

14 November 2011

Mr Ian Reynolds
Deputy Director-General, Strategies and Land Release
NSW Department of Planning and Infrastructure
GPO BOX 39,
SYDNEY NSW 2001

E-mail: community@planning.nsw.gov.au

Dear Mr Reynolds,

Re: Exhibitions of Box Hill and Box Hill Industrial draft Precinct Planning Package

The Urban Taskforce represents Australia's most prominent property developers and equity financiers. We provide a forum for people involved in development and the planning of the urban environment to engage in constructive dialogue with government and the community.

The Urban Taskforce has reviewed the exhibited *Box Hill and Box Hill Industrial draft Precinct Planning Package* and provides the following comments for your consideration. Our issues of concern relate primarily to the:

- urgent need to reduce development levies;
- deferral of the special infrastructure contribution increases;
- impact of fractured ownership on lot production;
- overly prescriptive nature of development control plans; and,
- use of the NSW Housing Code rather than a different set of standards.

1. The proposed "section 94" development levies must not exceed the cap of \$30,000 per dwelling or per residential lot

There remains a chronic shortage of land for urban development, particularly in the Sydney region. The Urban Taskforce is of the view that the problem of housing affordability in Australia is a function of strong demand and limited supply. A view that has been widely supported by others, including the NSW and Commonwealth Governments.

Fortunately, government has realised that significant initiatives are required to minimise the cost of land and increase its supply. In this regard the placement of a cap on development levies has been implemented in the hope that this will assist in reducing the cost of land. We argue that even with the introduction of a \$30,000 per dwelling or per residential lot cap on section 94 levies in Greenfield areas, when added to the other costs associated with bringing land to market including:

- existing government taxes and charges;
- the high acquisition cost of undeveloped land; and
- the numerous other development costs,

the cost of producing lots may still be higher than the market value.

We strongly argue for an element of market reality when determining development charges, particularly when preparing a contributions plan. We are of the belief that this approach has not been previously adopted when preparing contributions plans for other precincts.

The section 94 levy for each dwelling should be capped no more than \$30,000 a lot, as per the NSW Government's previous announcements.

Furthermore, section 94 funds should only be directed towards the provision of essential infrastructure. The Urban Taskforce has also been concerned with the absence of meaningful project specification/information provided in the draft contributions plan or planning reports prepared for other precincts. What we have been previously provided with in exhibition documentation has been little more than "wish lists" with dollars assigned.

No development levy should be imposed without detailed project justification.

We urge the Government and Council to carefully consider these matters when preparing a Section 94 contributions plan for the Box Hill precinct.

The government has declared its desire to reduce the costs of bringing land to market and this is encouraging. However, this does not mean that the developer of land should be required to pay section 94 contributions, the SIC levy and to then, at their own cost, fund the upgrade and continued maintenance of other community and environmental infrastructure located on their land. For instance, where there are large tracts of riparian corridor currently in private ownership, the upgrade and continued maintenance of such lands should be funded by developer contributions and/or included in Council's works programme. Where there may be a need to provide roads that will benefit the entire precinct the funding of such roads should not be the responsibility of the developer. As the entire community will benefit, funding should be sourced from a larger pool of funds, such as section 94, SIC or other funding arrangement.

It would be highly inappropriate for a single or small group of developers to be required to direct funds in addition to section 94 and SIC to the provision of infrastructure that will clearly be to the benefit of the broader community.

2. Deferral of the special infrastructure contribution increases

The Urban Taskforce welcomed the Government's decision to defer a scheduled 50 per cent increase in development levies applicable in the growth centres of Sydney. The reality is that the existing levies are already unaffordable, so any increase - let alone a 50 per cent increase - will further impact the state's housing supply.

We strongly supported the decision to defer the increase, pending a thorough review of development levies. While a permanent solution to this problem is essential and urgent, we hope that the extension of the temporary "concessional" period will continue beyond 31 December 2011.

We understand that the Government is yet to complete its review and in this regard we strongly advocate for the continuation of the deferral of the scheduled 50 percent increase in special infrastructure contribution until the review has been completed.

3. The impact of fractured ownership on lot production

Precinct planning and the zoning land in itself do not produce lots ready for market. Private sector developers are relied up to acquire land, fund infrastructure and carryout the civil works. This is at considerable expense. However, this process becomes more difficult when seeking to acquire land that is in multiple ownership. Not only does the developer need to negotiate with many parties to secure a developable parcel of land, the developer must also deal with many owners' unrealistic expectation of land value and sale price. Furthermore, because existing individual lots do not make for efficient lot production and most existing landowners are unable to develop their land on their own, lots are not produced.

If Government wants to rapidly bring land to market, it must look to areas where there are large parcels of land with few owners. Furthermore, the Government must release land on multiple fronts thereby increasing the opportunity for lot production.

4. **Overly prescriptive nature of development control plans**

The draft Box Hill and Box Hill Industrial Precincts Development Control Plan includes the objective to

[e]ncourage innovative and imaginative design with particular emphasis on the integration of buildings and landscaped areas that add to the character of neighbourhoods.

This is a worthwhile objective and the Urban Taskforce supports efforts to encourage imaginative design solutions. However, it is argued that the level of prescription contained in the draft DCP would effectively discourage innovation. Because of the level of prescription to be applied to the built form and land development there is little opportunity for an urban designer to be truly innovative and imaginative.

Our experience is that development control plans are considered in the same manner as a statutory plan and hence the level of prescription included in the draft DCP will be considered to be development standards that must be achieved. This will actually encourage compliance and not innovation.

Notwithstanding the above, much of the housing development likely to occur in the Box Hill precinct could be considered as complying development. Therefore, the draft DCP should make greater use of the NSW Housing Code, minimising the potential for duplication and conflict.

5. **Misunderstanding of the local market**

The production of lots for a local market relies upon an understanding of market wants and willingness to pay. The draft DCP sets minimum dwelling targets within precincts. While this in itself not a major cause for concern, difficulty may arise in instances where developable area is reduced due to environmental constraints. In such cases, the only means of achieving a minimum dwelling target will be via smaller lot subdivision and/or higher density housing development. The problem arises if the market is not interested in smaller lots and/or higher density. Hence, the risk is that lots/development will not proceed as the product that must be produced to meet dwelling targets does not meet market needs.

The permissibility of various lot sizes is encouraging; however this should not be linked to minimum lot yield per precinct/sub precinct. The lot size and yield is a function of market demand and must be left to the discretion of the land developer who, in the end, is taking the risk on investment and must be free to offer a product acceptable to the market.

These comments are offered to encourage constructive dialogue between Government and the development industry and we ask that you accept these comments as our contribution to the planning reform process.

We are always able to provide a development industry perspective on planning policy and we would welcome the opportunity to meet and discuss these issues in more detail. Should you have any further enquires in relation to this submission please feel free to contact Gilbert de Chalain on telephone number 9238 3937 or me on telephone number 9238 3927.

Yours sincerely

Urban Taskforce Australia



Chris Johnson
Chief Executive Officer