17 January 2017

Ms Carolyn McNally  
Secretary  
Department of Planning and Environment  
GPO Box 39  
SYDNEY NSW 2001

Dear Ms McNally

Ingleside - Draft Land Use and Infrastructure Strategy

HIA welcomes the opportunity to comment on the Ingleside Draft Land Use and Infrastructure Strategy (draft strategy) released for public comment in December 2016.

HIA is aware that Ingleside has been identified for urban development since the 1960s and investigations moved a step closer in 1992 when it was included on the Department’s Metropolitan Development Program (MDP). It is positive to observe the draft strategy being developed from the collaborative relationship between the Department of Planning and Environment and the local council. The planned 3,400 homes will be a valuable addition to housing supply on Sydney’s northern beaches.

HIA has no objection to the draft strategy in relation to the form of housing and approach to the development. However, there are some more operational aspects of the draft strategy that are of significant concern to HIA in the broader context of supporting housing supply and maintaining an appropriate level of affordability.

3.2 Affordable Housing

The draft strategy includes a reference to the Draft North District Plan and indicates that a mandated target of between 5 and 10 per cent of floor space for affordable housing will apply. The draft strategy has failed to recognise that this target is subject to feasibility and will only apply to the additional floor space generated by the rezoning uplift.

Whilst HIA supports efforts to ease the housing affordability crisis, we argue that this is best achieved by increasing supply of dwellings and reducing red tape in the planning process. Programs specifically targeted to increasing the supply of housing for low to moderate income households should be undertaken voluntarily by the private sector and supported accommodation provided by the public sector must continue to be available for those in greatest need.
Affordable housing targets mandated through inclusionary zonings or development contributions and levies are a direct tax on new housing construction costs. The construction of an ‘affordable unit’ does not cost less than any other unit in a development. Therefore the economic outcome is that all other dwellings in a project will increase in price to alleviate the lower cost to market of the affordable dwelling.

Furthermore if the objective is to directly accommodate a person or family in need of low cost private housing these types of planning measures can only succeed where a long term management structure is in place. Without limitations on who can rent or buy these units, the scheme is self-defeating.

As the proposed Affordable Rental Housing Target is a key feature of the draft district plans, we will outline our concerns in more detail as part of a formal submission to the Greater Sydney Commission.

3.3.1 Funding of Regional and Local Infrastructure

The draft strategy states that a Special Infrastructure Contribution (SIC) will be used to fund regional infrastructure, affordable housing and biodiversity offsets. No further detail of the SIC has been made available.

The Department is aware that HIA does not support the SIC in any form. Most recently HIA commented on a discussion paper regarding a proposal to introduce a SIC in the Hunter region. The introduction of a SIC represents an unfair tax on new housing. The broad range of state or regional infrastructure and other works potential funded by a SIC do not have a direct nexus with the expected residential subdivisions from where the funds will be collected. Therefore these items should continue to be funded using broad based measures other than development contributions.

In the context of this draft strategy, it appears that the SIC will effectively double dip for items covered in other ways. In the first instance, as set out above, the draft strategy is proposing a mandatory construction of affordable housing, therefore the payment of an additional levy on the same developments make little sense. Moreover it directly contradicts the intention to make home prices more affordable. HIA opposes the any requirement for the development industry to both provide affordable housing in new developments and also make a monetary contribution towards the provision of affordable rental housing to be provided by others.

In relation to the use of the SIC for biodiversity offsets, this is managed under separate legislation which HIA has supported in principle. It is inappropriate for the draft strategy to mandate payment for these offsets when the matter has been addressed at the time of rezoning and subdivision.

We are aware that the Government intends to provide more information regarding SICs and HIA will provide a more detailed response at that time.

Should you require any further information regarding this submission, please contact Troy Loveday, Assistant Director – Residential Development and Planning, on (02) 9978 3342 or t.loveday@hia.com.au

Yours sincerely

HOUSING INDUSTRY ASSOCIATION LIMITED

David Bare
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