6 November 2008

The Hon Kristina Keneally MP
Minister for Planning
Level 35 GMT
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

*Environmental Planning and Assessment Amendment (Affordable Housing Development Contributions) Bill 2008*

I am writing to urge the Government not to support the *Environmental Planning and Assessment Amendment (Affordable Housing Development Contributions) Bill 2008* (the Bill) that was introduced to the Legislative Council by the Greens on 30 October 2008.

We have had the benefit of a briefing from the Green’s MP Sylvia Hale on the Bill.

The Property Council has long maintained that inclusionary zoning is an inefficient, unfair and counter intuitive approach to delivering affordable housing and we firmly assert that the proposal put forward by the Greens will further slow the supply of new dwellings across NSW.

The Bill would require developers to hand over up to 25% of a development’s total floor area or an equivalent cash contribution. This would be another in a long line of unfair and prohibitive taxes on the development industry that would most certainly make some residential projects unfeasible.

This would further slow the delivery of dwellings across NSW at a time when building approvals are already at historic lows.

The additional costs that would be borne by the developer would ultimately be passed onto the home owners and renters not captured under the associated affordable housing scheme. This would result in increased housing costs and significant secondary housing affordability implications.

Although the Greens have correctly identified that similar affordable housing contribution schemes exist in other jurisdictions it must be understood that developments under these schemes receive significant incentives from government to ensure that projects are feasible and achieve their affordable housing objectives. In many cases government owned land is made available for free to facilitate this.

Comparative incentives in the NSW context include:

- the provision of Government owned land for redevelopment at little to no cost to the developer,
the reduction or abolition of other increasingly prohibitive development contributions or property taxes, such as s.94 fees or stamp duty, and
the increase of applicable development controls, such as floor-space-ratio and height controls, to allow for additional dwellings to be incorporated into the development.

The Bill does not include any such incentives.

The Property Council maintains that providing appropriate incentives would make it more feasible for the development industry to participate in the provision of affordable housing across NSW.

We urge the Government to oppose the Bill.

Please contact me directly on 9033 1906 or 0412 233 715 if you have any questions regarding this letter.

Yours sincerely

Ken Morrison
NSW Executive Director