

3rd September 2021

Mr Brett Whitworth
Deputy Secretary – Infrastructure and Place
Department of Planning, Industry and Environment
Locked Bag 5022
PARRAMATTA NSW 2124

On-line submission

Dear Mr Whitworth

Re: draft Frenchs Forest Place Strategy

I write regarding *draft Frenchs Forest Place Strategy* (Draft Strategy) and the accompanying Explanation of Intended Effects prepared by the Department of Planning, Industry and Environment (the Department).

The Urban Taskforce has supported State-led rezoning processes to allow for a co-ordinated response to delivering precinct plans and as an opportunity to meet Greater Sydney Commission (GSC) job and housing targets. The State-led precinct planning process presents an opportunity for the Government to lead the delivery of new homes in all LGAs for medium to longer term housing supply. When governments fail to plan for the new houses needed by future generations this will further drive up the price of, and capacity to pay for, housing.

Urban Taskforce is concerned about the feasibility of the draft Strategy particularly with respect to the combined cost impost of the proposed affordable housing contributions and the proposed accompanying Special Infrastructure Contribution (SIC). The combined impact of these two costs, together with local charges is highlighted in the accompanying report prepared for DPIE by AEC Group.

The Urban Taskforce has made a separate submission to the proposed SIC.

If development under the Strategy isn't feasible then the supply of much needed new homes will be further constrained.

The prospect of the new homes planned for French Forest not being delivered needs to be considered in the context of the draft Ingleside Strategy and the Northern Beaches Local Housing Strategy (LHS). The revised Draft Ingleside Strategy included a significant reduction to new dwellings (980 down from 2,400). While the draft LHS, as endorsed by Northern Beaches Council, proposes very limited opportunities for feasible and market responsive long-term housing supply and choice.

The increased likelihood of insufficient housing supply and diversity across the Northern Beaches will further impact on the affordability of housing in the LGA.

The Northern Beaches area is experiencing some of the most significant increases to housing prices across all of Greater Sydney. This relates to both median rents¹ and property prices², with some suburbs increasing by more than 30% over a 12 month period.

Put simply, more housing supply is needed across the Northern Beaches to drive the cost of housing down.

The draft Place Strategy when viewed alongside the draft Northern Beaches LHS and draft Ingleside Strategy raises serious concerns about the broader area's capacity to deliver medium to longer term housing supply.

In the interest of housing affordability and diversity it is imperative that the LGA is still capable of generating new housing supply and housing choice as set out in the GSC's assurance of the Northern Beaches Local Strategic Planning Statement.

The costs proposed to be added to the production of new homes at Frenchs Forest together with the scale of development permissible under the proposed planning provisions are unlikely to deliver much needed new housing and ensure the meeting of GSC mandated housing targets.

The following relates to the proposed planning provisions under the draft Place Strategy.

Affordable Housing Contributions

The NSW Productivity Commission has found that:

"Local contributions should be used to fund development-contingent costs; that is costs that would be avoided if a development did not go ahead. Affordable housing does not fall within this definition... The limited uptake of affordable housing schemes by councils suggests the contributions system plays a minor role in affordable housing supply. Moreover, it is not clear that housing is being made more affordable as a result of these schemes, as some stakeholders noted: the creation of a small quantity of "affordable housing", may be at the cost of making other housing more expensive."³

Affordable housing is best addressed by more approvals and faster re-zonings of land to boost supply, not the application of affordable housing levies.

Affordable housing contributions impact the ability of the planning system to increase housing supply in general. Any additional contribution affects project feasibility which

¹ Razaghi T, July 10 2021, 'Where Sydney rents are getting more expensive and where they're getting cheaper', <https://www.domain.com.au/news/the-sydney-suburbs-renters-have-turned-to-in-droves-driving-up-asking-rents-1070762/> accessed 31st August 2021

² Burke, K, July 31 2021, 'https://www.domain.com.au/news/the-sydney-suburbs-with-the-steepest-house-price-hikes-and-falls-1075641/', <https://www.domain.com.au/news/the-sydney-suburbs-with-the-steepest-house-price-hikes-and-falls-1075641/> accessed 31st August 2021

³ NSW Productivity Commission, Review of Infrastructure Contributions in NSW, November 2020

leads to an impact on supply when projects do not go ahead. Affordable housing contributions actually push up the price of new homes as the price of 'market' homes is increased to off-set the cost of the affordable housing.

The best way to make housing more affordable is not to slap a tax on new home buyers.

Urban Taskforce recommends that the proposed 10-15% affordable contribution not proceed and instead development controls across the precinct are reviewed with a view to contributing to housing supply and the meeting of GSC targets.

Design Excellence

Urban Taskforce notes that a design excellence process will be applied to all development that is three storeys or higher including review by the Northern Beaches Council Design Review and Sustainability Advisory Panel without any development incentives.

The Urban Taskforce supports an outcome of good design, but design excellence reviews add an additional process to the already slow NSW planning system. Additional processes adds time and cost to the delivery of new homes and jobs. The design excellence process being added to medium density buildings in the absence of incentives will add to the cost of new homes, or worse, threaten the delivery of the new development needed to deliver the Government's vision for the precinct.

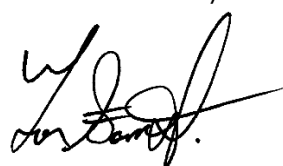
Regulation and process undermines the market and adds to cost. These are the clear lessons from the NSW Productivity Commission's reviews. This is particularly relevant in the context of NSW' post COVID-19 economic recovery.

In the interests of development being feasible and ensuring the Government's vision for Frenchs Forest can be delivered, **Urban Taskforce recommends** design excellence provisions are supported by development incentives and are removed for buildings with a building height of less than 20m.

Table 1 includes a summary of all Urban Taskforce recommendations

The Urban Taskforce is always willing to work closely with the Government to provide a development industry perspective on proposed policy and planning changes.

Yours sincerely



Tom Forrest

Chief Executive Officer

Table 1:
Summary of Urban Taskforce recommendations

| | Urban Taskforce recommendation |
|----|--|
| 1. | <p>Affordable housing contributions actually push up the price of new homes as the price of 'market' homes is increased to off-set the cost of the affordable housing.</p> <p>The best way to make housing more affordable is to increase housing supply to drive down the cost of new homes.</p> <p>Urban Taskforce recommends that the proposed 10-15% affordable contribution <u>not</u> proceed and instead development controls across the precinct are reviewed with a view to contributing to housing supply and the meeting of GSC targets.</p> |
| 2. | <p>Regulation and process undermines the market and adds to cost. These are the clear lessons from the NSW Productivity Commission's reviews. This is particularly relevant in the context of NSW' post COVID-19 economic recovery.</p> <p>In the interests of development being feasible and ensuring the Government's vision for Frenchs Forest can be delivered, Urban Taskforce recommends design excellence provisions are supported by development incentives and are removed for buildings with a building height of less than 20m.</p> |