

27 May, 2026

Mr George Bounassif
Acting Chief Executive Officer
City of Parramatta Council
PO Box 32
PARRAMATTA NSW 2124

Sent to: participate@cityofparramatta.nsw.gov.au

Attn: Belinda Borg / Phoebe Chen - Infrastructure Planning and Design

Dear Mr Bounassif

Draft Planning Agreement Policy (Amendment 2)

I write in relation to the proposed changes to Parramatta's Planning Agreement Policy. Urban Taskforce Australia has reviewed the documents and wishes to raise a number of matters.

Value capture and developer contributions

If a developer is required to pay \$x in accordance with s.7.11 or s.7.12 contributions obligations, but the VPA specifies that \$(x+y) must be paid (or, more accurately, that \$y must be paid, but cannot be offset against \$x), surely this is an attempt to capture perceived value from any uplift.

In fact, clause 2.5(h) appears to confirm this, by saying:

(h) Council will not agree to a planning agreement which provides for alleged surplus value or additional costs incurred by the developer being refunded to the developer; or being used to offset against section 7.11 contributions or section 7.12 levies required to be made by the developer, unless as a result of a change in scope and amendment of the planning agreement

Adding charges to a development that is already required to contribute funding towards infrastructure, based on Council's perception of additional value, overlooks the costs already being placed on projects.

A development project in Parramatta will have:

- s.7.11 or s.7.12 local infrastructure contributions;
- HPC payments;
- affordable housing levies;
- a public art levy;
- and now ... "deliverables to the community".

Cumulatively, these charges add tens of thousands of dollars to the price of each unit. These will either increase the sale price of the unit, or will have to be absorbed by the developer, putting the project at risk.

High levels of taxes, fees, and charges threaten feasibility, and Urban Taskforce Australia members advise that additional charges such as the contributions envisaged by clause 2.5 could potentially kill off many projects.

Developers are not even eligible for a refund if the estimated contributions are higher than actual obligations (clause 9.8(c) of the Planning Agreement Template). This stacks the deck in favour of Council by overcharging developers and declining reimbursement for overpayments.

While Urban Taskforce recognises the desire to deliver public benefits from new developments, this shouldn't place undue strain on the feasibility of projects, risking the delivery of housing supply.

The Planning Agreement Policy should take a reasonable approach to developer contributions and acknowledge that fees specified within an agreement should be covered, in part, by local infrastructure contributions.

Affordable housing

The Planning Agreement Policy specifies compliance with the *Affordable Rental Housing Policy 2024* and the *Affordable Housing Action Plan 2023-2025*.

This requires the delivery of affordable housing in perpetuity and at no cost to Council.

Cash payments for the affordable housing contribution are not accepted by Council, and developers must donate up to 5% of their project as a mix of smaller and larger units that are treated the same as all other units.

The cost of this contribution is passed onto the purchaser of the market housing, who are effectively subsidising housing for others.

This is not supported. CHPs prefer to own entire buildings, or a defined stratum within a building. This creates economies of scale for them and keeps separate the responsibilities of owners' corporations and the CHP.

Further, rather than an in-perpetuity dedication of GFA, Urban Taskforce contends that the infill affordable housing bonus scheme is the fairest approach to affordable housing, as it allows a developer to offset the cost of delivery and to sell the unit after 15 years.

The infill affordable housing policy increases the ability of a developer to get finance and increases the chance that the development will be delivered, ensuring that more affordable rental properties are made available. The Housing SEPP Infill Affordable Housing bonus scheme has been a proven success, with more affordable housing dwellings built and operating under its governance model than occurred over the prior twenty years of failed inclusionary zoning planning policy as now proposed again in this document.

Public works

Notwithstanding the proposal being a thinly disguised form of value capture, it proposes that capital works required by Council as part of a voluntary planning agreement may require funding towards the recurrent costs of the facility, either for a set period for council-wide infrastructure or in perpetuity for infrastructure that "*primarily serves the development to which the planning agreement relates or neighbouring development*".

Urban Taskforce members do not support this proposal. A developer should not be held financially responsible for payment to maintain infrastructure in perpetuity, and limits should be in place for any recurrent costs once infrastructure is handed over.

The purpose of providing public works as part of a development is to create an asset that goes to the Council free of charge. This is not (and should not be) intended to also incur an ongoing cost.

At a time when housing supply in Parramatta is barely feasible, such a requirement could be financially punitive, reducing the feasibility of a project through in-perpetuity payments.

Similarly, we acknowledge that developers are responsible for correcting defects in public works that they agree to deliver, but they should not be responsible for ongoing maintenance.

Further, there is a risk to the Council in this approach, as it cannot legally delegate this duty to a developer in this way and they are likely to be held ultimately responsible.

To the extent that issues with the works arise during the first 12 months after completion of the works, this is covered by the defects liability period and does not need to be part of a maintenance period.

If Council wants a developer to be responsible for the cost of maintaining a work for a period of time it should specify this as a monetary contribution that is quantified and factored into a reduced s 7.11 contribution.

Securities

As a general approach, Urban Taskforce believes that financial security should:

- Never be required for the payment of a monetary contribution (this would be equivalent to requiring financial security for the payment of a s 7.11 contribution). If the infrastructure contribution fee is not paid, an OC is not issued;
- Not be required for the dedication of land – this is secured by the agreement that it can be compulsorily acquired for \$1 so having a security is unnecessary;
- Not be required for works that will be carried out on the developer's land to be dedicated to a council – for example, embellishment works to a local park or the fit-out of affordable housing units. This is because the development itself cannot progress until compliance is achieved, and the voluntary planning agreement (VPA) could specify that no OC or subdivision certificate can be issued until the works are completed and the park dedicated;
- Be provided for defects, but to a low level – for example, 5% of the value of the works; and
- Be provided for works on public land, because there is a risk that Council will have to step in to fix up any defects or to complete abandoned work. This could be to a higher quantum, such as 50%-150% of the value of the works.

Conclusion

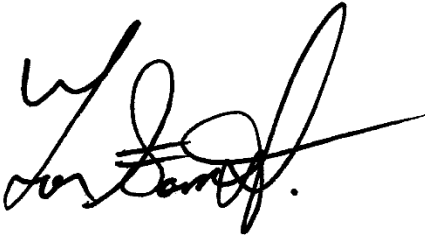
Planning agreements are an important part of the development system, but the development sector should not be seen as a convenient source of additional revenue by councils. We fear that this is the case with the proposed policy.

The desire to increase developer contributions above and beyond the requirements of s.7.11 and s.7.12 contributions plans undermines project feasibility and deters development. It runs directly at odds with the Minns government's policy to support housing supply in well-located areas like Parramatta.

This could ultimately significantly reduce development within Parramatta, exacerbating the housing supply crisis, and Urban Taskforce Australia opposes such an approach.

Should you wish to discuss any aspect of this submission further, please contact our Policy, Planning, and Research Analyst, Paul Waterhouse, on 0411-875-366 or via email paul@urbantaskforce.com.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tom Forrest', with a stylized flourish extending to the right.

Tom Forrest
Chief Executive Officer