

Camden Residents' Action Group

Incorporated

Camden – Still a Country Town

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The General Manager
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7 April 2025

Dear Sir,

Draft Western Sydney Affordable Rental Housing Contribution Scheme

Thank you for the opportunity to comment on the above draft scheme prepared by the Western Sydney Planning Partnership (WSPP), which is intended to provide affordable homes for those on low or moderate incomes who cannot afford private market rental rates. Often those requiring affordable housing, such as single parent families and those providing or training to provide essential services benefitting everyone in NSW, very much need to live close to their work. We are pleased that the draft recognises these issues and intends that the proposed affordable housing will remain affordable in perpetuity at a maximum rent of 30% of household income. We are also pleased that the proposed housing is to be indistinguishable within other quality housing.

Our comments follow.

Timing

CRAG believes that waiting 3 years, until March 2028, to begin collecting contributions is too far into the future.

We understand that all Sydney Councils are required by NSW Department of Planning, Infrastructure and Housing to prepare an Affordable Housing Contribution Scheme to complement and assure their Local Housing Strategies.

The department issued a guideline for councils to help in developing such contribution schemes in February 2019¹. Action 34 of *Camden Local Strategic Planning Statement* (March 2020) first raised that Council would investigate the development of an Affordable Housing Strategy and Affordable Housing Contribution Scheme in the short term. Priority Action 33 of *Camden Local Housing Strategy* (October 2021) subsequently stated that Council would prepare a Western Sydney Affordable Housing Strategy and Affordable Housing Contribution Scheme (AHCS) for the Camden LGA in collaboration with the partner councils of the Western City District and Blacktown, and consider the outcomes once finalised, also in the short term.

To achieve resource efficiencies of collaboration, the WSPP initially worked with nine councils (Blacktown, Blue Mountains, Hawkesbury, Fairfield, Liverpool, Penrith, Camden, Campbelltown and Wollondilly) to prepare an earlier Draft Western Sydney Regional Affordable Housing Contribution Scheme (November 2023)². The WSPP draft (March 2025) on exhibition instead covers five councils, Blacktown, Blue Mountains, Hawkesbury, Camden and Wollondilly.

Collaborative opportunity and much time has been lost and it is already 5 years since Camden Council first foreshadowed developing an affordable housing contribution scheme in the short term. The *Camden Local Housing Strategy* projected that households in need of social and affordable housing (SAH) would number 4372 in 2026 and 5598 in 2031. The numbers requiring SAH across the five councils would be much greater.

Housing stress is a real and present issue in our community that has long required action. Councillors recently unanimously supported taking other actions about unmet housing need, homelessness and growing inequity in our community³. Affordable housing created through the contribution scheme would not result in homes ready to benefit those in need for perhaps years after the start of collecting contributions.

We therefore submit that the scheme should start before March 2028. We understand that the scheme will create ripples in the construction market.

This could be minimised by publicising the expected changes as soon as possible. Also, many larger players in new development would already be aware that planning instruments spell out that contribution schemes are required and be aware that a number of councils have had schemes in place

¹ NSW Department of Planning and Environment February 2019 *Guideline for Developing an Affordable Housing Contribution Scheme* Available at <https://www.planning.nsw.gov.au/sites/default/files/2023-06/guideline-for-developing-an-affordable-housing-contribution-scheme.pdf>

² Western Sydney Planning Partnership November 2023 *Draft Western Sydney Regional Affordable Housing Contribution Scheme (Version 1, 22 May 2024)* <https://theparks.nsw.gov.au/wp-content/uploads/2024/05/Draft-Western-SydneyRegional-Affordable-Housing-Contribution-Scheme-V1.pdf>

³ Camden Council 10 December 2024 *Meeting Minutes* <https://www.camden.nsw.gov.au/assets/Uploads/ORD-10122024-MIN-Confirmed.pdf>

for some time (such as Canada Bay, August 2020⁴; Waverly, December 2020⁵; Penrith (some areas) April 2022⁶) and that others are in the pipeline (such as Sutherland⁷).

Collaboration between councils

We note the use of the term “subregion” which refers to *a sub-grouping of Western Sydney councils which share a boundary, which may be used as the basis for allocating affordable housing contributions at a subregional level, subject to Council agreement. This does not involve another Council holding or disbursing money.*



As stated in the Distribution Plan (3.1), Councils may choose to opt into allocation of contribution funds with an adjoining local council to help secure suitable sites and increase funds available to eligible affordable housing providers.

As shown in the above map of council areas, it seems that that Camden can only collaborate with Wollondilly. It is not clear why collected contributions of the five council areas signing up to the scheme cannot be pooled to enable eligible housing providers to acquire land where it is available and build affordable housing where it is most needed.

⁴ City of Canada Bay 18 August 2020 *AHCS* Available at [https://www.canadabay.nsw.gov.au/sites/default/files/2021-11/Revised%20AHCS_incl%20RW_AdjJun21_EffOct21_percentage%20clarified\(updated%2026.11.2021\).pdf](https://www.canadabay.nsw.gov.au/sites/default/files/2021-11/Revised%20AHCS_incl%20RW_AdjJun21_EffOct21_percentage%20clarified(updated%2026.11.2021).pdf)

⁵ Waverly Council 2023 *AHCS* Available at https://www.waverley.nsw.gov.au/_data/assets/pdf_file/0020/241364/Waverley_Affordable_Housing_Contributions_Scheme_2023.pdf

⁶ Penrith City Council April 2022 *AHCS Glenmore Park and Orchard Hills North* Available at <https://www.penrithcity.nsw.gov.au/building-development/planning-zoning/planning-controls/affordable-rental-housing-contribution>

⁷ Sutherland Shire Council December 2024 *Draft AHCS Working Party* Available at https://www.sutherlandshire.nsw.gov.au/_data/assets/pdf_file/0032/97790/Affordable-Housing-Contribution-Scheme-Working-Party-Terms-of-Reference.pdf

Whilst we understand that Camden would need to produce its own AHCS if the five councils had not agreed to a joint scheme, it is also true that the problem to be addressed is a greater Sydney and NSW state problem, not one confined to strict LGA boundaries.

We submit that further refining of the collaboration and commissioning process with Homes NSW may be possible to supply more affordable housing at a faster rate and be an exemplar of collaboration for the public good.

Secondary dwellings

We note the research⁸ in the documentation that indicates that around 4 in 10 secondary dwellings or granny flats are used as an extension to the main home and do not increase the rental supply. Those that are rented out and do increase the rental supply are usually not affordable for low-income households.

Importantly secondary dwellings are limited to a small size and cannot be part of a strata scheme or subdivided from the main home and sold separately. Our understanding is that new dual occupancies and attached housing, also listed as subject to contributions, can be sold separately if subdivided or included in a strata scheme.

It is not consistent that new dwelling houses and residential alterations and additions are exempt from contributions but secondary dwellings to be used as an extension to an existing home are not exempt. We also think it will be very unpopular amongst home owners, who may themselves be on moderate incomes, and who wish to build a secondary dwelling to supplement their income. Home owners with an established secondary dwelling can make a greater return on investment.

A homeowner building a new secondary dwelling of 60sqm (the maximum) would pay an additional cost of \$7080 (\$118 x 60) which would put upward pressure on rents for this type of accommodation and perhaps force family members who could otherwise be accommodated at home into the private rental market. Requiring contributions on new secondary dwellings may reduce the number of secondary dwellings being built and paradoxically lead to further scarcity of rental accommodation (and higher rents).

We submit that this distortion in the market can be avoided by exempting DAs for secondary dwellings from contributions.

⁸ SSROC May 2020 *Secondary Dwellings in Central and Southern Sydney* referred to in *Evidence base for the Western Sydney Affordable Rental Housing Scheme* at pp 22-23 https://hdp-au-prod-app-cam-matters-files.s3.ap-southeast-2.amazonaws.com/3917/4114/5445/Appendix_A_Evidence_Base_-_SGS_Economics_August_2023_-_Public_Exhibition_version.pdf

Use of contributions

The Distribution Plan (p. 3) states that where reasonable and justifiable that housing funds may be used for administration and review of the scheme. What is reasonable and justifiable is subjective and open to budgetary interpretation.

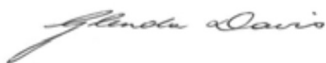
We submit that contributions collected should be only be available to be used on the capital account for providing affordable housing. We consider that the following should be covered by existing staffing of councils and NSW Departments and administrative relationships:

- preparation and review of the Scheme, including studies that support the review and update of the contributions rates;
- preparation, monitoring, and review of the Plan;
- costs of individual local councils incurred in the financial and legal management of contributions, including the transfer as part of the commissioning process of funds to eligible affordable housing providers;
- managing contributions made in the form of land, including the transfer as part of the commissioning process of land to eligible affordable housing providers;
- administration of the commissioning process (including sub-regional commissioning when agreed to by councils) including the preparation of partnership agreements with Homes NSW, seeking and evaluating expressions of interest (including undertaking due diligence) and entering into legal agreements with eligible affordable housing providers;
- Homes NSW administration of the commissioning process, and
- ensuring the efficient and effective administration of the Scheme, including this Plan, and the delivery of affordable housing by eligible affordable housing providers.

It may happen that additional staff will be needed by councils and Homes NSW but we suggest that this should be considered on a workload basis as the scheme is implemented and progresses. Additional workforce costs can be absorbed into the normal growth of councils and NSW government, and not extracted from monies intended for housing the more vulnerable in our community.

In conclusion, CRAG very much supports the provision of affordable housing and would like to see this scheme implemented in a way to best serve those struggling within our community as soon as possible.

Yours sincerely



Glenda Davis

President