Dear Ms McNally

Greater Parramatta Priority Growth Area – Interim Land Use and Infrastructure Implementation Plan

HIA welcomes the opportunity to comment on the Greater Parramatta Draft Interim Land Use and Infrastructure Implementation Plan (the Plan) and Explanation of Intended Effect (EIE) released for public comment in July 2017.

HIA supports the Department’s efforts to investigate opportunities for urban renewal in locations with good access to transport and community services. The draft Plan initiates the planning process that will underpin the future growth of this established area with new housing (approximately 72,000) and jobs (113,000) until 2036. Incorporation of this precinct within the State Environmental Planning Policy (Sydney Region Growth Centres) 2006 recognises the importance of this urban renewal process to the Greater Sydney Region.

Key to the success of the draft Plan will be the delivery of vital infrastructure and public works such as transport (the proposed Parramatta Light Rail) and improvements to education and hospital facilities. Decisions made regarding the funding of this infrastructure will also be important in the context of housing affordability.

HIA does not object to the draft Plan in terms of the proposed housing and employment goals. However, the intention to prepare a Special Infrastructure Contribution (SIC) for parts of the priority growth area to fund State and regional infrastructure should be reconsidered. In the interests of fairness and equity it is appropriate for the 6 examples of State infrastructure listed on page 8 of the draft Plan to be funded through Government’s general revenue sources rather than as a levy imposed on new homebuyers. The examples given will be used by the general public at large and not confined to local residents.

In respect of proposed regional infrastructure identified as necessary to support the new growth, it will be difficult to distinguish between new residents, existing residents, workers and visitors using these amenities. HIA accepts that it is reasonable for new developments to include the construction of local infrastructure vital to a new development or subdivision including local roads, parks, drainage and utilities. These should either be provided by the developer or delivered on a voluntary basis using a planning agreement. The draft Plan will require new homebuyers to fund infrastructure that will be used by both new and existing residents that belong to everyone and should be funded by everyone through general taxation.

If the Department resolves to proceed with the implementation of the proposed SIC, there must be an opportunity for scrutiny of the detail by the public. This will allow for the community to have their say and for any feedback provided to be taken into consideration before the SIC is implemented.
Although the Draft Plan does not mention affordable housing, the Minister made statements indicating that the affordable housing policy suggested by the Greater Sydney Commission will apply to this area. This could involve between 5% and 10% of any increase in development yield being surrendered for the purpose of subsidised rental housing. The Minister has also suggested there is capacity to exceed the 10% threshold subject to the consideration of options.

While HIA supports efforts to ease the housing affordability crisis, we argue that this is best achieved by increasing the supply of new 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 and 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 or 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.

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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