

Council dabbling in value capture needs state guidance

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Now that a number of Sydney council's have lost their elected councillors a wave of proposals for value capture levies on new housing are being proposed which contravene State Government guidelines, says the Urban Taskforce.

"Monday evening's meeting of the new City of Parramatta Council had nine presentations from representatives of the property development industry raising concerns about a proposed value capture/sharing approach proposed by the council," says Urban Taskforce CEO, Chris Johnson. "There was significant concern from the industry that council was imposing a substantial new tax on housing to raise funds for future infrastructure."

"The main concern was that council's approach of selling bonus floor space was contrary to the Department of Planning's 2005 Practice Note on Planning Agreements that specifically states: 'Planning benefits should never be through planning agreements as a form on taxation on development.'"

"Essentially the City of Parramatta Council is selling bonus floor space at a fixed price irrespective of the individual qualities of a development site. A number of presenters were concerned that they had been negotiating projects over a number of years and the unexpected imposition of the proposed tax would make their projects unviable. This is a huge unanticipated cost which throws out the feasibility of many developments."

"The Urban Taskforce is concerned that a number of metropolitan Sydney councils are developing value capture policies as a way to earn income. As this is clearly against the Government's practice note of 2005 the Department of Planning must either withdraw the practice note or update the practice note with clearer guidance."

"The Urban Taskforce has written to the Secretary of NSW Planning and Environment raising these concerns and recommending that the department write to councils, particularly those being amalgamated, to inform them that a review of the practice note was underway and that a new state-level policy position on this issue will be developed."

"Of particular concern was that the City of Parramatta Council included in their levy the collection of a state tax of \$200 a square metre for housing alongside the proposed light rail. There is some confusion as to how State Government value capture taxes are to be collected."

"The overlap of State Government value capture with council value capture levies is also occurring on sites near new stations proposed for the Sydney Metro. Urban Taskforce members with projects near the proposed Crows Nest station are being asked to provide value capture levies by North Sydney Council as well as the State Government."

“Even more worrying at the Parramatta meeting was that while the item on Value Capture was titled ‘Report of the Parramatta CBD Infrastructure Review Committee’, the administrator stated that a number of members of the Infrastructure Review Committee did not agree with the way the council meeting papers interpreted their work and their recommendations. The implication was that council staff had repackaged the findings of the Review Committee so that even more funds could be raised.”

“A number of developers of projects in Parramatta have told the Urban Taskforce that the proposed value sharing levy would add tens of millions of dollars to their projects potentially making them financially unviable. The preferred approach suggested by the Urban Taskforce is to develop value capture approaches which are based on the individual circumstances of a particular development. A blanket, one-size-fits-all policy is completely unreasonable and is effectively, a tax upon development.”

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

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