

NSW PLANNING MINISTER SHIFTS HOUSING AFFORDABILITY CONCERNS TO FEDERAL COLLEAGUES

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The statements by NSW Planning Minister, Rob Stokes, that housing affordability can be helped by adjusting negative gearing policy is an attempt to shift responsibility for housing affordability to federal politicians, but there are clear and simple actions that can be made by the state government, says the Urban Taskforce.

"Minister Stokes should focus on how to boost the supply of new homes in Sydney, including affordable homes." Says Urban Taskforce CEO Chris Johnson "The debate on negative gearing during the last election demonstrated that changes could slow down housing production as investors, many of whom are on mid-range incomes, lose confidence in the stability of the housing market."

"The best way to drive housing production and address housing affordability is to give incentives to the market place and the investors so the funding flows into the supply of housing. To change an incentive-driven system to a system heavily burdened by taxes and levies will discourage investment from the private sector and drive house prices even higher."

"There are two big picture actions needed by the NSW Planning Minister. The first is to streamline the excessively complex NSW planning system to get more housing production, with a particular focus on cutting back on onerous and costly development conditions, which contribute to the cost of housing production. The second is to adopt the Urban Taskforce policy proposal to provide 40,000 affordable homes over the next 10 years."

"The planning system has only been able to produce 30,000 new homes a year for the Sydney region, however during this time when the economy and the property market is strong we should be producing around 40,000 homes at least. The recently released amendment to 'A Plan for Growing Sydney' stated that the middle scenario required 725,000 new dwellings over the next 20 years which requires an average of 36,250 a year. The high growth scenario requires an extra 830,000 new dwellings over 20 years or an average of 41,500 a year. In boom times production must be well above the average."

"The quickest way to boost supply and provide urgently needed affordable homes is to use the existing Affordable Rental Housing State Environmental Planning Policy (SEPP) that gives floor space uplift to encourage developers and investors to invest in and develop affordable housing. The current state policy for affordable housing does not give sufficient incentive to make development feasible, however if the uplift incentive was raised to 20%, with 20% affordable housing, rented at 20% below market levels for 10 years, we believe this could lead to 4,000 new affordable homes a year. These new homes would be on top of the current 30,000 homes a year."

"To improve the planning system in Sydney we need to streamline local government planning which is caught up in a confusing amalgamation process. The release this week of the 6 District Plans for metropolitan Sydney by the Greater Sydney Commission contains the answer for a better system. Each

District should have District Planning Centre of Excellence by combining the best planners from the councils and the state to focus on driving housing starts through streamlined approvals. The Centres of Excellence will support the District Commissioner and service the District Planning Panels thereby lifting the governance structure to the district scale.”

“The key policies to affect housing supply and affordability are in the hands of the NSW Government. Clearly Sydney is changing from a predominantly suburban city to a mainly urban city. This change creates tensions but strong political leadership is needed for the sake of future generations.”

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

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