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Australia's property industry

Creating for Generations

3 July 2020

Debra Just
Chief Executive Officer
Willoughby City Council
PO Box 57
CHATSWOOD NSW 2057

Dear Ms Just

Draft Affordable Housing Strategy 2020 & Affordable Housing Policy

The Property Council welcomes the opportunity to provide comments to Council on its draft Affordable Housing Strategy 2020 to 2026 (draft strategy) and draft Affordable Housing Policy (draft policy).

As Australia's peak representative of the property and construction industry, the Property Council's members include investors, owners, managers and developers of property across all asset classes. We are pleased to provide the following comments to Council regarding the draft strategy and policy.

COVID-19

As Council would be aware, the current COVID-19 pandemic has created a high level of economic uncertainty and lack of confidence around investment in property and development. This uncertainty and economic contraction is likely to be around for a considerable period of time. As a consequence, the industry's capacity to afford additional contributions and levies will be severely diminished. Relatedly, the NSW Government has asked the NSW Productivity Commissioner to review developer levies and contributions. We therefore seek your agreement to review the timing for any changes to Council's Affordable Housing Contribution Scheme until such time that the Productivity Commissioner's report and any reforms are considered and implemented.

We also understand the Department of Planning, Industry and Environment (DPIE) is developing a new Diverse Housing SEPP. In addition, a Housing Strategy for NSW is also being coordinated by DPIE. Both of these have potential to develop new policy tools in respect to funding and delivery of affordable housing and bolster the case for Council considering these matters holistically.

Draft Strategy

The Property Council acknowledges that housing affordability is a chronic issue in most parts of Sydney and there are areas of extreme unaffordability within the North District. We cautiously accepted the Greater Sydney Commission (GSC) identifying targets for the supply of Affordable

Rental Housing within the GSC's Regional Plan for Greater Sydney and each of the five District Plans. It was apparent at the time and remains so today, there is no clear pathway for the implementation of these targets.

Since *State Environmental Planning Policy No 70 – Affordable Housing (Revised Schemes)* (SEPP 70) was amended in February 2019 and the DPIE issued guidelines for Affordable Housing Contribution Schemes, Councils and industry have received very limited information from the State Government regarding how the targets might be implemented. A concern shared by the industry is Greater Sydney potentially may have 33 separate contribution schemes that may collect substantial funds but deliver a very limited supply of affordable housing. This would be a poor outcome for all concerned.

The Property Council is aware that Council currently operates an affordable housing contribution scheme within *Willoughby Local Environmental Plan 2012* (WLEP 2012) that has been in place since 1999 and re-authorised by SEPP 70 in 2002. Further changes to the Scheme were made in 2012. To date the Scheme has enabled the creation of 22 affordable housing dwellings targeted towards 'key workers'. We acknowledge that Council has developed its Scheme with a specific focus on moderate income earners rather than very low to low income earners. Health workers are a key professional group that Council's Scheme is intended to assist and this is an appropriate approach.

Council's draft Local Housing Strategy indicates that Council will amend its current affordable housing contribution scheme to increase its contribution rate from 4% to 7% of GFA (subject to feasibility testing) before 2023 and a further increase from 7% to 10% of GFA before 2026. We acknowledge this contribution rate is consistent with the targets set out in the *North District Plan*. Prior to Council adopting its draft Strategy we request further clarification be provided around the viability of the increased contribution rates to apply from 2023 and 2026. We reserve our position on the amended Scheme until full details of its implementation and operation are provided with a planning proposal to amend WLEP 2012 and it remains our strong preference that a common approach be adopted across Sydney that is consistent with the plan outlined by the GSC.

Draft Policy

Council is seeking comments on its draft Affordable Housing Policy which defines Council's role in relation to affordable housing. We have noted the content of Council's Affordable Housing Policy and support its objectives.

Chatswood CBD

The Willoughby Local Strategic Planning Statement and draft Chatswood CBD Planning and Urban Design Strategy include a number of initiatives and actions which are likely to further increase development contributions and costs, including the following:

- The Chatswood CBD Strategy notes that a revised section 7.11/7.12 policy will be prepared to guide contributions to public domain improvements in the CBD;
- Action 9.5 of the LSPS seeks contributions to public and social infrastructure to improve the amenity and services in the Chatswood CBD. The Chatswood CBD Strategy notes that this will be achieved through a contributions scheme which applies to bonus floor space;
- Action 17.4 of the LSPS requires major development to share any value uplift from changes in development rights to deliver a community benefit through improved local infrastructure. This is also identified as a key component in delivering the vision for the Chatswood CBD, and

- Action 15.8 of the LSPS seeks to review Willoughby Council's DCP to update sustainable development requirements for the entire LGA. The Chatswood CBD Strategy notes that targets will be set for environmental sustainability through improved building standards, design excellence, tree canopy increase and WSUD.

While each of the above items may individually deliver outcomes for the Chatswood CBD, consideration needs to be given to the cumulative impact of these contributions and requirements on the cost and viability of development.

Should you have any questions regarding the content of this submission, do not hesitate to contact Troy Loveday, Senior Policy Advisor, on 0414 265 152 or tloveday@propertycouncil.com.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jane Fitzgerald', with a stylized, cursive script.

Jane Fitzgerald
NSW Executive Director
Property Council of Australia