

Appendix 8 –

Draft Affordable Housing Contribution Scheme

March 2022

Affordable Housing Contribution Scheme: Inner West Council



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**This report has been prepared for
Inner West Council**

By

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1 Strategic context and background

1.1 Objectives of the Affordable Housing Contribution Scheme

In accordance with section 1.3(d) and Division 7.2 of the *Environmental Planning and Assessment Act 1979 (NSW)* ('the Act'), and the *Inner West Affordable Housing Policy*, the objectives of the Inner West Council Affordable Housing Contributions Scheme are:

- to facilitate the provision of affordable housing options within the Inner West Council area to meet the needs of very low, low and moderate income households so as to promote diversity, equity, liveability and sustainability
- to set out how, where and at what rate development contributions will be collected by Inner West Council to provide fairness, certainty and transparency for the local community, developers and other stakeholders.

1.2 Where does the Affordable Housing Contribution Scheme apply?

The Affordable Housing Contribution Scheme ('the Scheme') applies to land and development within the local government area of the Inner West. The Scheme applies to the following precinct:

- Leichhardt Precinct

The area covered by this precinct is shown in Figure 2.1 below.

Note: Additional land may be added to the Scheme by amendment of this document via Council resolution and amendment of the Inner West LEP.

1.3 What types of development does the Scheme apply to?

The Scheme applies to all residential development within the precincts listed in Section 1.2 above, including Residential Flat Buildings and Shop top housing, and excludes the types of development listed in Section 2.4 below, such as dwelling houses, secondary dwellings and development by a social housing provider.

1.4 Overview of affordable housing need

1.4.1 Overview

Inner West Council, and the three former councils that comprise the amalgamated Council, have undertaken extensive affordable housing research and needs assessment over some years. This analysis has consistently found that there is substantial and growing unmet affordable housing need in its community that will not be met without strong planning intervention and direct creation of affordable housing.¹

This is related to the large and growing number of local people in housing stress and the displacement of historical populations through ongoing gentrification and non-replacement of affordable housing lost to strata subdivision and redevelopment. It is also related to the current and projected levels of unmet need for affordable housing, particularly for very low and low income renting households and more vulnerable groups. The significant gap between market provision and current and projected need is also a key factor, with the market predicted to provide around 10-15% of the affordable housing needed, and with this mainly for moderate income households.

Council's (2019) Local Housing Strategy, *Our Place Inner West*,² likewise reports the serious and growing affordability issues facing very low and low income renters in particular, including high rates of housing stress and homelessness amongst these groups. It notes that, while Inner West makes an important contribution to affordability for moderate income households, this is not the case for low and very income households, 'making housing our diverse community a particular challenge if we are to maintain our unique Inner West community identity'.³

The research consistently indicates that strong interventions through the planning system, and the direct creation of affordable housing on public land through development and management partnerships, are virtually the only way to create affordable housing in most areas of Inner West Council area.

1.4.2 Gentrification and social exclusion

The analysis of key socio-economic indicators provides clear evidence of significant demographic change. Over the past decade, there has been a growing displacement and exclusion of more disadvantaged and vulnerable people from the former Marrickville and Ashfield LGAs, and for at least two decades in the case of the former Leichhardt LGA. The failure of the market to provide

¹ See for example Part A of Council's *Affordable Housing Policy*, which sets out a summary of the evidence for the findings outlined here. Also see detailed research from JSA's (2016) *Affordable Housing Background Paper*, which provides further data and analysis. The overview of housing need is also informed by Marrickville Council's (2015) *Marrickville Housing Profile*, and Leichhardt Council's (2011) *Affordable Housing Strategy*, and *Strategic Action Plan*; and by updated data and analysis in **Appendix A** to this Affordable Housing Contributions Scheme. More recently, Inner West Council's *Local Housing Strategy* found that housing affordability is a significant issue facing the LGA, with rental generally unaffordable to low and very low income renting households, and approximately 10,000 households needing social or affordable housing by 2036.

² Elton Consulting (2019) *Our Place Inner West: Local Housing Strategy*, for Inner West Council

³ Elton Consulting (2019) *Our Place Inner West: Local Housing Strategy*, for Inner West Council, p. v.

for the needs of these very low, low and moderate income people in an increasingly expensive housing market is evident.

The more recent gentrification of areas like Sydenham-Tempe-St Peters, Ashfield and Dulwich Hill-Lewisham, and the longer-term displacement of more disadvantaged people from areas like Newtown, Petersham and Balmain, are particularly evident from the research. The loss of very low income households in the Inner West LGA was four times greater than that for Greater Sydney from 2001-11, with the former Leichhardt LGA experiencing the greatest proportional losses of lower income households. Overall, the former Marrickville LGA has experienced the most rapid gentrification in recent years, although the former Leichhardt is the most 'gentrified' in terms of income, education and occupational status of its residents, having experienced major social change over a far longer timeframe.

The ongoing loss of lower income and younger workers on very low to moderate incomes is an issue across the LGA. This can now be seen in the lower than average rate of very low, low and moderate income households in the LGA, and particularly in areas that once housed a disproportionate number of very low and low income households.

The higher than average rates of housing stress among very low and moderate income households is also important, including the increasing rates of housing stress over the past decade among low and moderate income households in suburbs that were once relatively affordable. Mobility data shows the movement of lower income households and lower status workers out of the LGA in search of more affordable housing. Together with the high and increasing rate of homelessness (11.4 compared with 5.0 per 1,000 people in Greater Sydney), and the relatively low and declining rate of social housing (3.8% compared with 4.9% for Greater Sydney), this provides a compelling rationale for the creation of affordable housing through the planning system.

1.4.3 Current lack of affordable housing

The market is not providing affordable housing for the vast majority of very low and low income renting households who need it in the Inner West Council area, and is not replacing the existing stock of housing that is affordable to these groups as it is lost through gentrification and redevelopment.

The vast majority of households needing **affordable rental housing** in the LGA are excluded from affordable rental through the market. Of the dwellings for rent in Inner West LGA in the most recent quarter analysed, only older, lower amenity boarding house rooms were affordable to **very low** households. Studio apartments were affordable to low income households, but one bedroom units were only affordable to the upper 10-20% of this income range. For **moderate income** households, all smaller products (studios and one bedroom dwelling) were affordable, whilst two bedroom dwellings were affordable to some of the income group. However, any larger dwellings (three and four or more bedrooms) were well out of reach to any of the target groups, and affordable to higher income households only.

Given that rent for new apartments is likely to be higher than for older stock, the use of 'median' values means that the affordability assessment is conservative. Given the fact that there have been

significant increases in real (adjusted for inflation) rents in recent years, it is likely that housing will become even more unaffordable in the LGA in the future. Again, the analysis of projected affordable housing need is likely to be conservative.

The evidence indicates that the vast majority of those needing affordable rental housing in the LGA are unlikely to have their needs met through the market without strong planning intervention to create affordable rental housing.

1.4.4 Likely future lack of housing affordability

Research shows that ‘Separate Houses’ or ‘non-strata dwellings’⁴ will not be affordable in the Inner West Council area in the future to any of the target groups. In addition, there are limited development opportunities for the construction of dwelling houses on vacant land in the Inner West. In terms of **strata dwellings**, even under the more optimistic scenarios modelled,⁵ all **very low income and low income households** will continue to be excluded from affordable rental in the Inner West LGA in the future, as they are currently.

Again, this indicates stronger intervention through the planning system in the form of **mechanisms to capture an equitable share of land value uplift**, as well as the direct creation of affordable housing on public land through development partnerships, will be required to achieve affordability for the vast majority of relevant target groups, in particular all very low and low income households, and moderate income family households including key worker households.

At current rates of housing stress, projected to 2036 to account for the proportional increase in total dwellings projections, there will be a need from between 16,300 and 17,000 affordable dwellings in the Inner West by 2026. This is made up of the current need for 13,137 affordable dwellings, and an additional 3,200 to 4,157 affordable dwellings, depending on projections used. More than 80% of these would need to be **affordable rental, most for very low and low income renting households**.

To maintain current rates of social housing in the LGA (currently 3763 dwellings⁶ or 3.8% of total dwellings), and assuming that existing households are affordably housed, this would be an additional **940 to 1230 social rental dwellings by 2036**.

To accommodate current and projected homeless and those who are marginally housed by ABS definitions, this would require between 1750 to 1860 affordable rental dwellings be created by 2036.

In total, this represents a need for between 18,990 and 20,090 affordable dwellings by 2036. The vast majority of this will be needed by very low and low income renters and will not generally be provided by the market.

⁴ As defined in the ABS Census or the NSW Rent and Sales Report, with varying terminologies used.

⁵ Reduced parking, strata size, number of bathrooms, etc.

⁶ Adjusted for not stated and vacant dwellings in the ABS Census 2016.

1.5 Legislative basis for affordable housing contributions

The legislative basis for affordable housing contributions is provided for in Section 1.3(d) and Division 7.2 of the *Environmental Planning and Assessment Act 1979* (the Act). Specifically, the following provides the legal framework for contributions in this Scheme.

The objective of **Section 1.3(d)** is to ‘promote the delivery and maintenance of affordable housing.’

Section 7.32(1) outlines the circumstances under which conditions can be imposed on a development consent requiring land or money for affordable housing, these being that the land that the development application relates to must be located in an area identified as having a ‘need for affordable housing’ in a State environmental planning policy, and the consent authority must be satisfied that the proposal will or is likely to:

- reduce the availability of affordable housing within the area (**s7.32(1)(a)**) or
- create a need for affordable housing within the area (**s7.32(1)(b)**) or
- is allowed only because of the initial zoning of a site, or the rezoning of a site (**s7.32(1)(c)**) or
- the regulations provide for this section to apply to the application (**s7.32(1)(d)**).

Section 14 of *State Environmental Planning Policy (Housing) 2021* (Housing SEPP) identifies that there is a need for affordable within each area of the State, including the Inner West, as required by **section 7.32(1)** of the Act.

In this case, under **section 7.32(2)**, the consent authority may grant consent to a development application subject to a condition requiring the dedication of part of the land, or other land of the applicant, free of cost to be used for the purpose of providing affordable housing (**s7.32(2)(a)**); the payment of a monetary contribution to be used for the purpose of providing affordable housing (**s7.32(2)(b)**); or both.

Subsection (3) requires that a condition may be imposed only if that condition complies with all relevant requirements made by a State environmental planning policy (**s7.32(3)(a)**); is authorised to be imposed by a local environmental plan and related contributions scheme (**s7.32(3)(b)**); and requires a reasonable dedication or contribution having regard to the extent of affordable housing need, the scale of the proposed development, and any other contributions required to be made by the applicant (**s7.32(3)(c)**).

A consent authority must also take into account any other previous dedications or contributions to affordable housing within the area otherwise than as a condition of consent (**s7.32(4)**); and also provides for other conditions related to affordable housing, such as covenants or contractual arrangements (**s7.32(5)**).

Finally, the Act provides that such a condition is not to be imposed in relation to development that is within a ‘special contributions area’ if a determination under section 7.23 identifies affordable housing as a class of infrastructure for which development contributions may be required (**s7.32(6)**).

1.6 Relationship to other affordable housing contributions

1.6.1 Overview of Affordable Housing Policy

Inner West Council's *Affordable Housing Policy* (the Policy), adopted by Council on 28 March 2017, sets out the rationale, strategic priorities, and policies and procedures to maintain and increase the supply of affordable housing for very low-, low- and moderate-income households in the Inner West Council area.

The Policy was adopted prior to the inclusion of Inner West Council under the provisions of SEPP 70 on 20 April 2018. As such, affordable housing contributions set out in the Policy principally relate to planning agreements under **Division 7.1 Subdivision 2** of the Act. The Policy is in the process of being updated to reflect the legislative changes that have occurred since 2017.

Under this section of the Act, a consent authority may enter into a planning agreement with a developer in relation to a proposed change to an environmental planning instrument subject to a public benefit (in this case, 'affordable housing') (**s7.4(1) and s7.4(2)**).

Under **Section 2.4.2** of the *Inner West Council's Affordable Housing Policy*, Council seeks to gain an equitable share of the land value uplift resulting from its planning actions in accordance with Division 7.1 Subdivision 2 of the Act, including in relation to rezonings and significant variations to planning controls that would otherwise apply to a site or precinct for the benefit of the community as 'Affordable Rental Housing'.

1.6.2 Relationship to the Affordable Housing Policy

As noted, Council has an existing *Affordable Housing Policy* (the Policy), which sets out the rationale, strategic priorities, policies and procedures to maintain and increase the supply of affordable housing for very low, low and moderate income households in the Inner West Council area. Among other things, the Policy sets out the framework for planning agreements (PAs) in accordance with Division 7.1 Subdivision 2 of the Act.

The Policy will be amended to include reference to this Scheme. There may be cases where a planning agreement that involves a contribution to affordable housing is offered in addition to this levy, for example, where a variation to height controls is proposed in relation to a specific site or development.

In all cases, contributions required under this Scheme will be levied as a base contribution, and any additional contribution offered under a planning agreement will be considered at Council's discretion.

1.7 Affordable housing principles

In accordance with Section 15 of Housing SEPP , the following principles underpin the Inner West Affordable Housing Scheme:

- affordable housing must aim to create mixed and balanced communities
- affordable housing must be created and managed so that a socially diverse residential population, representative of all income groups, is developed and maintained in a locality
- affordable housing must be made available to very low, low and moderate income households, or a combination of the households
- affordable housing must be rented to appropriately qualified tenants and at an appropriate rate of gross household income
- land provided for affordable housing must be used for the purposes of the provision of affordable housing
- buildings provided for affordable housing must be managed to maintain their continued use for affordable housing
- affordable housing must consist of dwellings constructed to a standard that, in the opinion of the consent authority, is consistent with other dwellings in the area
- surplus rent from affordable housing, after deduction of strata levies, management fees, maintenance and other charges, is to be used for the purpose of improving or replacing affordable housing or for providing additional affordable housing
- affordable rental housing acquired or constructed as a result of contributions under this Scheme will be a mix of dwellings in terms of size/bedroom numbers, with the mix determined by Council based on need and social inclusion considerations. This will also include adaptable dwellings under AS4299.

In addition, affordable rental housing created under this Scheme should be:

- **appropriate** – the needs of different target groups or sub-markets will be explored and provided for in the planning and provision of affordable housing in terms of appropriateness of housing type, tenure, design, location, accessibility and price point
- **sustainable** – the evaluation of appropriate sites and precincts for affordable housing, and the planning for housing type, design and location will take into account key considerations such as whole of life costs, accessibility to transport, services and facilities, reduction of car dependency, and relevant environmental, heritage or other constraints.

1.8 Definitions

Terms used in the Scheme are defined as follows:

Act means the *Environmental Planning and Assessment Act 1979* (NSW)

Affordable housing has the same meaning as in the Act

Affordable rental housing is affordable housing that is rented by a very low, low or moderate income household, for a rent that is affordable to them in accordance with statutory benchmarks, and managed by an eligible community housing provider

Council means Inner West Council

Development application has the same meaning as in the Act

development contribution means the kind of provision made by a developer under a planning agreement under Division 1 Subdivision 2, or an affordable housing contribution under Division 7.2 of the Act, being a monetary contribution, the dedication of land free of cost or the provision of any other material public benefit

guide means a written statement that provides details of the objectives, nature, effect and merits of a planning agreement, or an amendment to or revocation of a planning agreement

Guideline means the NSW Department of Planning and Environment (2019) *Guideline for Developing an Affordable Housing Contribution Scheme*

in-kind contribution refers to the contribution of physical affordable housing dwellings

in-lieu contribution refers to monetary contribution towards the provision of affordable housing dwellings

Median household income means the median income for a very low, low or moderate income household as set out in the most recent ABS Census, indexed regularly in accordance with the Consumer Price Index

Planning agreement is a voluntary agreement between the Council and a landowner or developer who seeks an amendment to the planning controls for land or who seeks approval for a proposed development. The developer may be required to dedicate land free of cost, pay a monetary contribution, or provide any other material public benefit, or any combination of them, to be used for or applied towards a public purpose under a Planning Agreement

Policy means the *Affordable Housing Policy* adopted by Inner West Council

Precinct Area 1: Leichhardt Precinct means the area shown in the attached map at Appendix B

public includes a section of the public

public benefit is the benefit enjoyed by the public as a consequence of a development contribution

nominated community housing provider means those that may receive funds or dwellings resulting from this Scheme, including those that are:

- registered as Class 1 or Class 2 providers on the Register of Community Housing Providers which is managed and maintained by the Registrar of Community Housing; or

- classified as a Tier 1 or Tier 2 providers under the National Regulatory Code

Regulation means the *Environmental Planning and Assessment Regulation 2000*

Scheme means the Inner West Council Affordable Housing Contribution Scheme

Residential strata area means the sum of areas attributed to lots under a plan of subdivision for the development that are to be used for residential purposes including related parking and storage areas

Strata area means the area attributed to a lot under a plan of subdivision.

2 Affordable housing contributions

2.1 Contribution rates

2.1.1 Overview

A developer may provide affordable housing on-site, in another location within the Inner West Council area, or pay an equivalent monetary contribution to allow housing units to be built or purchased elsewhere in the Inner West Council area.

However, Council prefers that contributions are provided in the form of dwellings within the development to which the contribution applies, and the form of contribution (in-lieu or in-kind) is entirely at the discretion of Council.

The amount of the payment would be equivalent to the market value of the dwellings that would otherwise be required. The monetary contribution required will be calculated based on recent sales of equivalent dwellings in the Precinct, carried out by an independent valuer.

Determining which option is most appropriate in the context of the development will be negotiated between the applicant and Council at development application stage, and the agreement reached will form a condition of development consent.

For staged development, affordable housing is to be provided in each development stage or in an agreed consolidated form.

Contribution rates are set out below.

2.1.2 Precinct Area 1: Leichhardt Precinct

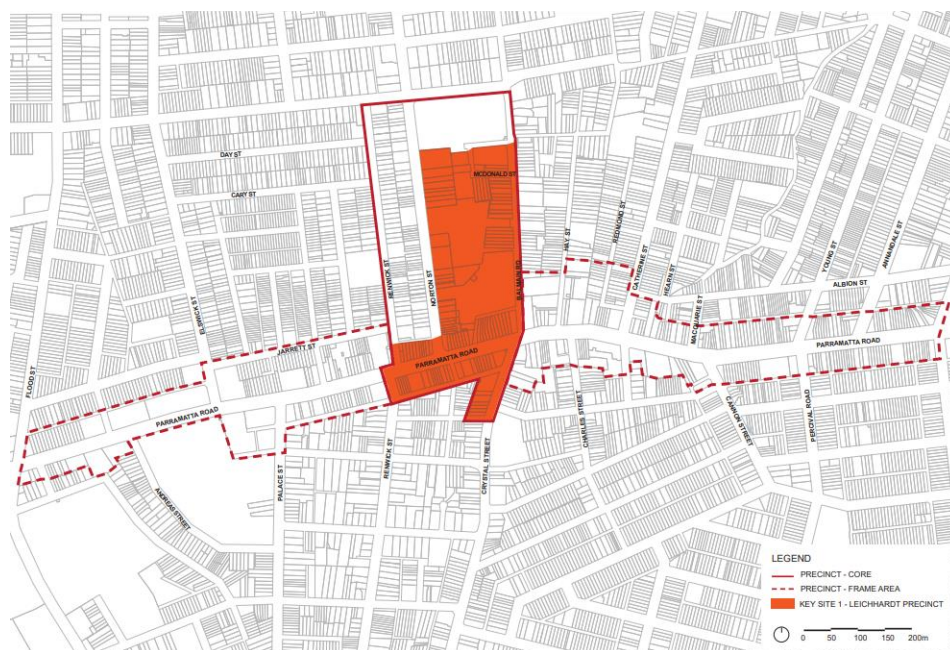


Figure 2.1: Leichhardt Precinct – Key Site 1 Map

Source: Inner West Council

- on-site: 2% of the residential strata area of the development must be provided as an affordable housing contribution
- monetary: 2% of the residential strata area of the development must be provided as an affordable housing contribution
- combined: 2% of the residential strata area of the development must be provided as an affordable housing contribution.

2.2 Dedication of dwellings

Where an affordable housing contribution is made **in the form of dwellings**, the following applies:

- dwellings will be owned by Inner West Council or its nominee
- dwellings will be provided and retained as affordable rental housing in perpetuity
- dwellings will align with the affordable housing principles in Part 1.7 of this Scheme
- the area to be provided as affordable housing is the sum of the strata area of lots to be provided as affordable housing
- affordable dwellings provided as a contribution under this Scheme must consist of dwellings constructed to a standard that, in the opinion of the consent authority, is consistent with the same type of dwelling within the development to which the development application relates in terms of size, internal fittings and finishes, solar access and privacy, and in accordance with the Inner West Council Development Control Plan
- where Affordable Housing is proposed for on-site provision, the applicant must transfer title of the dwellings to Council free of cost. The dwelling(s) to be dedicated to Council as Affordable Housing must be identified on development application plans
- the transfer of title must occur within two months of the registration of any strata subdivision for the development
- affordable housing units are to be distributed throughout the development with a unit mix determined by Council in consideration of affordable housing need and social inclusion
- at least 50% of the units are to be adaptable in accordance with Inner West Council Development Control Plan (rounded up)
- the allocation of car spaces for affordable housing dwellings is to be consistent with the relevant car parking requirements for that dwelling size in the relevant development controls plan
- when calculating the strata area of lots to be provided as affordable housing, any balcony area in excess of the minimum sizes set out in the Apartment Design Guide, any open space provision in excess of 10 m² and any parking provision in excess of the requirements of the relevant Development Control Plan is to be disregarded

- for staged development, affordable housing is to be provided in each development stage or in an agreed consolidated form.

Worked example

$$\begin{aligned} \text{Residential Strata Area} &= \\ 5,000 \text{ m}^2 \text{ Contribution Rate} & \\ &= 2\% \\ \text{Affordable Housing Contribution} &= 5,000 \text{ m}^2 \times 2\% \\ &= 100 \text{ m}^2 \end{aligned}$$

In kind affordable Housing Contribution = Two apartments
at 35 m² Balance to be provided as a monetary contribution:

$$\begin{aligned} 100 \text{ m}^2 - (2 \times 35 \text{ m}^2) \\ = 30 \text{ m}^2. \end{aligned}$$

As set out in Section 2.5 below, Council will require as a condition of consent that an affordable housing covenant be registered before the date of the issue of the occupation certificate, against the title of the property, in accordance with section 88E of the Conveyancing Act 1919.

The covenant will ensure that the benefits of affordable housing are secured in accordance with Council's affordable housing program in the long term, and will also allow at the sole discretion of Council for the removal of the covenant to facilitate the sale of affordable rental housing where Council is satisfied equivalent or better replacement stock is to be provided within the LGA.

2.3 Equivalent monetary contribution

In certain circumstances, alternative arrangements may be made such that an in lieu monetary payment may be provided so that affordable rental housing can be provided elsewhere within the Inner West LGA. A monetary contribution is also required where provision of part of an apartment would be required to achieve the strata area required to be provided as affordable housing.

Determining which option is most appropriate will be negotiated between the applicant and Council at development application stage, and the agreement reached will form a condition of development consent. However, the final form of the contribution will be entirely at the discretion of Council. Council's preference is that affordable housing is provided in physical form wherever possible.

The amount of the payment will be equivalent to the market value of the dwellings that would otherwise be required including a pro rata calculation where the floor area does not equate to a whole unit. The monetary contribution required will be calculated based on recent sales of equivalent dwellings in the Precinct, carried out by an independent valuer.

Worked example

$$\begin{aligned}\text{Residential Strata Area} &= \\ 5,000 \text{ m}^2 \text{Contribution Rate} & \\ &= 2\% \\ \text{Affordable Housing Contribution} &= 5,000 \text{ m}^2 \times 2\% \\ &= 100 \text{ m}^2 \\ \text{Independent Valuation: } 90 \text{ m}^2 \text{ apartment valued at } \$800,000 & \\ \text{Monetary contribution} &= \$800,000 \times (100 \text{ m}^2 / 90 \text{ m}^2) \\ &= \$888,889.\end{aligned}$$

Payment will be by unendorsed bank cheque to Inner West Council or its nominee prior to issue of construction certificate. Instructions on how to make payment will be available on the Inner West Council website.

Prior to the granting of a construction certificate, the principal certifying authority will require evidence to be submitted to ensure that payment of the in lieu amount has been made to Council.

Prior to granting an occupation certificate for the development, the principal certifying authority is to ensure that the in lieu monetary contribution has been paid in full.

2.4 Development that is exempt from the Affordable Housing Contribution Scheme

Development that will be exempt from contributions are:

- public housing as defined in section 3 of the *Housing Act 2001*
- community housing as defined in section 3 of the *Housing Act 2001*
- boarding houses developed under *State Environmental Planning Policy (Housing) 2021* (Housing SEPP) that are to be managed by a Community Housing Provider in perpetuity
- group homes developed under the Housing SEPP
- hostels.

Note: Boarding houses that are not managed by a Community Housing Provider are subject to the Scheme.

Actively facilitating the above types of development will make a contribution to affordable rental housing, including for very low income households and those with special needs. There should be no impediments to these types of development.

Other types of development that will be exempt from contributions are:

- non- subdividable secondary dwellings
- dwelling houses
- semi-detached dwellings
- attached dwellings
- dual occupancies.

Modelling conducted for the preparation of Appendix B indicates that there will be insufficient uplift to justify the levying of mandatory contributions for these types of developments.

2.5 Conditions of consent for affordable housing

Where an **in-kind contribution (dwellings)** is being made, the condition of consent is to contain the following information:

- the strata area of the dwellings to be dedicated
- the number of dwellings to be dedicated
- the dwellings must be shown on the approved plans, and referenced in the affordablehousing condition
- the strata area of the residential component of the development that was used to calculatethe contribution
- the contribution period at the time of determination
- a requirement that an affordable housing covenant be placed on the title of the land in accordance with section 88E of the Conveyancing Act 1919
- a requirement that prior to the granting of a construction certificate, evidence be provided of an agreement to transfer title of the affordable rental dwelling(s) to Council or its nominee.

Where an **in-lieu (monetary) contribution** is being made, the condition of consent will contain thefollowing information:

- the monetary contribution required
- the strata area of the residential component of the development that was used to calculate the contribution
- the amount of the affordable housing contribution
- a requirement that the condition be satisfied to Council's satisfaction prior to the issue of aconstruction certificate.

Where a construction certificate is **not required**, the condition must be satisfied prior to the issuingof an occupation certificate or subdivision certificate.

3 Administration and implementation

3.1 How to make a contribution

Completed **affordable rental dwellings** are to be dedicated free of cost to Inner West Council or its nominee. The development application to Council must identify the affordable rental dwellings to be dedicated. Council will assess the suitability of the proposed in-kind contribution with reference to the Affordable Housing Principles set out in this Scheme and receive the dwelling(s).

Where the proposed dwellings are not appropriate for the purpose of affordable housing, changes may be recommended by Council or alternatively Council may require a monetary contribution.

Where the proposed dwellings are approved, a condition of consent requiring dedication of the affordable housing dwelling(s) will be imposed by the consent authority.

In the case of **monetary contribution rates in-lieu** of providing dwellings in part or in full, the contribution will be calculated based on an independent valuation of the sales price of equivalent dwellings.

Payment will be by unendorsed bank cheque to the Inner West Council prior to issue of construction certificate. Instructions on how to make payment are available on the Inner West Council website.

Payment will be by unendorsed bank cheque to the Inner West Council prior to issue of construction certificate. Instructions on how to make payment are available on the Inner West Council website.

3.2 Indexing of payments

3.2.1 Contribution amount

Where a condition requiring a monetary contribution has been imposed, the **contribution amount** will be adjusted over time. For example, if a consent is issued in June of a given year and the applicant does not wish to pay the contribution and develop the site until August of the following year, the contribution amount will be adjusted to the period in which it is paid.

Monetary contributions are adjusted by the Inner West Council and confirmed with the applicant prior to payment being made. The formula for adjusting a contribution amount in a condition if consent is:

Monetary Contribution = Base Contribution Amount x (MDP2/MDP1), where the:

- Base Contribution Amount is the amount obtained from the Notice of Determination and based on the contribution rates at the time of determination of the development application

- MDP1 is the median dwelling price as reported in the NSW Government Rent and SalesReport for Inner West LGA that applied at the time of consent
- MDP2 is the median dwelling price as reported in the NSW Government Rent and SalesReport for Inner West LGA that applies at the time of payment.

3.3 Processes for distribution & management of funds

Funds collected in lieu of affordable housing dwellings will be deposited in Council's Affordable Housing Fund.

3.4 Registered Community Housing Providers and Delivery Program

Affordable Housing properties acquired under this Affordable Housing Contribution Scheme (Scheme) or by any other means, are to be transferred in property title to the Inner West Council. Alternatively, Council may nominate a Community Housing Provider, to which the property title is transferred.

Dwellings acquired under this Scheme will be managed by a Community Housing Provider nominated by Council and rented to very low, low and moderate income households at a per cent of gross household income or at a discount-to-market rent.

Rental income will be used to cover all reasonable costs of managing and maintaining the affordable rental dwellings, and any surplus from rental income will be deposited in Council's Affordable Housing Fund to be used only for the purpose of improving, replacing, maintaining or providing affordable rental housing stock within the Inner West Council local government area.

Properties acquired by Council under this Scheme will be managed in accordance with a Residential Property Management Agreement. An existing agreement between Council and Link Wentworth Housing will act as a model, and can be amended as needed to include additional requirements arising from the implementation of the Scheme, noting that the agreement already includes matters related to:

- roles and responsibilities of each party
- property maintenance and management
- tenancy management
- allocation of dwellings
- financial arrangements, management costs and fees
- dealing with short falls and surplus fund
- trust fund administration
- accountability and reporting procedures
- conflict and dispute resolution and procedures.

Refer to Appendix E for the existing Management Agreement.

3.5 Monitoring and review of Scheme

The Scheme will be reviewed on an annual basis and reported to Council. Key performance indicators will be made available on the Inner West Council's website on an annual basis, including:

- amount of funds received and in waiting
- surplus rent accumulated
- allocation of funding in that year
- number of delivered affordable housing dwellings acquired through the Scheme.

4 Appendix A – Local housing needs assessment

4.1 Demographic analysis

4.1.1 Population change

Based on 2019 DPIE projections, the population of the LGA will grow from 191,194 in 2016 to 248,102 residents in 2036, a 30% increase in population. However, *Our Inner West Draft Local Housing Strategy* predicts the population of the LGA will grow from 191,194 in 2016,⁷ to 232,100 in 2036.⁸ In the most recent document, *Inner West Council Population Projections*,⁹ the 2016 population is stated to be **192,022 growing to 226,836, an increase of 18%**. It is understood that Council will rely upon the latter projections for planning purposes.

Population growth in the Inner West is estimated to be driven by natural increase (births) as well as people moving to the area.

Notwithstanding the varying population projections above, the DPIE (2019) projections have been used to understand future age and household types, as the other projections cited above do not give an age breakdown or household breakdown.

The working age population (aged 15-64) is estimated to increase by 31,317 people (23%) from 138,879 in 2016 to 170,196 in 2036.

The number of children aged 14 and under is estimated to increase by 8,112 children (28%), from 29,399 in 2016 to 37,511 in 2036.

The number of people aged 65 and over is estimated to increase by 17,479 people (76%) from 22,916 in 2016 to 40,395 by 2036.¹⁰

4.1.2 Population age change

The graph below shows estimated population change by age group for the Inner West Council in 5 year increments from 2016 and 2041. From 2016 to 2036, there is projected to be a significant aging of the population, with those aged 70+ projected to almost double. There is also projected to be a reasonable increase in younger and middle aged adults. Whilst younger age groups are predicted to increase in absolute terms, this increase is not as significant.

⁷ Elton Consulting *Our Inner West Draft Local Housing Strategy* page 21 referencing Profile ID and on page vi of the “Executive Summary”.

⁸ Ibid. “Executive Summary” page vi, using 2016 DPIE Projections.

⁹ Elton Consulting *Inner West Council Population Projections* Table 1.

¹⁰ NSW Government (2019) *Inner West Council: 2019 NSW Population Projections*. Accessed online, <https://www.planning.nsw.gov.au/Research-and-Demography/Population-projections/Projections>, 25/03/2020.

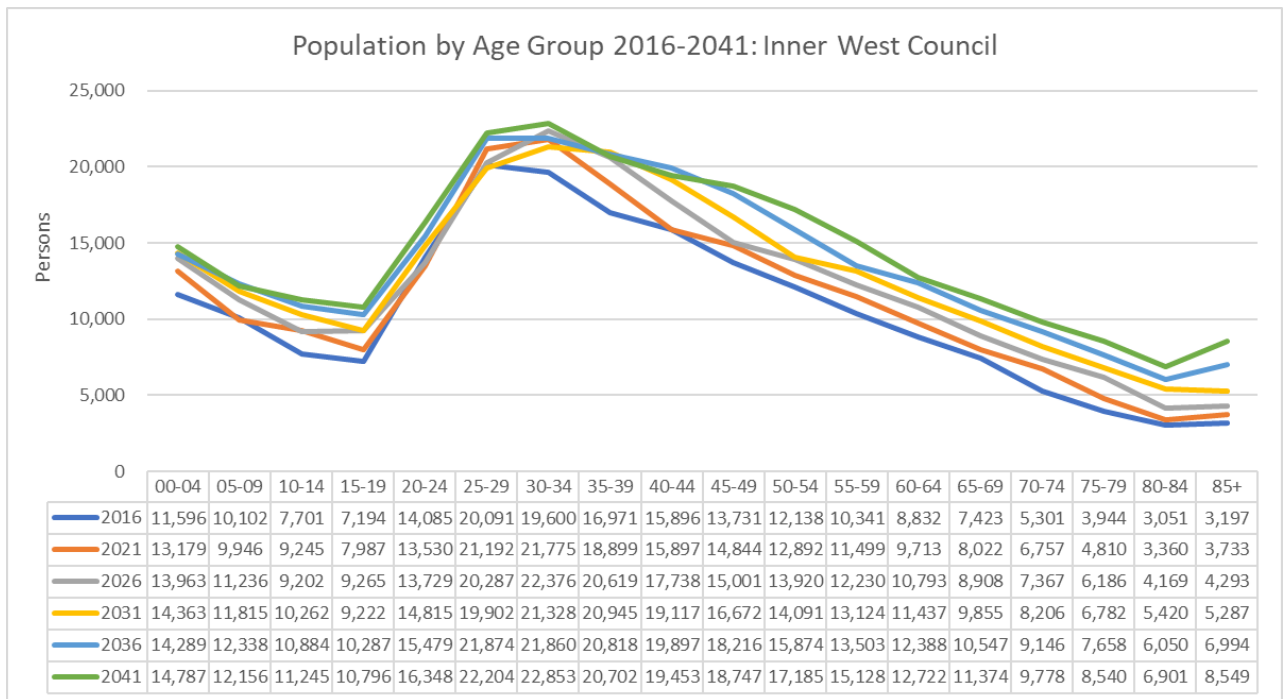


Figure 4.1: Inner West LGA population change over time by age group

Source: NSW Government 2019, JSA calculations

The graph below shows the proportional change in the age distribution in Inner West Council over time. On a proportional basis, again this graph shows that the Inner West is expected to age over time, with the proportion of people aged over 65 increasing from 12.1% in 2016 to 16.3% in 2036, whilst the proportion of young adults is projected to decrease.

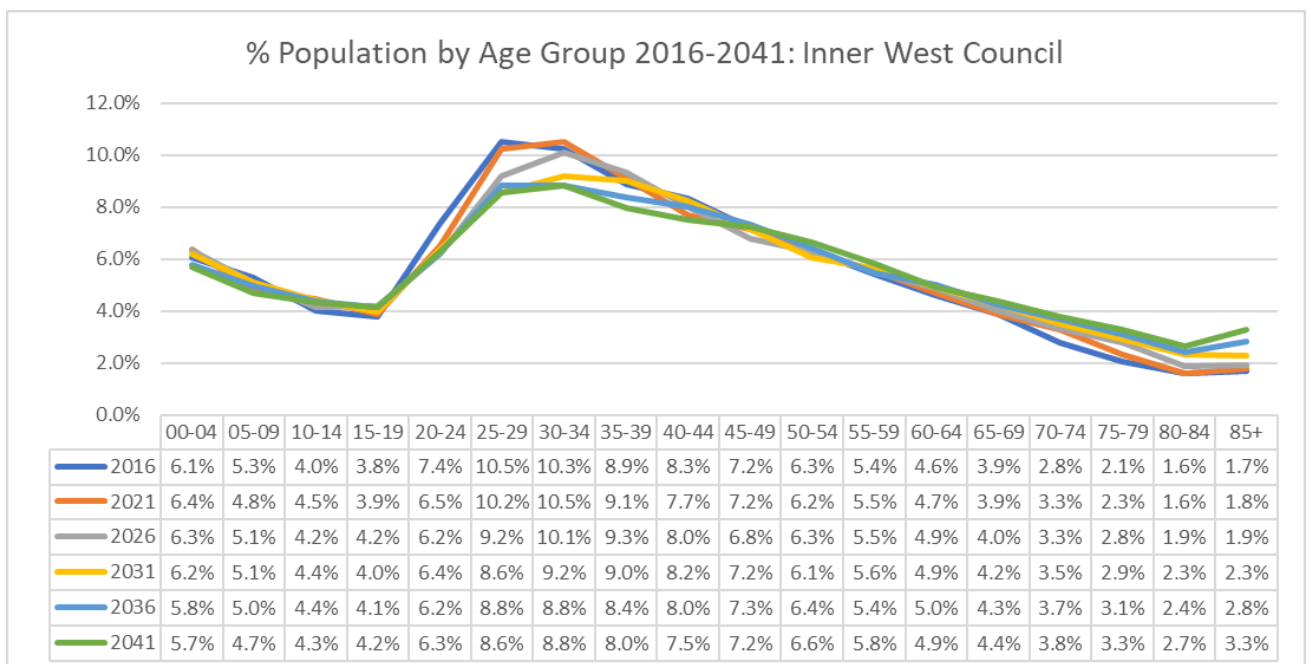


Figure 4.2: Inner West LGA proportional population change over time by age group

Source: NSW Government 2019, JSA calculations

4.1.3 Dwelling requirements

The most recent DPIE (2019) projections indicate that an additional 33,255 dwellings will be required in the Inner West between 2016 and 2036, increasing from the 84,070 to 110,674 dwellings, a proportional increase of 31.6% and a total increase of 26,604.¹¹ This is slightly greater than the expected 30% increase in population projected by DPIE (2019), and would be expected due to the ageing population and the commensurate reduction in average household size. Data is not provided by DPIE for the Inner West at the five year intervals between 2016 and 2041.

However, *Our Inner West Draft Local Housing Strategy* predicts the number of dwellings in the LGA will grow from 86,450 in 2016, to 106,350 in 2036, an increase of 23.0% or 19,900 dwellings.¹² In the most recent document, *Inner West Council Population Projections*,¹³ dwelling numbers are predicted to increase by 24,376 between 2016 and 2036.

4.1.4 Household numbers and types

The graphs below show the historical and projected change in household numbers and types over time. The number of households is projected to increase over time, in line with implied dwelling projections. All household types are projected to increase, with the greatest increases in Lone Person Households, which will comprise **nearly a third of all households by 2036**.

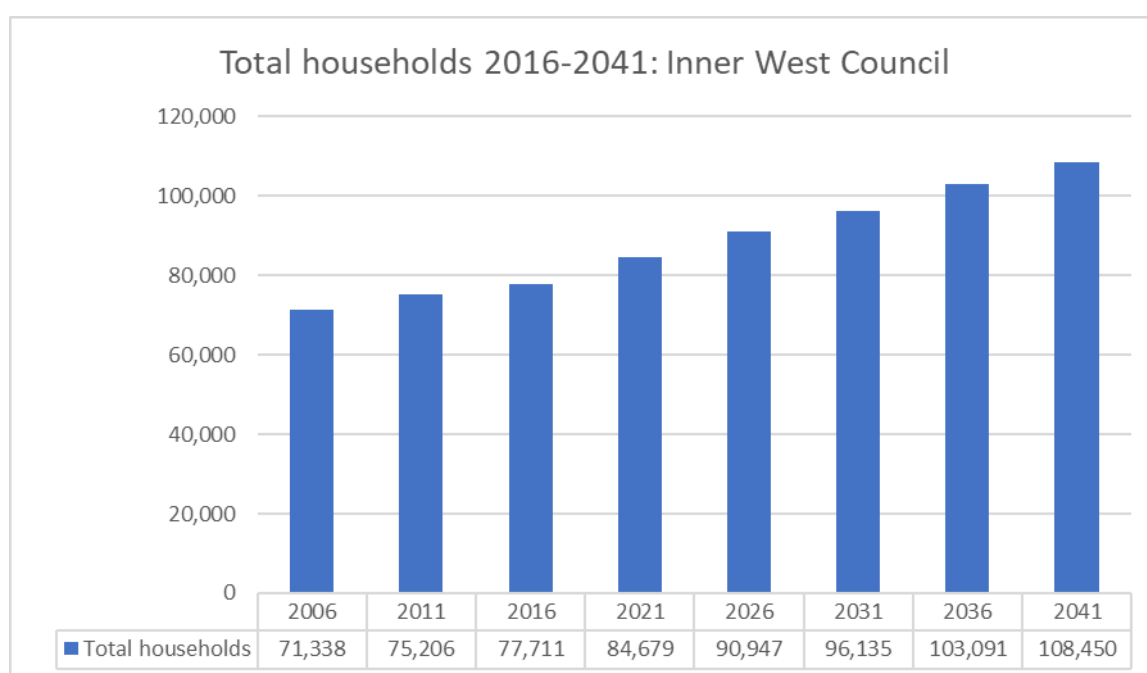


Figure 4.3: Inner West LGA total households and projections over time (historical Census data adjusted for Census undercounting)

Source: ABS Census, NSW Government 2019, JSA calculations

¹¹ 2036 figure estimated by linear interpolation.

¹² Elton Consulting *Our Inner West Draft Local Housing Strategy* Table 39 referencing DPIE 2016 Population Projections.

¹³ Elton Consulting *Inner West Council Population Projections* Table 1.

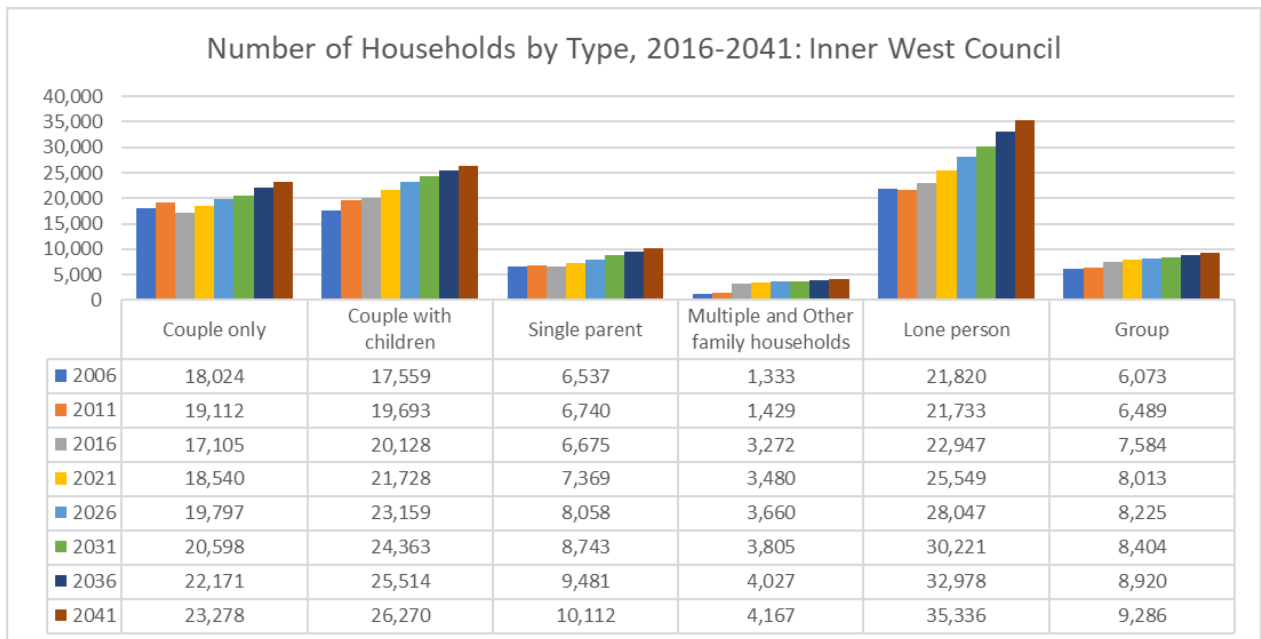


Figure 4.4: Inner West LGA household type and projections over time by number (historical Census data adjusted for Census undercounting)

Source: ABS Census, NSW Government 2019, JSA calculations

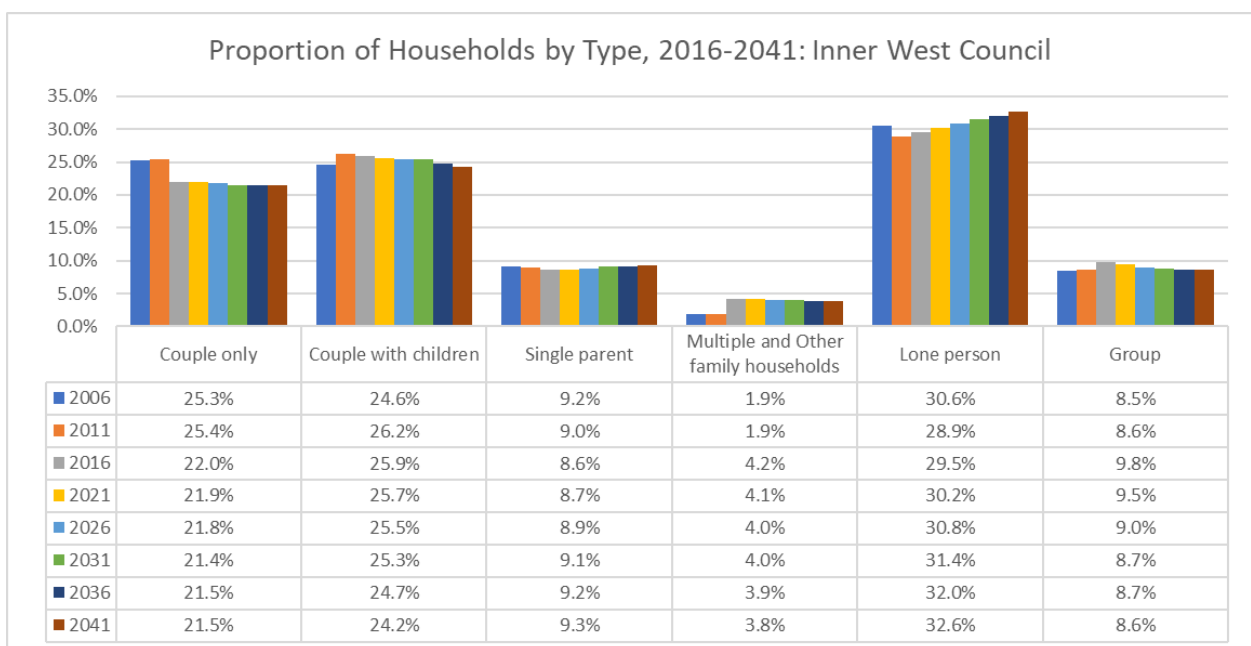


Figure 4.5: Inner West LGA household type and projections over time by proportion (historical Census data adjusted for Census undercounting)

Source: ABS Census, NSW Government 2019, JSA calculations

4.1.5 Dwelling structure

The mix of dwellings in the Inner West is quite different to the Greater Sydney average, reflective of its inner-city location and higher density living. There is a much larger proportion of dwellings that are flats, units and apartments and semi-detached dwellings (74% of all dwellings) compared to 44% for Greater Sydney. As such, there is a much smaller proportion of dwellings that are separate houses at 24.2% compared to 55.3% for Greater Sydney.

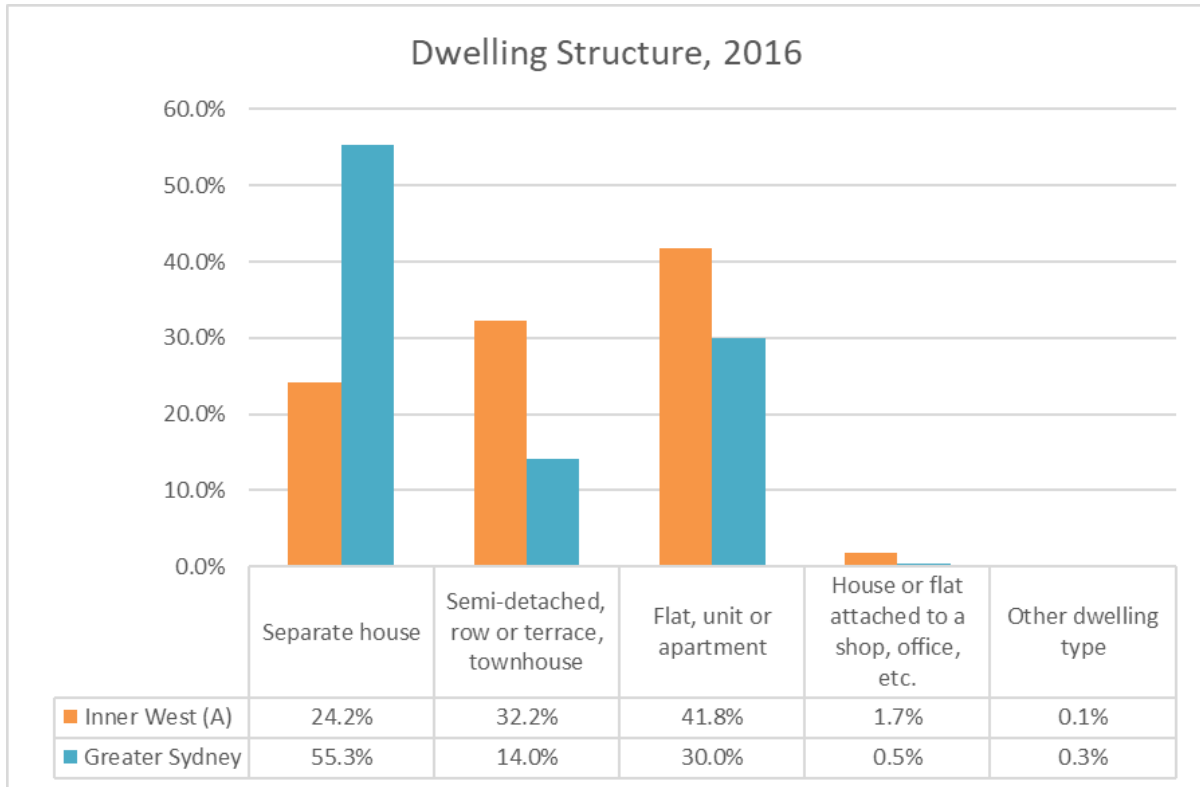


Figure 4.6: Inner West LGA dwelling structure compared to Greater Sydney

Source: ABS (2016) Census of Population and Housing, JSA calculations

4.1.6 Tenure and landlord types

The graph below shows tenure and landlord types for Inner West LGA compared to Greater Sydney. Compared to Greater Sydney, the Inner West LGA is characterised by higher levels of private rental and lower levels of outright ownership, purchasing with a mortgage and social rental (rental from State Housing Authority and Community Housing Providers).

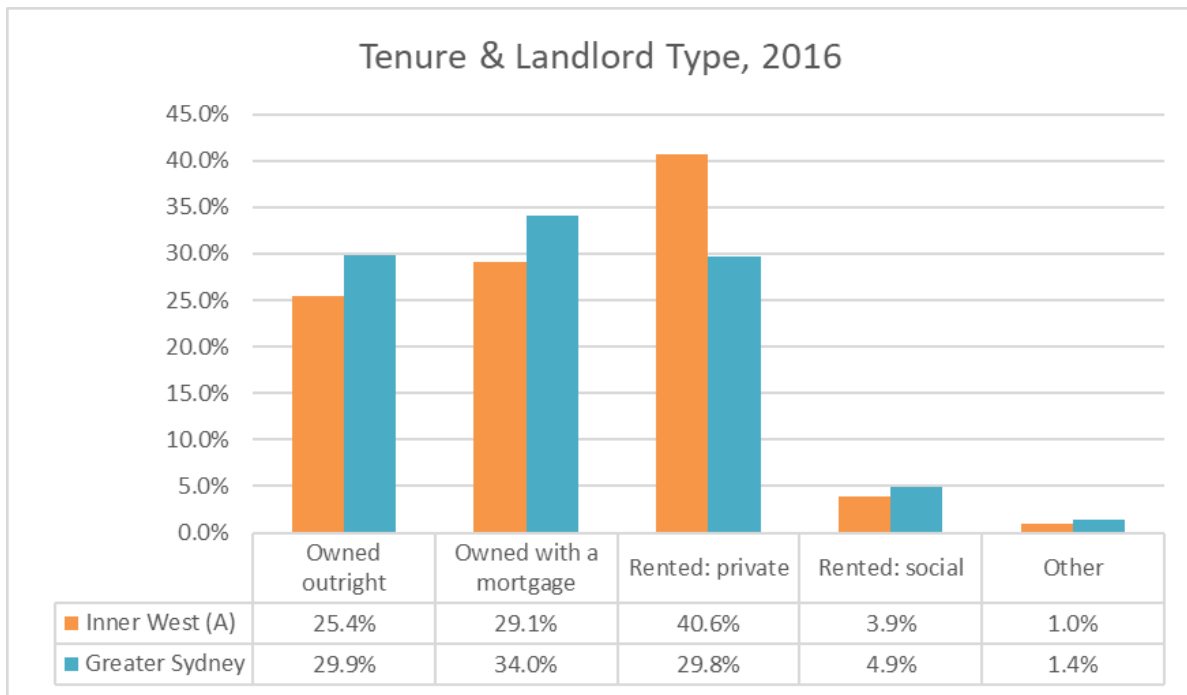


Figure 4.7: Inner West LGA tenure and landlord type compared to Greater Sydney

Source: ABS (2016) Census of Population and Housing, JSA calculations

4.1.7 Household income

In 2016, the median household weekly income in the Inner West LGA was \$2,048 compared to \$1,750 for Greater Sydney.¹⁴

Using the definitions in Section 8 of SEPP 70, for Greater Sydney in 2016 very low income households earned less than \$875 per week, low income households earned between \$875 and \$1,400 per week and moderate income households earned between \$1,400 and \$2,100 per week.

The table below shows the distribution of household incomes for Inner West LGA compared to Greater Sydney. Inner West has a higher proportion of higher income households, and lower proportions of very low, low and moderate income households compared to Greater Sydney. The loss of very low and low income households in particular has been occurring over at least the past two decades. This most recent data provides further evidence of significant ongoing gentrification and displacement of such households, likely due to increasing unaffordability of rental housing in the LGA.

¹⁴ ABS (2016) Census of Population and Housing, Community Profiles, Quick Stats.

Table 4-1: Proportion of very low, low and moderate income households in Inner West LGA compared to Greater Sydney

	Inner West LGA	Greater Sydney
Very low income households (less than \$875 per week)	20%	24%
Low income households (\$875-\$1,400 per week)	14%	16%
Moderate income households (\$1,400-\$2,100 per week)	17%	18%
Higher income households (more than \$2,100 per week)	49%	42%

Source: ABS Census 2016, JSA calculations

Table notes:

- (1) excludes negative and nil income
- (2) results obtained from linear interpolation within Census income bands.

The graph below shows the income distribution for Inner West LGA compared to Greater Sydney.

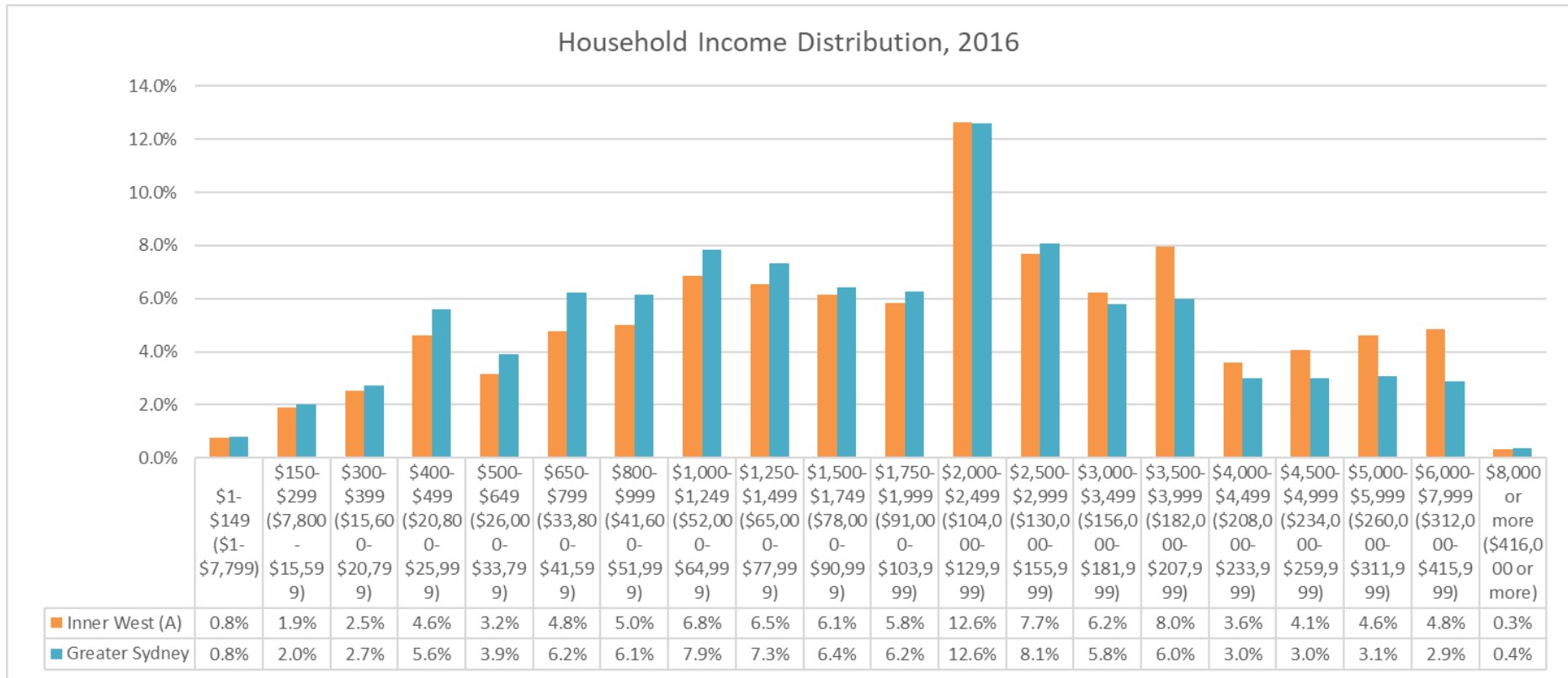


Figure 4.8: Inner West LGA household income distribution compared to Greater Sydney

Source: ABS Census, JSA calculations

4.1.8 Rental and mortgage stress

Housing is ‘affordable’ when very low, low and moderate income households are able to meet their housing costs and still have sufficient income to pay for other basic needs such as food, clothing, transport, medical care and education. This is generally accepted to be where such households pay less than 30% of their gross household income on housing costs. Households paying more than 30% of total household income in mortgage or rental payments are considered to be in rental or mortgage stress.

The table below shows housing stress for **renters** in Inner West LGA compared to Greater Sydney. Inner West LGA has a similar but slightly higher rate of rental stress by comparison with Greater Sydney. Amongst very low income households, 77% are spending more than 30% of gross household income on rental, compared to 74% for Greater Sydney, and 50% and 49% respectively are paying more than 50% of their household income on renter or are considered to be in ‘severe’ rental stress.

The rates of low income renters in housing stress are likely somewhat below the Greater Sydney average due to the lower rate of such households overall, and the much higher than average rate of ‘homeless’ people living in boarding houses in the LGA, as discussed below.

It is noted that the numbers and rates of housing stress in the LGA differ from those in the *Local Housing Strategy* as the latter only considers very low and low income households. However, the *Guideline for Developing an Affordable Housing Contribution Scheme* include moderate income households, so that it is reasonable to consider these households in calculations of housing stress.¹⁵

Table 4-2: Number and proportion of Households in rental stress in Inner West LGA compared to Greater Sydney

	Inner West LGA	Greater Sydney
Very low income households (less than \$875 per week)	77% (4,812 households)	74% (116,091 households)
Low income households (\$875-\$1,400 per week)	74% (3,568 Households)	75% (72,792 households)
Moderate income households (\$1,400-\$2,100 per week)	46% (2,308 Households)	44% (40,423 households)

Source: ABS Census 2016, JSA calculations

Table notes:

- (1) Excludes negative and nil income
- (2) Results obtained using centres of income and rental payment bands

The table below shows housing stress for **purchasers** in Inner West LGA compared to Greater Sydney. Inner West LGA has a similar, but slightly lower level of housing stress among home

¹⁵ DPIE (2019) at pages 14, 15, 16 and 30.

purchasers by comparison with Greater Sydney. There are lower proportions of very low and low income purchasing households in housing stress in Inner West compared to Greater Sydney, but this is more likely to be the result of the inability for households in these income groups to enter the home purchasing market rather than the presence of more affordable purchase supply.

Table 4-3: Number and proportion of households in mortgage stress in Inner West LGA compared to Greater Sydney

	Inner West LGA	Greater Sydney
Very low income households (less than \$875 per week)	59% (698 households)	65%
Low income households (\$875-\$1,400 per week)	56% (806 households)	60%
Moderate income households (\$1,400-\$2,100 per week)	34% (945 households)	34%

Source: ABS Census 2016, JSA calculations

Table notes:

- (1) excludes negative and nil income
- (2) results obtained using centres of income and rental payment bands.

4.1.9 Profile of homelessness in Inner West LGA

Overview

The ABS provides estimates of homelessness based on data collected through the Census.

Data that is provided at the LGA level includes a count of ‘all homeless persons’ for 2011 and 2016, while more detailed data is available for ‘homelessness operational groups’ and ‘other marginal housing’ (as defined above) for 2011 and 2016 at the SA4 and SA3 ABS geographic levels. Data for ‘all homeless persons’ is also available at the smaller SA2 ABS geographic level.

Exploring this data for the Inner West LGA is somewhat incomplete due to the lack of alignment between the LGA, SA3 and SA2 boundaries.

This section will present an analysis of the data that is available, including those geographic areas that provide the best comparison over time at the finest level of detail.

The table below shows homelessness data for the SA3 areas of **Leichhardt** and **Marrickville-Sydenham-Petersham**, which do not align exactly to the Inner West LGA, but is the best data available for comparison. Whilst there are parts of the Strathfield-Burwood-Ashfield and Sydney Inner City SA3’s that are within the Inner West LGA, they have not been included as the majority of these SA3 areas are located in other LGAs.

The figure below shows the Inner West LGA boundary in orange overlaid the ABS SA3 boundaries.

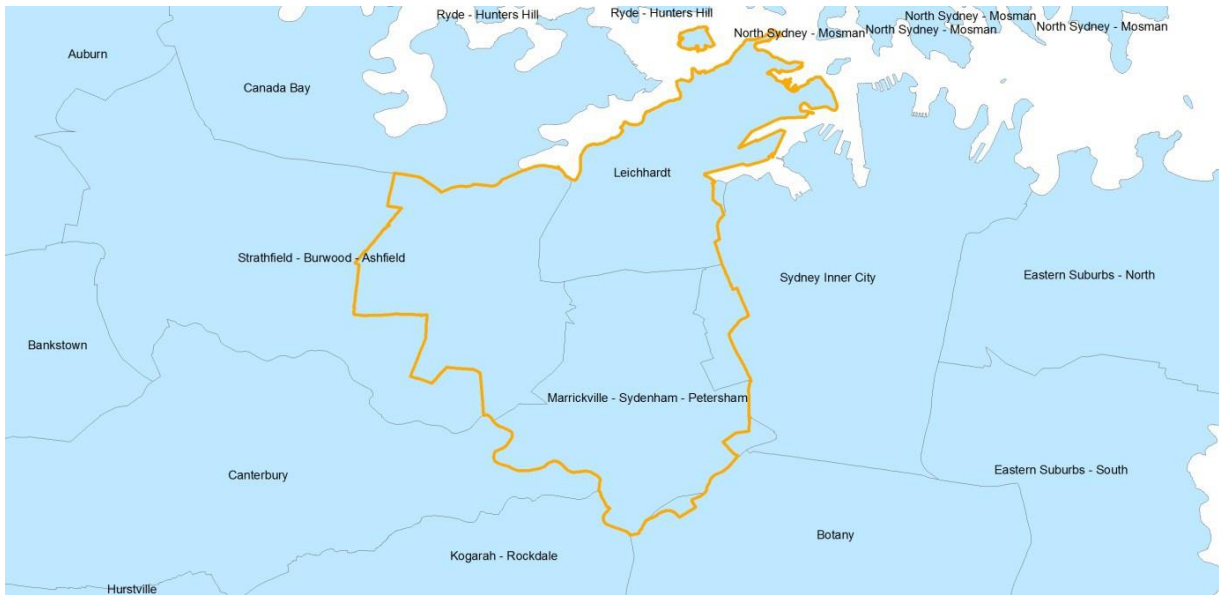


Figure 4.9: Inner West LGA (orange) overlay ABS SA3 boundaries

Source: JSA, 2020 using ABS, 2016.

At the 2016 Census, ABS estimated there were a total of **1,261 ‘all homeless people’** in the SA3’s of **Marrickville-Sydenham-Petersham** (n=966) and **Leichhardt** (n=295), and an additional 324 people who were **‘other marginally housed’**, or 11.4 ‘homeless’ people and 2.9 ‘marginally housed’ people per 1,000 resident population¹⁶ with the figures largely due to people living in ‘boarding houses’ (n=851 or 67.5% of the ‘homeless’ count) and people living in ‘other crowded dwellings’ (n=324 or 100% of the ‘other marginally housed’ count).

By comparison, rates for NSW were 5.0 homeless people and 5.0 marginally housed people per 1,000 population, meaning that **the Marrickville-Sydenham-Petersham and Leichhardt SA3’s rate of homelessness is much higher than average**, while the rate of **other marginally housed is lower than average**. Equivalent rates in 2011 were 12.0 ‘homeless’ people and 3.1 ‘marginally housed’ people per 1,000 resident population for the combined Leichhardt and Marrickville-Sydenham-Petersham SA3s and 4.0 homeless people and 3.9 marginally housed people per 1,000 population for NSW, suggesting **homelessness in the Leichhardt and Marrickville-Sydenham-Petersham SA3 areas has reduced slightly between 2011 and 2016, although this is likely due to loss of relevant accommodation options and out-migration of very low and low income residents**.

The table below shows this information in detail, with key findings for the combined **Marrickville-Sydenham-Petersham and Leichhardt SA3’s (‘Inner West’)** including:

- 36 more people counted as either ‘homeless’ (n=29) or ‘other marginally housed’ (n=7) in 2016 compared to 2011; an increase of 2% in each category compared to 37% and 38% increase in the categories in NSW
- In 2016, people living in ‘boarding houses’ make up 67.5% of all ‘homeless’ persons in the area, compared with 18% for NSW

¹⁶ ABS 2016, 2011, Usual Resident Population SA3 Leichhardt and SA3 Marrickville-Sydenham-Petersham.

- In 2016, the 'homeless' rate per 1,000 residents in the 'Inner West' was over twice the NSW rate (11.4 compared to 5.0), while the 'other marginally housed' rate per 1,000 residents was just over half the rate of NSW (2.9 compared to 5.0).¹⁷

¹⁷ Rates per 1,000 population are based on usual resident population counts for the SA3 areas and NSW, ABS 2016.

Table 4-4: Detailed Homeless and Other Marginal Housing, Leichhardt & Marrickville-Sydenham-Petersham SA3s, 2016

	SA3	HOMELESS OPERATIONAL GROUP							OTHER MARGINAL HOUSING			
		Persons living in improvised dwellings, tents, or sleeping out	Persons in supported accommodation for the homeless	Persons staying temporarily with other households	Persons living in boarding houses	Persons in other temporary lodgings	Persons living in 'severely' crowded dwellings	All homeless persons	Persons living in other crowded dwellings	Persons in other improvised dwellings	Persons who are marginally housed in caravan parks	All other marginally housed
2016	New South Wales	2,584	5,843	5,366	6,853	220	16,821	37,692	32,512	1,763	3,000	37,275
	Marrickville - Sydenham - Petersham	0	86	31	687	0	167	966	274	0	0	274
	Leichhardt	3	69	37	164	0	30	295	50	0	0	50
	Total 'Inner West'	3	155	68	851	0	197	1,261	324	0	0	324
2011	New South Wales	1,920	4,921	4,946	5,798	242	9,655	27,483	22,138	996	3,787	26,921
	Marrickville - Sydenham - Petersham	6	103	42	668	0	90	913	281	7	0	288
	Leichhardt	0	44	30	226	0	18	319	26	3	0	29
	Total 'Inner West'	6	147	72	894	0	108	1,232	307	10	0	317
% Change 2011-2016	New South Wales	35%	19%	8%	18%	-9%	74%	37%	47%	77%	-21%	38%
	Marrickville - Sydenham - Petersham	-100%	-17%	-26%	3%	0%	86%	6%	-2%	-100%	0%	-5%
	Leichhardt	0%	57%	23%	-27%	0%	67%	-8%	92%	-100%	0%	72%
	Total 'Inner West'	-50%	5%	-6%	-5%	0%	82%	2%	6%	-100%	0%	2%
# Change 2011-2016	New South Wales	664	922	420	1,055	-22	7,166	10,209	10,374	767	-787	10,354
	Marrickville - Sydenham - Petersham	-6	-17	-11	19	0	77	53	-7	-7	0	-14
	Leichhardt	3	25	7	-62	0	12	-24	24	-3	0	21
	Total 'Inner West'	-3	8	-4	-43	0	89	29	17	-10	0	7

Source: JSA, 2020; ABS (2016) Estimating Homelessness

4.1.10 Other forms of accommodation

According to the Census, there were 111 Boarding House/Private Hotels, as a subset of the ‘non-private dwellings’ category in the ABS Census, enumerated in the Inner West LGA in 2016. However, data from IWC’s recent *Submission to the NSW Government Review of the Boarding House Act 2012* indicates that there was a total of 329 boarding houses in the LGA in 2019, with 180 of these ‘registered’, 4 ‘registered assisted’, and 145 ‘unregistered’. It is estimated that around 3,300 people live in local boarding houses, with IWC having 19% of the State’s boarding houses, the second highest concentration in NSW after the City of Sydney.

4.1.11 Employment profiles

Employment Sectors

The graph below shows the main industries of employment for people who live in the Inner West LGA compared with Greater Sydney. The profile of the Inner West differs to Greater Sydney, with higher levels of employment in Professional, Scientific and Technical Services; Education and Training; Financial and Insurance Services; Information Media and Telecommunications and Arts and Recreation and lower levels of employment in Manufacturing, Construction and Retail Trade.

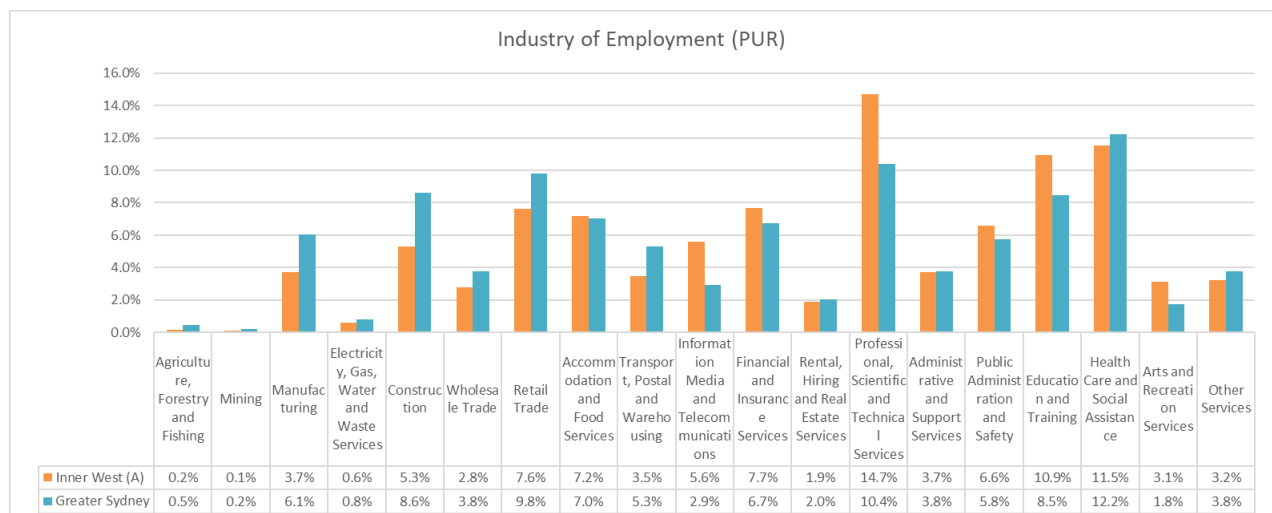


Figure 4.10: Inner West LGA Industry of employment for usual residents compared to Greater Sydney

Source: ABS Census, JSA calculations

The graph below shows industry of employment for people working in the Inner West LGA. While there are some differences between Inner West and Greater Sydney, such as higher proportion of workers in Accommodation and Food Services, Retail Trade and Manufacturing; other differences such as higher levels of workers in Construction and Health Care and Social Assistance are likely accounted for by those who do not have a fixed place of work who may travel to different places of work throughout the year.

This indicates that workers in lower paid/lower skilled jobs are likely to be increasingly excluded from living near their place of work.

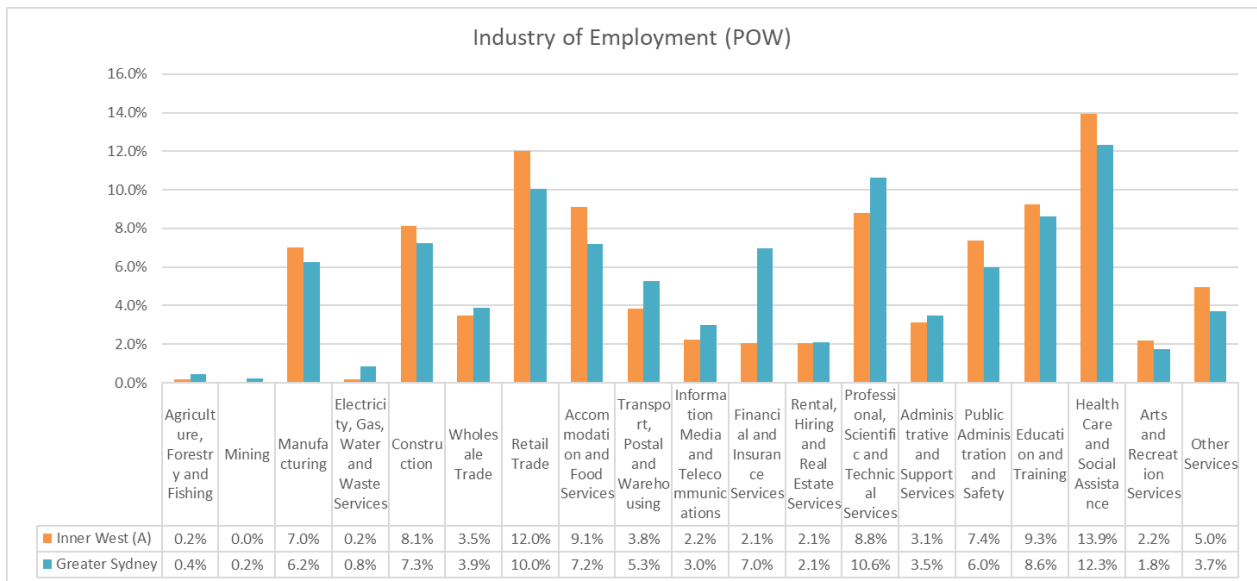


Figure 4.11: Industry of employment for people who work in the Inner West LGA compared to those who work in Greater Sydney

Source: ABS Census, JSA calculations

Workforce containment

At the time of the 2016 Census, 62,402 people were counted who worked in the Inner West LGA. At the same time, there were 99,575 working people living in the Inner West LGA.

Of these, 19,540 lived and worked in the Inner West LGA and another 2,805 had no fixed address for place of work,¹⁸ meaning that 22% of the Inner West work force worked from or within the LGA. Similarly, 31% of those who worked in Inner West LGA also lived there, suggesting a low level of work force containment.

Income and wages profile

The figure below shows the income profile for those who work in the Inner West LGA, those who live in the Inner West LGA, and workers who live and work in the Inner West LGA compared to Greater Sydney. People who work in the Inner West LGA, and those who live and work in the Inner West LGA, have a similar income profile that reflects moderate personal income levels. Those who live in the Inner West is a more varied profile, with greater proportions earning lower incomes compared to people working in the Inner West (including those who also live there) but also much greater levels of high income earners, compared to local workers and Greater Sydney.

¹⁸ Such as tradesmen who may work out of a van and attend different work sites through the day.

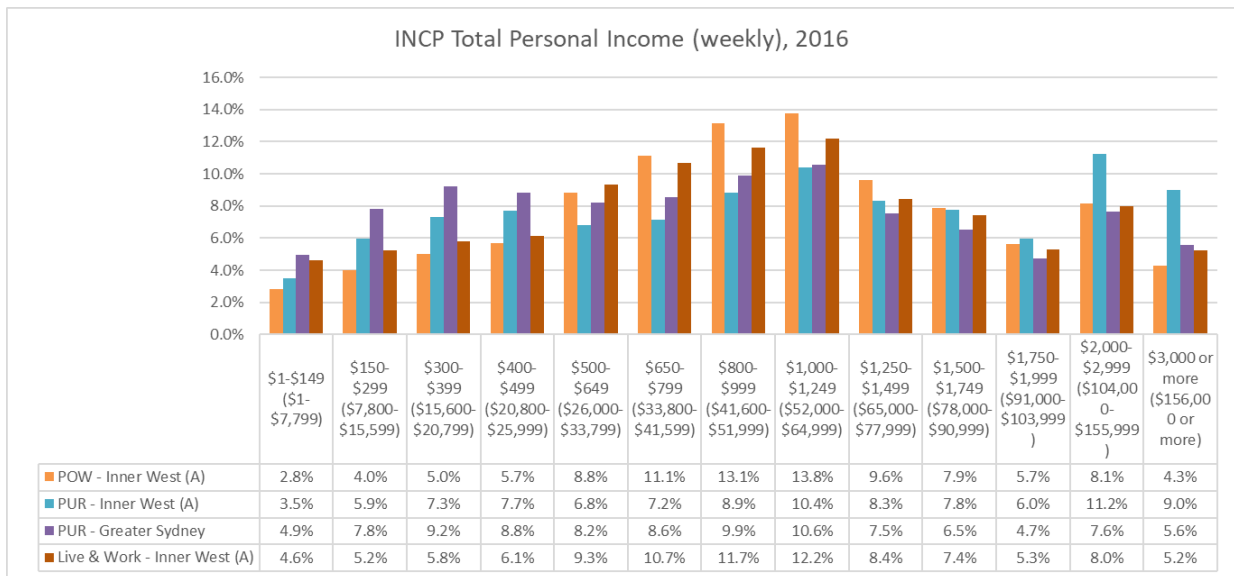


Figure 4.12: Total personal income for those who work in Inner West LGA, those who live in Inner West LGA, those who live and work in Inner West LGA and those who live in Greater Sydney

Source: ABS Census, JSA calculations

Affordability and public transport

The detailed housing market analysis below shows that there are limited opportunities for the market to meet the demand for affordable housing in Inner West LGA and significant underlying demand for affordable housing.

The analysis above concludes that there is a gap between the current needs and supply of rental accommodation for very low, low, and moderate income households and so the development of an affordable housing contribution scheme is warranted on the basis of need.

Inner West LGA is well connected with respect to public transport, with extensive bus and train links to the City of Sydney and to surrounding suburbs. There are opportunities for workers to live in lower priced areas and commute to work in Inner West LGA.

Potential changes in the community's employment structure

We are not aware of any planned changes to the community's employment structure.

Potential fluctuations in the area's residential real estate market

We are not aware of potential fluctuations in the area's residential real estate market.

4.2 Affordable housing supply

4.2.1 Rental stock

The table below shows rental stock and very low, low and moderate income renters in Inner West LGA at the 2016 Census.

Inner West LGA had lower proportions of very low, low and moderate income households compared to Greater Sydney but had lower levels of affordable rental stock, with rates of affordable private rental about 90% of that for Greater Sydney and social housing about 60% of that for Greater Sydney. In Inner West LGA, 71% of private rental stock was affordable to very low, low and moderate income households compared to 78% of stock in Greater Sydney.

Table 4-5: Rental Stock in Inner West LGA at 2016 Census

	Inner LGA			Greater Sydney		
	Proportion of Renting Households	Proportion of rental stock affordable (excluding social housing)	Social housing as a proportion of rental stock	Proportion of Renting Households	Proportion of rental stock affordable (excluding social housing)	Social housing as a proportion of rental stock
Very low income households	21%	7%	8.7%	29%	7%	14.2%
Low income households	16%	25%		18%	30%	
Moderate income households	17%	39%		17%	41%	
Total	54%	71%	8.7%	64%	78%	14.2%

Source: ABS Census 2016, JSA calculation

Table notes:

- (1) proportions of rental stock are not cumulative, that is, housing that is affordable to very low income households is also affordable to low income households but is not included in the total for low income households
- (2) households with negative/nil income excluded.

4.2.2 Rental vacancies

On 11 March, 2020 and on 27 March, 2020 real estate agents in the LGA were contacted to ascertain vacancy rates of residential properties managed by them. Agencies were requested to provide the number of residential rental properties currently managed by their Agency and the number of properties currently available for lease.

Of the 22 agencies contacted six provided this information.

Vacancy rates were generally around 4% with one Agency having a 0.4% vacancy rate and one Agency having a 5% rate. They note that the current period was not typical due to the effects of Covid-19, and that fewer properties were generally available in the local housing market for rent than is currently the case due to health restrictions and reductions in overseas students and the like.

The Table below shows the six responses, identified by suburb of Agency.

Table 4-6: Rental Vacancy Survey

Suburb	No. residential vacancies	Total no. properties	Percentage
Ashfield	20	500	4%
Balmain	12	Between 300 & 400	Between 3% and 4%
Dulwich Hill	82	1566	5%
Haberfield	1	250	0.4%
Petersham	12	310	4%
Petersham	12	275	4%

Source: JSA telephone survey on 11 March and 27 March, 2020, JSA calculation

4.2.3 Affordable housing benchmarks

The table below shows affordable housing benchmarks based on no more than 30% of total household income being expended on rent or mortgage payments for very low, low and moderate income households for referring to 'affordable housing', in September Quarter 2019 dollars, and are consistent with relevant NSW legislation.

It can be seen that for rental to be 'affordable' under statutory definitions, rental would need to be less than \$277 per week for a very low income household, between \$278 and \$443 for a low income household, and between \$444 and \$665 for a moderate income household. The maximum purchase price for a home would need to be no more than around \$304,000 for a very low income household under assumptions (3) and (4) above, and up to \$492,500 and \$737,500 respectively for a low and moderate income household respectively.

Table 4-7: Relevant Affordable Housing Income and Cost Benchmarks – Greater Sydney

	Very low-income household	Low-income household	Moderate-income household
Income Benchmark	<50% of Gross Median H/H Income for Greater Sydney	50-80% of Gross Median H/H Income for Greater Sydney	80%-120% of Gross Median H/H Income for Greater Sydney
Income Range (2)	<\$923 per week	\$924-\$1,477 per week	\$1,478-\$2,215 per week
Affordable Rental Benchmarks (3)	<\$277 per week	\$278-\$443 per week	\$444-\$665 per week
Affordable Purchase Benchmarks (4)	<\$303,750	\$303,751-\$492,500	\$492,501-\$737,500

Source: JSA 2019, based on data from ABS (2016) Census and ABS (2019) Consumer Price Index, ANZ online home loan repayment calculator, www.anz.com.au/personal/home-loans/calculators-tools/calculate-repayments/

Table notes:

- (1) all values reported are in September Quarter 2019 dollars
- (2) total weekly household income
- (3) calculated as 30% of total household income
- (4) calculated using ANZ Loan Repayment Calculator, using 27 November 2019 interest rate (4.19%) and assuming a 20% deposit for a 30 year ANZ Standard Variable Home Loan and 30% of total household income as repayments. Available interest rate for repayments for very low income households was 4.29%.

4.2.4 Rental housing supply

The table below shows rental data for the September Quarter 2019 for the Inner West LGA compared to Greater Sydney. Of the dwellings for rent in Inner West LGA, no product was affordable to **very low** households. Bedsits were affordable to **low income** households, although one-bedroom dwellings, were generally only affordable to the upper 10-20% of the income range. For **moderate income** households, all smaller products (bedsits, one bedroom dwelling) as well as first quartile and median two bedroom dwellings, were affordable. However, any larger dwellings (three and four or more bedrooms) were well out of reach and affordable to higher income households only.

Median rents for smaller products (bedsits and one bedroom dwellings) in the Inner West LGA are lower than Greater Sydney (15% and 10% less than Greater Sydney respectively), however median rents for all larger products (three and four bedroom dwellings) are much higher in the Inner West at 33% and 39% higher than Greater Sydney. Median rents for two bedroom dwellings in Inner West LGA are also 8% higher than Greater Sydney.

Table 4-8: Rents for Inner West LGA by bedroom number (all dwellings) compared to Greater Sydney, June Quarter 2019

Inner West LGA					Greater Sydney
Type	First Quartile	Median	Third Quartile	Number of NewBonds	Median
Bedsits	\$293	\$340	\$400	98 (3%)	\$390
One Bedroom	\$363	\$430	\$515	927 (30%)	\$475
Two Bedrooms	\$485	\$570	\$680	1,375 (44%)	\$525
Three Bedrooms	\$700	\$800	\$908	550 (18%)	\$540
Four or more Bedrooms	\$874	\$1,020	\$1,200	156 (5%)	\$625
Total				3,106	

Source: NSW Department of Communities and Justice, Rent & Sales Report, Report No 129, September Quarter 2019 Rent Tables

Rental Snapshot – February 2020

A search of available rental properties in the Inner West LGA between 19-25 February 2020 was conducted using the website Domain.com.au. Suburbs searched **wholly within** the Inner West Council local government area included Ashfield, Balmain, Balmain East, Birchgrove, Dulwich Hill, Enmore, Haberfield, Leichhardt, Lewisham, Lilyfield, Marrickville, Petersham, Rozelle, Stanmore, Summer Hill, Sydenham and Tempe. Suburbs that spanned both the Inner West LGA and an adjoining local government area **were included** in the search where more than 50 percent of that suburb area was in the Inner West Council area. These suburbs included Annandale, Newtown and St Peters. Suburbs that spanned both the Inner West LGA and another local government area and for which the greater portion of that suburb was **not** in Inner West Council area **were not included** in the rental search. These suburbs were Ashbury, Camperdown, Croydon, Croydon Park, Hurlstone Park and Mascot.

In terms of the **LGA as a whole**, the table below indicates that only boarding house accommodation was affordable to some very low income households, noting that such accommodation is often older and of poor amenity. No other housing product was affordable to very low income households, although bed sits were affordable to around the upper 50% of low income households, and one bedroom units to around the upper 10-20% of low income households only.

Looking at **median rents by suburb** in the table that follows, it is apparent that all suburbs in the Inner West LGA were unaffordable to very low and low income households by this measure. For moderate income households, around one-third of suburbs were unaffordable to any of the target

group, and 75% of suburbs were affordable to only the upper 10-50% of the income band. One quarter of suburbs were not affordable to moderate income households.

Table 4-9: Rents for Inner West LGA by bedroom number and quartile

Inner West LGA				
First Quartile	First Quartile	Median	Third Quartile	Number of properties
Boarding house/Share house	\$200	\$210	\$265	15
Bedsits	\$320	\$380	\$400	107
One Bedroom	\$390	\$430	\$500	239
Two Bedrooms	\$460	\$530	\$670	396
Three Bedrooms	\$720	\$850	\$1,000	128
Four or more Bedrooms	\$1,050	\$1,250	\$1,387	34

Source: domain.com.au between 19-25 February, 2020, JSA calculation

Table 4-10: Median rents for Inner West LGA by Suburb

Suburb	Median Rent	Number of Properties
Annandale	\$633	42
Ashfield	\$430	170
Balmain	\$715	54
Balmain East	\$850	9
Birchgrove	\$1,050	11
Dulwich Hill	\$490	85
Enmore	\$470	17
Haberfield	\$495	12
Lewisham	\$535	36
Leichhardt	\$590	75
Lilyfield	\$690	17

Suburb	Median Rent	Number of Properties
Marrickville	\$490	115
Newtown	\$500	90
Petersham	\$450	52
Rozelle	\$625	33
St Peters	\$750	17
Stanmore	\$500	27
Summer Hill	\$470	41
Sydenham	\$525	2
Tempe	\$615	14
Total Number of Properties		919

Source: domain.com.au, between 19-25 February 2020, JSA calculation

4.2.5 Purchase housing supply

The table below shows sales data for the March quarter 2019 compared to Greater Sydney. No product in the Inner West LGA was affordable to any very low or low income household. A first quartile Strata dwelling was affordable to moderate income households. Median sales prices in Inner West LGA are 36% higher than Greater Sydney for Non-Strata dwellings, and 9% higher for Strata dwellings.

Table 4-11: Purchase prices for Inner West LGA (all dwellings) compared to Greater Sydney, March Quarter 2019

	Inner West LGA				Greater Sydney
	First Quartile	Median	Third Quartile	Number of sales	Median
Non Strata	\$1,200,000	\$1,400,000	\$1,720,000	365	\$900,000
Strata	\$649,000	\$768,000	\$955,000	348	\$700,000

Source: NSW Department of Communities and Justice, Rent & Sales Report, Report No 129, June Quarter 2019 Sales Tables

Greater detail is available using sales data from the EAC RedSquare Data Base. This provides sales data by strata and non-strata, number of bedrooms, suburb and land size amongst other detail. The tables below show sales data for Inner West LGA for non-strata properties by number of bedrooms and for selected suburbs. No non-strata property is affordable to any very low, low or moderate income household for any bedroom number or in any suburb.

Table 4-12: Sales for Inner West LGA for non-strata properties by bedroom number and quartile

Type	First Quartile	Median	Third Quartile	Number of sales
One Bedroom	\$915,000	\$1,025,500	\$1,179,000	32
Two Bedrooms	\$1,075,000	\$1,230,000	\$1,373,000	439
Three Bedrooms	\$1,330,000	\$1,545,000	\$1,800,000	653
Four or more Bedrooms	\$1,640,000	\$1,950,000	\$2,430,000	405

Source: EAC RedSquare data base accessed 27 March 2020, JSA calculation

Table notes:

- (1) recorded sales 1 January 2019 – 27 March 2020
- (2) data excludes low cost sales between related people, commercial sales and sales with inadequate data e.g. bedrooms or price not stated.

Table 4-13: Median sales prices for non-strata properties for Inner West LGA by Suburb

Suburb	First Quartile	Median	Third Quartile	Number of Sales
Annandale	\$1,336,250	\$1,588,000	\$2,021,250	116
Ashbury	\$1,387,500	\$1,425,000	\$1,467,500	3
Ashfield	\$1,288,750	\$1,510,000	\$1,847,000	74
Balmain	\$1,500,000	\$1,912,000	\$2,600,000	133
Balmain East	\$2,346,250	\$2,875,000	\$3,487,500	24
Birchgrove	\$1,480,000	\$1,890,000	\$3,050,000	41
Camperdown	\$1,185,625	\$1,437,500	\$1,616,750	32
Croydon	\$1,200,000	\$1,375,000	\$1,750,000	33

Suburb	First Quartile	Median	Third Quartile	Number of Sales
Croydon Park	\$1,492,000	\$1,713,000	\$1,774,000	3
Dulwich Hill	\$1,309,000	\$1,525,000	\$1,840,000	76
Enmore	\$1,197,500	\$1,362,500	\$1,555,000	44
Haberfield	\$1,646,250	\$2,025,000	\$2,417,500	62
Hurlstone Park	\$1,256,500	\$1,460,000	\$1,655,000	4
Leichhardt	\$1,200,000	\$1,400,000	\$1,777,500	202
Lewisham	\$1,292,500	\$1,435,000	\$1,650,000	33
Lilyfield	\$1,417,500	\$1,660,000	\$2,079,500	91
Marrickville	\$1,210,000	\$1,410,000	\$1,662,500	199
Newtown	\$1,115,000	\$1,308,000	\$1,605,000	105
Petersham	\$1,255,000	\$1,441,000	\$1,790,000	58
Rozelle	\$1,351,000	\$1,625,000	\$1,900,000	109
St Peters	\$1,098,250	\$1,350,000	\$1,482,500	36
Stanmore	\$1,350,500	\$1,520,000	\$1,840,000	83
Summer Hill	\$1,437,500	\$1,700,000	\$1,977,000	47
Sydenham	\$1,042,500	\$1,186,000	\$1,287,500	11
Tempe	\$1,018,125	\$1,117,500	\$1,318,125	38

Source: EAC RedSquare data base accessed 27 March 2020, JSA calculation

Table notes:

- (1) recorded sales 1 January 2019 – 27 March 2020
- (2) data excludes low cost sales between related people, commercial sales and sales with inadequate data e.g. price not stated.

The Tables below show sales data for Inner West LGA for strata properties by number of bedrooms and for selected suburbs. No strata property is affordable to any very low income household, a bedsit is affordable to a low income household and a one bedroom and first quartile two bedroom apartment is affordable to a moderate income household.

Table 4-14: Sales for Inner West LGA for strata properties by bedroom number and quartile.

Type	First Quartile	Median	Third Quartile	Number of sales
Bedsits	\$371,500	\$394,500	\$443,750	12
One Bedroom	\$498,750	\$594,000	\$710,625	244
Two Bedrooms	\$664,875	\$765,000	\$900,000	600
Three Bedrooms	\$878,750	\$1,110,000	\$1,423,250	100
Four or more Bedrooms	\$1,715,000	\$1,757,500	\$1,886,250	6

Source: EAC RedSquare data base accessed 7 January 2020, JSA calculation

Table notes:

- (1) recorded sales 1 January 2019 – 27 March 2020.
- (2) data excludes low cost sales between related people, commercial sales and sales with inadequate data e.g. bedrooms or price not stated.

Table 4-15: Median sales prices for strata properties for Inner West LGA by Suburb

Suburb	First Quartile	Median	Third Quartile	Number of Sales
Annandale	\$732,500	\$1,065,000	\$1,425,000	53
Ashfield	\$590,000	\$655,000	\$750,000	260
Balmain	\$776,250	\$1,000,000	\$1,529,000	100
Balmain East	\$943,750	\$1,530,000	\$2,015,000	16
Birchgrove	\$880,000	\$1,353,617	\$1,920,000	17
Camperdown	\$668,500	\$850,000	\$1,255,000	27
Croydon	\$588,000	\$671,000	\$739,250	24
Croydon Park	\$555,000	\$804,500	\$1,050,000	4
Dulwich Hill	\$588,250	\$692,000	\$819,500	139
Enmore	\$595,000	\$654,250	\$711,250	10
Haberfield	\$621,250	\$750,000	\$792,000	14
Leichhardt	\$705,000	\$885,000	\$1,072,500	111

Suburb	First Quartile	Median	Third Quartile	Number of Sales
Lewisham	\$695,000	\$790,000	\$860,000	39
Lilyfield	\$730,000	\$975,000	\$1,365,000	27
Marrickville	\$623,000	\$754,000	\$967,500	289
Newtown	\$530,000	\$680,000	\$850,000	45
Petersham	\$599,000	\$750,000	\$865,000	69
Rozelle	\$858,875	\$1,250,000	\$1,783,750	66
St Peters	\$635,000	\$876,000	\$975,000	31
Stanmore	\$676,250	\$736,000	\$844,750	42
Summer Hill	\$650,000	\$742,000	\$847,500	107

Source: EAC RedSquare data base accessed 27 March 2020, JSA calculation

Table notes:

- (1) recorded sales 1 January 2019 – 27 March 2020
- (2) data excludes low cost sales between related people, commercial sales and sales with inadequate data e.g. bedrooms or price not stated.

4.2.6 Capacity with existing land use controls

Our Inner West Draft Local Housing Strategy estimates the capacity within existing controls as 8,979 dwellings.¹⁹ We note that this may be an overestimate as Table 5 reports the Census count of occupied private dwellings, and so does not account for vacant dwellings or Census undercounting.

4.2.7 Loss of low cost housing

Council's *Our Inner West Housing Strategy* (Local Housing Strategy) states that housing affordability is affected by a number of factors including:

- changes in the housing market especially relative to changes in household income
- Federal and State policies
- level of direct provision of social and affordable housing.²⁰

¹⁹ Elton Consulting *Our Inner West Draft Housing Strategy*, Table 5.

²⁰ Elton Consulting, *Our Inner West Housing Strategy*, p.57.

The Local Housing Strategy notes that inner city areas like the Inner West have been the most adversely affected by the process of gentrification losing a disproportionate share of low cost rental and first home buyer options.

Council's *Affordable Housing Policy* found clear evidence of significant demographic change, rapid gentrification and displacement and exclusion of more disadvantaged and vulnerable people from the Inner West Council due to the decline in affordable rental and purchase housing.

Other studies have also found that the loss of lower priced dwellings to rent or purchase has been a growing problem in Sydney for many years. Concern about the loss of low cost rental apartments and boarding houses was first raised in the 1980s when the inner city began to gentrify and attract new residents and tourists. Since this time there has been a steady decline in affordability across the metropolitan region.²¹

According to the Australian Housing and Urban Research Institute (AHURI), the 2016 Census shows a continuing fall in the proportion of Australian households who live in social housing, from a high point of over 7 per cent of all households in 1991 to 4.2 per cent in 2016. This represents the lowest proportion of households in social housing during this 35 year period.²²

4.3 Affordable housing demand

4.3.1 Underlying demand

As discussed above, there are varying estimates of projected additional dwellings that will be required in Inner West LGA between 2016 and 2036, with high estimates predicting an additional 33,255 dwellings (32% growth) by 2036; and lower estimates predicting an additional 19,000 dwellings to 24,000 dwellings (around 25% growth).

The higher levels of rental stress and homelessness in Inner West LGA, the lower rates of social housing, the lower proportions of very low, low and moderate income households and the high level of commuting into Inner West LGA suggest displacement of workers and an underlying demand for affordable housing in Inner West LGA.

The Department of Communities and Justice's social housing waiting lists for CS07 Inner West Zone also provide an indication of expressed affordable housing need. This indicates a waiting time in excess of 10 years for all housing types listed, that is, studio/1 bedroom, 2 bedroom, 3 bedroom and 4+ bedroom dwellings.²³

²¹ Nicole Gurrán, 'What is affordable housing and why do we need it?', Inner City Voice, 26 May 2016 - https://innersydneyvoice.org.au/magazine/affordable-housing-need/#_edn1)

²² AHURI Brief 'Census data shows falling proportion of households in social housing', 16 August 2017. Also RMIT ABC Fact Check, 'Have social housing levels fallen to historic lows?', 12 August 2019 - <https://www.abc.net.au/news/2019-08-12/fact-check-social-housing-lowest-level/11403298>.

4.4 Affordable housing gaps

4.4.1 Gap in market provision

The detailed housing market analysis above shows that, while there is significant underlying demand for affordable housing, there are limited opportunities for the market to meet the demand for affordable housing in the Inner West LGA.

The analysis above concludes that there is a gap between the current needs and supply of rental accommodation for very low, low and moderate income households, thus the development of an affordable housing contribution scheme is warranted on the basis of need. The greatest unmet need for affordable housing in the Inner West LGA is among very low and low income renting households.

4.4.2 Current and projected affordable housing need

Need related to housing stress

At current rates of housing stress, projected to 2036 to account for the proportional increase in total dwellings using DPIE 2019 projections, there would be the need for more than 17,000 affordable housing dwellings in the LGA, taking into account the current need for 13,137 dwellings and **an additional 4,157 affordable dwellings from 2016 to 2036**. More than 80% of these would need to be affordable rental, most for very low and low income renting households, as shown below.

Using dwellings projections in *Our Place Inner West*, and subsequent amended projections, the projected additional affordable dwellings required would be around 3,200 dwellings by 2036. This would be a total need of around 16,300 affordable dwellings, again mostly for very low and low income renters.

²³ <https://www.facs.nsw.gov.au/housing/help/applying-assistance/expected-waiting-times>

Table 4-16: Need for Affordable Housing Inner West

	2016	2036	Difference (2016-36)
RENTAL			
Very Low Income	4812	6335	1523
Low Income	3568	4697	1129
Moderate Income	2308	3038	730
Subtotal	10688	14070	3382
PURCHASE			
Very Low Income	698	919	221
Low Income	806	1061	255
Moderate Income	945	1244	299
Subtotal	2449	3224	775
TOTAL	13137	17294	4157

Projected need related to social housing

There are currently 3,763 social (public and community) rental dwellings in the LGA.²⁴ It is assumed that these households are affordably housed. However, in order to maintain the current proportion of social housing stock in the mix of new dwellings amid growing demand, an additional 940 to 1,200 social rental dwellings will be needed by 2036, depending on projections used.²⁵

Need related to homelessness

As noted, at the time of the 2016 Census, there were 1261 people counted as 'homeless' and 324 people counted as 'marginally housed' in the LGA as defined by ABS, most of these living in 'boarding houses', 'severely overcrowded dwellings' (needing 4 or more bedrooms) and 'other crowded dwellings' (needing 3 or more bedrooms). This was a total of 1,585 people.

Between 2016 and 2036, an additional 396 to 507 people would be homeless or marginally housed based on various projections.

This is a total of around 1,980 to 2,100 people. Assuming that 80% were in single person households, 12% were in two person households, and 8% were in larger households,²⁶ this would represent the need for a total of 1750 to 1860 additional affordable rental dwellings by 2036, likely for very low income households.

²⁴ ABS 2016 Census, adjusted for not stated (2.68%) and vacant dwellings (7.6%).

²⁵ Assuming 25% and 32% growth in total dwellings in the LGA from 2016 to 2036.

²⁶ Based on research conducted for the Inner Melbourne Partnership Councils on dwellings requirements for this the Census categories associated with 'homelessness' and being 'marginally housed'.

5 Appendix B – Viability assessment

5.1 Overview of analysis

The table below summarises the threshold FSR required for development of various sites across the Leichhardt precinct. Thresholds have been determined using the DPIE (October 2020) Affordable Housing Viability Tool Version 2.1. FSRs above this threshold will support an affordable housing contribution.

Table 5-1: FSR Thresholds Required to Support an Affordable Housing Contribution by Existing Land Usage

Precinct	Existing usage			
	Separate Housing	Residential Flat Buildings	Commercial Properties including Mixed Use Development	Commercial Properties (Strata) including Mixed Use Development
Leichhardt	3.00:1	4.16:1	3.75:1	6.46:1 (High value) 2.00:1 (Low value)

Source: JSA 2020

Based on expected FSRs provided by Council, an affordable housing contribution will be feasible in the following precinct:

- Leichhardt Precinct – 2.2% in areas of separate housing and 17.9% in areas of low value commercial strata.

5.2 Leichhardt Key Site 1 Area

5.2.1 Description

The Leichhardt key site 1 area comprises the area shaded red and labelled *Key Site 1 – Leichhardt Precinct* as shown in Figure 5.1 below. The area is located on either side of Parramatta Road and is bounded by Renwick Street, Renwick Lane, Norton Street, the southern boundary of Leichhardt public school, Balmain Road, Crystal Street, Elswick Street, Petersham Lane, Queen Street and Railway Street.

Land zoning comprises a mixture of B2 Local Centre and R1 General Residential under Leichhardt Local Environmental Plan 2013 and B2 Local Centre and SP2 Infrastructure under Marrickville Local Environment Plan 2011.

There is no height constraint under Leichhardt Local Environmental Plan 2013, and height of 14.0 metres under Marrickville Local Environment Plan 2011.

FSR varies from 0.5:1 to 1.0:1 under Leichhardt Local Environmental Plan 2013 depending on the zone and lot size, and 1.5:1 under Marrickville Local Environment Plan 2011.

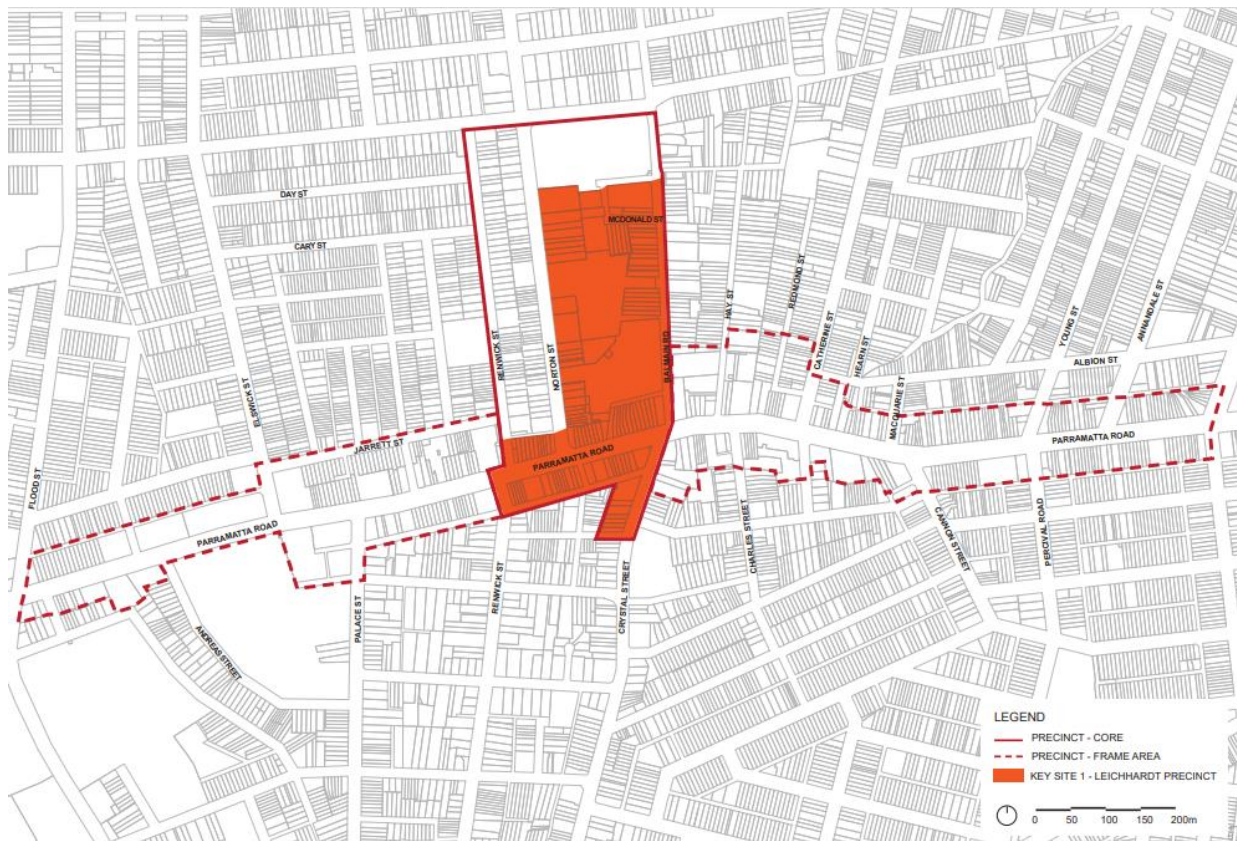


Figure 5.1: Leichhardt Precinct – Key Site 1 Map

Source: Inner West Council

5.2.2 Current value of land

Introduction

The Viability Tool is based on comparative land sales using a simple average of recent sales on a square metre basis. There are five types of land uses in the precinct expected to be affected by changes to planning controls, separate houses, residential flat buildings, schools, commercial properties and strata developments incorporating shop top housing.

Recent comparable sales within the precinct are set out in the tables below.²⁷ Older sales prices have been indexed in accordance with changes in the median strata and non-strata sales price for Inner West Council (or appropriate LGA for sales prior to 2017) as listed in the Rent and Sales Report Dashboard.

Separate Houses

Twelve sales of separate houses were identified in the precinct for the period 2017-2020.

As the Viability Tool uses three sample sales as input, three sales were selected that were closest to the median of the twelve sales estimated on a price per square metre basis. These are set out in the table below.

²⁷ RedSquare Data Base, accessed 11 March 2020.

²⁸ https://public.tableau.com/profile/facs.statistics#!/vizhome/Rentandsales_15565127794310/Rent accessed 11 March 2020.

Table 5-2: Comparable Sales – Separate Houses

Description	Sales date	Sales price	Index	Adjusted price	Area (m ²)
42/1/DP612 85 Renwick Street	23/8/18	\$1,360,000	0.98	\$1,333,000	279
9/DP666469 70 Balmain Road	12/10/17	\$1,280,000	0.88	\$1,126,000	196
B/DP377846 23 Petersham Street	11/8/18	\$1,030,000	0.98	\$1,009,000	196

Source: EAC Redsquare data base, JSA calculation and analysis

Residential Strata

Six sales of apartments in four strata blocks were identified in the precinct for the period 2017-20. These are set out in the table below along with an estimate of the value of the apartment building based on an average of apartment sales. Again, using the median, the three estimates closest to the median per square metre were 11 Renwick Street, 76A Balmain Road and 8A McDonald Street.

Table 5-3: Comparable Sales – Residential Flat Buildings

Description	Sales date	Sales price	Index	Adjusted price	Number of lots	Estimated value of whole development	Area (m ²)
11-15 Renwick Street					12	\$8,076,000	738
3SP77472	10/9/19	\$740,000	0.99	\$733,000			
5SP77472	23/2/18	\$624,000	0.99	\$618,000			
7SP77472	4/5/18	\$675,000	0.99	\$668,000			
17 Renwick Street					10	\$6,300,000	562
3SP42929	25/2/19	\$630,000	1.00	\$630,000			
76A Balmain Road					20	\$19,380,000	2,197
1SP69194	20/5/17	\$1,065,000	0.91	\$969,000			
8A McDonald Street					15	\$14,400,000	1,668
12SP52876	27/2/18	\$970,000	0.99	\$960,000			

Source: EAC Redsquare data base, JSA calculation and analysis

Commercial Properties

Seventeen sales of commercial properties were identified in the precinct for the period 2017-2020. The three sales closed to the median sales price per square metre are set out in the table below.

Table 5-4: Comparable Sales – Commercial Properties

Description	Sales date	Sales price	Index	Adjusted price	Area (m ²)
9/DP33479 117 Parramatta Road	26/3/19	\$1,175,000	1.00	\$1,175,000	158.1
F/DP441629 188 Parramatta Road	24/10/19	\$1,452,000	1.00	\$1,452,000	208.7
1/DP67997 586 Parramatta Road	27/3/18	\$4,510,000	0.98	\$4,420,000	556.4

Source: EAC Redsquare data base, JSA calculation and analysis

Strata Developments including Commercial

Twenty three sales of lots were identified for the period 2017-2020 in strata properties which included commercial properties. These are set out in the table below. Again, using the median sales price per square metre, the sales closest to the median were 469 Parramatta Road, 14 Jarrett Street and 504 Parramatta Road. The estimated price per square metre for 19A Norton Street and 509 Parramatta Road were much lower than other properties, and so are modelled separately. These are older commercial developments without shop top housing.

Table 5-5: Comparable Sales – Commercial Strata

Description	Sales date	Sales price	Index	Adjusted price	Number of lots	Estimated value of whole development	Area (m ²)
509-529 Parramatta Road					8	\$8,544,000	2,828
3SP49409	16/14/18	\$1,100,000	0.99		\$1,089,000		
8SP49409	2/6/17	\$1,150,000	0.91		\$1,047,000		
469 Parramatta Road					36	\$19,512,000	1,985
16SP75710	17/8/17	\$340,000	0.91		\$309,000		
25SP75710	5/4/17	\$1,050,000	0.91		\$956,000		
32SP75710	29/9/17	\$397,000	0.91		\$361,000		
4-16 Jarrett Street					38	\$31,572,000	2,056
2SP69736	26/6/19	\$1,150,000	1.00		\$1,150,000		
23SP69736	1/5/18	\$600,000	0.99		\$594,000		
6SP69736	1/12/17	\$985,000	0.91		\$896,000		

Description	Sales date	Sales price	Index	Adjusted price	Number of lots	Estimated value of whole development	Area (m ²)
16SP69736	15/11/19	\$650,000	1.00		\$650,000		
28SP69736	24/4/18	\$655,000	0.99		\$648,000		
22SP69736	25/5/17	\$1,150,000	0.91		\$1,047,000		
23 Norton Street					72	\$24,876,000	11,161
42SP60919	3/2/17	\$330,000	0.91		\$300,000		
44/SP60919	25/11/17	\$430,000	0.91		\$391,000		
41SP60919	28/11/17	\$270,000	0.91		\$246,000		
61SP60919	9/8/18	\$429,000	0.99		\$425,000		
62SP60919	9/8/18	\$429,000	0.99		\$425,000		
34SP60919	19/10/18	\$440,000	0.99		\$436,000		
4SP60919	20/12/19	\$275,000	1.00		\$275,000		
192 Parramatta Road					28	\$22,559,000	897
1SP69781	18/9/17	\$915,000	0.91		\$833,000		
17SP69781	15/11/17	\$895,000	0.91		\$814,000		
27SP69781	30/9/19	\$770,000	1.00		\$770,000		
504-512 Parramatta Road					19	\$14,522,000	869
2/SP71959	19/11/19	\$860,000	1.00		\$860,000		
7SP71959	21/7/17	\$780,000	0.91		\$710,000		
8SP71959	21/4/17	\$795,000	0.91		\$723,000		

Source: EAC Redsquare data base, JSA calculation and analysis

5.2.3 Expected sales price of developed land

Four recently constructed residential flat building developments have been identified in Leichhardt. There were some recent developments in Stanmore and Petersham; however, these were south of the railway line and so considered to reflect pricing in a different area. The developments were 30 George Street Leichhardt, 22 George Street Leichhardt, 47 Norton Street Leichhardt and 32 Jarrett Street Leichhardt.

A median priced apartment has been selected in each block and further analysed to estimate the floor area as strata area less balconies, storage and parking spaces to obtain a sales price based on gross floor area (GFA).

For 30 George Street, apartment 11 (Lot 31) has been selected. The strata area for this apartment was 63 m². Deducting 8 m² for a balcony and 3 m² for storage, the GFA is 52 m². The sale price of this apartment was \$645,000 on 5 June 2018, giving a sales price per square metre of \$12,400.

For 22 George Street, apartment 101/24B George Street (lot 19) has been selected. The strata area for this apartment is 92 m², including a balcony of 10 m² and parking and storage of 15 m² giving a GFA of 67 m² with a sales price of \$782,000 on 9 April 2019. This gives a sales price per square metre of \$11,672.

There is insufficient sales information available to determine rates for 47 Norton Street Leichhardt. For 32 Jarrett Street, apartment 102 (Lot 2) sold for \$1,175,000 on 25 November 2019. The strata area for this apartment is 102 m², including 10 m² for a balcony and 12 m² for parking and storage, giving a GFA of 80 m², and a sales price of \$14,688 per square metre.

5.2.4 Affordable Housing Viability Tool output

Separate Housing

Modelling shows that an FSR of 2.38:1 is required for redevelopment of existing Separate Housing to be viable. FSRs over 2.38:1 provide the opportunity for an affordable housing contribution. An FSR of 3:1 supports an affordable housing contribution of 2.2%.

Existing Residential Flat Buildings

Modelling shows that an FSR of 4.16:1 is required for redevelopment of existing Residential Flat Buildings to be viable. FSRs over 4.16:1 provide the opportunity for an affordable housing contribution. An FSR of 3.0:1 will not support redevelopment.

Commercial Properties (Non Strata) including Mixed Use Development

Modelling shows that an FSR of 3.75:1 is required for redevelopment of existing Commercial Properties to be viable. FSRs over 3.75:1 provide the opportunity for an affordable housing contribution. An FSR of 3.0:1 will not support redevelopment.

Commercial Properties (Strata) including Mixed Use Development

Modelling shows that an FSR of 6.46:1 is required for redevelopment of existing high value Commercial Strata Properties to be viable.

For low value Commercial Strata Properties, an FSR of 2:1 is required for redevelopment to be viable. FSRs over 2:1 provide the opportunity for an affordable housing contribution. An FSR of 3:1 supports an affordable housing contribution of 17.9%.

5.3 Expected sales price of commercial component of buildings

Eight recent sales of commercial space in Mixed Use Strata Developments have been identified across the various precincts. The details are set out in the table below.²⁹ The median value of \$6,444/m² has typically been adopted in modelling.

Table 5-6: Recent sales of New Commercial Space in Mixed Use Developments

Description	Sales date	Sales price	Area (m ²)	\$/m ²
29/SP99302 45 Nelson Street Annandale	31/7/19	\$990,000	129	\$7,674
30/SP99302 45 Nelson Street Annandale	14/10/20	\$764,500	117	\$6,534
31/SP99302 45 Nelson Street Annandale	9/7/20	\$650,000	120	\$5,417
29/SP99302 45 Nelson Street Annandale	9/7/20	\$650,000	123	\$5,285
21-24/SP95542 80 Parramatta Road Stanmore	23/5/17	\$1,700,000	235	\$7,234
56/SP96581 5 McGill Street Lewisham	26/10/20	\$747,500	116	\$6,444
40-41/SP95881 326 Marrickville Road Marrickville	2/6/20	\$3,058,000	256	\$11,945
42/SP 95881 326 Marrickville Road Marrickville	9/3/20	\$814,000	132	\$6,167

Source: EAC Redsquare data base, JSA calculation and analysis

²⁹ Area is strata area excluding parking spaces and similar which are not counted against GFA.

6 Appendix C – Information sources

ANZ Loan Repayment Calculator

Australian Bureau of Statistics Census 2016

Australian Bureau of Statistics Census (2016) *Estimating Homelessness*

Department of Planning, Industry and Environment (2019) *Guideline for Developing an Affordable Housing Contribution Scheme*

domain.com.au

EAC Redsquare Data Base

Elton Consulting (2019) *Our Place Inner West: Local Housing Strategy* Elton Consulting (2019) *Our Inner West Draft Housing Strategy* Elton Consulting (2019) *Inner West Council Population Projections*

Inner West Council Development Application Data and Documentation

NSW Government, Department of Communities and Justice *Rent and Sales Report*

NSW Government, Department of Communities and Justice Social Housing Waiting List NSW Government (2019) *Inner West Council: 2019 NSW Population Projections*.

7 Appendix D – Estimate of development costs and assessment of viability

Leichhardt - Separate Houses

SHORTCUTS

[Section 1.1](#)
[Section 2.1](#)

[Section 1.2](#)
[Section 2.2](#)

LEGEND

Key test variables	Major drivers of project feasibility and site testing
User Input	User inputs
Formula Based Input	User input based on a formula link - can be overridden by user
Formula Overwritten	Formula based input overridden - use reset button to reinstate formula
Assumption	Flows through from Site Data spreadsheet
Calculation	Value calculated from other cells

INTRODUCTION - AFFORDABLE HOUSING VIABILITY TOOL

Welcome to the Affordable Housing Viability Tool. Each cell with blue text and a black outline requires an input from you. Cells with bold text and a double black outline are key test variables that will drive project value the most strongly. Cells with red text are flowing through from the Assumptions tab. If you need to edit them, go back to the assumptions tab and revise. Refer to the User Guide for further instructions on how to complete this section.

Site & Project Information

Address	Hypothetical Amalgamated lot, Leichhardt
Local Government Area	Inner West
Region	Sydney Metropolitan Area
Site Area (SqM)	950
Land Value (for tax purposes)	\$3,810,000

SECTION 1.1: Base Site Development Value

[Link to Section 1.1 Assumptions](#)

Is the Base Site Development Value applicable to your site? Yes

Section 1.1 is not applicable for sites with current zoning that does not allow residential or for sites with other complications in land value.

	Assumption	Site Implication
Residential Floor Space Ratio	0.60 :1	570 SqM Allowable Gross Floor Area (GFA)
Non-residential Floor Space Ratio	0.00 :1	0 SqM Allowable Gross Floor Area (GFA)
Proposed Total Upzoned Floor Space Ratio	0.60 :1	570 SqM Allowable Gross Floor Area (GFA)
Avg net floor area of market dwelling	65 SqM	7 Dwellings (#)
Avg GFA of market dwelling	77 SqM	
Assumed base zoning project type	Apartments 3 storeys or less	
Revenue		
Residential Sales Revenue commercial	\$13,075 Per SqM Net Floor Area	\$6,210,625 Gross Realisation Value, Average \$843337.5 per dwelling
Non-residential use 2	GST Excluded	\$0 Gross Realisation Value
Non-residential use 3	GST Excluded	\$0 Gross Realisation Value
Total		\$6,210,625 Total Gross Realisation Value
Less		
Selling Commissions & Marketing costs	4.0% of GRV	\$248,425
GST on Residential Revenue	10.0%	\$564,602
GST on Non-Residential Revenue	10.0%	\$0
Net Realisation		\$5,397,598 Revenue less Commissions & GST
Profit & Risk Allowance		
Developers margin for profit & risk	15% of GRV	\$704,034
Available Funds for Project		\$4,693,563 Net realisation less developers margin
Development Costs		
Site preparation costs	\$65 per site SqM	\$61,750 Site Preparation Costs
Residential Construction costs	\$2,662 per SqM GFA	\$1,517,570 Construction Costs
Non-residential Construction Costs	\$0 per SqM GFA	\$0 Construction Costs
Professional fees	10.0% of construction costs	\$157,932
Contingency	10.0% of above costs	\$173,725
Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% % of construction costs	\$0 Take into account potential future LIC rates
Local Infra Contributions - per additional resident	\$0 per resident (2/household)	\$0 Take into account potential future LIC rates
Local Infra Contributions - per dwelling	\$20,000 per dwelling	\$147,287 Take into account potential future LIC rates
Special Infra Contributions - per dwelling	\$12,000 per dwelling	\$88,372 See existing or proposed SIC charges from DPIE
Special Infra Contributions - per site SqM	\$0 per site SqM	\$0 See existing or proposed SIC charges from DPIE
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 See existing or proposed SIC charges from DPIE
Non-Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% % of construction costs	\$0 Take into account potential future LIC rates
Local Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 Take into account potential future LIC rates
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 See existing or proposed SIC charges from DPIE
Rates and Land Tax		
Land Tax	2020 Land Tax Formula	\$98,632
Rates - Fixed Fee		\$10,244 See Council rates for full project duration (lead-in + construction)
Rates - per unimproved land value	\$0.000 per \$1 of land value	\$0 See Council rates
Total Development Costs		\$2,255,512 Sum of costs listed above
Construction Finance Costs		
Interest Rate	6.0%	
Construction Period	12 months	\$67,665 Interest Calculated on 50% avg debt exposure over constr. period
Land Finance Costs		
Interest Rate	6.0%	
Project Lead In Period	12 months	
Construction Period	12 months	\$284,446 Interest Calculated on full debt over holding & construction period
Total Financing Costs		\$352,112
Available Funds for Land Purchase before Acquisition Costs		\$2,085,940
Land Acquisition Costs	5.0%	\$99,330
Base Residual Land Value		\$1,986,609 Net Realisation less Project Costs

SECTION 1.2: Base Site Value with Existing Use - Land Comparables

[Link to Section 1.2 Assumptions](#)

	Sale Price	SqM Site	\$/SqM
85 Renwick Street	\$1,333,000	279	\$4,778
70 Balmain Road	\$1,126,000	196	\$5,745
23 Petersham Road	\$1,009,000	196	\$5,148
Comparable Land Sale 4	\$0	0	\$0
Comparable Land Sale 5	\$0	0	\$0
Comparable Land Sale 6	\$0	0	\$0
Average	\$1,156,000	224	\$5,168
Base Land Value - Comparables		950	\$5,168
			\$4,909,600

SECTION 1.3: Establishment of required premium for site sale and viability threshold

Base Residual Land Value (from Sec 1.1)	\$1,986,609	Based on underlying development potential
Base Land Value (from Sec 1.2 comparables)	\$4,909,600	Based on existing use (e.g. if current uses are individual houses, this would reflect the sum of individual houses).
Premium over Base Land Value from Sec. 1.2	20%	The premium may be required, particularly in instances of fragmented land ownership to ensure amalgamation.
Estimated required sale price to activate development	\$5,891,520	This is based on the higher of the Base Residual Land Value from Sec. 1.1 or the Base Land Value based on comparable sales evidence from Sec. 1.2 + the required premium for amalgamation.



SECTION 2.1: Upzoned Site Value

[Link to Section 2.1 Assumptions](#)

	Assumption	Site Implication
Residential Floor Space Ratio (X:1)	2.50 :1	2,375 SqM Allowable Residential Gross Floor Area (GFA)
Non-residential Floor Space Ratio (X:1)	0.50 :1	475 SqM Allowable Non-residential Gross Floor Area (GFA)
Upzoned Total Floor Space Ratio	3.00 :1	2,850 SqM Allowable Gross Floor Area (GFA)
Avg net floor area of market dwelling	65 SqM	31 Dwellings (#)
Avg GFA of market dwelling	77 SqM	
Assumed upzoned project type	Apartments over 3 storeys	
Revenue		
Average sale price for nearby comparable properties	\$13,075 Per SqM Net Floor Area	\$25,877,604 Gross Realisation Value, Average \$843337.5 per dwelling
Non-residential use 1	GST Excluded	\$2,601,765 Gross Realisation Value
Non-residential use 2	GST Excluded	\$0 Gross Realisation Value
Non-residential use 3	GST Excluded	\$0 Gross Realisation Value
Total		\$28,479,369 Total Gross Realisation Value
Less		
Selling Commissions & Marketing costs	4.0% of GRV	\$1,139,175
GST on Residential Revenue	10.0%	\$2,352,509
GST on Non-Residential Revenue	10.0%	\$0
Net Realisation Value		\$24,987,685 Revenue less Commissions & GST
Profit & Risk Allowance		
Developers margin for profit & risk	20% of GRV	\$4,164,614
Available Funds for Project		\$20,823,071 Net realisation less developers margin
Development Costs		
Site preparation costs	\$65 per site SqM	\$61,750 Site Preparation Costs
Residential Construction costs	\$3,064 per SqM GFA	\$7,275,969 Construction Costs
Non-residential Construction Costs	\$3,654 per SqM GFA	\$1,735,413 Construction Costs
Professional fees	10.0% of construction costs	\$907,313
Contingency	10.0% of above costs	\$998,044
Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% of Construction Costs	\$0 defaults to % from Section 1.1
Local Infra Contributions - per new resident	\$0 per resident (2/household)	\$0 defaults to per resident charge from Section 1.1
Local Infra Contributions - per dwelling	\$20,000 per dwelling	\$613,695 defaults to per dwelling charge from Section 1.1
Special Infra Contributions - per dwelling	\$12,000 per dwelling	\$368,217 defaults to per dwelling charge from Section 1.1
Special Infra Contributions - per site SqM	\$0 per Site SqM	\$0 defaults to per site SqM charge from Section 1.1
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 defaults to per SqM GFA from Section 1.1
Non-Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% of Construction Costs	\$0 defaults to % from Section 1.1
Local Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 defaults to per SqM GFA from Section 1.1
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 defaults to per SqM GFA from Section 1.1
Rates and Land Tax		
Land Tax	2020 Land Tax Formula	\$147,948
Rates - Fixed Fee		\$15,366 See Council rates for full project duration (lead-in + construction)
Rates - per unimproved land value	\$0.000 per \$1 of land value	\$0 defaults to rate from Section 1.1
Total Development Costs		\$12,123,715 Sum of costs listed above
Construction Finance Costs		
Interest Rate	6.0%	
Construction Period	24 months	\$727,423 Interest calculated on 50% avg debt exposure over constr. period
Land Finance Costs		
Interest Rate	6.0%	
Project Lead In Period	12 months	
Construction Period	24 months	\$1,434,948 Interest Calculated on full debt over holding and construction period
Total Financing Costs		\$2,162,371
Available Funds for Land Purchase before Acquisition Costs		\$6,536,985
Land Acquisition Costs	5.0%	\$311,285
Upzoned Residual Land Value		\$6,225,700 Net Realisation less Project Costs

VIABLE



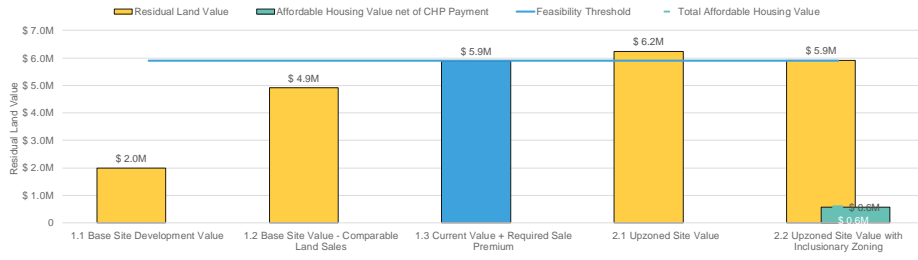
SECTION 2.2: Upzoned Value with Affordable Housing

[Link to Section 2.2 Assumptions](#)

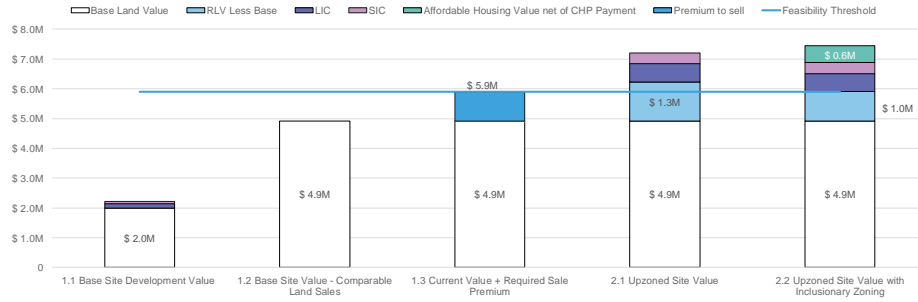
	Assumption	Site Implication
Upzoned Residential Floor Space Ratio	2.50 :1	2,375 SqM Allowable Gross Floor Area (GFA)
Upzoned Non-residential Floor Space Ratio	0.50 :1	475 SqM Allowable Gross Floor Area (GFA)
Total Upzoned Floorspace Ratio	3.00 :1	2,850 SqM Allowable Gross Floor Area (GFA)
Avg net floor area of market dwelling	65 SqM	30 Market Dwellings (#)
Avg gross floor area of market dwelling	77 SqM	
Avg net floor area of affordable dwelling	65 SqM	
Avg gross floor area of affordable dwelling	77 SqM	1 Affordable Dwellings (#)
Assumed upzoned project type	Apartments over 3 storeys	
Affordable Housing Contribution	2% of residential Gross Floor Area	52 GFA Affordable Housing
Revenue		
Average sale price for nearby comparable properties	\$13,075 Per SqM	\$25,308,297 Gross Realisation Value, Average \$1012005 per dwelling
Non-residential uses		\$2,601,765 Gross Realisation Value
Total		\$27,910,062
Less		
Selling Commissions & Marketing costs	4.0% of GRV	\$1,116,402
GST on Residential Revenue	10.0%	\$2,300,754
GST on Non-Residential Revenue	10.0%	\$0
Net Realisation Value		\$24,492,905 Revenue less Commissions & GST
Profit & Risk Allowance		
Developers margin for profit & risk	20% of GRV	\$4,082,151
Available Funds for Project		\$20,410,754 Net realisation less developers margin
Total Development Costs		
Community Housing Provider Payment (if any)	0% Market Value of AH dwellings	\$0
Construction Finance Costs		
Interest Rate	6.0%	
Construction Period	24 months	\$727,423 Interest calculated on 50% avg debt exposure over constr. period
Land Finance Costs		
Interest Rate	6.0%	
Project Lead In Period	12 months	
Construction Period	24 months	\$1,360,731 Interest Calculated on full debt over holding and construction period
Total Financing Costs		\$2,088,154
Available Funds for Land Purchase before Acquisition Costs		\$6,198,885
Land Acquisition Costs	5.0%	\$295,185
Upzoned with Affordable Housing - Residual Land Value		\$5,903,700 Net Realisation less Project Costs
Value of Affordable Housing Units (Market value less CHP Payment)		\$569,307

VIABLE

SUMMARY OF PROPOSED DEVELOPMENT SCENARIOS



SUMMARY OF PROPOSED DEVELOPMENT SCENARIOS - INCLUDING INFRASTRUCTURE CONTRIBUTIONS



Leichhardt – Residential Flat Buildings

SHORTCUTS

[Section 1.1](#)
[Section 2.1](#)

[Section 1.2](#)
[Section 2.2](#)

LEGEND

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Site & Project Information

Address	Hypothetical Amalgamated lot, Leichhardt
Local Government Area	Inner West
Region	Sydney Metropolitan Area
Site Area (SqM)	738
Land Value (for tax purposes)	\$3,261,008

SECTION 1.1: Base Site Development Value

[Link to Section 1.1 Assumptions](#)

Is the Base Site Development Value applicable to your site? Yes

Section 1.1 is not applicable for sites with current zoning that does not allow residential or for sites with other complications in land value.

	Assumption	Site Implication
Residential Floor Space Ratio	0.50 :1	369 SqM Allowable Gross Floor Area (GFA)
Non-residential Floor Space Ratio	0.00 :1	0 SqM Allowable Gross Floor Area (GFA)
Proposed Total Upzoned Floor Space Ratio	0.50 :1	369 SqM Allowable Gross Floor Area (GFA)
Avg net floor area of market dwelling	65 SqM	5 Dwellings (#)
Avg GFA of market dwelling	77 SqM	
Assumed base zoning project type	Apartments 3 storeys or less	
Revenue		
Residential Sales Revenue	\$13,075 Per SqM Net Floor Area	\$4,020,563 Gross Realisation Value, Average \$843337.5 per dwelling
Commercial	GST Excluded	\$0 Gross Realisation Value
Non-residential use 2	GST Excluded	\$0 Gross Realisation Value
Non-residential use 3	GST Excluded	\$0 Gross Realisation Value
Total		\$4,020,563 Total Gross Realisation Value
Less		
Selling Commissions & Marketing costs	4.0% of GRV	\$160,823
GST on Residential Revenue	10.0%	\$365,506
GST on Non-Residential Revenue	10.0%	\$0
Net Realisation		\$3,494,234 Revenue less Commissions & GST
Profit & Risk Allowance		
Developers margin for profit & risk	15% of GRV	\$455,770
Available Funds for Project		\$3,038,465 Net realisation less developers margin
Development Costs		
Site preparation costs	\$110 per site SqM	\$81,180 Site Preparation Costs
Residential Construction costs	\$2,662 per SqM GFA	\$982,427 Construction Costs
Non-residential Construction Costs	\$0 per SqM GFA	\$0 Construction Costs
Professional fees	10.0% of construction costs	\$106,361
Contingency	10.0% of above costs	\$116,997
Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% % of construction costs	\$0 Take into account potential future LIC rates
Local Infra Contributions - per additional resident	\$0 per resident (2/household)	\$0 Take into account potential future LIC rates
Local Infra Contributions - per dwelling	\$20,000 per dwelling	\$95,349 Take into account potential future LIC rates
Special Infra Contributions - per dwelling	\$12,000 per dwelling	\$57,209 See existing or proposed SIC charges from DPIE
Special Infra Contributions - per site SqM	\$0 per site SqM	\$0 See existing or proposed SIC charges from DPIE
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 See existing or proposed SIC charges from DPIE
Non-Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% % of construction costs	\$0 Take into account potential future LIC rates
Local Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 Take into account potential future LIC rates
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 See existing or proposed SIC charges from DPIE
Rates and Land Tax		
Land Tax	2020 Land Tax Formula	\$81,064
Rates - Fixed Fee		\$16,464 See Council rates for full project duration (lead-in + construction)
Rates - per unimproved land value	\$0.000 per \$1 of land value	\$0 See Council rates
Total Development Costs		\$1,537,051 Sum of costs listed above
Construction Finance Costs		
Interest Rate	6.0%	
Construction Period	12 months	\$46,112 Interest Calculated on 50% avg debt exposure over constr. period
Land Finance Costs		
Interest Rate	6.0%	
Project Lead In Period	12 months	
Construction Period	12 months	\$174,636 Interest Calculated on full debt over holding & construction period
Total Financing Costs		\$220,748
Available Funds for Land Purchase before Acquisition Costs		\$1,280,666
Land Acquisition Costs	5.0%	\$60,984
Base Residual Land Value		\$1,219,682 Net Realisation less Project Costs

SECTION 1.2: Base Site Value with Existing Use - Land Comparables

[Link to Section 1.2 Assumptions](#)

	Sale Price	SqM Site	\$/SqM	
11 Renwick Street	\$8,076,000	738	\$10,943	
76A Balmain Road	\$19,380,000	2,197	\$8,821	
8A McDonald Street	\$14,400,000	1,668	\$8,633	
Comparable Land Sale 4	\$0	0	\$0	
Comparable Land Sale 5	\$0	0	\$0	
Comparable Land Sale 6	\$0	0	\$0	
Average	\$13,952,000	1,534	\$9,093	
Base Land Value - Comparables		738	\$9,093	\$6,710,634

SECTION 1.3: Establishment of required premium for site sale and viability threshold

Base Residual Land Value (from Sec 1.1)	\$1,219,682	Based on underlying development potential
Base Land Value (from Sec 1.2 comparables)	\$6,710,634	Based on existing use (e.g. if current uses are individual houses, this would reflect the sum of individual houses.
Premium over Base Land Value from Sec. 1.2	20%	The premium may be required, particularly in instances of fragmented land ownership to ensure amalgamation.
Estimated required sale price to activate development	\$8,052,761	This is based on the higher of the Base Residual Land Value from Sec. 1.1 or the Base Land Value based on comparable sales evidence from Sec. 1.2 + the required premium for amalgamation.



SECTION 2.1: Upzoned Site Value

[Link to Section 2.1 Assumptions](#)

	Assumption	Site Implication
Residential Floor Space Ratio (X:1)	4.15 :1	3,063 SqM Allowable Residential Gross Floor Area (GFA)
Non-residential Floor Space Ratio (X:1)	0.50 :1	369 SqM Allowable Non-residential Gross Floor Area (GFA)
Upzoned Total Floor Space Ratio	4.65 :1	3,432 SqM Allowable Gross Floor Area (GFA)
Avg net floor area of market dwelling	65 SqM	40 Dwellings (#)
Avg GFA of market dwelling	77 SqM	
Assumed upzoned project type	Apartments over 3 storeys	
Revenue		
Average sale price for nearby comparable properties	\$13,075 Per SqM Net Floor Area	\$33,370,669 Gross Realisation Value, Average \$84337.5 per dwelling
Non-residential use 1	GST Excluded	\$1,783,377 Gross Realisation Value
Non-residential use 2	GST Excluded	\$0 Gross Realisation Value
Non-residential use 3	GST Excluded	\$0 Gross Realisation Value
Total		\$35,154,046 Total Gross Realisation Value
Less		
Selling Commissions & Marketing costs	4.0% of GRV	\$1,406,162
GST on Residential Revenue	10.0%	\$3,033,697
GST on Non-Residential Revenue	10.0%	\$0
Net Realisation Value		\$30,714,187 Revenue less Commissions & GST
Profit & Risk Allowance		
Developers margin for profit & risk	20% of GRV	\$5,119,031
Available Funds for Project		\$25,595,156 Net realisation less developers margin
Development Costs		
Site preparation costs	\$110 per site SqM	\$81,180 Site Preparation Costs
Residential Construction costs	\$3,064 per SqM GFA	\$9,382,783 Construction Costs
Non-residential Construction Costs	\$3,463 per SqM GFA	\$1,285,043 Construction Costs
Professional fees	10.0% of construction costs	\$1,074,901
Contingency	10.0% of above costs	\$1,182,391
Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% of Construction Costs	\$0 defaults to % from Section 1.1
Local Infra Contributions - per new resident	\$0 per resident (2/household)	\$0 defaults to per resident charge from Section 1.1
Local Infra Contributions - per dwelling	\$20,000 per dwelling	\$791,395 defaults to per dwelling charge from Section 1.1
Special Infra Contributions - per dwelling	\$12,000 per dwelling	\$474,837 defaults to per dwelling charge from Section 1.1
Special Infra Contributions - per site SqM	\$0 per Site SqM	\$0 defaults to per site SqM charge from Section 1.1
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 defaults to per SqM GFA from Section 1.1
Non-Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% of Construction Costs	\$0 defaults to % from Section 1.1
Local Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 defaults to per SqM GFA from Section 1.1
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 defaults to per SqM GFA from Section 1.1
Rates and Land Tax		
Land Tax	2020 Land Tax Formula	\$121,596
Rates - Fixed Fee		\$24,696 See Council rates for full project duration (lead-in + construction)
Rates - per unimproved land value	\$0.000 per \$1 of land value	\$0 defaults to rate from Section 1.1
Total Development Costs		\$14,418,822 Sum of costs listed above
Construction Finance Costs		
Interest Rate	6.0%	
Construction Period	24 months	\$865,129 Interest calculated on 50% avg debt exposure over constr. period
Land Finance Costs		
Interest Rate	6.0%	
Project Lead In Period	12 months	
Construction Period	24 months	\$1,856,017 Interest Calculated on full debt over holding and construction period
Total Financing Costs		\$2,721,146
Available Funds for Land Purchase before Acquisition Costs		\$8,455,188
Land Acquisition Costs	5.0%	\$402,628
Upzoned Residual Land Value		\$8,052,560 Net Realisation less Project Costs

NOT VIABLE



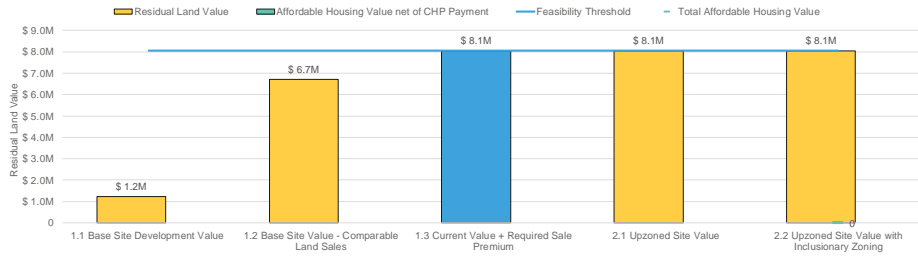
SECTION 2.2: Upzoned Value with Affordable Housing

[Link to Section 2.2 Assumptions](#)

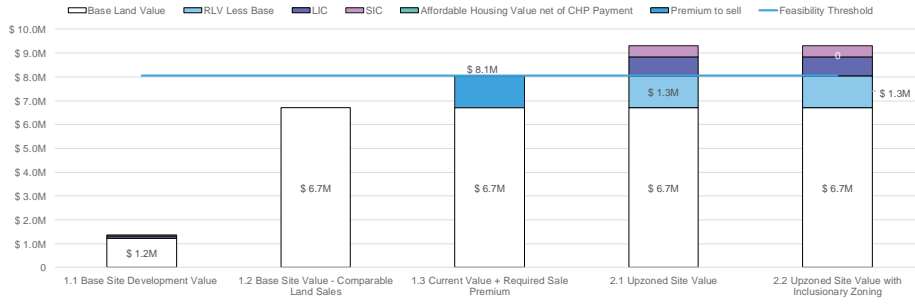
	Assumption	Site Implication
Upzoned Residential Floor Space Ratio	4.15 :1	3,063 SqM Allowable Gross Floor Area (GFA)
Upzoned Non-residential Floor Space Ratio	0.50 :1	369 SqM Allowable Gross Floor Area (GFA)
Total Upzoned Floorspace Ratio	4.65 :1	3,432 SqM Allowable Gross Floor Area (GFA)
Avg net floor area of market dwelling	65 SqM	40 Market Dwellings (#)
Avg gross floor area of market dwelling	77 SqM	
Avg net floor area of affordable dwelling	65 SqM	
Avg gross floor area of affordable dwelling	77 SqM	0 Affordable Dwellings (#)
Assumed upzoned project type	Apartments over 3 storeys	
Affordable Housing Contribution	0% of residential Gross Floor Area	0 GFA Affordable Housing
Revenue		
Average sale price for nearby comparable properties	\$13,075 Per SqM	\$33,370,669 Gross Realisation Value, Average \$1012005 per dwelling
Non-residential uses		\$1,783,377 Gross Realisation Value
Total		\$35,154,046
Less		
Selling Commissions & Marketing costs	4.0% of GRV	\$1,406,162
GST on Residential Revenue	10.0%	\$3,033,697
GST on Non-Residential Revenue	10.0%	\$0
Net Realisation Value		\$30,714,187 Revenue less Commissions & GST
Profit & Risk Allowance		
Developers margin for profit & risk	20% of GRV	\$5,119,031
Available Funds for Project		\$25,595,156 Net realisation less developers margin
Total Development Costs		
Community Housing Provider Payment (if any)	0% Market Value of AH dwellings	\$0
Construction Finance Costs		
Interest Rate	6.0%	
Construction Period	24 months	\$865,129 Interest calculated on 50% avg debt exposure over constr. period
Land Finance Costs		
Interest Rate	6.0%	
Project Lead In Period	12 months	
Construction Period	24 months	\$1,856,017 Interest Calculated on full debt over holding and construction period
Total Financing Costs		\$2,721,146
Available Funds for Land Purchase before Acquisition Costs		\$8,455,188
Land Acquisition Costs	5.0%	\$402,628
Upzoned with Affordable Housing - Residual Land Value		\$8,052,560 Net Realisation less Project Costs
Value of Affordable Housing Units (Market value less CHP Payment)		\$0

NOT VIABLE

SUMMARY OF PROPOSED DEVELOPMENT SCENARIOS



SUMMARY OF PROPOSED DEVELOPMENT SCENARIOS - INCLUDING INFRASTRUCTURE CONTRIBUTIONS



Leichhardt – Commercial Properties including Mixed Use

SHORTCUTS

[Section 1.1](#)
[Section 2.1](#)

[Section 1.2](#)
[Section 2.2](#)

LEGEND

Key test variables	Major drivers of project feasibility and site testing
User Input	User inputs
Formula Based Input	User input based on a formula link - can be overridden by user
Formula Overwritten	Formula based input overridden - use reset button to reinstate formula
Assumption	Flows through from Site Data spreadsheet
Calculation	Value calculated from other cells

INTRODUCTION - AFFORDABLE HOUSING VIABILITY TOOL

Welcome to the Affordable Housing Viability Tool. Each cell with blue text and a black outline requires an input from you. Cells with bold text and a double black outline are key test variables that will drive project value the most strongly. Cells with red text are flowing through from the Assumptions tab. If you need to edit them, go back to the assumptions tab and revise. Refer to the User Guide for further instructions on how to complete this section.

Site & Project Information

Address	Hypothetical Amalgamated lot, Leichhardt
Local Government Area	Inner West
Region	Sydney Metropolitan Area
Site Area (SqM)	994
Land Value (for tax purposes)	\$3,841,000

SECTION 1.1: Base Site Development Value

[Link to Section 1.1 Assumptions](#)

Is the Base Site Development Value applicable to your site? Yes

Section 1.1 is not applicable for sites with current zoning that does not allow residential or for sites with other complications in land value.

	Assumption	Site Implication
Residential Floor Space Ratio	1.00 :1	994 SqM Allowable Gross Floor Area (GFA)
Non-residential Floor Space Ratio	0.50 :1	497 SqM Allowable Gross Floor Area (GFA)
Proposed Total Upzoned Floor Space Ratio	1.50 :1	1,491 SqM Allowable Gross Floor Area (GFA)
Avg net floor area of market dwelling	65 SqM	13 Dwellings (#)
Avg GFA of market dwelling	77 SqM	
Assumed base zoning project type	Apartments 3 storeys or less	
Revenue		
Residential Sales Revenue	\$13,075 Per SqM Net Floor Area	\$10,830,458 Gross Realisation Value, Average \$843337.5 per dwelling
Commercial	GST Excluded	\$2,722,268 Gross Realisation Value
Non-residential use 2	GST Excluded	\$0 Gross Realisation Value
Non-residential use 3	GST Excluded	\$0 Gross Realisation Value
Total		\$13,552,726 Total Gross Realisation Value
Less		
Selling Commissions & Marketing costs	4.0% of GRV	\$542,109
GST on Residential Revenue	10.0%	\$984,587
GST on Non-Residential Revenue	10.0%	\$0
Net Realisation		\$12,026,030 Revenue less Commissions & GST
Profit & Risk Allowance		
Developers margin for profit & risk	15% of GRV	\$1,568,613
Available Funds for Project		\$10,457,417 Net realisation less developers margin
Development Costs		
Site preparation costs	\$110 per site SqM	\$109,340 Site Preparation Costs
Residential Construction costs	\$2,662 per SqM GFA	\$2,646,429 Construction Costs
Non-residential Construction Costs	\$3,309 per SqM GFA	\$1,644,697 Construction Costs
Professional fees	10.0% of construction costs	\$440,047
Contingency	10.0% of above costs	\$484,051
Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% % of construction costs	\$0 Take into account potential future LIC rates
Local Infra Contributions - per additional resident	\$0 per resident (2/household)	\$0 Take into account potential future LIC rates
Local Infra Contributions - per dwelling	\$20,000 per dwelling	\$256,848 Take into account potential future LIC rates
Special Infra Contributions - per dwelling	\$12,000 per dwelling	\$154,109 See existing or proposed SIC charges from DPIE
Special Infra Contributions - per site SqM	\$0 per site SqM	\$0 See existing or proposed SIC charges from DPIE
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 See existing or proposed SIC charges from DPIE
Non-Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% % of construction costs	\$0 Take into account potential future LIC rates
Local Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 Take into account potential future LIC rates
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 See existing or proposed SIC charges from DPIE
Rates and Land Tax		
Land Tax	2020 Land Tax Formula	\$99,624
Rates - Fixed Fee		\$23,518 See Council rates for full project duration (lead-in + construction)
Rates - per unimproved land value	\$0.000 per \$1 of land value	\$0 See Council rates
Total Development Costs		\$5,858,662 Sum of costs listed above
Construction Finance Costs		
Interest Rate	6.0%	
Construction Period	12 months	\$175,760 Interest Calculated on 50% avg debt exposure over constr. period
Land Finance Costs		
Interest Rate	6.0%	
Project Lead In Period	12 months	
Construction Period	12 months	\$530,759 Interest Calculated on full debt over holding & construction period
Total Financing Costs		\$706,519
Available Funds for Land Purchase before Acquisition Costs		\$3,892,236
Land Acquisition Costs	5.0%	\$185,345
Base Residual Land Value		\$3,706,892 Net Realisation less Project Costs

SECTION 1.2: Base Site Value with Existing Use - Land Comparables

[Link to Section 1.2 Assumptions](#)

	Sale Price	SqM Site	\$/SqM	
117 Parramatta Road	\$1,175,000	158	\$7,432	
188 Parramatta Road	\$1,452,000	209	\$6,957	
436 Parramatta Road	\$1,117,000	158	\$7,065	
Comparable Land Sale 4	\$0	0	\$0	
Comparable Land Sale 5	\$0	0	\$0	
Comparable Land Sale 6	\$0	0	\$0	
Average	\$1,248,000	175	\$7,133	
Base Land Value - Comparables		994	\$7,133	\$7,090,202

SECTION 1.3: Establishment of required premium for site sale and viability threshold

Base Residual Land Value (from Sec 1.1)	\$3,706,892	Based on underlying development potential
Base Land Value (from Sec 1.2 comparables)	\$7,090,202	Based on existing use (e.g. if current uses are individual houses, this would reflect the sum of individual houses).
Premium over Base Land Value from Sec. 1.2	20%	The premium may be required, particularly in instances of fragmented land ownership to ensure amalgamation.
Estimated required sale price to activate development	\$8,508,242	This is based on the higher of the Base Residual Land Value from Sec. 1.1 or the Base Land Value based on comparable sales evidence from Sec. 1.2 + the required premium for amalgamation.



SECTION 2.1: Upzoned Site Value

[Link to Section 2.1 Assumptions](#)

	Assumption	Site Implication
Residential Floor Space Ratio (X:1)	3.25 :1	3,231 SqM Allowable Residential Gross Floor Area (GFA)
Non-residential Floor Space Ratio (X:1)	0.50 :1	497 SqM Allowable Non-residential Gross Floor Area (GFA)
Upzoned Total Floor Space Ratio	3.75 :1	3,728 SqM Allowable Gross Floor Area (GFA)
Avg net floor area of market dwelling	65 SqM	42 Dwellings (#)
Avg GFA of market dwelling	77 SqM	
Assumed upzoned project type	Apartments over 3 storeys	
Revenue		
Average sale price for nearby comparable properties	\$13,075 Per SqM Net Floor Area	\$35,198,990 Gross Realisation Value, Average \$843337.5 per dwelling
Non-residential use 1	GST Excluded	\$2,722,268 Gross Realisation Value
Non-residential use 2	GST Excluded	\$0 Gross Realisation Value
Non-residential use 3	GST Excluded	\$0 Gross Realisation Value
Total		\$37,921,257 Total Gross Realisation Value
Less		
Selling Commissions & Marketing costs	4.0% of GRV	\$1,516,850
GST on Residential Revenue	10.0%	\$3,199,908
GST on Non-Residential Revenue	10.0%	\$0
Net Realisation Value		\$33,204,499 Revenue less Commissions & GST
Profit & Risk Allowance		
Developers margin for profit & risk	20% of GRV	\$5,534,083
Available Funds for Project		\$27,670,416 Net realisation less developers margin
Development Costs		
Site preparation costs	\$110 per site SqM	\$109,340 Site Preparation Costs
Residential Construction costs	\$3,064 per SqM GFA	\$9,896,850 Construction Costs
Non-residential Construction Costs	\$3,654 per SqM GFA	\$1,815,790 Construction Costs
Professional fees	10.0% of construction costs	\$1,182,198
Contingency	10.0% of above costs	\$1,300,418
Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% of Construction Costs	\$0 defaults to % from Section 1.1
Local Infra Contributions - per new resident	\$0 per resident (2/household)	\$0 defaults to per resident charge from Section 1.1
Local Infra Contributions - per dwelling	\$20,000 per dwelling	\$834,755 defaults to per dwelling charge from Section 1.1
Special Infra Contributions - per dwelling	\$12,000 per dwelling	\$500,853 defaults to per dwelling charge from Section 1.1
Special Infra Contributions - per site SqM	\$0 per Site SqM	\$0 defaults to per site SqM charge from Section 1.1
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 defaults to per SqM GFA from Section 1.1
Non-Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% of Construction Costs	\$0 defaults to % from Section 1.1
Local Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 defaults to per SqM GFA from Section 1.1
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 defaults to per SqM GFA from Section 1.1
Rates and Land Tax		
Land Tax	2020 Land Tax Formula	\$149,436
Rates - Fixed Fee		\$35,277 See Council rates for full project duration (lead-in + construction)
Rates - per unimproved land value	\$0.000 per \$1 of land value	\$0 defaults to rate from Section 1.1
Total Development Costs		\$15,824,915 Sum of costs listed above
Construction Finance Costs		
Interest Rate	6.0%	
Construction Period	24 months	\$949,495 Interest calculated on 50% avg debt exposure over constr. period
Land Finance Costs		
Interest Rate	6.0%	
Project Lead In Period	12 months	
Construction Period	24 months	\$1,961,281 Interest Calculated on full debt over holding and construction period
Total Financing Costs		\$2,910,776
Available Funds for Land Purchase before Acquisition Costs		\$8,934,725
Land Acquisition Costs	5.0%	\$425,463
Upzoned Residual Land Value		\$8,509,262 Net Realisation less Project Costs

VIABLE



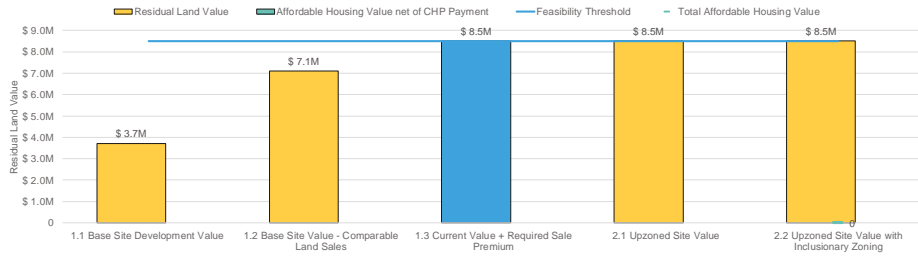
SECTION 2.2: Upzoned Value with Affordable Housing

[Link to Section 2.2 Assumptions](#)

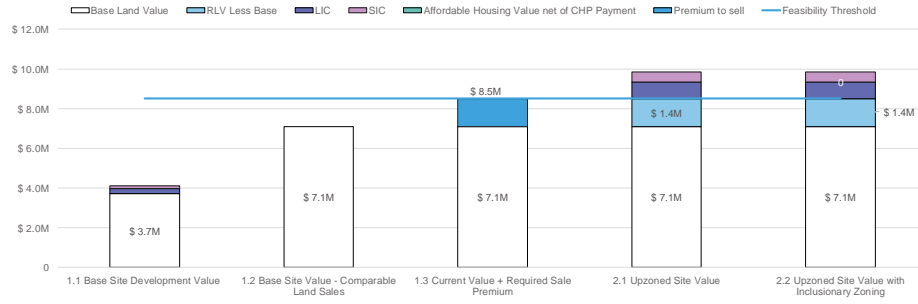
	Assumption	Site Implication
Upzoned Residential Floor Space Ratio	3.25 :1	3,231 SqM Allowable Gross Floor Area (GFA)
Upzoned Non-residential Floor Space Ratio	0.50 :1	497 SqM Allowable Gross Floor Area (GFA)
Total Upzoned Floorspace Ratio	3.75 :1	3,728 SqM Allowable Gross Floor Area (GFA)
Avg net floor area of market dwelling	65 SqM	42 Market Dwellings (#)
Avg gross floor area of market dwelling	77 SqM	
Avg net floor area of affordable dwelling	65 SqM	
Avg gross floor area of affordable dwelling	77 SqM	0 Affordable Dwellings (#)
Assumed upzoned project type	Apartments over 3 storeys	
Affordable Housing Contribution	0% of residential Gross Floor Area	0 GFA Affordable Housing
Revenue		
Average sale price for nearby comparable properties	\$13,075 Per SqM	\$35,198,990 Gross Realisation Value, Average \$1012005 per dwelling
Non-residential uses		\$2,722,268 Gross Realisation Value
Total		\$37,921,257
Less		
Selling Commissions & Marketing costs	4.0% of GRV	\$1,516,850
GST on Residential Revenue	10.0%	\$3,199,908
GST on Non-Residential Revenue	10.0%	\$0
Net Realisation Value		\$33,204,499 Revenue less Commissions & GST
Profit & Risk Allowance		
Developers margin for profit & risk	20% of GRV	\$5,534,083
Available Funds for Project		\$27,670,416 Net realisation less developers margin
Total Development Costs		
Community Housing Provider Payment (if any)	0% Market Value of AH dwellings	\$0
Construction Finance Costs		
Interest Rate	6.0%	
Construction Period	24 months	\$949,495 Interest calculated on 50% avg debt exposure over constr. period
Land Finance Costs		
Interest Rate	6.0%	
Project Lead In Period	12 months	
Construction Period	24 months	\$1,961,281 Interest Calculated on full debt over holding and construction period
Total Financing Costs		\$2,910,776
Available Funds for Land Purchase before Acquisition Costs		\$8,934,725
Land Acquisition Costs	5.0%	\$425,463
Upzoned with Affordable Housing - Residual Land Value		\$8,509,262 Net Realisation less Project Costs
Value of Affordable Housing Units (Market value less CHP Payment)		\$0

VIABLE

SUMMARY OF PROPOSED DEVELOPMENT SCENARIOS



SUMMARY OF PROPOSED DEVELOPMENT SCENARIOS - INCLUDING INFRASTRUCTURE CONTRIBUTIONS



Leichhardt – Commercial Properties (Strata) including Mixed Use

SHORTCUTS

[Section 1.1](#)
[Section 2.1](#)

[Section 1.2](#)
[Section 2.2](#)

LEGEND

Key test variables	Major drivers of project feasibility and site testing
User Input	User inputs
Formula Based Input	User input based on a formula link - can be overridden by user
Formula Overwritten	Formula based input overridden - use reset button to reinstate formula
Assumption	Flows through from Site Data spreadsheet
Calculation	Value calculated from other cells

INTRODUCTION - AFFORDABLE HOUSING VIABILITY TOOL

Welcome to the Affordable Housing Viability Tool. Each cell with blue text and a black outline requires an input from you. Cells with bold text and a double black outline are key test variables that will drive project value the most strongly. Cells with red text are flowing through from the Assumptions tab. If you need to edit them, go back to the assumptions tab and revise. Refer to the User Guide for further instructions on how to complete this section.

Site & Project Information

Address	Hypothetical Amalgamated lot, Leichhardt
Local Government Area	Inner West
Region	Sydney Metropolitan Area
Site Area (SqM)	1,985
Land Value (for tax purposes)	\$5,593,116

SECTION 1.1: Base Site Development Value

[Link to Section 1.1 Assumptions](#)

Is the Base Site Development Value applicable to your site? Yes

Section 1.1 is not applicable for sites with current zoning that does not allow residential or for sites with other complications in land value.

	Assumption	Site Implication
Residential Floor Space Ratio	1.00 :1	1,985 SqM Allowable Gross Floor Area (GFA)
Non-residential Floor Space Ratio	0.50 :1	993 SqM Allowable Gross Floor Area (GFA)
Proposed Total Upzoned Floor Space Ratio	1.50 :1	2,978 SqM Allowable Gross Floor Area (GFA)
Avg net floor area of market dwelling	65 SqM	26 Dwellings (#)
Avg GFA of market dwelling	77 SqM	
Assumed base zoning project type	Apartments 3 storeys or less	
Revenue		
Residential Sales Revenue	\$13,075 Per SqM Net Floor Area	\$21,628,229 Gross Realisation Value, Average \$843337.5 per dwelling
Commercial	GST Excluded	\$5,436,320 Gross Realisation Value
Non-residential use 2	GST Excluded	\$0 Gross Realisation Value
Non-residential use 3	GST Excluded	\$0 Gross Realisation Value
Total		\$27,064,549 Total Gross Realisation Value
Less		
Selling Commissions & Marketing costs	4.0% of GRV	\$1,082,582
GST on Residential Revenue	10.0%	\$1,966,203
GST on Non-Residential Revenue	10.0%	\$0
Net Realisation		\$24,015,764 Revenue less Commissions & GST
Profit & Risk Allowance		
Developers margin for profit & risk	15% of GRV	\$3,132,491
Available Funds for Project		\$20,883,273 Net realisation less developers margin
Development Costs		
Site preparation costs	\$110 per site SqM	\$218,350 Site Preparation Costs
Residential Construction costs	\$2,662 per SqM GFA	\$5,284,870 Construction Costs
Non-residential Construction Costs	\$3,300 per SqM GFA	\$3,284,431 Construction Costs
Professional fees	10.0% of construction costs	\$878,765
Contingency	10.0% of above costs	\$966,642
Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% % of construction costs	\$0 Take into account potential future LIC rates
Local Infra Contributions - per additional resident	\$0 per resident (2/household)	\$0 Take into account potential future LIC rates
Local Infra Contributions - per dwelling	\$20,000 per dwelling	\$512,920 Take into account potential future LIC rates
Special Infra Contributions - per dwelling	\$12,000 per dwelling	\$307,752 See existing or proposed SIC charges from DPIE
Special Infra Contributions - per site SqM	\$0 per site SqM	\$0 See existing or proposed SIC charges from DPIE
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 See existing or proposed SIC charges from DPIE
Non-Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% % of construction costs	\$0 Take into account potential future LIC rates
Local Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 Take into account potential future LIC rates
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 See existing or proposed SIC charges from DPIE
Rates and Land Tax		
Land Tax	2020 Land Tax Formula	\$164,533
Rates - Fixed Fee		\$49,392 See Council rates for full project duration (lead-in + construction)
Rates - per unimproved land value	\$0.000 per \$1 of land value	\$0 See Council rates
Total Development Costs		\$11,667,654 Sum of costs listed above
Construction Finance Costs		
Interest Rate	6.0%	
Construction Period	12 months	\$350,030 Interest Calculated on 50% avg debt exposure over constr. period
Land Finance Costs		
Interest Rate	6.0%	
Project Lead In Period	12 months	
Construction Period	12 months	\$1,063,871 Interest Calculated on full debt over holding & construction period
Total Financing Costs		\$1,413,900
Available Funds for Land Purchase before Acquisition Costs		\$7,801,719
Land Acquisition Costs	5.0%	\$371,510
Base Residual Land Value		\$7,430,208 Net Realisation less Project Costs

SECTION 1.2: Base Site Value with Existing Use - Land Comparables

[Link to Section 1.2 Assumptions](#)

	Sale Price	SqM Site	\$/SqM
469 Parramatta Road	\$19,512,000	1,985	\$9,830
14 Jarrett Street	\$31,572,000	2,056	\$15,356
504 Parramatta Road	\$14,522,000	869	\$16,711
Comparable Land Sale 4	\$0	0	\$0
Comparable Land Sale 5	\$0	0	\$0
Comparable Land Sale 6	\$0	0	\$0
Average	\$21,868,667	1,637	\$13,362
Base Land Value - Comparables		1,985	\$13,362
			\$26,523,570

SECTION 1.3: Establishment of required premium for site sale and viability threshold

Base Residual Land Value (from Sec 1.1)	\$7,430,208	Based on underlying development potential
Base Land Value (from Sec 1.2 comparables)	\$26,523,570	Based on existing use (e.g. if current uses are individual houses, this would reflect the sum of individual houses).
Premium over Base Land Value from Sec. 1.2	20%	The premium may be required, particularly in instances of fragmented land ownership to ensure amalgamation.
Estimated required sale price to activate development	\$31,828,284	This is based on the higher of the Base Residual Land Value from Sec. 1.1 or the Base Land Value based on comparable sales evidence from Sec. 1.2 + the required premium for amalgamation.



SECTION 2.1: Upzoned Site Value

[Link to Section 2.1 Assumptions](#)

Assumption	Site Implication
Residential Floor Space Ratio (X:1)	11,831 SqM Allowable Residential Gross Floor Area (GFA)
Non-residential Floor Space Ratio (X:1)	993 SqM Allowable Non-residential Gross Floor Area (GFA)
Upzoned Total Floor Space Ratio	12,823 SqM Allowable Gross Floor Area (GFA)
Avg net floor area of market dwelling	153 Dwellings (#)
Avg GFA of market dwelling	
Assumed upzoned project type	Apartments over 3 storeys
Revenue	
Average sale price for nearby comparable properties	\$128,904,246 Gross Realisation Value, Average \$84337.5 per dwelling
Non-residential use 1	\$5,436,320 Gross Realisation Value
Non-residential use 2	\$0 Gross Realisation Value
Non-residential use 3	\$0 Gross Realisation Value
Total	\$134,340,565 Total Gross Realisation Value
Less	
Selling Commissions & Marketing costs	\$5,373,623
GST on Residential Revenue	\$11,718,568
GST on Non-Residential Revenue	\$0
Net Realisation Value	\$117,248,375 Revenue less Commissions & GST
Profit & Risk Allowance	
Developers margin for profit & risk	\$19,541,396
Available Funds for Project	\$97,706,979 Net realisation less developers margin
Development Costs	
Site preparation costs	\$218,350 Site Preparation Costs
Residential Construction costs	\$36,243,823 Construction Costs
Non-residential Construction Costs	\$3,626,099 Construction Costs
Professional fees	\$4,008,827
Contingency	\$4,409,710
Residential Contributions	
Local Infra Contributions - as % of constr. cost	\$0 defaults to % from Section 1.1
Local Infra Contributions - per new resident	\$0 defaults to per resident charge from Section 1.1
Local Infra Contributions - per dwelling	\$3,057,003 defaults to per dwelling charge from Section 1.1
Special Infra Contributions - per dwelling	\$1,834,202 defaults to per dwelling charge from Section 1.1
Special Infra Contributions - per site SqM	\$0 defaults to per site SqM charge from Section 1.1
Special Infra Contributions - per SqM GFA	\$0 defaults to per SqM GFA from Section 1.1
Non-Residential Contributions	
Local Infra Contributions - as % of constr. cost	\$0 defaults to % from Section 1.1
Local Infra Contributions - per SqM GFA	\$0 defaults to per SqM GFA from Section 1.1
Special Infra Contributions - per SqM GFA	\$0 defaults to per SqM GFA from Section 1.1
Rates and Land Tax	
Land Tax	\$246,799
Rates - Fixed Fee	\$74,088 See Council rates for full project duration (lead-in + construction)
Rates - per unimproved land value	\$0 defaults to rate from Section 1.1
Total Development Costs	\$53,718,899 Sum of costs listed above
Construction Finance Costs	
Interest Rate	6.0%
Construction Period	24 months
Land Finance Costs	\$3,223,134 Interest calculated on 50% avg debt exposure over constr. period
Interest Rate	6.0%
Project Lead In Period	12 months
Construction Period	24 months
Total Financing Costs	\$7,337,690 Interest Calculated on full debt over holding and construction period
Available Funds for Land Purchase before Acquisition Costs	\$10,560,824
Available Funds for Land Purchase before Acquisition Costs	\$33,427,255
Land Acquisition Costs	\$1,591,774
Upzoned Residual Land Value	\$31,835,481 Net Realisation less Project Costs

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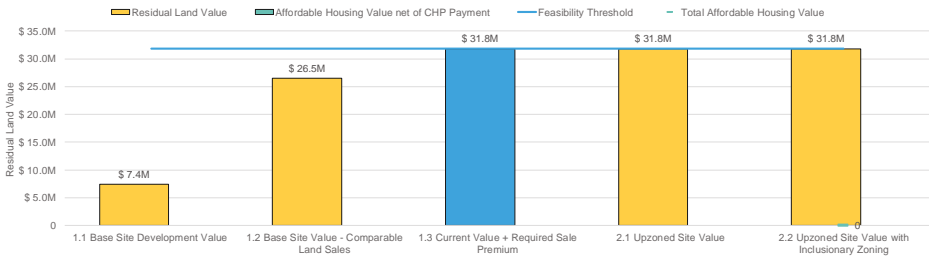
SECTION 2.2: Upzoned Value with Affordable Housing

[Link to Section 2.2 Assumptions](#)

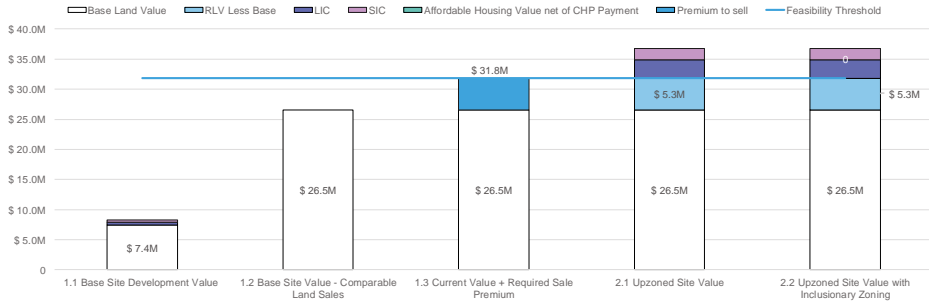
Assumption	Site Implication
Upzoned Residential Floor Space Ratio	11,831 SqM Allowable Gross Floor Area (GFA)
Upzoned Non-residential Floor Space Ratio	993 SqM Allowable Gross Floor Area (GFA)
Total Upzoned Floorspace Ratio	12,823 SqM Allowable Gross Floor Area (GFA)
Avg net floor area of market dwelling	153 Market Dwellings (#)
Avg gross floor area of market dwelling	
Avg net floor area of affordable dwelling	0 Affordable Dwellings (#)
Avg gross floor area of affordable dwelling	
Assumed upzoned project type	Apartments over 3 storeys
Affordable Housing Contribution	0 GFA Affordable Housing
Revenue	
Average sale price for nearby comparable properties	\$128,904,246 Gross Realisation Value, Average \$1012005 per dwelling
Non-residential uses	\$5,436,320 Gross Realisation Value
Total	\$134,340,565
Less	
Selling Commissions & Marketing costs	\$5,373,623
GST on Residential Revenue	\$11,718,568
GST on Non-Residential Revenue	\$0
Net Realisation Value	\$117,248,375 Revenue less Commissions & GST
Profit & Risk Allowance	
Developers margin for profit & risk	\$19,541,396
Available Funds for Project	\$97,706,979 Net realisation less developers margin
Total Development Costs	
Community Housing Provider Payment (if any)	\$53,718,899 Sum of develop. costs from Sec 2, LIC/SIC adjust. for new dwelling #
	\$0
Construction Finance Costs	
Interest Rate	6.0%
Construction Period	24 months
Land Finance Costs	\$3,223,134 Interest calculated on 50% avg debt exposure over constr. period
Interest Rate	6.0%
Project Lead In Period	12 months
Construction Period	24 months
Total Financing Costs	\$7,337,690 Interest Calculated on full debt over holding and construction period
Available Funds for Land Purchase before Acquisition Costs	\$10,560,824
Available Funds for Land Purchase before Acquisition Costs	\$33,427,255
Land Acquisition Costs	\$1,591,774
Upzoned with Affordable Housing - Residual Land Value	\$31,835,481 Net Realisation less Project Costs
Value of Affordable Housing Units (Market value less CHP Payment)	\$0

VIABLE

SUMMARY OF PROPOSED DEVELOPMENT SCENARIOS



SUMMARY OF PROPOSED DEVELOPMENT SCENARIOS - INCLUDING INFRASTRUCTURE CONTRIBUTIONS



Leichhardt – Commercial Properties (Strata) including Mixed Used (low value)

SHORTCUTS

[Section 1.1](#)
[Section 2.1](#)

[Section 1.2](#)
[Section 2.2](#)

LEGEND

Key test variables	Major drivers of project feasibility and site testing
User Input	User inputs
Formula Based Input	User input based on a formula link - can be overridden by user
Formula Overwritten	Formula based input overridden - use reset button to reinstate formula
Assumption	Flows through from Site Data spreadsheet
Calculation	Value calculated from other cells

INTRODUCTION - AFFORDABLE HOUSING VIABILITY TOOL

Welcome to the Affordable Housing Viability Tool. Each cell with blue text and a black outline requires an input from you. Cells with bold text and a double black outline are key test variables that will drive project value the most strongly. Cells with red text are flowing through from the Assumptions tab. If you need to edit them, go back to the assumptions tab and revise. Refer to the User Guide for further instructions on how to complete this section.

Site & Project Information

Address	Hypothetical Amalgamated lot, Leichhardt
Local Government Area	Inner West
Region	Sydney Metropolitan Area
Site Area (SqM)	2,828
Land Value (for tax purposes)	\$8,802,400

SECTION 1.1: Base Site Development Value

[Link to Section 1.1 Assumptions](#)

Is the Base Site Development Value applicable to your site? Yes

Section 1.1 is not applicable for sites with current zoning that does not allow residential or for sites with other complications in land value.

	Assumption	Site Implication
Residential Floor Space Ratio	1.00 :1	2,828 SqM Allowable Gross Floor Area (GFA)
Non-residential Floor Space Ratio	0.50 :1	1,414 SqM Allowable Gross Floor Area (GFA)
Proposed Total Upzoned Floor Space Ratio	1.50 :1	4,242 SqM Allowable Gross Floor Area (GFA)
Avg net floor area of market dwelling	65 SqM	37 Dwellings (#)
Avg GFA of market dwelling	77 SqM	
Assumed base zoning project type	Apartments 3 storeys or less	
Revenue		
Residential Sales Revenue	\$13,075 Per SqM Net Floor Area	\$30,813,417 Gross Realisation Value, Average \$843337.5 per dwelling
Commercial	GST Excluded	\$7,745,044 Gross Realisation Value
Non-residential use 2	GST Excluded	\$0 Gross Realisation Value
Non-residential use 3	GST Excluded	\$0 Gross Realisation Value
Total		\$38,558,460 Total Gross Realisation Value
Less		
Selling Commissions & Marketing costs	4.0% of GRV	\$1,542,338
GST on Residential Revenue	10.0%	\$2,801,220
GST on Non-Residential Revenue	10.0%	\$0
Net Realisation		\$34,214,902 Revenue less Commissions & GST
Profit & Risk Allowance		
Developers margin for profit & risk	15% of GRV	\$4,462,813
Available Funds for Project		\$29,752,089 Net realisation less developers margin
Development Costs		
Site preparation costs	\$110 per site SqM	\$311,080 Site Preparation Costs
Residential Construction costs	\$2,662 per SqM GFA	\$7,529,276 Construction Costs
Non-residential Construction Costs	\$3,309 per SqM GFA	\$4,679,280 Construction Costs
Professional fees	10.0% of construction costs	\$1,251,964
Contingency	10.0% of above costs	\$1,377,160
Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% % of construction costs	\$0 Take into account potential future LIC rates
Local Infra Contributions - per additional resident	\$0 per resident (2/household)	\$0 Take into account potential future LIC rates
Local Infra Contributions - per dwelling	\$20,000 per dwelling	\$730,749 Take into account potential future LIC rates
Special Infra Contributions - per dwelling	\$12,000 per dwelling	\$438,450 See existing or proposed SIC charges from DPIE
Special Infra Contributions - per site SqM	\$0 per site SqM	\$0 See existing or proposed SIC charges from DPIE
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 See existing or proposed SIC charges from DPIE
Non-Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% % of construction costs	\$0 Take into account potential future LIC rates
Local Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 Take into account potential future LIC rates
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 See existing or proposed SIC charges from DPIE
Rates and Land Tax		
Land Tax	2020 Land Tax Formula	\$296,904
Rates - Fixed Fee		\$94,088 See Council rates for full project duration (lead-in + construction)
Rates - per unimproved land value	\$0.000 per \$1 of land value	\$0 See Council rates
Total Development Costs		\$16,708,950 Sum of costs listed above
Construction Finance Costs		
Interest Rate	6.0%	
Construction Period	12 months	\$501,268 Interest Calculated on 50% avg debt exposure over constr. period
Land Finance Costs		
Interest Rate	6.0%	
Project Lead In Period	12 months	
Construction Period	12 months	\$1,505,024 Interest Calculated on full debt over holding & construction period
Total Financing Costs		\$2,006,293
Available Funds for Land Purchase before Acquisition Costs		\$11,036,846
Land Acquisition Costs	5.0%	\$525,564
Base Residual Land Value		\$10,511,282 Net Realisation less Project Costs

SECTION 1.2: Base Site Value with Existing Use - Land Comparables

[Link to Section 1.2 Assumptions](#)

	Sale Price	SqM Site	\$/SqM
509 Parramatta Road	\$8,544,000	2,828	\$3,021
19A Norton Street	\$24,876,000	11,161	\$2,229
			\$0
			\$0
			\$0
			\$0
Average	\$5,570,000	2,332	\$2,389
Base Land Value - Comparables		2,828	\$2,389
			\$6,756,092

SECTION 1.3: Establishment of required premium for site sale and viability threshold

Base Residual Land Value (from Sec 1.1)	\$10,511,282	Based on underlying development potential
Base Land Value (from Sec 1.2 comparables)	\$6,756,092	Based on existing use (e.g. if current uses are individual houses, this would reflect the sum of individual houses.
Premium over Base Land Value from Sec. 1.2	20%	The premium may be required, particularly in instances of fragmented land ownership to ensure amalgamation.
Estimated required sale price to activate development	\$10,511,282	This is based on the higher of the Base Residual Land Value from Sec. 1.1 or the Base Land Value based on comparable sales evidence from Sec. 1.2 + the required premium for amalgamation.



SECTION 2.1: Upzoned Site Value

[Link to Section 2.1 Assumptions](#)

	Assumption	Site Implication
Residential Floor Space Ratio (X:1)	1.50 :1	4,242 SqM Allowable Residential Gross Floor Area (GFA)
Non-residential Floor Space Ratio (X:1)	0.50 :1	1,414 SqM Allowable Non-residential Gross Floor Area (GFA)
Upzoned Total Floor Space Ratio	2.00 :1	5,656 SqM Allowable Gross Floor Area (GFA)
Avg net floor area of market dwelling	65 SqM	55 Dwellings (#)
Avg GFA of market dwelling	77 SqM	
Assumed upzoned project type	Apartments over 3 storeys	
Revenue		
Average sale price for nearby comparable properties	\$13,075 Per SqM Net Floor Area	\$46,220,125 Gross Realisation Value, Average \$843337.5 per dwelling
Non-residential use 1	GST Excluded	\$7,745,044 Gross Realisation Value
Non-residential use 2	GST Excluded	\$0 Gross Realisation Value
Non-residential use 3	GST Excluded	\$0 Gross Realisation Value
Total		\$53,965,169 Total Gross Realisation Value
Less		
Selling Commissions & Marketing costs	4.0% of GRV	\$2,158,607
GST on Residential Revenue	10.0%	\$4,201,830
GST on Non-Residential Revenue	10.0%	\$0
Net Realisation Value		\$47,604,732 Revenue less Commissions & GST
Profit & Risk Allowance		
Developers margin for profit & risk	20% of GRV	\$7,934,122
Available Funds for Project		\$39,670,610 Net realisation less developers margin
Development Costs		
Site preparation costs	\$110 per site SqM	\$311,080 Site Preparation Costs
Residential Construction costs	\$3,064 per SqM GFA	\$12,995,647 Construction Costs
Non-residential Construction Costs	\$3,654 per SqM GFA	\$5,166,049 Construction Costs
Professional fees	10.0% of construction costs	\$1,847,278
Contingency	10.0% of above costs	\$2,032,005
Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% of Construction Costs	\$0 defaults to % from Section 1.1
Local Infra Contributions - per new resident	\$0 per resident (2/household)	\$0 defaults to per resident charge from Section 1.1
Local Infra Contributions - per dwelling	\$20,000 per dwelling	\$1,096,124 defaults to per dwelling charge from Section 1.1
Special Infra Contributions - per dwelling	\$12,000 per dwelling	\$657,674 defaults to per dwelling charge from Section 1.1
Special Infra Contributions - per site SqM	\$0 per Site SqM	\$0 defaults to per site SqM charge from Section 1.1
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 defaults to per SqM GFA from Section 1.1
Non-Residential Contributions		
Local Infra Contributions - as % of constr. cost	0.0% of Construction Costs	\$0 defaults to % from Section 1.1
Local Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 defaults to per SqM GFA from Section 1.1
Special Infra Contributions - per SqM GFA	\$0 per SqM GFA	\$0 defaults to per SqM GFA from Section 1.1
Rates and Land Tax		
Land Tax	2020 Land Tax Formula	\$445,356
Rates - Fixed Fee		\$141,132 See Council rates for full project duration (lead-in + construction)
Rates - per unimproved land value	\$0.000 per \$1 of land value	\$0 defaults to rate from Section 1.1
Total Development Costs		\$24,692,345 Sum of costs listed above
Construction Finance Costs		
Interest Rate	6.0%	
Construction Period	24 months	\$1,481,541 Interest calculated on 50% avg debt exposure over constr. period
Land Finance Costs		
Interest Rate	6.0%	
Project Lead In Period	12 months	
Construction Period	24 months	\$2,429,410 Interest Calculated on full debt over holding and construction period
Total Financing Costs		\$3,910,951
Available Funds for Land Purchase before Acquisition Costs		\$11,067,314
Land Acquisition Costs	5.0%	\$527,015
Upzoned Residual Land Value		\$10,540,299 Net Realisation less Project Costs

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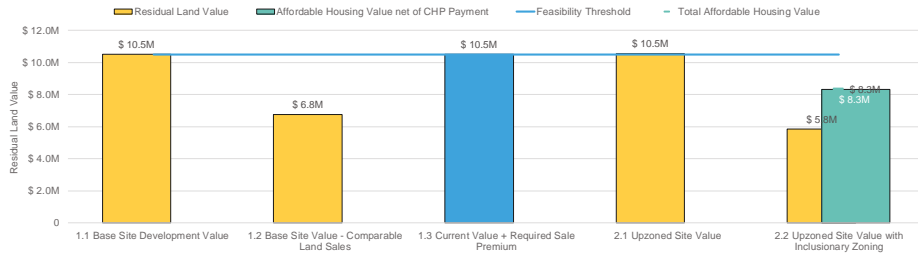
SECTION 2.2: Upzoned Value with Affordable Housing

[Link to Section 2.2 Assumptions](#)

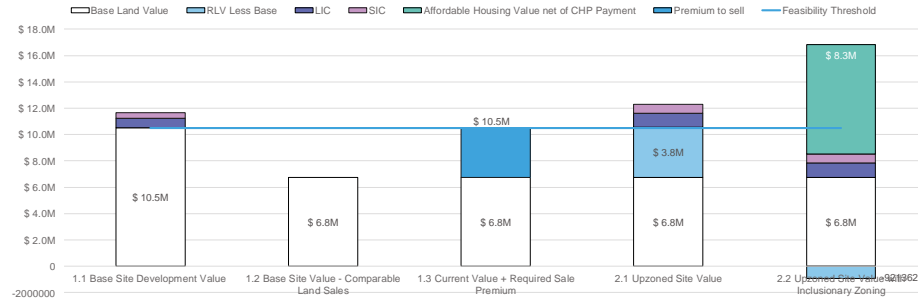
	Assumption	Site Implication
Upzoned Residential Floor Space Ratio	1.50 :1	4,242 SqM Allowable Gross Floor Area (GFA)
Upzoned Non-residential Floor Space Ratio	0.50 :1	1,414 SqM Allowable Gross Floor Area (GFA)
Total Upzoned Floorspace Ratio	2.00 :1	5,656 SqM Allowable Gross Floor Area (GFA)
Avg net floor area of market dwelling	65 SqM	45 Market Dwellings (#)
Avg gross floor area of market dwelling	77 SqM	
Avg net floor area of affordable dwelling	65 SqM	10 Affordable Dwellings (#)
Avg gross floor area of affordable dwelling	77 SqM	
Assumed upzoned project type	Apartments over 3 storeys	
Affordable Housing Contribution	18% of residential Gross Floor Area	764 GFA Affordable Housing
Revenue		
Average sale price for nearby comparable properties	\$13,075 Per SqM	\$37,900,503 Gross Realisation Value, Average \$1012005 per dwelling
Non-residential uses		\$7,745,044 Gross Realisation Value
Total		\$45,645,546
Less		
Selling Commissions & Marketing costs	4.0% of GRV	\$1,825,822
GST on Residential Revenue	10.0%	\$3,445,500
GST on Non-Residential Revenue	10.0%	\$0
Net Realisation Value		\$40,374,224 Revenue less Commissions & GST
Profit & Risk Allowance		
Developers margin for profit & risk	20% of GRV	\$6,729,037
Available Funds for Project		\$33,645,187 Net realisation less developers margin
Total Development Costs		
Community Housing Provider Payment (if any)	0% Market Value of AH dwellings	\$0
Construction Finance Costs		
Interest Rate	6.0%	
Construction Period	24 months	\$1,481,541 Interest calculated on 50% avg debt exposure over constr. period
Land Finance Costs		
Interest Rate	6.0%	
Project Lead In Period	12 months	
Construction Period	24 months	\$1,344,834 Interest Calculated on full debt over holding and construction period
Total Financing Costs		\$2,826,375
Available Funds for Land Purchase before Acquisition Costs		\$6,126,467
Land Acquisition Costs	5.0%	\$291,737
Upzoned with Affordable Housing - Residual Land Value		\$5,834,730 Net Realisation less Project Costs
Value of Affordable Housing Units (Market value less CHP Payment)		\$8,319,623

NOT VIABLE

SUMMARY OF PROPOSED DEVELOPMENT SCENARIOS



SUMMARY OF PROPOSED DEVELOPMENT SCENARIOS - INCLUDING INFRASTRUCTURE CONTRIBUTIONS



8 Appendix E – Residential Property Management Agreement

**Inner West Council
Affordable Rental Housing Program**

RESIDENTIAL PROPERTY MANAGEMENT AGREEMENT

Between

Inner West Council

2-14 Fisher Street
Petersham
New South Wales 2049
("Council")

and

Link Housing Ltd

Level 10, 67 Albert Avenue
Chatswood
New South Wales 2067
("the Manager")

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Responsibilities and Obligations

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This Management Agreement was revised on 22nd January 2019.

Responsibilities and Obligations

1 Parties

Inner West Council of Petersham Service Centre, 2-14 Fisher Street, Petersham, New South Wales 2049 (“**Council**”)

and

Link Housing Limited, Level 10, 67 Albert Avenue, Chatswood NSW 2067 (“**the Manager**”)

Council	Inner West Council		
ABN/ACN	19 488 017 987		
GST registered	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Address	260 Liverpool Road Ashfield NSW 2131		
Primary contact	David Birds (Group Manager, Strategic Planning)		
Phone work	02 9335 2154	Home:	
Mobile	0423 784 410	Fax:	
Email	david.birds@innerwest.nsw.gov.au		
Manager	Link Housing Limited		
ABN	06 003 084 928		
GST registered	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Address	Level 10, 67 Albert Avenue Chatswood NSW 2067		
Postal address	PO Box 5124 Chatswood West NSW 2067		
Phone work	02 9412 5111		
Mobile			
Email	enquiries@linkhousing.org.au		
Premises to be leased:	Refer to Annexure A.		

2 Background

A	Council has developed an Affordable Rental Housing Program to provide residential accommodation for eligible persons on low to moderate incomes and who are otherwise unable to secure affordable housing.
B	The aims and objectives of the Program are to provide eligible persons with residential accommodation within premises comprised within property owned by Council under respective residential tenancy agreements not exceeding a term of twelve (12) months at a rent set below market rate so as to provide eligible persons with an opportunity to better prepare themselves to gain home ownership or enter the private rental housing market.
C	The Manager is a Community Housing Provider and holds a current real estate agent's licence.
D	Council appoints the Manager to manage its Properties.
E	The Manager accepts the appointment to manage the Properties and to exercise authority as Council's agent in accordance with the terms and conditions of the Agreement.

3 Definitions and Interpretation

3.1	Definitions In this document the following definitions apply:
	Affordable Housing has the meaning ascribed to it in the NSW Environmental Planning and Assessment Act, 1979 – Section 4: “ <i>affordable housing</i> ” means <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> ”.
	Agreement means this Deed of Management Agreement
	Commencement Date means 12 January 2017 .
	Community Housing Provider means a registered organisation pursuant to the Community Housing Providers (Adoption of National Law) Act 2012 (NSW) that manages community housing.
	Criteria means: <ul style="list-style-type: none"> i) Accurate periodical reporting of estimated income and expenditure; ii) The level of rental arrears; iii) The level of lost rent due to vacancy rates and foregone rent; iv) Compliance with targets in the Manager's Business Plan v) Compliance with the Tenant Management Procedures; and vi) State of repair of the Properties including the level of damage to the

	Properties by Tenants.
	Dispute means any conflicting claim or disagreement between the parties arising out of or in relation with this Agreement.
	Eligible person means a person who is eligible to participate in the Program and who is a member of a “household” within the definition of “Affordable Housing”.
	Essential Terms means clauses 6, 8, 8.4.4, 9.1, 9.4, 9.5, 9.7.
	Fixtures include fixed floor coverings, stove and range hood, microwave oven, smoke / heat detectors/ alarms, hot water service, air conditioning, dish washer, clothes dryer.
	Force Majeure Event means and includes any occurrence or event that is outside the control of the parties and prevents one or other party from fulfilling its obligations under the Agreement AND without limiting the generality of such occurrence or event may include: an earthquake, explosion, fire, flood, lightning strike, storm and tempest, civil commotion, war, or terrorist attack.
	GST means the goods and services tax imposed under the A New Tax System (Goods and Services Tax) Act 1999.
	Initial Business Plan means a business plan that incorporates the following: a) Financial projection of annual income received or to be received from the Properties and any amounts payable to the Manager or retained by the Manager; b) Financial projection of annual expenditure on the Properties; c) An annual program of maintenance and anticipated replacement of fixtures, fittings and other improvements to the Properties; d) A risk management plan dealing with: i) Projected fluctuations in income from the Properties and demand from applicants, and ii) Maintenance and management costs for the Properties; e) A marketing plan detailing an annual program of marketing initiatives to promote the Program to Eligible Persons.
	Management Account means the Trust Account.
	Management Costs means all costs incurred or to be incurred by the Manager in managing the Properties.
	Management Fees means the fees payable to the Manager for-managing the Properties.
	Manager’s Maintenance Obligations means the Manager’s maintenance obligations set out in schedule 1
	Manager means the organisation appointed under this Agreement to manage the Properties

	Maintenance means the upkeep and repair of Council’s Fixtures and the Properties.
	Outgoings include strata levies (sinking and administrative, special levies) and any other costs or payments determined by Council.
	Program means the Inner West Council Affordable Rental Housing Program at Annexure C.
	Properties means the properties owned by Council and dedicated for use under the Program as described in Annexure A.
	Residential premises has the same meaning ascribed to it in the <i>Residential Tenancies Act 2010</i> and for the purposes of the Agreement means one or other of the Properties-
	Residential Tenancies Act means the Residential Tenancies Act 2010 as amended or any superseding act, and Regulations made pursuant to that Act as applicable.
	Residential Tenancy Agreement has the same meaning ascribed to it as defined in the Residential Tenancies Act 2010 and for the purposes of the Agreement means a residential tenancy agreement entered into or in future to be entered into between the Manager and an Eligible Person in accordance with the Program.
	Reporting period means every 6 months, being 30 June and 31 December each year during the Term with the report being provided no later than the 14 th day of the month following the Reporting Period. The first report period will be 30 June 2017
	Report means a report containing the following information: a) A full account of all income received and expenditure incurred in the Reporting Period just ended; b) An estimate of the likely income and expenditure for the following period; c) Any anticipated surplus or shortfall for the following period; d) Trust account statement; e) All maintenance invoices; and f) Data on rent foregone, length of arrears and vacancies.
	Revised Business Plan means a revised Initial Business Plan
	Tenancy means the right to occupy one of the Properties under a Residential Tenancy Agreement.
	Tenant means an Eligible Person who has the right to occupy one of the Properties under a Residential Tenancy Agreement.
	Tenancy Management Procedures means the procedures set out in Annexure B as amended from time to time by agreement in writing between the parties.

	Term means the three (3) year term of the Agreement.
	Termination Date means 11 January 2020 .
	Trust Account means the account the Manager establishes in the name “Inner West Council Affordable Rental Housing Program” and is operated in and records maintained in accordance with the Property, Stock and Business Agents Act 2002 and the Property, Stock and Business Agents Regulation 2014.
3.2	Interpretation
3.2.1	<p>In the Agreement, unless the context otherwise implies:</p> <ul style="list-style-type: none"> (a) Headings are for convenience only and do not affect the interpretation of the Agreement; (b) A word or expression importing the singular includes the plural and, vice versa; (c) A word or expression importing a gender includes any gender; (d) A reference to a natural person, includes any company, incorporated association, corporation or other body corporate and any governmental agency; (e) A reference to anything includes a part of that thing; (f) A reference to a part, clause, party, annexure, exhibit or schedule includes a reference to a part and clause of, and a party, annexure, exhibit and schedule to the Agreement; (g) A reference to any statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws varying, consolidating or replacing them, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute; (h) No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Agreement or any part of it. <p>A reference to an officer of an association or body that has ceased to exist includes the most senior officer of the organisation established in place of the association or body to serve substantially the same purposes.</p>
3.3	Exclusions and Exemptions
3.3.1	Nothing in the Agreement shall be construed nor implied to mean that the parties to it are partners or joint venturers.
3.3.2	Nothing in this Agreement fetters the authority, rights and responsibilities of Council in its capacity as a local government council in the exercise of its statutory and regulatory powers.

4 Properties and Premises

4.1	The Properties managed by the Manager includes all of the Property described in Annexure A and all of the Premises therein contained including all fixtures and fittings thereof.
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5 Term

5.1	Subject to any right to earlier determination of the Agreement, the Term of the Agreement will be three (3) years from the Commencement Date and it will expire on the Termination Date.
5.2	Subject to no subsisting breach of the Agreement Council may in its absolute discretion extend the Term of the Agreement for a further 2 years on the same terms and conditions as this Agreement.

6 Appointment of Manager

6.1	Appointment and authority
6.1.1	The Manager must manage the Properties in accordance with the Program.
6.1.3	The Manager is authorised to enter into a Residential Tenancy Agreement with an Eligible Person for the Properties for a term or terms not exceeding 12 Months.
6.2	Manager's warranties
6.2.1	The Manager warrants that as at the Commencement Date of the Agreement, it is a registered Community Housing Provider and holds a real estate agent's licence.
6.2.2	The Manager warrants that it will not during the term of the Agreement do nor fail to do any act or thing which could result in the Manager being de-registered as a Community Housing Provider or real estate agent.
6.2.3	The Manager warrants that if for any reason it ceases to be registered as a Community Housing provider, or hold a real estate agent's licence, the Manager will notify the Council in writing within 24 hours. If as a consequence of ceasing to be -registered, or hold a real estate agent's licence, the Manager is not able to lawfully manage the Properties then the Agreement is terminated.

7 Management of Properties

7.1	Current Properties
A7.1.1	Council's properties listed in Annexure A are to be managed in accordance with all the terms and conditions set out in this Agreement, including for a term not exceeding the Termination Date, failing which (and absent reasonable cause) the Agreement will be at an end.
7.2	Residential Tenancy Agreements of Premises
7.2.1	The Manager will enter into such Residential Tenancy Agreements in accordance with the Program and the Tenancy Management Procedures.
7.2.2	The Manager will administer the Residential Tenancy Agreement so that: <ul style="list-style-type: none"> (a) Council is not in breach of any of its obligations under the Agreement; and (b) any breaches of the Agreement by a tenant will be brought to Council's attention as soon as possible.
7.2.3	The rent payable shall be determined by the Manager in accordance with the Tenancy Management Procedures and reviewed annually.
7.2.4	The Manager must comply with all relevant laws, regulations and Council requirements consistent with the Program with respect to all Residential Tenancy Agreements.
7.2.5	The Manager must ensure that the termination date of all Residential Tenancy Agreements must be for a term not extending beyond the Termination Date.

8 Financial Arrangements

8.1	Management Account
8.1.1	The Manager must hold all rent and monies received from each of the Properties in the Trust Account and rent and monies received from each of the Properties must be separately identified in the Trust.
8.1.2	The Manager must manage the Trust Account so there is no breach of the Property, Stock and Business Agents Act 2002 and the Property, Stock and Business Agents Regulation 2014.

8.2	Management Costs
8.2.1	The Manager must apply monies held in the Trust Account to the payment of outgoing, repairs and maintenance.
8.3	Management Fees
8.3.1	The Manager shall be entitled to deduct Management Fees from the Trust Account only after the payment of the Management Costs and the provision of a tax invoice to Council.
8.3.2	The Management Fees are fixed for 12 months from the Commencement Date.
8.4	Surplus and Shortfalls of Funds
8.4.1	Except where the Manager considers that in the following month there may be a shortfall of funds, the surplus of funds remaining in the Trust Account on the last day of each month must be paid to Council no later than the 4 th day of the following month.
8.4.2	Should there be an anticipated shortfall of monies the Manager must give Council a written notice immediately the Manager becomes aware setting out the reasons for the anticipated shortfall in funds.
8.4.3	In the event that Council is satisfied that the anticipated shortfall of funds is for reasons reasonably beyond the control of the Manager, the Council must provide funds, to cover the anticipated shortfall of funds. If there is an anticipated shortfall of funds in three (3) consecutive Reporting Periods, then Council may terminate the Agreement in accordance with the termination provisions.
8.5.4	If the Manager incurs a shortfall of funds without reasonable explanation, Council may terminate the Agreement.

9 Trust Account Statements

9.1	Trust Account Statements & Maintenance Invoices
9.1.1	The Manager must submit to Council at the end of each month a Trust Account statement and all maintenance invoices for that month. The statement and the invoices must be received by Council no later than the 4th day of the following month.

10 Reporting

10.1	Reporting Periods
10.1.1	The Manager must prepare and submit the Reports to Council within 14 days of the expiration of each Reporting Period.
10.1.2	The parties may at any time during the term of the Agreement agree in writing to revise the format and / or details of the reports.
10.2	Business Plan
10.2.1	The Manager must prepare an Initial Business Plan.
10.2.2	The Initial Business Plan must be submitted to Council for approval within three (3) months of the Commencement Date.
10.2.3	Every year, the Manager must prepare and submit to Council for approval within three (3) months of the anniversary Commencement Date a revised Business Plan.
10.2.4	If on reasonable grounds a Business Plan is not acceptable to Council, Council may, after discussions between the parties, propose amendments and if the parties fail to agree on an amended Business Plan within a reasonable time thereafter, Council may (acting reasonably) terminate the Agreement.
10.3	Eligibility Policy
10.3.1	The Manager must comply with and implement the requirements of the Program.
10.3.2	The Manager must implement the procedures of the Tenancy Management Procedures.
10.3.3	In the event of any inconsistency between the procedures of the Program and the Tenancy Management Procedures then the procedures of the Program shall prevail to the extent of the inconsistency.

10.4	Obligations of the Manager – Procedural
10.4.1	<p>The Manager will:</p> <p>(a) Act as Council’s agent in relation to the Properties and do all things necessary to:</p> <p style="padding-left: 40px;">i) comply with the Residential Tenancies Act 2010 and the Residential Tenancies Regulation 2010;</p> <p style="padding-left: 40px;">ii) ensure the Tenants comply with their obligations under the Residential Tenancy Agreement; and</p> <p style="padding-left: 40px;">iii) ensure the Tenants comply with all Strata by laws relating to the Properties</p> <p>(b) Notify Council, , in writing within 24 hours of any accident or other event at any of the Properties which may give rise to a claim for damages against Council or the Manager;</p> <p>(c) Collect rents and any other monies due from Tenants, and</p> <p>(d) Monitor and regularly review the situations where any tenant is in arrears of rent and implement steps according to law to recover arrears of rent and monies outstanding</p>
10.5	Obligations of Manager – Financial and Accounting
10.5.1	<p>The Manager will ensure that the:</p> <p>(a) Trust Account is audited annually in accordance with the requirements of the Australian Accounting Standards; and</p> <p>(b) provide Council a copy of the audited Trust Account by 31 July each year.</p>
10.5.2	The Manager will, as and when they fall due, pay all Management Costs and all other expenses for which the Manager is liable to pay pursuant to the Agreement.
10.6	Property Maintenance Responsibilities
10.6.1	The Manager must organise and undertake six monthly inspections of the Properties. Council’s nominated Property Officer and Affordable Housing Officer may attend the inspections and are to be advised of the date and time of the inspections
10.6.2	The Manager is responsible for all Maintenance and repairs . Where the Maintenance or repair exceeds \$500 then the Manager must first obtain Council’s written approval.
10.6.3	Where the Manager receives a repair or maintenance request or a request that is structural in nature the Manager must refer the request to Council (in writing) for determination as to whether it is covered by warranties or statutory warranties, save in case of an emergency. The Manager must comply with any reasonable direction given by Council.
10.6.4	The Manager must diligently carry out the Manager’s Maintenance Obligations.

10.6.5	The Manager must ensure and enforce the conditions in the Residential Tenancy Agreement relating to fixtures, alterations and / or additions.
10.6.6	The Council must provide to the Manager at the commencement of this Agreement all keys and swipes to the Properties.
10.6.7	The Manager must return to Council all keys and swipes to the Properties by the Termination Date.
10.7	Performance Review
10.7.1	In carrying out the review of the Manager's performance, Council shall be entitled to inspect any one or more of the Properties, in which event the Manager shall make arrangements with the relevant Tenant or Tenants for such inspection.

11 Default, Breach and Termination

11.1	<p>(a) In the event that a party breaches an essential term of the Agreement and that party fails to remedy the breach within fourteen (14) days of notice by the other party, then the Agreement may be terminated.</p> <p>(b) If the Manager goes into liquidation either compulsorily or voluntarily or if a receiver is or receivers are appointed for the whole or any part of its assets or if the Manager makes an assignment for the benefit of or composition with its creditors generally or threatens to do any of these things then the Agreement is terminated.</p>
11.2	In the event that the Agreement is terminated, the Manager must assign all Residential Tenancy Agreements between the Manager and the respective Tenants to Council.
11.3	On termination of the Agreement, any monies in the Trust Account must be transferred to Council's nominated account within three (3) business days of the Agreement terminating

12 Indemnity

12.1	Indemnity
12.1.1	The Manager indemnifies and will keep indemnified Council against all claims, actions, suits, proceedings, demands, and liability arising out of or resulting from the Manager's performance and exercises of its duties, powers and obligations under the terms and conditions of the Agreement.

13 General

13.1	GST
13.1.1	The Manager must pay the amount of any G.S.T. payable by the Manager in respect of any supply made under the Agreement.
13.1.2	<p>If a party makes a supply to another party under or in connection with this Agreement, then (unless the consideration is expressly stated to be inclusive of GST) the consideration for that supply is exclusive of GST, and in addition to paying or providing that consideration the recipient of the supply must:</p> <p>(a) Pay to the supplier an amount equal to any GST for which the Supplier is liable on that supply, without deduction or set-off of any other amount; and</p> <p>(b) Make that payment as and when the consideration or part of it must be paid or provided, except that the recipient need not pay unless the supplier has issued to the recipient a valid tax invoice (or an adjustment note) for that supply.</p>
13.2	Variation
13.2.1	This Agreement may be amended, changed or modified only by instrument or instruments, in writing executed by, or on behalf of, both of parties.
13.3	Notices
13.3.1	<p>Any notice or other communication required or permitted to be given, or served under the Agreement, must be in writing and delivered personally, or sent by e-mail, or pre-paid post addressed to the party to be notified, at its address or email address recorded in this Agreement, or at such other address as may, from time to time, be notified to the party giving the notice.</p> <p>A notice given by post shall be deemed to have been served three (3) days after posting. A notice given by e-mail shall be deemed to have been served upon the date of successful transmission. A notice given by e-mail after 5.00pm on any business day, shall be deemed to have been served on the next business day.</p>
13.4	Further assurance
13.4.1	Each party agrees that it will, at the request of the other party, execute and deliver such additional instruments, notices and other documents and do all such acts and things as may be deemed necessary to fulfil and achieve the terms of the Agreement.

13.5	Severability
13.5.1	The provisions of the Agreement are not to be construed so as to infringe the laws of any relevant jurisdiction. If any provision of this Agreement is voidable or unenforceable, the provision will be deleted, and the parties must negotiate in good faith with one another for the purposes of substituting an appropriate provision, so far as is practical in lieu of the deleted provision.
13.6	No waiver
13.6.1	No delay or omission on the part of either party in exercising any right or remedy will affect the rights of that party, or operate as a waiver of such right or remedy.
13.6.2	No rights or remedies reserved by this Agreement will be waived unless such waiver is in writing and signed by the party to be bound. Any waiver of a right or remedy on one occasion will not be construed as a waiver of any such right or remedy on any future occasions.
13.7	Proper law
13.7.1	This Agreement is to be construed in accordance with the laws of New South Wales, and the parties submit to the non-exclusive jurisdiction of the Courts of that State.
13.8	Counterparts
13.8.1	A party may execute this Agreement by signing any counterpart, and all counterparts constitute one document when taken together.

14 Dispute Resolution and Remedies

14.1	Any Dispute shall be resolved in accordance with this clause.
14.2	Where a Party forms a view that a Dispute arises, it must send written notice to the other Party within 14 days of the date the Party forms the requisite view. Such notice must contain sufficient details for the other Party to understand the nature of the Dispute (“Dispute Notice”).
14.3	Within 14 days of the date a Dispute Notice is served, the Parties must, by appropriately authorised officers, meet to participate in good faith negotiations with a view to resolving the Dispute (“Dispute Meeting”).
14.4	If the Parties are unable to resolve the Dispute at the Dispute Meeting or within an agreed time thereafter, either party may then, but not earlier, commence proceedings in any court of competent jurisdiction with respect to the Dispute.
14.5	Each party shall continue to perform the Agreement notwithstanding any Dispute or, any proceedings under this clause.

Execution

Executed as an agreement

Execution

Executed as an agreement

Date: 21/1/2019

21-1-2019

Executed for and on behalf of the Inner West Council in the presence of:

[Signature]
(signature)

[Signature]
(signature)

Witness Name: TON ATKINS

[Signature]
GENERAL MANAGER

SIGNED BY LINK HOUSING LTD ACN 00384928

THE COMMON SEAL of Link Housing Limited
ABN 06 003 084 928 was hereunto duly affixed in
the presence of:

[Signature]
(signature)

[Signature]
(signature)

Name: ANDREW McANULTY

Name: MARK WOODWARD

Position: EXECUTIVE DIRECTOR

Position: COMPANY SECRETARY

Date: 8/2/2019

Date: 13/2/2019

PURSUANT TO SECTION 127 OF THE
CORPORATIONS ACT .

Annexure A

Properties Covered by the Agreement

(Properties to be added to the list by Council when units are transferred to it)

Unit No.	Street Address	Lot/Strata Plan	Type
G58	78 Old Canterbury Road, Lewisham NSW 2049	Lot 34 SP93231	2 bedrooms with en-suite plus car space and storage unit
G59	78 Old Canterbury Road, Lewisham NSW 2049	Lot 35 SP93231	1 bedroom plus storage space
G60	78 Old Canterbury Road, Lewisham NSW 2049	Lot 36 SP93231	Studio apartment
G61	78 Old Canterbury Road, Lewisham NSW 2049	Lot 37 SP93231	1 bedroom plus storage space

Properties added in April 2018

Unit No.	Street Address	Lot/Strata Plan	Type
5110	24 Grove Street Dulwich Hill 2203	Lot 8 SP90191	Studio apartment
3102	24 Grove Street Dulwich Hill 2203	Lot 47 SP90191	1 bedroom

Properties added in March 2019

Apt. No.	Street Address	Lot/Strata Plan	Accessible	Type	Car space	Storage cage
103	2 Malthouse Way, Summer Hill 2130	Lot 3 in SP98376	No	2B	0	1
104	2 Malthouse Way, Summer Hill 2130	Lot 4 in SP98376	No	2B	0	1
105	2 Malthouse Way, Summer Hill 2130	Lot 5 in SP98376	No	1B	0	1
110	2 Malthouse Way, Summer Hill 2130	Lot 10 in SP98376	No	1B	0	1

Annexure B

Tenancy Management Procedures

1 Eligibility Criteria

1.1	To be eligible to enter into a Residential Tenancy Agreement under Council's Affordable Rental Housing Program, the Tenant must meet all of the following criteria:
1.1.1	The Tenant must be permanently employed and earning a gross weekly household income not exceeding the median household income for the Sydney Statistical Division as established by the Australian Bureau of Statistics and advised by the Council from time to time in accordance with the NSW Affordable Housing Guidelines.
1.1.2	The Tenant must have a local connection (for example, is an employee in Inner West Council local government area and/or has a family living in the area).
1.1.3	The Tenant must not own assets, or property, which could reasonably be used to solve their housing needs.
1.1.4	The Tenant must be an Australian citizen or a permanent resident.
1.1.5	The Tenant must be 18 years of age or older;
1.1.6	The Tenant does not live in other accommodation subsidised by any government authority or, have previously participated in similar affordable rental housing programs managed by another metropolitan Sydney Council.
1.1.7	The Tenant is not a former tenant of the premises that then comprised part of Council's Affordable Rental Housing Program.

1.2	<p>Priority will be given to applicants working in the Inner West Council LGA and who are permanently employed in the following sectors in the Inner West Council or neighbouring regions:</p> <ul style="list-style-type: none"> • Health Services (including support and ancillary staff); • Childcare; • Public Primary or Secondary Education (including support and ancillary staff); • Emergency Services (including support and ancillary staff); • Public Transport; • Inner West Council Employee; • Retail; • Labourers; • Manufacturing; • Hospitality; • Others.
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2 Waiting List

2.1	The Manager must maintain a Register of Potential Tenants for the Properties which has regard to the following principles:
2.1.1	Applicants previously assessed as being eligible for affordable housing but not offered rental accommodation under the Council's Affordable Rental Housing Program will be placed on the Waiting List for 12 months from the date of application. No priority will be afforded to applicants on the Waiting List for future available properties.
2.1.2	If suitable premises become available within 12 months then the applicant on the Waiting List will be contacted and if the applicant is then interested in being considered as a tenant of the premises, they will be reconsidered together with any fresh applications received. An applicant on the Waiting list will be required to resubmit an application form and evidence to support their continued eligibility.
2.2	<p>Once a Tenant is placed on the Waiting List, the Manager must determine, and keep a record of, the following:</p> <p>(a) The type of Property the Manager considers appropriate for the tenant; and</p> <p>(b) The maximum amount of rent that the Manager considers to be affordable to the Tenant (maximum rent level) when the application was received and this process must be reviewed at the time of each re-application.</p>
2.3	The Manager will endeavour to minimise the period that units are vacant. This will be achieved by advertising for new applicants and concluding the selection process prior to the ending of exiting Residential Tenancy Agreements where practicable.
2.4	And any further requirements notified by Council to the Manager from time to time.

3 Offer of Premises

3.1	To be eligible for an offer of one of the Premises, Tenants must meet the criteria set out in this clause.
3.1.1	The gross income of the Tenant must be within a range such that the rent payable on that property is considered by the Manager to be affordable, but not less than 25% of the gross household income of the Tenant.
3.1.2	The Tenant must have derived all, or part of, household income from regular, paid employment over the preceding twelve months.
3.2	When one of the Premises becomes available for lease, the Manager must advertise for fresh applicants, as well as implement the requirements referred to in clause 2.1 of Annexure B.
3.3	In allocating Premises, the Manager must ensure that the household is of an appropriate size such that all bedrooms will be occupied upon the commencement of the lease.
3.3	If a Tenant refuses accommodation offered to them by the Manager, the Tenant's name will be placed on the Waiting List for 12 months.
3.4	Unless the Council advises to the contrary, any prospective tenant is entitled to inspect the premises in the presence of the Manager's agent.

4 Proof of Eligibility

4.1	Prior to placing a Tenant on the Waiting List, and prior to offering one of the Properties to a Tenant, the Manager must require the Tenant to provide to the Manager documents demonstrating the Tenant's compliance with the eligibility criteria referred to in clauses 1.1.1, 1.1.2, 1.1.5 and 3.1.2 of Annexure B. . All other criteria will be assessed through the application process and appropriate tenant declaration of facts.
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5 Term of Tenancies

5.1	A Residential Tenancy Agreement of Premises is to be for an initial fixed term not exceeding one (1) year and must terminate on, or before, the Termination Date of this Agreement subject to any extension pursuant to the Agreement.
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5.2	Upon expiry of the initial Residential Tenancy Agreement, the Manager may continue to offer the Tenant a renewal of Residential Tenancy Agreement on a yearly basis, PROVIDED THAT the tenant(s) income remains within the accepted limits and the eligibility requirements continue to be met. In addition, the maximum period during which the Tenant may occupy the Premises under such Residential Tenancy Agreements is three (3) years, commencing from the commencement date of the first Residential Tenancy Agreement entered into between the Manager and the Tenant.
5.3	If, upon the expiry date of a Residential Tenancy Agreement with a Tenant, the Manager is not able to offer the Tenant a further Residential Tenancy Agreement due to the provisions of Clause 5.2 but, in its sole discretion, assesses the Tenant to be in hardship if required to vacate the Property, the Manager may seek Council's agreement to a short-term continuation of the Residential Tenancy Agreement. Council may determine that revised rent conditions are to apply during the period of any such Residential Tenancy Agreement continuation.

6 Termination

6.1	The Manager must comply with the terms of the NSW Residential Tenancies Act 2010 in terminating any Residential Tenancy Agreement.
6.2	At the termination of the fixed term and any additional term of a Residential Tenancy Agreement, the Tenant shall not be eligible to re-join the Waiting List.
6.3	If an event occurs, such as the destruction of a Property due to a Force Majeur event which results in the Residential Tenancy Agreement being terminated prior to the end of its term, the Manager shall use its best endeavours to arrange satisfactory, alternative accommodation for the Tenant at a cost to Council and/or the Tenant.

7 Rent Setting

7.1	The initial rent payable under a Residential Tenancy Agreement of Premises shall be set by the Manager at 74.9% of the market rent for the Premises as determined by the Manager.
7.2	The weekly rent payable under a Residential Tenancy Agreement of Premises shall be adjusted by the Manager, annually, based on the market weekly rent for the same number of bedrooms in the immediate locality. The revised rent payable shall take effect upon the commencement date of the next Residential Tenancy Agreement for those Premises.

8 Bond

8.1	A bond, equivalent to four (4) weeks rent, shall be payable by the Tenant at the commencement of the Residential Tenancy Agreement.
8.2	The Manager shall make claims for the refund of bonds having regard to any rent due and the condition of the premises at the end of each tenancy.

9 Provision of an Exit Strategy for Tenants (optional)

9.1	When the Manager considers it useful, appropriate training or counselling services to Tenants shall be discussed with, and/or, offered to Tenants before expiry of the 3 year tenancy. This may, for example, involve the development of a budgeting or savings plan towards a home deposit, or any other appropriate training programs to assist tenants plan effectively for their exit at the end of the tenancy. If judged appropriate, the Manager shall enquire about the progress of a tenant's exit plan as an indirect reminder of the finite tenancy period.
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10 Disclosure of Information to Tenants

10.1	The Residential Tenancies Act 2010 requires that certain information be disclosed to the tenant before the tenant enters into a Residential Tenancy Agreement. Please answer the following:		
	(a) Has the Principal prepared a contract for sale of the residential premises	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
	(b) Is there any proposal to sell the residential premises?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
	(c) Has a mortgagee commences proceedings in a court to enforce a mortgage over the premises?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
	(d) If yes, is a mortgagee taking action for possession of the premises?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
10.2	In order to enable the Manager to comply with the requirement of the Residential Tenancies Regulation 2010, please provide the following information:		
	(a) Have the Premises been subject to flooding or bushfire in the last 5 years?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
	(b) Are the Premises subject to significant health and safety risks that are not apparent to a reasonable person on inspection of the premises?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
	(c) Have the Premises been the scene of a serious violent crime in the past 5 years?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
	(d) Will Council waste services be provided to the tenant on a different basis than is generally applicable to other premises in the LGA?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
	(e) Will the tenant not be able to obtain a residential parking permit if required? JB – check council policy on residential parking	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
	(f) Is any driveway or walkway shared with other tenants on the site?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
10.3	The Council warrants that the Manager has been provided in writing with all the relevant details and information relating to all the material facts in relation to the premises.		

10.4	The Council acknowledges that the Manager has a legal requirement under the Residential Tenancies Act 2010 to disclose all relevant material information provided by the Council.
10.5	The Manager collects personal information about the Council to be able to act as the Council's agent. The Manager's use of the Council's personal information complies with relevant statutes and regulations and the Manager warrants that any such personal information is only used for the conduct of business according to this Agreement.
10.6	The Council warrants that the premises are fit for occupation as a residence and meet local Council requirements.
10.7	The Council warrants that the premises complies with all relevant codes, statutes, and regulations including, but not limited to, regulations concerning smoke alarms, and water efficiency measures.

Annexure C

Inner West Council

Affordable Rental Housing Program and Procedures

1. Aims of the Affordable Rental Housing Program

This Program is one of a number of initiatives being implemented by Council to encourage the supply of housing that is affordable to households earning moderate weekly incomes or less.

The aims of the Program are to assist local residents or employees whose incomes exceed the eligibility criteria for public housing but are unable to rent locally without succumbing to housing stress.

It is designed to assist employed people on low to moderate incomes for a period of up to three years to give them a greater level of housing certainty and opportunities to enter the private rental market or home ownership by the end of that period.

It is also the intention of the Program to:

- Assist tenants on low to moderate incomes for a maximum period of three years;
- Provide future capacity to subsidise allocation of a portion of Council's housing portfolio to households on low incomes;
- Ensure the full cost of the Program, including day to day property and cyclical maintenance, tenancy management, administration fees and major upgrading works are fully covered by rent revenue collected by the Housing Manager; and
- Return any surplus income generated by the program to Councils' affordable housing account for future upgrading, new capital works or related purposes.

The three year maximum assistance period will give households a greater level of housing certainty, as well as an opportunity to enhance their capacity to enter the private rental market or home ownership by the end of that period.

A standard residential tenancy lease will be renewed on a twelve monthly basis. This gives the Housing Manager the opportunity to ensure that tenants continue to meet Council's affordable housing eligibility criteria.

2. Why Have An Affordable Rental Housing Program?

Housing has a vital role to play in developing sustainable local communities. Providing housing that is affordable and appropriate to the needs of the local community will also ensure a strong and stable labour force and sustain local businesses.

The lack of affordable housing for households on low and middle incomes is a critical and recurring theme in the Inner West Council: housing costs in the LGA are among the highest in NSW.¹

¹ Judith Stubbs & Associates, *Affordable Housing Policy*, June 2016 and *Appendix A: Socio-Economic Change Over Time*, June 2016.

Many households on moderate or lower incomes cannot afford to rent in the inner west without experiencing housing stress or being forced into sub-standard housing in order to secure affordable rents.

The consequences of poor rental and home purchase affordability are substantial with obvious examples being:

- Local residents with established ties being driven further away from the sub-region in search of more affordable housing. This has tended to undermine social bonds and diversity in the local community;
- Community sector and lower paid employees who have relocated further afield in order to find more affordable housing options. This adversely affects the operational viability of local services and businesses.²

In recognition of the important role affordable housing plays in our local community, the Council has developed an affordable rental housing program.

This, along with a range of other affordable housing initiatives adopted by Council, is designed to sustain a culturally vibrant and socio-economically diverse local community.

3. How Council Acquires Its Rental Dwelling Stock

Council obtains its rental housing stock from developers who have participated in a voluntary planning agreement process to transfer a proportion of built dwellings to Council's ownership, for affordable housing purposes. Upon registration of the strata plan, the developer transfers the dwellings to Council's ownership.

Council may also receive cash contributions for affordable housing purposes from developers as part of the negotiated planning agreement process. Funds accumulated in a separate account through this process are used to add to the supply of Council's rental housing portfolio.

Contact details of the Housing Manager (the Community Housing Provider) will be posted on Council's website, should the local community wish to find out more about the rental housing program.

4. Eligibility Criteria

A successful applicant will need to satisfy the following criteria,

- Must be permanently employed and earning a gross weekly household income not exceeding the median household income for the Sydney Statistical Division as established by the Australian Bureau of Statistics and advised by the Council from time to time or in keeping with income eligibility limits determined by the NSW Affordable Housing Guidelines (SEPP).
- Has a local connection (e.g. is an employee in the IWC local government area or has family living in the area);

² Judith Stubbs & Associates, *Draft Affordable Housing Policy: Background Paper*, June 2016.

- Does not own assets or property which could reasonably be used to solve their housing needs;
- Is an Australian citizen or permanent resident;
- Must not already be living in subsidised housing (Housing NSW or Community Housing managed accommodation);
- Is not a former tenant of Council's Affordable Rental Housing Program (ARHP).

Priority will be given to applicants working in the Inner West Council LGA and who are permanently employed in the following sectors in the Inner West Council or neighbouring regions:

- Health Services (including support and ancillary staff);
- Childcare;
- Public Primary or Secondary Education (including support and ancillary staff);
- Emergency Services (including support and ancillary staff);
- Public Transport;
- City of Inner West Council Employee;
- Retail;
- Labourers;
- Manufacturing;
- Hospitality;
- Others.

The Council's Housing Program is about complementing, not duplicating the role of Housing NSW (the public housing authority) whose priority it is to assist households with the greatest needs.

5. How Tenants are Assessed and Allocated Homes

The Housing Manager engaged to manage the dwellings will advertise for tenants through relevant electronic media and other relevant avenues of communication locally. Applicants who fulfil the eligibility criteria can lodge an application.

Because demand exceeds supply, dwellings will be offered to applicants having the greatest evidenced need for rental accommodation (relative to other applicants). Allocation decisions will be made by the Housing Manager after an assessment and interview process.

The Housing Manager, who has the experience and expertise to make the decisions, will also take into account other factors such as appropriate match of properties suited to tenants' needs, previous acceptable tenant history, income level³ (percentage of weekly household income spent on rent) and other housing considerations.

In addition to submitting an application form, short listed applicants will be required to attend an interview with the Housing Manager as part of the assessment process.

³ Ideally, and where possible, the rent paid by tenants should not exceed 30% of their gross household weekly incomes, including any rental housing subsidies received from Centrelink.

In accordance with the provisions of the NSW Residential Tenancies Act 2010, a standard residential tenancy lease will be entered into between the Housing Manager and the tenant.

6. Waiting List for Council's Affordable Rental Housing Program

Applicants previously assessed as being eligible for affordable housing but not offered rental accommodation under this Program will be placed on the Waiting List. When a dwelling becomes vacant for letting within 12 months from the date of their application, they will be contacted again. Provided that they meet the eligibility criteria, and are still interested in pursuing a vacancy, their application will be reassessed again and considered on the same footing with fresh applications received. Tenants who have previously been housed under the Program will not be eligible for re-application.

7. Rent Policy

The rent for each property will not exceed more than 75% of Inner West Council's LGA's weekly median rents for dwellings of comparable size (number of bedrooms). This means that if the weekly median rent is estimated at \$320 per week, then the tenant will pay \$240 per week.

A bond equivalent to four (4) weeks rent shall be payable by the tenant upon lease commencement or otherwise as agreed between the tenant and the Housing Manager. From time to time, the rents charged for affordable housing properties will be readjusted to bring them in line with current weekly median values. However, rent adjustments and all other leasing arrangements between the Housing Association and tenants will be undertaken in accordance with the *NSW Residential Tenancies Act, 2010*

A bond equivalent to four (4) weeks rent shall be payable by the tenant upon lease commencement.

Rent adjustments and all other leasing arrangements between the Housing Manager and Tenants will be undertaken in accordance with the *NSW Residential Tenancies Act 2010*.

8. Exit Strategy: Planning for Beyond the 3rd Year

The Housing Manager, at their discretion, may offer appropriate training or counselling services to tenants before the end of their third year of occupancy. This may be in the form of development of a budgeting or savings plan towards a home deposit, or any other appropriate training programs considered relevant to help a tenant plan effectively for their exit from Council's Affordable Rental Housing Program at the end of the 3 year period.

As part of the annual lease renewal process, the Housing Manager may enquire about the progress of the tenant's exit plan, as a reminder of the finite tenancy period.

9. How Council will Manage the Affordable Rental Housing Program

A registered Community Housing Provider (CHP) with relevant experience and expertise will be engaged by the Council to manage its affordable rental housing program. Council's preferred method of selecting a CHP involves a competitive expression of interest process. However this process will be informed by General Counsel's assessment of the NSW Residential Tenancies Act 2010 (the Act) and the capacity of potential CHP's to enter into legal contractual arrangements with Council under the Act. In addition, only CHP's registered under the National Regulatory System for Community Housing (NRSCH) will be considered for this role.

In conformity with these considerations, the Manager Community Development, after consulting with the Director Community Services (or equivalent), will recommend an appropriate CHP for the General Manager's endorsement.

The CHP appointed by Council to manage its affordable housing stock will be paid a management fee negotiated as part of the selection process. Income generated from the rental properties is intended to cover the cost of maintaining the properties together with the program's administration.

10. Residential Property Management Agreement

Council, as property owner, will enter into a contract with the successful CHP for an initial three year period, to manage its properties and affordable rental housing program via a Residential Property Management Agreement. The Residential Property Management Agreement will set out the rights and responsibilities of both parties. It provides for both tenant management and property management procedures, and any other requirements a housing manager is required to implement as part of Council's Program, such as rent setting details, tenant selection and dwelling allocation procedures.

It also sets out entitlements for costs and management fees, financial reporting requirements and allocation of funds, performance review processes, dispute resolution and other such detailed contractual matters.

Council will undertake a comprehensive evaluation of the ARHP procedures, including the financial viability of the program in general and the performance of the CHP, on the program's third year, 2019.

It is envisaged that a comprehensive review of the affordable rental housing program will occur at least once every three years or sooner, if considered to be necessary.

11. Asset Management

The affordable rental housing dwellings owned by Council will be classified as 'operational' for the purposes of allowing Council to conduct ongoing consolidation of its affordable housing stock.

The affordable housing portfolio will be reviewed every 5 years to determine whether dwellings should be disposed of and replaced or retained and further funds provided for their maintenance or renewal.

The three year review term will consider:

- Timeframes for asset renewals such as painting and replacing floor coverings;
- Tenancy terms;
- Changes in market trends and values.

Consideration will also be given to the results of the program to date and the type and size of dwelling considered most suitable to deliver the objectives of the program.

Towards the end of the three year leasing period, or when a unit becomes vacant, Council will undertake a condition assessment and make any necessary internal repairs, prior to reletting.

This strategy aims to minimise Council's ongoing maintenance and renewal obligations and costs as the dwellings age.

Annexure D

Schedule of Management Fees

D1.1	Management Fees	
	The Manager shall be entitled to the following fees:	
	Activity	Costs ex GST
D1.1.1	Tenancy creation including advertisement via internet only, where necessary, applicant interview and selection according to affordable rental housing criteria, and tenant induction.	\$one week market value rent for each tenancy.
D1.1.2	Management, including meetings and visits to site where required; rent collection, maintenance request management, reporting to owners, provision of necessary information for owners to meet obligations such as NRAS reporting requirements.	\$ 6% of annual rental income
D1.1.3	NCAT	Council's legal representative will attend any NCAT dispute
D2.1	Additional fees, charges and expenses	
	Link Housing shall be entitled to the following additional fees, charges and expenses.	

	Category	Fee	Terms
D2.1.1	Arrangement of repairs and maintenance.	\$NIL	
D2.1.2	Service of any notice.	\$NIL	
D2.1.3	Calculation and collection of water and sewerage charges.	\$NIL	

D2.1.4	Excluded Advertising	The cost incurred by Link Housing undertaking the excluded advertising and approved by the Principal e.g. newspaper articles, brochures etc.	30 days from Invoice
D2.1.5	Market Rent Valuation (if required)	The cost incurred by Link Housing obtaining the valuation of Market Value Rent and approved by the Council.	30 days from Invoice
D2.1.6	Re-let fee	One week of leased rent + GST.	30 days from Invoice

