

8.2. MM02: Affordable housing and rental affordability challenges

North Sydney Council was, and continues to be, a pioneer of affordable housing in local government in this State. In 1984, Council started the affordable housing program with the aim of protecting existing affordable housing and replacing affordable housing stock that has been lost. Yet since the affordable housing program began, at least 2,400 affordable bed spaces have been lost.

Over the course of the last four decades, through contribution of land, the collection of affordable housing levies and partnerships with the State Government, and community housing providers, Council has delivered 23 properties containing 131 tenancies across North Sydney, St Leonards, Kirribilli, Waverton, McMahon's Point, Cremorne, Crows Nest, Neutral Bay, and Cammeray. These properties include partial ownership of a nursing home and two services offering emergency accommodation to youth. Nevertheless, Council alone cannot ever meet the need nor even replace the lost affordable housing stock.

That said, Council remains committed to the affordable housing program and has resolved to undertake a review of Council landholdings and identify whether there is land that has potential for affordable housing provision in partnership with a community housing provider.

On 20 November 2025, Senator the Hon Jenny McAllister, Minister for Disability, and the National Disability Insurance Scheme officially opened Council's newest affordable housing project on Miller Street, Cammeray. The development, delivered through a partnership with Link Wentworth Community Housing, provides high-quality accommodation for vulnerable residents. The redevelopment replaces an old Council-owned six-room boarding house with 12 modern studio units, communal living spaces, shared laundry facilities, storage, and outdoor areas. Several units are dedicated to meeting specific community needs including women at risk of or experiencing homelessness and those leaving domestic and family violence. Three of the units are fully accessible.

A week later, on 27 November 2025, I attended the Australian Local Government Association (ALGA) Local Government Housing Forum at Parliament House, Canberra. The forum hosted more than 100 mayors from around Australia to discuss how local government is delivering (and may expand) affordable housing. The Forum was addressed by the Minister for Regional Development, Local Government and Territories, the Hon. Kristy McBain, and Minister for Housing, Homelessness and Cities, the Hon. Clare O'Neil. In addition, we heard from Community Housing Providers, mayors and officers from councils across the nation and Mr Nicholas Dowie, Treasury Acting First Assistant Secretary, Housing Supply and Cities Division.

The Forum reinforced the importance of social and affordable housing in response to the housing crisis. In particular, that governments at all levels have a role to play if Australia is to meet the challenge before us. Australia, when compared to other equivalent nations, has not invested enough in social and affordable housing over the last four decades or more. Equivalent nations have levels of government housing at approximately 10% of supply or higher.

ALGA and, peak body, Australian Community Housing, launched a *Guide for Local Councils: The Delivery of Affordable Housing* (<https://alga.com.au/wp-content/uploads/2025/11/Guide-for-Local-Councils-Delivering-Affordable-Housing-FINAL.pdf>) at the forum. Led by Australian Community Housing and supported by ALGA, the Guide aims to build capability and partnerships between local government and Community Housing Providers. It recognises that, while councils are not required to provide affordable housing, they may seek to play a meaningful role where it aligns with community priorities and capacity.

Indeed, one of the speakers at the forum, Andrew McAnulty from Link Wentworth Community Housing cited the 40-year partnership between North Sydney Council and Link Wentworth and the recent Cammeray site as an excellent case study for others to consider.

Continued loss of affordable housing to luxury apartments

However, existing affordable housing continues to be threatened by private development pressure. There is significant tension between the State Government's response to the housing crisis via increased private supply and the reality that the Mid Rise housing reforms, the SEPP (Housing) 30' height and floor space bonuses, and the State Significant Development regime are fuelling the loss of existing affordable housing to provide luxury apartments. This is not an issue exclusive to the North Sydney LGA. For example, on 23 November 2025 the Sydney Morning Herald reported on "Paddington residents fight plan to bulldoze 'genuinely affordable' units for luxury apartment block" (Megan Gorrey, SMH, 23 November 2025) detailing a proposal to demolish 27 studio apartments on Oxford Street for an eight-storey block of 40 luxury units. There are numerous other examples, such as the proposal to demolish 80 studio and one-bedroom apartments on Macleay Street, Potts Point to be replaced with 34 luxury apartments.

These developments typically provide a small percentage of affordable housing for 15 years (and not in perpetuity) in order to access increased height and density available under the State Government housing reforms. On 29 October 2025, Anne Davies wrote about the affordable housing bonuses :

Work for Shelter NSW done by Cameron Murray, chief economist at Fresh Economic Thinking, and Peter Phibbs, professor emeritus at the University of Sydney, found that the proportion of the bonus value which ends up with the renter is between 21% and 92%, depending on where the property is located.

This means that between 8% and 79% of the extra value – by way of extra floors, enhanced views and more units – is retained by the developer. Less conservative assumptions estimate the benefit to property developers at between 34% and 83%. Murray and Phibbs looked at projects using the IAH policy in nine different suburbs. Higher value suburbs such as Edgecliff, Crows Nest and North Sydney delivered a greater benefit to developers.

Further proof that the policy is advantageous to developers can be found in the number of developers now applying for the density bonus. Almost every development being

lodged as state significant development (SSD) includes an application for affordable housing, which means either developers have discovered their altruistic streak or there is money to be made. ("Beachside apartments deemed 'affordable' cost \$1,000 a week. Is the NSW policy helping renters or developers?", Guardian, 29 October 2025)

On 22 September 2025, Council considered three SSD applications at 5 and 15 Blue Street, North Sydney and 1-13, 17-19 Mackenzie Street, and 211 Blues Point Road, Lavender Bay. These projects are in addition to another Housing Delivery Authority fast tracked SSD application, SSD-86797708, which proposes demolition of five existing residential flat buildings and construction of a 20-storey building providing approximately 140 apartments, including the provision of 3% affordable housing in perpetuity at 64 and 66 Lavender Street and 3, 5, and 7 Middlemiss Street, Lavender Bay.

The five existing modest apartment blocks that will be demolished for this development will see the loss of 32 affordable units. In return, the developer is offering 3% affordable housing (three-four units).

This loss is happening throughout the North Sydney LGA. For example, three interwar residential flat buildings were demolished at 147 Kurraba Road, Neutral Bay and 24 luxury apartments were built in replacement. Those interwar flats were amongst the most affordable rental properties in that precinct. Since they were demolished there has been a noticeable loss of children playing in the park opposite the site, as families have been forced out to rent elsewhere.

This, of course, is in the context of a rental affordability crisis.

Rental affordability

The fact is that renters are vulnerable to redevelopment. This is particularly acute in areas like the North Sydney LGA where land values are high and where the affordable housing bonuses currently available are delivering greater benefit to developers (than in other locations).

On 28 October 2025, the City of Sydney hosted the Secure Housing for Renters Roundtable about the housing rental affordability crisis. Over 40 representatives from housing providers, community and peak organisations, NSW Government agencies, renters, and members of the City's Housing for All Advisory Panel met to discuss this challenge and how meet it. Following the Roundtable, a Joint Letter to the Premier was prepared that called on the State Government to:

- urgently review the Housing SEPP and Guidelines, particularly the viability yield and test and contribution payable, in order to protect existing low-rental housing and other diverse housing such as boarding houses.
- improve the security of tenure for renters and boarding house residents and their rights to improved amenity and living standards as a result of changes to the Boarding Houses Act.

- implement existing local affordable rental housing schemes in any State Significant Developments
- enable a pathway for time-limited affordable housing to be delivered in perpetuity
- amend the NSW Affordable Housing Ministerial Guidelines definitions to mandate the use of income-based rent for Affordable Housing in a standard definition.

These are common sense approaches to address rental affordability.

Council strategies

On 10 February 2025, Council adopted a suite of eight informing strategies that reflect community priorities following detailed, once in a generation, community engagement on the *Next 10 Years*.

Council's *Housing Strategy* includes Strategic Direction 1: Support the delivery of affordable and diverse housing. The Strategy also includes a provision that Council will "manage strategic land use planning in the LGA including advocacy, stakeholder management, and preparation of land use policies, strategies, plans and controls."

We know that there is strong evidence demonstrating that socially connected and diverse communities have less mental illness and cognitive decline, and are safer, more vibrant and interesting places to live, study and work. The North Sydney LGA is often perceived as a place with little diversity. Yet, 40% of our community was born overseas, for 25% of us English is a second language, 37% of our community live in single-person households, and 52% of dwellings are rented. The socioeconomic profile extends from some of the most disadvantaged to the most educated and affluent people in the nation.

In an increasingly polarised world, social inclusion is vital to building resilient, strong, prosperous, and vibrant communities.

There is no doubting that there is a national housing and rental affordability crisis. The causes are complex, and every level of government must collaborate to address these issues.

I therefore recommend:

- 1. THAT** Council reiterate its commitment to affordable and social housing.
- 2. THAT** Council write to the Minister for Planning and Public Spaces seeking an urgent review of density bonuses under the Housing SEPP to ensure that the uplift provided is in the public interest and consistent with the social impact aims required for State Significant Development and the intent of the Housing SEPP and the Government's broader affordable housing strategy.
- 3. THAT** Council's prepare submissions on the four Lavender Bay State Significant Development applications and include concerns in relation to the loss of affordable housing as a result of the proposed developments, the inadequacy of the proposed affordable housing provision at 3%, submit that any consent require affordable housing in perpetuity and the value of the affordable housing provision to be 50% of the value of the uplift in development potential for additional height and floor space above the existing local planning controls.

4. THAT Council write to the Premier, Minister for Housing, Minister for Planning and Public Spaces in relation to rental affordability issues and call on the State Government to:

- (a) urgently review the Housing SEPP and Guidelines, particularly the viability yield and test and contribution payable, in order to protect existing low-rental housing and other diverse housing such as boarding houses;
- (b) improve the security of tenure for renters and boarding house residents and their rights to improved amenity and living standards as a result of changes to the Boarding Houses Act;
- (c) implement existing local affordable rental housing schemes in any State Significant Developments;
- (d) enable a pathway for time-limited affordable housing to be delivered in perpetuity; and
- (e) amend the NSW Affordable Housing Ministerial Guidelines definitions to mandate the use of income-based rent for Affordable Housing in a standard definition.

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