

9 October 2023

Community Life Manager  
Willoughby City Council  
PO Box 57  
CHATSWOOD NSW 2057

*Electronic submission*

To whom it may concern

**Re: Willoughby Affordable Housing Policy Amendment**

Urban Taskforce Australia does not support the amendment proposed by Willoughby City Council to its Affordable Housing Policy.

By removing cash payments as an alternative to donating apartments in perpetuity further reduces flexibility for developments in meeting these burdensome imposts which are effectively taxes on the provision of new housing.

The entire policy is badly conceived and is a barrier to the feasibility of housing (market and affordable). The fact that Willoughby City Council has delivered a mere 37 affordable housing properties in 25 years is testimony to the abject failure of the policy.

What would assist the delivering of more housing would be to provide height and FSR incentives to private developers – along the lines of what the NSW Government has set about achieving through its proposed amendments to the Housing SEPP – offering height and FSR bonuses if a developer sets aside a percentage of affordable housing for at least 15 years.

The insistence of Willoughby City Council for developers to provide up to 10% in affordable housing in perpetuity has and will kill off the feasibility of many developments. With rising interest rates, increased labour and building material costs, margins are extremely tight and housing development is increasingly seen by lenders as a risky proposition.

The additional impost of affordable housing contributions adds to the costs and in many cases, renders them unfeasible to progress to construction.

A shortage of market housing places upwards pressure on the cost of purchasing or renting a home. This maxim appears to have been ignored by Willoughby City Council (among many others).

The focus of Council should be on means to ensure that more market housing is produced and that any requirement for affordable housing can be supported to ensure they do not threaten feasibility.

If the proposed amendment to the affordable housing policy of Council is to remain, there should be an option for a developer to make monetary contributions rather than being forced to hand over property in perpetuity.

The stated motivation behind the policy is to provide greater quantity of affordable dwelling units distributed equitably throughout the Willoughby LGA.

The proposed removal of the option to provide a monetary contribution towards affordable housing will create a significant financial burden on larger development projects and lead to a reduction in the availability of future affordable housing supply as these new large development projects become unfeasible and therefore not proceed.

This is particularly relevant in Chatswood CBD and St Leonards precinct where 10% of residential GFA is required to be contributed to Council in perpetuity.

Land values and construction costs in these areas are significantly higher than in other, less dense areas within Willoughby LGA.

A monetary contribution in lieu of floor space would allow Council to construct or purchase more affordable dwelling units in less expensive areas throughout Willoughby LGA.

To put this into context, an average 75sq.m. apartment in Chatswood CBD may have a market value of \$2m or more. An average 75 square metre apartment in less dense areas of Willoughby LGA may have a market value of \$1million or less. If Council took a monetary contribution in lieu of floor space, they could provide twice as many affordable accommodation units within the LGA.

By retaining the option of a monetary contribution also allows Council greater flexibility to provide affordable housing in areas where it is needed throughout the entire Willoughby LGA, not just in one or two high density locations – Chatswood CBD and St Leonards.

**Recommendation 1: that Willoughby City Council should not proceed with the amendment of its Affordable Housing Policy**

There is concern that local affordable housing policies are being deliberately used to thwart housing in well located areas like Chatswood.

The Department of Planning and Environment's Urban Development Program Dashboard on housing approvals and completions shows that Willoughby City Council's performance according to the metrics below has been poor.

Even based on the conservative targets set by the GCC of 1,250 new dwellings by 2026, Willoughby City Council only delivered 144 completions in the 12 months to March 2023.

With the National Housing Accord setting NSW a target of 375,000 new dwellings in the five years to June 2029, strategic centres like Chatswood must do more of the heaving lifting when it comes to delivering market-based housing.

The NSW Government was elected with a clear mandate to increasing housing density in centres which are serviced with high quality public transport infrastructure.

Affordable housing needs to be linked to the provision of market-based housing – this is a principle underpinning the NSW Government's amendments to the Housing SEPP as it applies to infill affordable housing. Once these changes are in place, it is time for those small number of Councils to abandon their local affordable housing contributions schemes.

Otherwise, we have an unlevel playing field where Councils with their own affordable housing targets, in addition to State Government affordable housing requirements, establish higher barriers to the provision of new housing,

No new market housing means no new affordable housing.

To ensure consistency across the State, in particular for well located LGA's like Willoughby, which has received the benefit of the construction of a new metro, paid for by all the taxpayers of NSW, a level playing field in terms of the provision of affordable housing should exist.

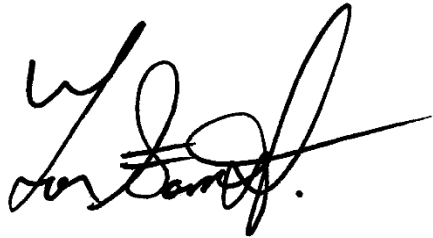
Clause 1.9 of the Willoughby Local Environment Plan should be amended to remove the provisions of Clause 1.9 (2) and (2A) which exempts the land to which Clause 6.8 of the LEP applies, from the provisions of the Housing SEPP.

This has not resulted in affordable housing in Willoughby LGA and should be dispensed with.

**Recommendation 2: that Willoughby City Council abandon its local affordable housing policy and amend its LEP to remove the provisions of Clause 1.9 of the LEP once the NSW Government's infill affordable housing policy (amending the Housing SEPP) comes into effect.**

Should you wish to discuss this matter further, please call our Head of Policy, Planning and Research, Stephen Fenn on 9238 3969 or via email [stephen@urbantaskforce.com.au](mailto:stephen@urbantaskforce.com.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tom Forrest', with a stylized flourish extending to the right.

**Tom Forrest**  
Chief Executive Officer