



CUMBERLAND  
CITY COUNCIL

## Affordable Housing Policy

### AUTHORISATION & VERSION CONTROL

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## INTRODUCTION

Affordable housing encompasses a broad spectrum of housing, providers, tenure, and delivery models. Affordable housing products vary for various target groups and range from social (community and public) housing to subsidised housing such as group homes for those most in need, to discount private rental housing, boarding houses, secondary dwellings, dual occupancies and smaller apartments for key workers and low and moderate income households.

Housing affordability is a critical issue in Cumberland City and across Greater Sydney. In Cumberland City, 70% of the total very-low, low- and moderate-income renting households are currently in rental housing stress. Moreover, the rental market is becoming more far important, with an increase in long-term renters, and a total of 41.4% of renting households (private rental and social housing) in 2016 compared with 34.9% for Greater Sydney.

This Policy focuses on affordable rental housing where local government has the capacity and capability to provide this type of affordable housing. This focus also reflects evidence that rental stress is of more concern than mortgage stress. Out of around 19,000 households in housing stress in the Cumberland area in 2016, around 13,500 (71%) were in rental stress and 5,500 (29%) were in purchase stress, and a far higher proportion of very-low and low income households occupy the private rental market as opposed to the mortgage market.

## PURPOSE

This Policy seeks to address housing affordability through the identification of mechanisms available to Council for the provision of affordable housing. It aims to:

- support the provision of affordable housing in Cumberland City, with a priority for households on very low and low incomes as well as key workers;
- enable the dedication of dwellings to Council and/or collection of monetary contributions for the provision of affordable housing; and
- support the achievement of affordable housing outcomes as outlined in district and local strategic planning frameworks.

## SCOPE

The Policy applies to all land and development within Cumberland City.

## DEFINITIONS

In this Policy, the following terminology is used:

**Act** means the Environmental Planning and Assessment Act 1979.

**Affordable Housing** is defined by the Environmental Planning and Assessment Act 1979 as housing for very low, low or moderate incomes households.

**ARH SEPP 2009** means State Environmental Planning Policy (Affordable Rental Housing) 2009.

**Community housing** provides affordable rental housing to people on very low to moderate incomes and includes a range of housing including housing for people with very high needs (usually in partnership with a specialised support provider). Community housing providers are

increasingly working in partnership with support providers, public housing providers, local government, and the private sector.

**Council** means Cumberland City Council.

**Development application** has the same meaning as in the Act.

**Key workers** are those workers who are employed in roles essential to the functioning of a city. While there is no universal definition of the term, key workers typically include police, fire fighters, teachers, childcare workers and other employee groups who undertake work considered essential for the day-to-day functioning of a city, and who are typically paid low to moderate salaries.

**Low household income** is defined in SEPP 70 as households on between 50% to 80% of median household income for Greater Sydney.

**Moderate household income** is defined in SEPP 70 as households on between 80% and 120% of median household income for Greater Sydney.

**Planning proposal** has the same meaning as in the Act.

**SEPP 70** means the State Environmental Planning Policy No 70—Affordable Housing (Revised Schemes).

**Social housing** is secure and affordable rental housing provided by the Land and Housing Corporation for people on low incomes who are unable to access suitable accommodation in the private rental market. Social housing includes public, Aboriginal and community housing.

**Very low household income** is defined in SEPP 70 as households on less than 50% of median household income for Greater Sydney.

## STRATEGIC CONTEXT

### Background

Households paying more than 30% of their gross household income on housing costs are considered to be in housing stress, and households paying more than 50% are considered to be in severe housing stress. When households spend more than 30% of their household income on rental or mortgage payments, it restricts their capacity to adequately meet other basic needs such as food, clothes, medical care, education, and transport.

Affordable housing is essential for social equity and community wellbeing, a diverse labour market, employment growth and economic development, and environmental sustainability. A lack of affordable housing affects the quality of life of families and individuals. It results in the displacement of long-term residents and breakdown of the community's social fabric. It also impacts on an area's economic stability and growth - the labour force is affected when lower paid key workers leave their community to find cheaper housing.

Access to affordable, appropriate, and secure housing is a basic requirement for all people and an essential component of an inclusive and sustainable city. However, with housing costs increasing at a faster rate than household incomes and Sydney being Australia's least affordable housing market, there is a significant challenge in meeting the affordable housing needs of very-low, low- and moderate-income households in Cumberland City.

### Affordable housing in Cumberland City

Current affordable housing provision in Cumberland City includes a mix of social housing, affordable rental housing, boarding houses, secondary dwellings and dual occupancies. 4,600

dwellings are managed by the Land and Housing Corporation, 100 dwellings by the Aboriginal Housing Office, and 1,000 dwellings by four community housing providers currently active in Cumberland. Council owns eight affordable housing units and 76 seniors units.

Secondary dwellings and dual occupancies are a form of privately owned affordable housing as part of the affordable housing of the spectrum with approvals for Cumberland City, being the second highest total in Greater Sydney.

Affordable housing is currently provided in Cumberland City through a range of mechanisms. These include provision by a community housing provider or State agency, in connection with a planning proposal or development application that is dedicated to Council, or affordable housing provided through development in response to the ARH SEPP 2009.

Despite considerable growth in private rental in the Cumberland City over the past decade, the proportion of rental stock affordable to very low-income renters in Cumberland fell from 30% to 22% and to low income households fell from 53% to only 34% from 2006-2016. There was also a loss of such properties in absolute terms.

Cumberland City continues to experience high levels of population growth, with this trend forecast to continue to 2036. It is estimated that over 10,700 new affordable housing dwellings will be required in Cumberland between 2016 and 2036, of which approximately 70% will be needed for very low-income households, and 50% of which will need to be larger dwellings. This reflects the diverse household structures and cultures within Cumberland City.

## **PRINCIPLES**

The provision of affordable housing in Cumberland City will be governed by the following principles:

1. Affordable housing is to be created and managed so that a socially diverse residential population representative of all income groups is developed and maintained in a locality.
2. Affordable housing is to be made available to very low, low- or moderate-income households, or any combination of these.
3. Affordable housing is to be rented to appropriately qualified tenants and at an appropriate rate of gross household income.
4. Land provided for affordable housing is to be used for the purpose of the provision of affordable housing.
5. Buildings provided for affordable housing are to be managed so as to maintain their continued use for affordable housing.
6. Rental from affordable housing, after deduction of normal landlord's expenses (including management and maintenance costs and all rates and taxes payable in connection with the dwellings), is generally to be used for the purpose of improving or replacing affordable housing or for providing additional affordable housing.
7. Affordable housing is to consist of dwellings constructed to a standard that is consistent with other dwellings in the vicinity.

## **REQUIREMENTS**

Council's position in relation to affordable housing is as follows:

1. Council encourages the provision of affordable housing, including infill affordable rental housing (dual occupancies, multi-dwelling housing or residential flat buildings) and boarding houses, in high-amenity locations that are in walking distance to public transport services.
2. Cumberland City supports and will facilitate the following targets related to affordable housing (as far as practicable).

Affordable Housing Target	Considerations
The Central City District Plan target to provide 5 – 10% of additional residential floor space, to be dedicated for very low- and low-income households.	Apply to planning proposals and development applications.
A Council target to provide 15% of additional residential floor space, to be dedicated for very-low, low- and moderate-income households.	<p>Apply to strategic locations within Cumberland City undergoing significant urban renewal.</p> <p>Apply where development feasibility can underpin efforts to support the delivery of this affordable housing target.</p>

3. Where a planning proposal includes a residential component, Council will seek a proportion of additional residential floor space to be dedicated to Council as affordable housing for very low and low-income households, as outlined in Council's *Planning Agreements Policy* and *Planning Agreements Guidelines*.
4. Where the development application or proposed development application includes a residential component, Council will seek affordable housing to be dedicated to Council through consideration of matters, as outlined in Council's *Planning Agreements Policy* and *Planning Agreements Guidelines*.
5. Further contributions for affordable housing can be accepted for moderate income households through planning agreements.
6. Council's *Planning Agreements Guidelines* outline matters that should be taken into consideration for inclusion in planning agreements, including target household, mix of dwelling sizes, extent of universal design requirements and timing for dedication of affordable housing, among others.
7. Affordable housing contributions will be dedicated to Council as whole dwellings. Monetary contributions will be sought to make up the remainder of target floor space area, determined by the market rate.
8. Council will hold monetary contributions received for affordable housing and use them for the intended purpose, as sufficient funds become available.
9. Council may set tenant eligibility for access to affordable housing. Details of eligibility criteria will be specified in procedural documents. Criteria may include income testing, current living arrangements and location, location of work in the Cumberland area, and whether the household includes a person with a disability.
10. Council may seek arrangements with local community housing providers active in the Cumberland area for the appropriate management of the Council owned affordable housing.

## **RELATED LEGISLATION**

This Policy is consistent with the following:

- Environmental Planning and Assessment Act 1979
- State Environmental Planning Policy No 70—Affordable Housing (Revised Schemes)
- State Environmental Planning Policy (Affordable Rental Housing) 2009
- Greater Sydney Region Plan: A Metropolis of Three Cities (Greater Sydney Commission, 2018)
- Central City District Plan (Greater Sydney Commission, 2018)
- Cumberland 2030: Our Local Strategic Planning Statement

## **RELATED DOCUMENTS AND COUNCIL POLICY**

This Policy should be read in conjunction with:

- Cumberland Affordable Housing Strategy
- Cumberland Planning Agreements Policy
- Cumberland Planning Agreements Guidelines