

# Leadership needed from Greater Sydney Commission on Affordable Housing

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The recent release by the Greater Sydney Commission of its Draft Greater Sydney Region Plan included policies on affordable housing but these have been misinterpreted by media and by local councils, says the Urban Taskforce.

"Media reports on the Greater Sydney Commission's (GSC) approach to affordable housing have taken the simplistic statement that 'targets generally in the range of 5-10 per cent of new residential floor space are viable' without reading the detailed parameters that the GSC included," says Urban Taskforce CEO, Chris Johnson. "Many councils have also assumed that around 5-10 per cent of residential floor space being provided free of charge to local councils as affordable housing is supported by the GSC."

"The GSC's Draft Greater Sydney Region Plan makes it very clear on pages 57, 58 and 59 that the affordable housing target of 5-10 percent would only be applied in defined future precincts, only be applied to increased residential floor space following rezoning, would be tested for financial viability and would take into account other development charges. The policy then goes on to stress that the viability test would be undertaken 'In order not to hinder the supply outcomes being sought' (p57) which means that any affordable housing levy should not be so high that it made new housing projects unviable and therefore led to less new homes being built."

"The Urban Taskforce is keen to support approaches for the provision of affordable housing where there is an incentive to do this through uplift in density and at levels that do not diminish economic viability of projects. Our concern however is that a number of councils across Metropolitan Sydney simply want to take 10 percent or more of apartments as free of charge from the developer without any compensation. The result of this approach will be to increase the purchase price of the remaining 90 per cent of new homes or to make the project unviable such that it will not proceed."

"With councils and media only taking headline figures from the Draft Greater Sydney Region Plan there is an important leadership role for the GSC to ensure a viable long term strategy is implemented. This leadership needs to include the much touted 'collaboration' role with Sydney councils so that they take on board the GSC's approach to housing affordability that is viable and based only on floor space uplift."

"The Urban Taskforce, however, is concerned that the City of Parramatta Council has recently released a draft affordable housing policy that introduces excessive inclusionary zoning targets that do not reflect the approach taken by the GSC. This seems very strange as the GSC is located in Parramatta and it is clearly championing the River City as Sydney's second CBD and a major centre. It will be interesting to see if the GSC makes a submission on the Parramatta Council approach. We have gone into the details of the economic advice that Parramatta has used to justify viability of their approach and we believe there are many errors that would in fact make projects unviable."

"A year ago the Urban Taskforce proposed to the NSW Government an approach that modified the state's own Affordable Rental Housing State Environmental Planning Policy 2009 (ARHSEPP) such that all projects could get a 20 percent floor space uplift with this being used for affordable rental homes for a 10 year period. We estimated that 40,000 new affordable homes could be delivered over 10 years. If Sydney wants significant numbers of new affordable homes to be delivered then local and state government will need to work with the developers who supply our housing stock rather than adding another tax and hope it will have no impact on overall supply. The hot Sydney housing market is beginning to cool, housing approvals are dropping and care needs to be taken with regulatory levers to not drive viability down leading to lower housing production. The Greater Sydney Commission needs to lead the policy approach rather than delegating this to the many councils across Sydney each wanting to outdo their neighbouring council by having the highest affordable housing levy."

*The **Urban Taskforce** is a property development industry group, representing Australia's most prominent property developers and equity financiers.*

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