

Department of Planning, Housing and Infrastructure

Office of Local Government

olg.nsw.gov.au



Council Led Affordable Housing on Operational Land in NSW

Guide to assist councils to explore using operational land for Affordable Housing

February 2026



Acknowledgement of Country

The Department of Planning, Housing and Infrastructure acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land, and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

Published by NSW Department of Planning, Housing and Infrastructure

dphi.nsw.gov.au

Council Led Affordable Housing on Operational Land in NSW

First published: February 2026

Department reference number: A886828

More information

Office of Local Government

Locked Bag 3015 NOWRA NSW 2541

Ph (02) 44428 4100 olg@olg.nsw.gov.au

Acknowledgements

The Office of Local Government thanks the agencies and organisations outside the department that have provided significant input to content of this Guide including Homes NSW, Community Housing Industry Association NSW, Local Government NSW, Central Coast Council and in particular Shoalhaven City Council, City of Sydney and Lismore City Council for sharing case studies in their local areas.

Copyright and disclaimer

© State of New South Wales through the Department of Planning, Housing and Infrastructure 2026. Information in this publication is based on knowledge and understanding at the time of writing, and is subject to change. For more information, please visit nsw.gov.au/copyright

DPHI-MC-R-SC-V1.0

Minister's Forward



I am pleased to present this guide that serves as a resource for local councils in New South Wales. This guide offers a strategic framework for effectively utilising operational land for affordable housing, a mission of utmost importance for our communities.

Affordable housing is a cornerstone of a thriving, inclusive society. This guide aims to empower local councils with the knowledge, tools, and best practices to make significant strides in addressing the pressing issue of housing affordability.

By fostering partnerships, leveraging resources, and adopting innovative approaches, we can create sustainable solutions that not only meet the immediate housing needs of the people of NSW but also lay the foundation for stronger, more resilient communities in the long term.

I extend my gratitude to all those who have contributed to the development of this guide and thank the many stakeholders who have shared their expertise and experience.

I trust that this guide will serve as a valuable reference for local councils as they embark on the crucial mission of providing affordable housing opportunities for the people of New South Wales.

**The Hon. Ron Hoenig
NSW Minister for Local Government**



Contents

Acknowledgement of Country	2
Minister's Forward.....	3
Contents	4
Introduction.....	5
Key Terms	6
Exploring the benefits of using operational land for housing.....	8
Understanding local Affordable Housing needs.....	8
How to identify suitable land for Affordable Housing	11
Prioritising Affordable Housing project sites.....	12
Confirming councils' strategic direction when using land for affordable housing	14
Partnerships for maximising affordable housing impact.....	14
Leveraging capital through Housing Australia.....	16
Options to release and manage operational land for Affordable Housing.....	17
Case studies	32
Coomea Street, Bomaderry – Shoalhaven City Council.....	32
Key contacts and resources.....	38
Key contacts.....	38
Resources	39

Introduction

This resource is designed to support local councils in New South Wales (NSW) as key partners in delivering better housing outcomes for people across the state. Councils also have a key role in helping NSW to meet targets under the National Housing Accord, a strategic initiative committed to delivering hundreds of thousands of homes by 2027 to address the pressing issues of housing supply and affordability challenges.

Affordable housing is critical for fostering community diversity, stimulating local economies, and promoting long-term sustainable housing, socio-economic growth, and well-being. The current stock of affordable housing in NSW has struggled to keep pace with population growth, and demand.

A record-low supply of long-term rental homes places a significant financial strain on low-income renters, including essential workers, single-parent families, and older individuals, while exacerbating homelessness. Moreover, certain regions face heightened pressure on long-term rental markets due to the increasing popularity of short-term rental accommodation properties.

One of the most significant challenges in making affordable housing a reality often comes down to the cost of acquiring well-located land. This guide acknowledges this challenge, and positions councils to play a vital role in overcoming it.

The cost of suitably located land is often a significant barrier to affordable housing

By leveraging under-utilised operational land for affordable housing projects, councils can facilitate access to homes for those in need. It is important to note that there are practical and legislative limitations to the amount of land a council can readily provide.

This guide is an early reference point for councils considering the use of operational land for affordable housing. It offers step-by-step guidance on various aspects of using operational land for affordable housing.

It covers the identification of suitable under-utilised land, management of affordable housing initiatives on council-owned land at every stage, accessing grants and support mechanisms available to councils, and showcasing real-world success stories through case studies of council-led affordable housing projects on operational land.

Key contacts and additional resources are provided at the end of this guide to help councils make meaningful progress in addressing the pressing issue of affordable housing.

Key Terms

Affordable housing

Affordable housing is housing that is appropriate for the needs of a range of very low to moderate income households and priced so that these households are also able to meet other basic living costs, such as food, clothing, transport, medical care and education (NSW Affordable Housing Ministerial Guidelines 2023-2024).

As a rule of thumb housing is usually considered affordable if it costs less than 30% of gross household income

The State Environmental Planning Policy (Housing) 2021, also known as the Housing SEPP, outlines the eligibility thresholds that must be met to access affordable housing. These thresholds are based on a percentage of the median household income for Greater Sydney or the Rest of NSW, as follows:

- a) very low-income household—earns less than 50% of the median income,
- b) low-income household—earns between 50 and 80% of the median income,
- c) moderate-income household—earns between 80 and 120% of the median income.

Under the Housing SEPP, affordable housing eligibility should be income based; however councils may also identify priority groups as sub criteria.

Affordable housing is different from ‘**housing affordability**’ which is a general term used to describe a range of market forces that influence the cost of housing payments. Councils may influence housing affordability by implementing land-use planning measures, but this is distinct from facilitating affordable housing supply for eligible households.

Affordable housing is also different from ‘**lower-cost housing**’ which could be housing delivered through cost-saving construction methods, lower-quality housing, or housing located in areas with lower land values.

‘**Social housing**’ is secure and affordable rental housing for people on very low incomes with housing needs. Eligibility requirements for social housing are set by the NSW Government. Applications are managed through the NSW Housing Pathways system.

‘**Public housing**’ is managed by Homes NSW while community housing is managed by non-government organisations.

‘**Aboriginal housing**’ is specifically for Aboriginal people. These properties are managed by Homes NSW or community housing providers, including Aboriginal Community Housing Providers.

Each housing provider manages its tenancies in accordance with the *Residential Tenancies Act 2010*.

Operational land

Operational land refers to council-owned land that has no special restrictions on its use, apart from those that may apply to any piece of land. It is distinct from 'Community land' which is classified to reflect the importance of the land to the community because of its use or special value or significance to the local community.

Generally, community land is intended for public access and use, or where other restrictions applying to the land create some obligation to maintain public access.

Community land cannot be sold, leased or licensed for more than 21 years and must have a plan of management prepared for it. If community land is to be leased for more than 21 years (including options), the Minister for Local Government must approve the special circumstances justifying the long term. The term of lease or license must not exceed 30 years (including any option to renew).

Housing providers

This guide refers to Community Housing Providers and Aboriginal Community Housing Providers. In this guide, they are collectively referred to as 'Housing Providers'.

Further information on community housing is available on the Department of Communities and Justice website: <https://www.facs.nsw.gov.au/housing/help/ways/community-housing>

Exploring the benefits of using operational land for housing

The high cost of suitable land is often cited as a major obstacle in addressing the critical need for affordable housing. Local governments play a vital role in facilitating affordable housing through land use planning, advocacy, and strategic partnerships.

Councils can make a substantial impact by harnessing under-utilised operational land for affordable housing in partnership with the NSW Government and Housing Providers to address local housing needs.

Affordable housing projects require financial subsidies due to high land and construction costs and reduced rental income. By providing operational land through discounted sale, gifting or long-term lease arrangements councils can help make affordable housing developments more viable to meet community needs.

Additionally, councils can expand the reach of affordable housing initiatives by considering strategic land purchases adjacent to under-utilised operational land.

State-owned land for Affordable Housing

While this guide relates to the use of council owned operational land for affordable housing projects, the NSW Government is taking similar proactive steps to explore the use of state-owned land for affordable housing through a land audit.

One notable project under this initiative is the examination of surplus Crown Land in regional NSW. This project is a partnership between Crown Lands, Homes NSW, Landcom, local councils, and Local Aboriginal Land Councils in Albury, Cooma, Forbes, North Tuncurry and Tamworth.

Similarly, local councils can play a role to engage closely with their communities in identifying and assessing under-utilised operational land that can be repurposed for affordable housing initiatives.

By working together, we can unlock the potential of these resources and make significant strides in addressing the critical need for affordable housing.

Understanding local Affordable Housing needs

Before considering the use of council operational land for affordable housing initiatives, it is helpful to gather up to date data on local housing needs. This will support the council's

decision-making process, partnership development and the pursuit of funding opportunities. Table 1 below provides data sources that may assist with determining housing needs.

Table 1: Data sources for determining housing needs and opportunities

Category	Considerations
Demographic Analysis	Consider including a demographic breakdown of the local population, highlighting groups that may have specific housing needs, such as essential workers, seniors, families, individuals with disabilities, or indigenous communities.
Economic and employment data	Incorporate data on local employment opportunities, wage levels, and job sectors. This information can help identify income levels and employment stability in your area, which directly impact affordable housing requirements.
Major developments	Consider major employment generating developments that are being planned in the local area as these will also impact on housing demands.
Current housing inventory	Provide an overview of the community's existing housing stock, including the types of housing (apartments, single-family homes, etc.), condition, occupancy rates, and affordability status. Consider in addition, the availability of social and affordable housing.
Homelessness statistics	Include data on homelessness in the community, detailing the number of homeless individuals or families and their specific needs.
Public transport and infrastructure	Evaluate the accessibility of public transport and essential infrastructure, as proximity to these amenities can influence housing preferences and needs.
Market conditions	Analyse local housing market conditions, including trends in property values, rental rates, and market demand. This information can help assess whether there is a gap between market-rate housing and what residents can afford.
Community surveys and feedback	If available, incorporate the results of community surveys or feedback sessions that gauge local sentiment on affordable housing. This can provide valuable insights into community priorities and concerns.
Future population projections	Consider including population growth projections for the area, as they can help anticipate future housing demands and requirements.

Category	Considerations
Government Policies and Regulations	Discuss any relevant state or local government policies, incentives, or regulations that impact affordable housing initiatives in the region.
Partnerships and stakeholders	Highlight key stakeholders and partners in the community, such as non-profit organisations, housing developers, or advocacy groups, who can play a role in addressing affordable housing needs.
Case studies	Share success stories or case studies from other areas that have effectively addressed local affordable housing needs. This can provide inspiration and guidance for your own initiatives.
Mapping tools	Consider including maps or geographical information system (GIS) data that illustrate housing affordability, proximity to amenities, or areas with the greatest housing need. Visual representations can be powerful tools for conveying information.

Much of this data may already be available from councils' work in implementing their Community Engagement Strategy as part of developing their Community Strategic Plan, their Local Strategic Planning Statements and other plans (for example, it may be included in the councils Integrated Planning and Reporting Framework).

In some cases, councils are additionally required to prepare Local Housing Strategies to translate the housing objectives identified through their Integrated Planning and Reporting Framework, their Local Strategic Planning Statements, as well as regional and district housing targets, into detailed plans that can be implemented at the local level.

The [Local Housing Strategy Guideline](#) and template is available to help councils prepare these strategies and set them out in a consistent format.

Affordable housing policies can be drawn from the Integrated Planning and Reporting Framework and be integrated into various planning documents, such as councils' Delivery Programs, Operational Plans, Local Housing Strategies, Local Strategic Planning Statements, or dedicated social and affordable housing strategies or policies, depending on the councils approach.

Local councils know their local communities best which make them well placed to facilitate housing solutions that respond to local needs

The [Local Government Housing Kit](#) provides data and evidence on affordable housing need and provides examples and advice on establishing a clear vision for affordable housing. More resources for building the local evidence base are at the end of this guide.

By combining affordable housing policies with ongoing community engagement efforts, councils can foster more positive community perceptions of affordable housing. This proactive approach makes it easier for councils to assess affordable housing developments positively, mitigating potential community opposition.

How to identify suitable land for Affordable Housing

Local councils generally have a good understanding of operational land that may be suitable for use as affordable housing, such as land located in areas that are well serviced, in close proximity to amenities and have convenient access to public transport. Table 2 below outlines criteria that should be used to identify potential land parcels for release, development and delivery of affordable housing.

Table 2: Criteria and considerations for identifying suitable land

Criteria	Considerations
Adequate size	Ensure the land is of sufficient size (typically more than 800 square metres) to accommodate affordable housing projects. It is worth considering instances where merging adjacent parcels into a single site could enhance the development's overall viability and impact.
Zoning compatibility	Verify that the land is, or can be, appropriately zoned to allow for residential housing development.
Yield potential	Assess the land's yield potential based on factors like size and permissible building height, which may accommodate multi-dwelling or residential flat building configurations.
Proximity to essentials	Seek locations within 800 meters of a town centre or 1,200 meters of a major transport hub or assess accessibility using the Public Transport Accessibility Level (PTAL) to ensure convenient public transport access.
Adequate road access	Confirm that the land has or is able to secure suitable road access, such as sealed roads, dual lanes, or arterial roads.
Nearby services and amenities	Consider the land's proximity to shopping facilities, medical services, and other essential amenities.

Criteria	Considerations
Infrastructure availability	Ensure the presence of essential infrastructure, including water, power, and sewer systems is, or that it will be available.
Community need	<p>Examine whether the land is situated in areas with a high percentage of low-income households, small renting households, or where there is a demonstrated need for affordable housing.</p> <p>Note: Councils should look holistically at opportunities across their local government area as affordable housing tends to be spread across the area. In areas of undersupply, there may be no development opportunities however there may be opportunities in other locations not exhibiting a current need. In addition, areas with low percentage of low-income households may be evidence of a lack of affordable housing supply which is preventing low-income households from locating there.</p>
Environmental considerations	Evaluate potential environmental constraints, such as flood risk, bushfire danger, contamination potential, and the biodiversity value of the land.

Access Land iQ to identify sites

Councils have been granted access to the Land iQ platform, with all 128 councils provided a single license to access the system. Land iQ provides advanced, multiple-criteria site searching including land size, planning controls, constraints, infrastructure and proximity to services to help find potential sites for particular land uses, or test particular sites for different land uses.

To find out more contact the team at Land iQ via the [Land iQ Help Desk](#).

Councils should contact Homes NSW and Landcom to discuss and prioritise land parcels. Contact details are available at the end of this guide.

Prioritising Affordable Housing project sites

Further criteria can be considered when prioritising potential sites for affordable housing initiatives. Table 3 below outlines several factors that may assist with this process.

Table 3: Additional factors for assessing site suitability

Criteria	Factors
Optimising affordable housing quantity	Assess the potential of the affordable housing project to maximise the number of high-quality affordable homes.
Serving diverse communities	Evaluate the project's ability to cater to the housing needs of very low to moderate-income households, including those from diverse backgrounds and communities. For example, consider what other needs those households have such as access to public transport, education, community and other support services.
Alignment with local strategies	Consider how the project aligns with local strategic planning, housing strategies, and established targets.
Enhancing neighbourhoods	Examine the potential for the project to contribute to place-making and enhance the local neighbourhood by introducing greater housing diversity.
Community support	Gauge the level of community support and engagement for the proposed project.
Suitability of current planning controls over the site and need for rezoning	Assess the financial feasibility of developing and maintaining quality affordable housing, ensuring its long-term sustainability and financial viability. Consider development permissibility and capacity of current planning controls and whether the site can accommodate additional density.
Timely completion	Consider whether the project can be completed within reasonable timeframes to address housing needs promptly.

The NSW Movement and Place Built Environment Indicators is a useful resource to plan and evaluate the suitability of a project site. Councils may also choose to engage suitably qualified professionals, such as urban design and architectural consultants, to conduct in-depth neighbourhood and site studies for site assessment and prioritisation.

The process of prioritising sites can be streamlined if council has made clear decisions on its expectations for the delivery of affordable housing on council owned land.

For example:

- Does the council expect to make any financial return on its land? Note the risk of an expectation of financial return eroding the feasibility of affordable housing or limiting opportunities.

- Does the council want to facilitate affordable housing for a specific cohort/s?
- Is there an appetite to deliver some private market housing as part of the project or does the council want to maximise the affordable housing outcomes?

Confirming councils' strategic direction when using land for affordable housing

Recent research produced by the [Paxon Group Report](#) and commissioned by the Community Housing Industry Association NSW reveal that *"Local Councils generally recognise it was preferred to have a property development that consisted entirely of affordable housing dwellings, rather than it having a mixture of private/market and affordable housing because of the negative effect of strata fees on project economics, the challenges of obtaining economies of scale and the resource intensity of having to manage affordable housing that is scattered throughout larger property developments that contain very limited affordable housing."* The Community Housing Industry Association is of the view that this appears to be more an issue with developer contributions where affordable housing is delivered in-kind as part of a larger strata development. Purpose built mixed tenure projects delivered by community housing providers and or councils can address the drawbacks as they tend to have a larger component of affordable housing and less fragmented ownership. They are purpose built and can address operational issues up front through the design process.

Central Coast Council has a commitment to fostering mixed-tenure developments encompassing social, affordable, and private rental/owner- occupied components through its Affordable and Alternative Housing Strategy. Council considered this approach important to "improve social inclusion, reduce stigma and have the ability to cross subsidise the social or alternative housing components of a development."

It is important to identify the council's expectations for affordable housing developments at the outset. This will help streamline decision-making processes throughout the project's lifecycle, ensuring clarity, and alignment in pursuit of affordable housing.

Partnerships for maximising affordable housing impact

Local councils are encouraged to explore strategic partnerships with various entities, including government agencies like Landcom and Homes NSW, Housing Providers and Aboriginal Land Councils. These organisations possess the necessary resources, expertise, legislative authority, regulatory oversight and reporting requirements, and delivery frameworks to facilitate the development and long-term management of affordable housing.

Partnering with a Housing Provider can optimise affordable housing delivery by enabling them to access financing from commercial lenders, institution investors or Housing Australia

especially when favourable land ownership arrangements, grant funding, or other concessional terms are available.

Aboriginal Community Housing Providers are expanding in size and capabilities, with some having access to land resources, as many Aboriginal Land Councils are now registered under the National Regulatory System for Community Housing (NRSCH) or the NSW Local Scheme.

Additionally, councils may consider partnerships with private sector developers and not-for-profit organisations to achieve affordable housing goals, noting that most community housing providers are not-for-profit.

For guidance on such collaborations, councils should refer to the [Public Private Partnership \(PPP\) Guidelines](#), which can be found on the Office of Local Government website.

These legislative guidelines outline the procedures councils must follow when considering or implementing PPPs for infrastructure and service delivery, ensuring compliance with the Act's requirements.

Advantages of partnering with housing providers

- **Innovation and sustainability:** At the forefront of innovative housing design, construction, environmental sustainability, and long-term asset management.
- **Specialised expertise:** Unique expertise, innovation, and a track record in delivering and managing high-quality affordable housing tailored to local needs on council-owned land.
- **Regulatory oversight:** Highly regulated by the NSW Registrar of Community Housing, ensuring adherence to industry standards.
- **Alignment with local needs:** Housing providers are motivated to collaborate with councils as council-owned land often aligns with local needs and is well located, enhancing project feasibility by attracting funding and investments.
- **Participation in urban renewal:** Many housing providers actively participate in various State Government urban renewal initiatives.
- **Social support:** Community housing providers integrate support services alongside tenancy management. This focuses on community building, tenant wellbeing, sustaining tenancies, and improving opportunities. This can result in tenants transitioning into the private housing market and in some cases in achieving home ownership. Local community housing providers can also provide benefits through active local management.

- **Concessions:** Most housing providers are not-for-profit with charitable purposes. They also have access to tax concessions which reduces the cost of delivery, compared to partnering with the private sector.

Community housing providers represent a key partner for councils in delivering affordable housing projects as they can bring debt and equity as well as greater access to grant funding. Homes NSW is the NSW Government agency that maintains relationships with community housing providers including performance management where government funding or contributions are provided.

Homes NSW can also support councils with end-to-end delivery processes including tendering and contracting, reducing complexity and costly duplication in commissioning infrastructure while also reducing costs to community housing providers.

Program data over recent years from Homes NSW demonstrates that Housing Provider involvement significantly boosts overall funds for affordable housing projects, as demonstrated in the table below.

Table 4: Analysis of Government funding programs and CHP contributions

Government Program	DCJ Grant	CHP Contribution	Total Government Investment
Affordable Housing Innovations Fund 2007	55.5%	44.5% (12.6% contribution and 31.9% debt)	\$24.3M
Social Housing Growth Fund 2009	70%	30%	\$182.6M
Community Housing Innovation Fund Programs 2021 to 2025	51.61%	49.39%	\$308.7M

Leveraging capital through Housing Australia

Traditionally, housing assistance programs have been channelled through Housing Providers. However, local governments in NSW now have an additional avenue to explore. They can seek support from Housing Australia for concessional loans, grants, or equity finance.

These financial resources can be instrumental in funding social and affordable housing projects, as well as the critical enabling infrastructure required to bring these projects to fruition. Local councils have the flexibility to apply for Housing Australia funding independently or choose to collaborate with Housing Providers.

Housing Australia oversees the implementation of the Federal Government's commitments, which form a part of the substantial \$10 billion Housing Australia Future Fund. These changes signify a significant development in the landscape of affordable housing financing, opening up exciting opportunities for local councils to make meaningful strides in addressing housing challenges.

The National Housing Infrastructure Facility Social and Affordable Housing also provides an avenue for local councils to access financing for affordable housing.

Options to release and manage operational land for Affordable Housing

Councils should assess the advantages and potential drawbacks of various approaches for releasing and managing operational land for affordable housing, as detailed in Tables 5 and 6 below. It is also essential for councils to consider their obligations under the *Local Government Act 1993* (LG Act), which mandates specific actions when councils are:

- exercising functions (s355) providing financial assistance (s356)
- forming a corporation, partnership, trust, joint venture or other entity (s358) considering a Public Private Partnership (ss 400B-400N).

Councils should seek independent legal counsel for expert advice to ensure they are meeting the legislative requirements under the LG Act, and other relevant laws, when considering releasing and managing land for affordable housing.

The Homes NSW Programs and Partnerships branch can offer support to councils in various ways:

- Facilitating land transaction agreements with Housing Providers and other partners
- Securing council contributions for affordable housing in perpetuity, including land
- Ensuring ongoing performance oversight of Housing Providers in the management of affordable housing projects.

Once land is identified (very early in the affordable housing planning phase) – a council must decide how they will release operational land for affordable housing. The following tables provide options to release operational land for affordable housing as well as options to develop and manage affordable housing projects.

Table 5: Options to release operational land for Affordable Housing

Options	Advantages	Disadvantages
<p>Sale at a discount: Provides financial return to councils. Not suitable where preferred Housing Provider cannot finance the purchase.</p>	<ul style="list-style-type: none"> Provides a financial return in addition to socio outcomes (depending on discount, interest and capacity of Housing Provider to purchase) Agreement terms can ensure delivery and prudential management of project Agreement can also ensure a council's registerable interest over land means that the land value is reinvested for affordable housing in perpetuity Relatively simple and quick Low financial risk CHP can leverage equity and grow affordable housing stock May suit larger projects with a community housing provider or private developer. 	<ul style="list-style-type: none"> Discount may be unfeasible for Housing Provider or insufficient to deliver optimal affordable housing outcomes Tendering complexity in determining discount Council must transfer land from its ownership, reducing its land stock Potential reputational risk of public land sale even though the sale is for a use that delivers a tangible public benefit Potential failure if the Housing Provider is not carefully chosen or the agreement is not carefully brokered.

Options	Advantages	Disadvantages
<p>Gifting: Council decides to transfer the land from ownership for no monetary benefit</p> <p>Suitable where council has limited resources to administer disposal, development or manage the construction, where there is an urgency to release land for affordable housing or where council prefers a simple, quick option with low financial risk.</p>	<ul style="list-style-type: none"> • Maximises socio-economic value or land for public benefit • Removes land supply barriers. CHP can leverage equity and grow affordable housing stock • Provides large contribution by council towards affordable housing in the form of developable land • Provides maximum support to the feasibility of the affordable housing development • Minimises monetary cost to council as construction costs are generally met by Housing Provider through borrowings, equity or grants • Relieves council from ongoing costs of ownership such as maintenance, asset recycling and insurances • Agreement terms can ensure delivery and prudential long-term project management • Investment may be made secure – council or Homes NSW may place a registerable interest over land, so land value is reinvested for affordable housing in perpetuity and require consent for any future asset recycling • If the Housing Provider ceases to exist or winds up, national community housing law requires ownership of community housing assets to be transferred to another Housing Provider or the housing agency • Simplest and quickest option • Low financial risk. 	<ul style="list-style-type: none"> • Council must transfer land from its ownership, reducing its land stock • Perception of there being no financial return from land to bolster council's financial position and/or invest in other community priorities in the future even though councils are increasing and securing affordable housing stock • Potential reputational risk of gifting public land, even though the sale is for a use that delivers a tangible public benefit • Failure if the Housing Provider is not carefully chosen or agreement is not carefully brokered.

Options	Advantages	Disadvantages
<p>Leasing: Long term lease at peppercorn/discount rent</p> <p>Suitable where a council's key objective is to retain the asset, or where there is a complex transfer, or where there is an expectation that the land will be returned to council in the future.</p>	<ul style="list-style-type: none"> • Council retains ownership of the land and regains control of it at the end of the agreed lease period • Lease terms can ensure delivery of project and ongoing maintenance during lease term and how (in what state) assets will be returned to the council • Allows for future council and community to decide to take back land. 	<ul style="list-style-type: none"> • Housing Provider's lack of ownership and lease tenure would impact project feasibility as land cannot be used to secure finance and restrict access to grant funding. This limits the ability for additional affordable housing to be leveraged in the future • Housing Providers may be less willing to invest as this may impact feasibility of affordable housing • Need to consider the transition of tenancies and land and asset condition at end of lease • Affordable housing may not be retained in perpetuity • Implications to council from ongoing costs of ownership such as maintenance, asset recycling, depreciation and insurances. Potential funding gap between operating costs and rental revenue. • Potentially classified as a Public Private Partnership (PPP) under the LG Act. If so, this results in onerous requirements and potentially significant legal costs for council.

Options	Advantages	Disadvantages
<p>Joint Venture/Partnership: Requires an active council role in development decision making, risks and rewards sharing in accordance with the LG Act.</p> <p>Suited to large scale redevelopments and multiple sites.</p>	<ul style="list-style-type: none"> • Council retains active role in decision making and control to ensure delivery • Council shares cost with partner • It may be more appropriate for sites suited to a range of public benefit not just affordable housing and best supported by joint venture and shared assets and costs. 	<ul style="list-style-type: none"> • Council may lack the expertise to co-manage • More complex and resource intensive • Requires Ministerial approval if Special Purpose Vehicle (such as a corporation or trust) or a significant Public Private Partnership (PPP) of over \$50M is to be used <p>Note: See OLG Guidelines for '<u>Formation of Corporations and Entities</u>' and <u>Public Private Partnerships (PPP) Guidelines</u>.</p>

During the affordable housing planning phase – a council must decide which project and management option will best facilitate the development, delivery and maintenance of quality affordable housing.

Table 6: Options to develop and manage affordable housing projects

Options	Advantages	Disadvantages
<p>Management by an Affordable Housing Provider</p> <ul style="list-style-type: none"> • Potentially complex to establish/administer • Potential for council to become a registered CHP 	<ul style="list-style-type: none"> • Housing Providers are expert, prudent affordable housing managers • Housing Providers also have efficiencies of scale from managing a larger portfolio of properties than just those delivered by the council. They also are entitled to GST and land tax concessions which reduce operating costs. • Attracts funding and finance free of covenants • Provides long-term, regulated management of affordable housing assets • Investment in community housing into the future is secure. Council or Homes NSW may place a statutory interest over land so land value is reinvested for affordable housing in perpetuity, and may require consent for any future asset recycling • If the Housing provider ceases to exist or is wound up, national community housing law requires ownership of community housing assets to be transferred to another Housing Provider or housing agency • Provides flexibility in where the affordable housing is located over time which can help optimise Housing Provider viability and can be more responsive to tenants' and local housing needs 	<ul style="list-style-type: none"> • Affordable housing not 'locked in' to a specific piece of land. It can be moved to a new parcel of land or elsewhere within the LGA over time. However, it would generally be a condition of development consent that the project provides affordable housing in perpetuity and a positive covenant or registered interest is placed on the land.

Options	Advantages	Disadvantages
<p>Management by a Joint Venture entity (i.e. via a Legal Agreement):</p> <ul style="list-style-type: none"> Section 358 or 400(d) of the LG Act may apply, requiring prior approval from the Minister for Local government 	<ul style="list-style-type: none"> Common mechanism to secure agreement between parties Range of legal agreements that can be structured to needs (such as contract for sale, lease, voluntary planning agreements, etc.) Council maintains a level of control over operational matters Council can require statutory interest in value of land to be used for affordable housing in perpetuity and consent for asset transfer if a Housing Provider is wound up Council and Housing Provider responsible if issues arise Non-compliance with the agreement can be pursued through courts. 	<ul style="list-style-type: none"> May be time and resource intensive to reach agreement and seek Ministerial approval Can be difficult to amend Requires council expertise and active monitoring over time Council takes on a degree of risk and liability with respect to the development and ongoing management of the housing component.
<p>Management through a Special Purpose Vehicle (For example, Land Trust)</p> <ul style="list-style-type: none"> Section 358 or 400(d) of the LG Act may apply, requiring prior approval from the Minister for Local government Trusts of this nature may typically be a community or non-for-profit entity 	<ul style="list-style-type: none"> Keeps at 'arm's length' the development, liabilities and risk from the council Can have a specific focus, such as development of certain types of affordable housing within the LGA May be able to receive council assets without council requiring an open procurement process May be able to be structured as a charitable entity with financial concessions and benefits An incorporated company could be the trustee of the trust, it can be a company limited by a guarantee The Board of Directors can include representation from council, Housing Provider and representative from investment part, and/or the community. 	<ul style="list-style-type: none"> If a Public Private Partnership, council remains responsible for issues Significant cost and process to establish and resource over time Once assets are transferred, they are no longer owned by council Generally, only assets within the Special Purpose Vehicle can be used for borrowing Requires careful consideration and legal and taxation advice to ensure charitable status Additional decision-making layer, increased resourcing and risk for the Housing Provider.

Options	Advantages	Disadvantages
Management by Council	<ul style="list-style-type: none"> • Council retains complete control over the building and management of the affordable housing project into the future • Council ownership and control may be a positive for the community. 	<ul style="list-style-type: none"> • Developing and managing affordable housing is not a primary role for a council • Council may lack the expertise and funds to build and manage affordable housing • Implications to council from ongoing costs of ownership such as maintenance, asset recycling, depreciation and insurances. Potential funding gap between operating costs and rental revenue. • Project cannot leverage off the borrowing power of a Housing Provider

Table 7: Key steps to use suitable operational land for affordable housing in partnership with Housing Providers

Key Steps	Helpful Contacts	Resources
<p>1: Audit Council's operational land to assess potential sites</p> <ul style="list-style-type: none"> • Is an affordable housing project in line with Council's Community Strategic Plan, land use plan and housing strategies? • Is potentially suitable land available in an appropriate place, close to support services, public transport etc.? Does the potential land meet Council's criteria for affordable housing? (see Table 2) • Does the project have the potential to be supported by the community, subject to design, operation etc.? <p>Tip: If no operational land is suitable, consider other affordable housing incentives such as reclassifying land, using planning levers or streamlining approval processes for affordable housing developments.</p>	Homes NSW NSW Planning Portal DPHI Planning Land iQ	
<p>2: Site prioritisation and feasibility assessment</p> <ul style="list-style-type: none"> • Talk to Homes NSW to obtain and adapt existing site feasibility assessment tools for affordable housing or engage an expert • Consider site suitability against Council's criteria for affordable housing projects • Consider initial discussions with local Housing Providers to gauge viability, objectives and identify potential roadblocks before significant investment. <p>Tip: Look for affordable housing grants that may be available at this stage or a later stage of the project.</p>	Homes NSW DPHI Planning	Site feasibility assessment tool Council's criteria for the affordable housing project Government Architect NSW advisory notes

Key Steps	Helpful Contacts	Resources
<p>3: Determine key partners to support delivery and decide land transaction and management options (Tables 5 & 6 above)</p> <ul style="list-style-type: none"> • Clarify legal requirements • Consider potential title transfer processes (if applicable) • Get independent legal advice on options • Contact Homes NSW to discuss options, potential Housing Provider partners and get support to negotiate land transaction and project management agreements. <p>Tip: Bring the likely Housing Provider partner/s into the conversation as early possible to get their expert input.</p>	Homes NSW DPHI Planning	Site feasibility assessment tool Council's criteria for the affordable housing project Government Architect NSW advisory notes Community Housing Industry Association (CHIA NSW) local council resources

Key Steps	Helpful Contacts	Resources
<p>4: Development – Procurement Phase</p> <p>Prepare project feasibility assessment</p> <ul style="list-style-type: none"> • Determine project cost, timeframes, impacts, risks and feasibility • Assess legal and regulatory considerations • Consider engaging suitably qualified professionals to undertake neighbourhood and site studies such as property development consultants, urban design and architectural consultants. <p>Matters for Consideration</p> <p>Value Reinvestment: This is a consideration in council’s approach to developing land and seeking development partners. Councils should explore strategies for ensuring ongoing reinvestment of the value of their contribution to affordable housing within the local government area, particularly if the affordable housing is ever sold or repurposed.</p> <p>Social and economic impact: Analyse opportunities to maximise the project’s social and economic impact.</p> <p>Regulatory compliance: Ensure the project adheres to all relevant regulatory requirements and standards.</p> <p>Risk mitigation: Implement measures to minimise various risks to the council, including financial, reputational, operational, and outcome-related risks.</p>	<p>DPHI</p> <p>Homes NSW and Housing Provider</p> <p>Consider engaging experts</p>	

Key Steps	Helpful Contacts	Resources
<p>5: Consult with community about proposed option/s, finalise and approve best option</p> <ul style="list-style-type: none"> • Prepare a consultation and engagement plan • Keep the community informed and consulted throughout the process about what Council is proposing and why Present preferred option to Council for approval to proceed. <p>Tip: Early consultation with the community helps remove or manage concerns, or perceptions about affordable housing projects, and speeds up the DA process. Noting that community consultation on affordable housing projects is often challenging and requires considered planning. Resources are available to assist with community conversations.</p> <p>This step will largely depend on the partnership model chosen by council - council could select a partner first and undertake this work with the partner or seek proposals from prospective partners as part of an EOI/tendering process.</p>	CHIA NSW Homes NSW	CHIA resources for local councils
<p>6: Finalise contractual arrangements with key partners and establish governance arrangements</p> <ul style="list-style-type: none"> • Broker agreement/s with the Housing Provider and/or other partners with Homes NSW support to maximise project success and ensure Council's investment is safe • Establish Steering Group or appropriate governance structure and report regularly to Council • Identify grants or other funding opportunities with partners. <p>Tip: Regular meetings with key partners including the Housing Provider can keep the project on track.</p>	Homes NSW and Housing Provider CHIA NSW	CHIA NSW resources for local councils

Key Steps	Helpful Contacts	Resources
<p>7: Concept design</p> <ul style="list-style-type: none"> Work with the Housing Provider and community to develop concept design, including the look, feel, number and mix of affordable housing units <p>Tip: Check-in with the local community at this point to gather input to the design and help build community support for the project.</p>	CHIA NSW	CHIA NSW's Affordable Housing Toolkit
<p>8: Pursue grant opportunities and prepare documents for applications</p> <ul style="list-style-type: none"> Research eligibility requirements Prepare and submit relevant documentation <p>This will depend on the delivery model the selected partner may do this instead of council.</p> <p>Tip: Consider seeking expert advice to prepare supporting material.</p>	Homes NSW	
<p>9: Construction tender and build</p> <ul style="list-style-type: none"> Tender for building partners and commences build (after Planning Consent - see Step 10) Steering/Project Governance Group meets regularly to oversee construction is occurring to time, budget and specification <p>This will depend on the delivery model the selected partner may do this instead of council.</p> <p>Tip: Consider setting up a website or webpage to communicate project timeframes, costs, progress and outcomes.</p>	Homes NSW and Housing Provider CHIA NSW	

Key Steps	Helpful Contacts	Resources
<p>10: Planning Consent (Development Application Assessment)</p> <ul style="list-style-type: none"> • Submit all relevant documentation, including plans to the consent authority • Negotiate and consult on any changes required • Conduct public notification of the development as required • Consider a pre-DA meeting with consent authority. • Submit final plans for approval to consent authority • Obtain a Construction Certificate <p>Tip: Contact DPHI Planning or Council to ask about fast-track approval options. A process of community consultation and engagement before public notification can help build community support for the project and prevent objections.</p>	Homes NSW and Housing Provider CHIA NSW	CHIA NSW – Resources for local councils
<p>11: Implementation and maintenance</p> <ul style="list-style-type: none"> • Tenant selection process by Housing Provider according to agreed policy on priority and need • Regular meeting of Steering/Project Governance Group to ensure smooth implementation and maintenance, as agreed and depending on model approach • Communications, including media release and opening 	Funding bodies regarding communications	

Key Steps	Helpful Contacts	Resources
<p>12: Monitoring and Evaluation</p> <ul style="list-style-type: none"> Steering/Project Governance Group agrees KPIs and monitoring and evaluation strategy to ensure project is meeting ongoing affordable housing needs locally <p>Tip: Agree KPIs, monitoring and evaluation strategy early on.</p>	Homes NSW	National Regulatory Code for the National Regulatory System for Community Housing

Case studies

Coomea Street, Bomaderry – Shoalhaven City Council

The Coomea Street project in Bomaderry is a testament to the successful collaboration between Shoalhaven City Council (SCC), Southern Cross Housing (SCH), and the NSW Department of Communities & Justice (DCJ), now Homes NSW. This partnership is transforming Council operational land in Coomea Street, Bomaderry, into a new development featuring 39 affordable housing units of varying sizes, ranging from 1 to 3 bedrooms.

In 2017, as part of its original Affordable Housing Strategy work, SCC worked with key partners, including SCH, Property Council of Australia, Edmiston Jones Architects, and the community, to initially identify and consider the potential of three parcels of existing operational land. These parcels were originally acquired by SCC in the 1980s to provide potential additional car parking for the Bomaderry CBD in the longer term and were occupied by older fibro dwellings.

Council and its key partners envisioned a more impactful use for the Bomaderry site through an innovative exemplar affordable housing project. An initial two-day workshop involving key stakeholders led to the design of a hypothetical project on the proposed site. SCC subsequently acquired two adjacent properties to create a larger developable parcel and, after evaluating various options, generously gifted the entire site, valued at approximately \$2.25 million to SCH.

With the support of DCJ, SCC negotiated a Community Housing Assistance Agreement to transfer the operational land to the affordable housing provider (SCH).

The agreement includes stringent contractual assurances for the maintenance of community housing stock in perpetuity.

The gifting was complemented by DCJ's funding through a NSW government Community Housing Innovation Grant Fund. Funding was also obtained to facilitate the timely assessment of the project's Development Application (DA), which involved approval from the Regional Planning Panel. SCH covered the significant remaining project costs, and SCC refunded the DA fees. The project funding breakdown is as follows:

- SCC \$ 2.25 million
- DCJ \$ 4.8 million
- SCH \$13+ million.

Early community consultations on concept and design work helped streamline the DA process. Each dwelling within the development is fully self-contained, with private open spaces, parking spaces, outdoor community gardens, a BBQ area, and a children's playground.

A local builder from the Illawarra South Coast has completed construction work. The development will be officially opened early in 2026. This project, enriched by extensive community engagement, is overseen by an experienced steering group composed of SCH, SCC, and DCJ.

For further information, please contact the Homes NSW at CAH@homrd.nsw.gov.au or Shoalhaven City Council at council@shoalhaven.nsw.gov.au.

Images of Coomea Street development





Goonellabah Projects - Lismore City Council

Lismore City Council's plan to increase the availability of affordable housing in the region has come to fruition through a strategic partnership involving the Council itself, the NSW Government's Landcom, the DCJ (now Homes NSW), and a Community Housing Provider.

This collaborative effort will result in the construction of 56 new affordable housing units, representing a total investment of \$20 million.

Landcom, Council and the CHP have entered into a Heads of Agreement to oversee the development of these units, with 16 units to be situated on Bristol Circuit in Goonellabah exclusively for key workers.

Council is looking for a 'land for housing swap' at this site so it will end up potentially owning two of the dwellings.

This is a quite unique case study in that Council has an MoU with the Federal Government to use unexpended funds from a historic grant, Building Better Regional Cities (BBRC) specifically on affordable housing initiatives. Council's contribution to this project is the land and \$2.5 million from the BBRC funds.

The site at Cynthia Wilson Drive, is also in Goonellabah and it is likely to generate around 40 dwellings. Council is contributing the land as a gift, while DCJ will provide \$5 million in support of the development.

The Northern Rivers Reconstruction Corporation is also making a valuable contribution of \$2.5 million that can be utilised across both sites.

As per the Heads of Agreement, Landcom will assume the role of project manager for both sites, while the housing units will be owned and/or managed by a CHP. This arrangement ensures that the council incurs no ongoing maintenance or property management costs, and it is not required to contribute to the construction expenses. Furthermore, this collaborative

effort empowers the CHP to leverage these new developments as collateral for securing additional funding for future affordable housing initiatives.

For more information contact Homes NSW at CAH@homes.nsw.gov.au or Lismore Council at council@lismore.nsw.gov.au.

11 Gibbons Street Redfern - City of Sydney

In July 2016, the City of Sydney granted conditional approval for the sale of the Redfern depot site at 11 Gibbons Street for the delivery of social and affordable housing dwellings. Like many affordable housing projects, delivery relied on the layering of contributions from multiple sources. In addition to Council selling the land at a significant discount, the project required funding from the NSW Social and Affordable Housing Fund to facilitate the creation of 162 units (42 social housing and 120 affordable housing units).

The land was surplus to the City of Sydney's requirements after the consolidation of a number of former depots into a new facility to better service the local government area.

The sale of the land for affordable housing was at a discount in recognition of the importance of affordable housing and the commitment of the City of Sydney to support the provision of affordable housing. The Council placed a covenant on title to ensure that the site was used for affordable housing in perpetuity as the need for affordable housing is ongoing.

This project marked the transformation of the depot into a thriving urban renewal initiative in the heart of Redfern. Completed in June 2021, the 18-storey building, comprises 162 units.

Among these, 27 units are adaptable for residents with disabilities, and 45% of the units are occupied by First Nations people, acknowledging Redfern's cultural significance, exceeding an original target of 25 per cent.

The development includes a ground floor commercial space, community recreation spaces and a playground. The building features "The Way Home" by an Aboriginal artist, Joe Hurst and is a symbol of connection and country for the Redfern community. Notably, the building meets an average 8-star rating under the Nationwide House Energy Rating Scheme (NatHERS) and is owned and managed by St George Community Housing.

For further information contact City of Sydney at council@cityofsydney.nsw.gov.au.

Images of development at 11 Gibbons Street, Redfern



Exterior of 11 Gibbons Street, Redfern



Interior of 11 Gibbons Street, Redfern



Lobby of 11 Gibbons Street, Redfern



Play area at 11 Gibbons Street, Redfern

Key contacts and resources

Key contacts

Agency/Department	Details
<u>Department of Planning, Housing and Infrastructure NSW Government</u>	
Crown Lands	Website: Home Crown Lands Strategic Policy Team strategicprojects@crownland.nsw.gov.au
Land iQ	Website: https://www.nsw.gov.au/departments-and-agencies/property-and-development-nsw/what-we-do/strategy-analytics-and-policy/land-iq Email: landiq@dpie.nsw.gov.au
Office of Local Government	Website: https://www.olg.nsw.gov.au/ Email: olg@olg.nsw.gov.au
Planning NSW	Website: Home Planning Welcome to the NSW Planning Portal Planning Portal - Department of Planning and Environment Email: housingpolicy@planning.nsw.gov.au
<u>Homes NSW NSW Government</u>	
Aboriginal Housing Office	Contact us Aboriginal Housing Office requests@aho.nsw.gov.au

Agency/Department	Details
Homes NSW Programs and Partnerships	<p>Email: homesnsw-oceo@homes.nsw.gov.au</p> <p>Websites:</p> <p>Information on understanding affordable rental housing; Plan; Develop; Manage; Rent affordable housing and Homes NSW working with Councils:</p> <p>https://www.nsw.gov.au/housing-and-construction/social-affordable/affordable-rental-housing/understand</p> <p>The Local Government Housing Kit and Database:</p> <p>https://dcj.nsw.gov.au/about-us/families-and-communities-statistics/nsw-local-government-housing-kit.html</p>
Land and Housing Corporation	<p>Website Webform: https://www.dpie.nsw.gov.au/land-and-housing-corporation/contact-us</p> <p>Locked Bag 5022 Parramatta NSW 2124</p>
Registrar of Community Housing	Registrar of Community Housing NSW Government
Government Architect NSW Planning	
<p>Government Architect</p> <p>Data and insights</p> <p>Policy and Legislation</p>	<p>Plans for your area Planning</p> <p>Policy and legislation Planning</p> <p>Email government.architect@planning.nsw.gov.au or phone 02 9860 1450.</p>

Resources

The resources below provide information about the legislative framework, incentives, and requirements to supply affordable and diverse housing in NSW.

Resource	Description
<u>NSW Affordable Housing Ministerial Guidelines</u>	Describes the framework for delivering affordable housing developed with financial assistance from the NSW Government or under state planning and is owned or managed by registered community housing providers.
<u>Environmental Planning and Assessment Act, 1979</u>	The EP&A Act aims to promote affordable housing, allowing councils to set consent conditions for affordable housing contributions in their areas.
<u>State Environmental Planning Policy (SEPP)</u>	The Housing SEPP encourages diverse housing development, including affordable rental and short-term rental accommodation, in suitable locations for various communities at all life stages.
<u>Plan Affordable Rental Housing - Including planning agreements</u>	Information for councils on preserving and expanding affordable housing, emphasising negotiated planning agreements allowing developers to provide affordable housing in exchange for incentives like density bonuses or land contributions. Offers tools, support and information to plan and deliver affordable housing.
<u>Housing Snapshots</u>	District and regional housing snapshots to help councils, planners, housing providers, and others understand housing demand, markets, and supply in their area, aiding the development of housing strategies.
<u>Local Government Housing Kit</u>	Provides housing strategy guidance and essential data, aligning with Housing Snapshots for enhanced housing needs understanding and strategy support.
<u>Local Housing Strategy Guideline</u>	Guidelines for councils to develop Local Housing Strategies.
<u>Community Housing Industry Association NSW - Local Council Resources</u>	Resources for councils to collaborate with community housing providers on housing initiatives. Includes the CHIA NSW <u>Data Dashboard</u> which shows the spread of community housing across NSW including who they are owned and managed by, the numbers of social and affordable homes built and to be built in NSW, etc.
<u>Public Private Partnership (PPP) Guidelines</u>	Outlines council procedures when considering or using PPPs for infrastructure and services in compliance with the Act.

Resource	Description
<u>Formation of Corporations and Entities (Section 358) Guideline</u>	This guidance must be used when forming separate entities to deliver affordable housing.
<u>CHIA Local Council Partnerships for Provision of Affordable Housing</u>	<p>CHIA NSW has made available many other resources for local councils and can be found here: https://communityhousing.org.au/local-councils-and-community-housing/</p> <p>The implementation guide for councils is being launched soon. It touches on common operational questions councils have raised with respect to the delivery of affordable housing.</p>
<u>Affordable Housing Reference Guide</u>	Affordable housing guide developed by Urban Development Institute of Australia (UDIA) NSW with assistance from the Community Housing Industry Association NSW (CHIA NSW)
<u>The National Regulatory Code</u>	The National Regulatory Code for the National Regulatory System for Community Housing.