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

Dear Ms McNally

### **Bayside West Precincts: Draft Land Use and Infrastructure Strategy**

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

HIA supports the Department investigating opportunities for urban renewal in locations with good access to transport and community services. We acknowledge the Department has developed the draft strategy in collaboration with Bayside Council. It is heartening to see local government embrace urban renewal opportunities instead of oppose them.

The planned 7,000 to 10,100 homes over the next 20 years identified in the strategy (including up to 5,000 dwellings at Cooks Cove subject to further investigation) will be a valuable addition to housing supply on Sydney's southern suburbs.

HIA has no object 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 and maintaining an appropriate level of affordability.

#### 7.6 Affordable Housing

The draft strategy includes a reference to *A Plan for Growing Sydney* 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 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. It is our view that 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 in any other unit 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.

#### 9.5 Infrastructure Provision and Funding

The draft strategy states that the State Government is investigating the application of a Special Infrastructure Contribution (SIC) to assist with funding regional upgrades. Possible items to be funded by the SIC include regional road upgrades, land for a new school site and a proposed connection to the regional cycle network.

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 potentially 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.

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](mailto:t.loveday@hia.com.au)

Yours sincerely  
HOUSING INDUSTRY ASSOCIATION LIMITED



David Bare  
Executive Director - NSW