

31 January 2018

Director, Housing & Infrastructure Policy
Department of Planning and Environment,
GPO Box 39,
Sydney NSW 2001

Submission to the proposed amendment of State Environmental Planning Policy No. 70 Affordable Housing (Revised Schemes)

Stockland has a 65 year history of partnering with government to deliver sustainable, integrated communities featuring affordable homes for all ages, as well as schools, play spaces, retail and employment precincts. We currently have more than \$6.6 billion invested in NSW – with more than half of this in Western Sydney – and a strong commitment to future investment in the State.

Housing affordability is an increasing challenge facing cities as they grow, and a suite of practical measures is needed to address this growing problem. We believe the State Government can play an important role in facilitating a reasonable and balanced response to this challenge.

Clarity and transparency drive efficiencies in the housing system, in turn improving affordability outcomes. In line with this, we endorse the need for clearly articulated requirements at all levels of government in relation to the supply of community and social housing.

As a creator of diverse and inclusive communities, we recognise the importance of delivering housing that is affordable to both the rental and home ownership market. Affordable rental housing is a component of the overall housing supply story. Therefore, in principle we support the intention of the NSW Government to create an appropriate regulatory framework for its delivery. Importantly, this framework must ensure there are no unintended consequences to the overall supply of housing.

In light of this, and on review of the proposed changes to SEPP 70, we offer the following key points for consideration:

1. Alignment with the Greater Sydney Commission's affordable housing approach

With the NSW Government currently developing a policy response for Sydney through the *Greater Sydney Region Plan* and associated District Plans, clarity is needed on the relationship between the SEPP 70 Policy and the Greater Sydney targets. Any proposed changes to SEPP 70 that would enable local government policies that do not align with the Greater Sydney policy to come into effect, are considered to be premature.

We consider that the State government can provide strong leadership in this space by ensuring a consistent and transparent approach to affordable rental housing, through the establishment of a single, holistic and robust policy and regulatory framework. Such a framework should ensure alignment between the strategic policy for Greater Sydney and statutory mechanisms such as SEPP 70, and in turn would create certainty for local government, the community and industry.

2. Greater consistency in the objectives, application and methodologies underpinning the SEPP 70 Policy

While the SEPP 70 Policy is set up to enable individual councils to establish their own levies for affordable housing, it does not offer a consistent approach in terms of application. For example, there are no minimum or maximum acceptable mandates imposed by SEPP 70, or a common

methodology to assess the need and/or impact of the levies. There are also differences in the application of levies – with some councils proposing to levy on uplift to GFA, and others suggesting a council-wide levy on all residential development. This has the potential to create significant inconsistency across LGAs in terms of the approach to affordable housing, which makes it difficult for the market to respond.

3. Phasing in of any new levies

The introduction of any new policy that establishes additional levies on development has the potential to create unintended consequences for overall supply. We believe that any changes to the contributions regime, such as affordable housing levies, should be phased in with sufficient time for industry to adapt to the changes (e.g. City of Sydney Council's proposed phase in of affordable housing levies). Importantly, a phased approach would also enable the market to respond to, and absorb, financial impacts.

4. Greater role for the private sector

SEPP 70 does not currently provide an incentive for the private sector to play a role in the ownership and management of affordable rental housing, with the preference of government policies generally being direct dedication to local council. The direct dedication of built real estate is exponentially unviable and will have a material impact on supply, or require wholesale changes to planning controls.

State Government could, through SEPP 70 or preferably through a holistic affordable housing policy, enable and incentivise the private sector to play a greater role in the delivery of affordable rental housing. Any such policy should be aimed at encouraging private innovation and delivery, which would in turn lead to the delivery of more affordable housing whilst avoiding a broader and unintended impact on supply.

5. Application of SEPP 70 to various uses

There is currently a lack of consistency in the application of affordable housing levies to different types of development. Generally, levies apply to residential development, but can often apply to other types of residential accommodation such as seniors housing, as well as commercial in some cases. We believe any affordable housing policy should make clear that seniors housing is exempt from attracting an affordable housing levy. This is primarily due to the fact that seniors housing development is already constrained as it relates to project viability and any additional levies would put it at even greater disadvantage when compared to market housing.

As the primary deliverer of housing, the development industry is ready and willing to work with the government to support this important initiative. There is a clear need for a consistent and robust policy response to affordable housing, as part of an holistic broader housing supply framework.

Thank you for the opportunity to provide input into these draft policies. We would welcome the opportunity to discuss our submission. Please feel free to contact me on 02 9035 2610 or gavin.tonnet@stockland.com.au or Samantha Czyz our National Planning Manager samantha.czyz@stockland.com.au

Yours sincerely,



Gavin Tonnet
General Manager, Apartments and Mixed Use
Stockland