a significant increase in the proportion of the workforce in the professional and paraprofessional (associate professional in 1996) categories since the last census period. Between 1991 and 1996, the proportion of the workforce in the professional category in the postcode areas encompassing and immediately adjacent to Green Square increased from 9.5% to 16.2%, while the proportion of the workforce in the paraprofessional category more than doubled (from 4.9% to 10.3%). By comparison, over the same period, for the Sydney Statistical Division these categories increased by 5.3% (from 14.4% to 19.7%) and 4.5% (from 6.7% to 11.2%) respectively.

Over the same period, those engaged in the labourer (labourers and related in 1996) occupations in these postcode areas fell from 19.3% in 1991 to 10.7% in 1996 and in the tradesperson occupations from 13.4% to 10.7%.

In the Sydney Statistical Division, the proportion of the workforce in these categories also fell, though not as significantly, from 11.1% in 1991 to 7% in 1996 and 12.9% in 1991 to 12% in 1996 respectively.

Table 3 – Occupation by % of population for postcodes 2015, 2017, 2018

Occupation	1991 (%)	1996 (%)
Labourers and related	19.3	10.7
Clerks	18.3	4.7 I-Advanced
Sales and personal services	12.1	17.7 I-Intermediate 9.8 I-Elementary
Total persons (1996 – and related)	13.4	10.7
Plant and machine operators (1996 – intermediate production and transportation)	9.3	11.3
Professionals	9.5	16.2
Managers and administrators	6.3	5.6
Para-professionals (1996 – associate professionals)	4.9	10.3
Other (not stated or adequately described)	6.9	3.1

1. The categories of Clerks and Sales and personal service workers for the 1991 Census were separated into three clerical groups of Advanced, Intermediate and Elementary clerical/sales and services for the 1996 Census.

Source: Census data 1991 and 1996

Income

The proportion of households in higher income brackets (that is, gross household income per annum of greater than \$50,000) has increased substantially within the Green Square area. Although it is not possible to accurately compare the income at each Census (as the categories have changed slightly), the data from 1996 indicates that approximately 21.6% of the population are high income earners, compared with 5.6% in 1986, and approximately 15.1% in 1991.

Further, the selected postcode areas since 1986, have seen a significant reduction in the percentage of households with very low incomes (that is, gross household income per annum of less than about \$16,000). In 1986 this figure was about 46%, and in 1996, it was about 28%. Between 1991 and 1996 the proportion of very low income households declined by approximately 4%, almost double the rate at which the proportion of very low income households have declined in the Sydney Statistical Division for the same period.

Education and qualifications

As illustrated in Table 4, the proportion of the population with tertiary qualifications at all levels has increased substantially within the Green Square area and immediate surrounds. In 1991, the proportion of the population with a bachelor degree was 4.7% compared with 8.1% in 1996 – almost double. In comparison, the Sydney Statistical Division has also seen an increase in the percentage of people with bachelor degrees, although at a lesser rate (7.1% in 1991 to 9.7% in 1996).

During the same period, the percentage of people who do not have a qualification in the selected postcode areas has declined from 63.3% in 1991 to 58.9% in 1996, a rate of about 4.4%. Whilst this was also the case in the Sydney Statistical Division, the decline was not as marked (from 56.8% to 53.7%).

Table 4: Qualifications of the population in the selected postcode areas

Qualifications	Selected Postcodes		Sydney Statistical Division	
	1991 (%)	1996 (%)	1991(%)	1996(%)
Higher Degree	1.0	2.0	1.4	2.1
Post Graduate Diploma	0.6	1.0	1.1	1.3
Bachelor Degree	4.7	8.1	7.1	9.7
Undergraduate Degree	2.4	2.5	3.8	3.7
Associate Diploma	0.7	2.8	1.5	3.2
Skilled Vocational	7.8	8.0	10.1	10.1
Basic Vocational	2.7	2.2	4.0	3.2
Inadequately described	1.5	0.9	1.3	1.1
Not stated	15.4	13.6	13.0	11.9
Not qualified	63.3	58.9	56.8	53.7

Source: Census data 1991 and 1996

Residential rent and sale prices

The substantial injections of infrastructure investment (the Green Square Railway Station for example) and up-zoning of the area can be expected to increase land values producing upward pressures in purchase and private rental accommodation cost beyond the means of low to moderate income groups.

Table 5: Median weekly rental levels – flats & units (all bedroom sizes)

Area-quarter	June 1997	June 1998	Increase
Selected Postcode Areas of 2015 (Alexandria & Beaconsfield), 2017 (Waterloo & Zetland), and 2018 (Rosebery)	\$195	\$220	+\$25
South Sydney Local Government Area	\$210	\$230	+\$20
Sydney Statistical Division	\$200	\$210	+\$10

Source: Calculated by the Department of Urban Affairs and Planning based on records from the Rental Bond Board of the Department of Fair Trading

Between June 1997 and 1998, the median rent levels for flats and units in the postcode areas encompassing and immediately surrounding the Green Square area have increased from \$195 to \$220, an increase on average of \$25. In comparison, the median rent levels for both the South Sydney LGA and the Sydney Statistical Division also increased over the same period, although not as substantially.

Table 6 shows that recent median sale prices (purchase cost) for residential units have been increasing significantly. However, due to the limited number of sales over the period March 1997 to March 1998, these figures need to be treated with caution.

Table 6: Median sale price and number of sales for strata properties

Postcode	Mar 1997	Sales No.	Mar 1998	Sales No.	Difference in value
2015	\$194,000	36	\$227,000	14	+\$33,000
2018	\$240,000	33	\$255,000	42	+\$15,000
	Dec 1997		Dec 1998		
2015	\$175,000	17	\$250,000	17	+\$75,000
2018	\$242,000	30	\$257,000	41	+\$15,000

Source: Valuer -General Office. Data compiled by Housing Data Advisory Service, Department of Urban Affairs and Planning, 1998.

Given the anticipated increasing property values in the area as development occurs, it is considered that most new residential development will be in the higher price range. Therefore, it can be expected that the incoming residents will be in the middle to high income categories for both purchased and rental properties. As a result, the housing market would serve an increasingly smaller proportion of the population,

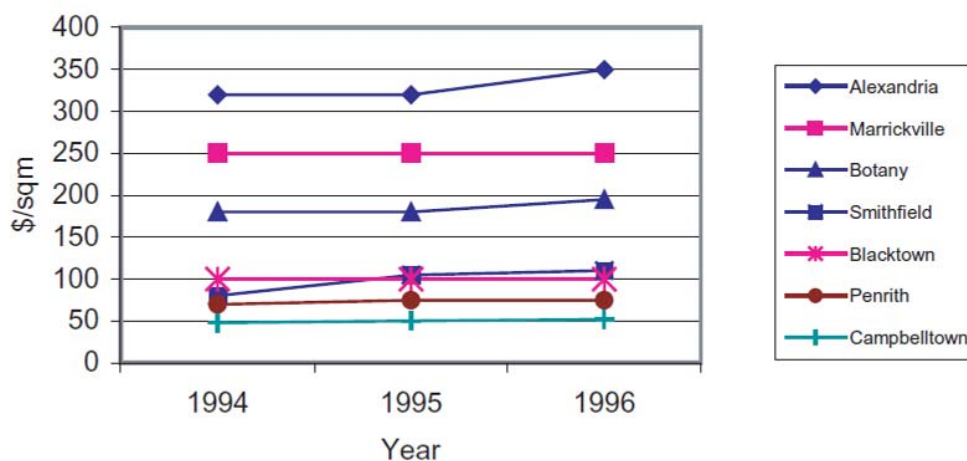
narrowing the socio-economic diversity which does not reflect the stated LEP and DCP objectives for the area.

Residential rent and sale prices

Rezoning of former industrial land to allow mixed uses contributed to increased land values. Within the Green Square area, there is potential to develop a range of mixed uses including retail, commercial and public/civic services which will facilitate the provision of local employment opportunities for a variety of occupation groups. This will contribute to the overall amenity of the area and allow for a reimagining of the traditional industrial lands (employment lands) to that of a 'mixed uses' area. The enhanced access to both the Central Sydney and Sydney's airports, via the Eastern Distributor and future railway link will also improve the accessibility in Green Square.

As Figure 2 (below) shows, the land values for industrial land in Alexandria (which is within Green Square), have increased more substantially than the other industrial areas in Sydney shown.

Figure 2 – Land Value of Small Industrial Sites



Source: Valuer-General Office compiled by Hill PDA, 1998.

Schedule A - Recommended Affordable Housing providers

City West Housing Pty. Ltd.

Schedule B – Information for the preparation of Bank Cheques and Bank Guarantees

Bank Cheques

- Bank cheques are the required form of payment of in lieu contributions.
- Bank cheques are to be made out to: '*Department of Planning*'
- Separate cheques must be lodged for separate development applications. Incorrect cheques can increase processing times.
- The Department of Planning and Infrastructure will accept more than one bank cheque for the payment of an in lieu contribution for one development application, in the event that a bank cheque is drawn for an incorrect (possibly unindexed) amount and is less than the required contribution.

Bank Guarantees

If an applicant wishes to pay an affordable housing contribution prior to the issuing of an Occupation Certificate for a development (instead of at Construction Certificate stage), the applicant will need to provide a Bank Guarantee at Construction Certificate stage.

Any bank guarantee taken out to provide evidence that an affordable housing contribution will be paid (and thereby allow approval of a construction certificate) must be in a form acceptable to the Department of Planning.

The Department will generally require bank guarantees:

- to be issued by an Australian bank;
- to require the bank to pay the guaranteed amount unconditionally to the Department of Planning and Infrastructure where it so demands in writing but not before receipt of advice from the Council of the City of South Sydney that it is able to grant the first occupation certificate for the subject development, or where no occupation certificate is required for occupation of the development;
- to prohibit the bank from having recourse to the applicant or other person entitled to act upon the consent before paying the guaranteed amount;
- to provide that the bank's obligations will be discharged only when payment is made according to the terms of the bank guarantee, if the related consent lapses, or if the Department notifies the bank in writing that the bank guarantee is no longer required. The bank guarantee will otherwise have no date of termination;

- to require the bank to pay the guaranteed amount, notwithstanding any notice to the contrary by the applicant or other person entitled to act upon the consent; and
- to provide that the maximum amount payable, if not paid in the same financial year as the development consent to which it relates, shall be indexed in accordance with this Program.

The Department of Planning and Infrastructure will check the Bank Guarantee against required terms and the amount calculated and endorsed by Council as required in the development consent.

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

If details in the bank guarantee are incorrect the processing time may be longer.

The bank guarantee will be discharged when a payment for the affordable housing contribution has been received by the Department of Planning and Infrastructure by returning the document to the Bank with a letter advising that the Undertaking is no longer required.

Separate bank guarantees must be lodged for separate development applications.

See overleaf for an example of an appropriate bank guarantee.

SAMPLE OF BANK GUARANTEE

(NAME OF BANK) A C N

BANK GUARANTEE

Guarantee No.

Favouree (the Principal) **To: Department of Planning and Infrastructure**

Business name Or trading Name **For: (Applicant/Company Name) (the Customer)**

(Name of Bank) asks the Principal to accept this Undertaking in connection with a contract or agreement between the Principal and the Customer for

Description of Contract/ agreement Security deposit in respect of an Affordable Housing Contribution for the development known as **(address of development and DA number)**

In consideration of the Principal accepting this Undertaking, the Bank undertakes unconditionally to pay the Principal on written demand from time to time any sum or sums to an aggregate amount.

Amount **(Amount)** indexed annually on March 1 on the basis of the Established House Price Index for Sydney for the preceding year (December to December – using arithmetic averages of the quarterly index numbers) as published by the Australian Bureau of Statistics (Cat No. 6416.0).

The Bank will pay this amount or any part of it to the Principal on demand without reference to the Customer and even if the Customer has given the Bank notice not to pay the money and without regard to the performance or non-performance of the Customer or Principal under the terms of the contract or agreement.

Any alterations to the terms of the contract or agreement or any extensions of time or any other forbearance by the Principal or Customer will not impair or discharge the Bank’s liability under the undertaking.

This undertaking remains in force until one of the following events occur:

- The Principal notifies the Bank in writing that the Undertaking is no longer required.
- The Bank has paid the said indexed aggregate amount or balance outstanding to the Principal.

Notwithstanding anything stated in this Undertaking, the Bank has the right to terminate it at any time by paying the Principal the indexed aggregate amount or the balance outstanding, or any lesser amount that the Principal may require.

(Dated and signed) For and on behalf (Name of Bank).

On expiry or when no longer required this document must be returned for cancellation to:

The Manager
 Bank Name: _____

Bank Address: _____
