**Attachment: Detailed Table of Issues Raised and Council Officer Response**

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| **Submission # & organisation** | **Issue** | **Council Officer Response** |
| 1. Department of Education – Access consultant | Residential developments should be UD (universal design) accessible. | Council supports this intention and has included the following action in the draft Disability Inclusion Action Plan (DIAP):   * Negotiate as part of voluntary planning agreements (value capture process) to enable affordable housing properties to be designed in accordance to Liveable Housing Design Guidelines. |
|  | General comments about residential development and the need to build in accessibility and ensure liveability for our future residents. | Noted. The AHDP is not focussed on access issues specifically or on broader issues of liveability. However, there is acknowledgement that increasing housing affordability contributed to the social diversity of neighbourhoods which relates to liveability. |
| 2. Developer - Meriton | We would like to register our strong opposition to the proposed affordable housing levy of 10% across all development | Noted. |
|  | Our understanding is that other Council’s like the GSC are only seeking a proposition of the uplift or this is a target under a value capture policy that would only be considered in the event of a planning proposal to amend an LEP to allow additional residential development. It is not a wholesale requirement across the LGA. | As alluded to in this point, the AHDP notes that the GSC has proposed an affordable housing target of 5-10% (subject to viability) of the uplift value of a project site. Council believes this target to be too low and has articulated this in its submission in response to the GSC’s draft West Central District Plan and also in the AHDP. The reason for this view is that this target will not lead to a substantial increase in affordable rental housing, and will certainly not come close to achieving the target that Council has set based on both current and projected numbers of households experiencing housing stress.  There are a variety of approaches being considered by other councils, and some include measures that stretch beyond the target and approach set out by GSC as noted above. |
|  | As we have indicated, the banks are already restricting lending for developers/investors/foreign buyers which is exacerbated by increased foreign investor levies on buyers which are critical for pre-sales and construction finance. Council’s proposal further exacerbates this issue and from our enquiries, funding would be even more restrictive as the Developer would be asking the banks for funding to build units they can’t sell. | Noted. |
|  | If Council really requires 9500 affordable dwellings by 2036 (say 20 years), then it requires the sector to dedicate 475 dwellings per year. If we take Parramatta’s median house price of $1,060,000 and median unit price of $620,000, then Council is asking the industry for between $300M-$500M in dedicated property value per annum without any compensation or incentive. This is also we assume, in addition to the $1Bn in infrastructure funding sought under the CBD infrastructure levy strategy at $15,000-$37,500 per unit and the $20,000/unit that the state government is going to enforce through a SIC, which is in additional to any other public items Council wants to get support for a rezoning which is in addition to conventional s94 contributions, rates, land tax, stamp duty etc etc. | Noted. While inclusionary zoning is a key strategy to achieve the target of 9,500 affordable rental dwellings by 2036, it is not the only strategy that Council will seek to utilise.  The affordable housing target to be adopted in Council’s Affordable Housing Policy operates independently of the Value Capture Policy that applies to the Parramatta CBD. |
|  | As a quick calculation on a 100 unit development, Council would want the developer to forgo $6,200,000 in income (average unit price x 10) in addition to S94 of $10,500/unit (3% of $350K/unit construction), plus $15,000/unit for a VPA, plus $20,000/unit for the PLR SIC. This equates to $10.75M or over $107,500/unit in direct taxes and levies on the development notwithstanding rates, stamp duty, land tax etc. As 10 units would be dedicated, this is almost $120,000 of direct cost over the remaining 90 units (or a 12% increase in costs which would all but restrict developer funding). This clearly demonstrates the contradictory nature of the “affordable housing” policy which will only exacerbate the costs and doesn’t provide any financial incentive to the developer. This will reduce production and result in less affordable housing. | The proposed targets in the AHDP were based purely on projected need and not subjected to economic feasibility at the time. Since release of the AHDP, we have undertaken financial modelling to test the feasibility of different means of capturing affordable housing from precinct renewal sites. Changes to the targets identified in the draft Affordable Housing Policy and the way they are calculated reflect the finding of this feasibility modelling work. |
|  | If we look at a 5% of uplift, assuming a doubling of floor space – the Council would receive 3 units resulting in a total of $6.41M in contributions or $64,100/unit over the development or $66,082/unit over 97 units (3% increase). This demonstrates that the provisions can be provided with a minor financial burden. This would minimise the burden to the sector, ensure affordable housing is being generated and any residual need should then come from other means. | Noted. See above. |
| 3. Private business - Community and Aged Care Consulting Services | Opportunity to submit a presentation on a ‘New Generation Boarding Apartment’ development product. | Disregarded. This submission attached an advertisement and no comments were provided that addressed the content of the AHDP. |
| 4. Peak body - Housing Industry Association (HIA) | HIA supports the provision of affordable rental housing to assist families into suitable private rental accommodation, to reduce the expanding public housing waiting list, to lessen the impact of escalating rental costs on household budgets and to assist NSW families save a deposit for their own home. | Noted and supported. |
|  | Funding the delivery of an affordable housing program, by adding extra costs to the production of new residential stock, is counter-productive and ultimately a perverse method to source funding for low cost rental accommodation. It introduces even greater impediments to the broader affordability of all housing and unfairly places the burden of providing affordable housing onto private new home purchasers. | It is not the intention of Council to increase the cost of development in order to provide more affordable rental housing. Rather, the intention is to share the benefits of growth for all. This will be achieved by ensuring that when large-scale urban renewal occurs and there is uplift value, that this uplift value is shared to benefit the broader community. For this reason, the affordable housing yield rates and the way they will be applied has been modified following economic feasibility testing of the proposed mechanisms outlined in the AHDP. |
|  | Research conducted for HIA has found that housing costs arising from fees, levies, taxes and charges across NSW are already significant, accounting for approximately 40% of the cost of a dwelling house. We argue that NSW households and family budgets simply cannot cope with the enormity of government-imposed costs loading on new residential property. | Noted. See above. |
|  | HIA does not support affordable housing/rental policies being funded through payments, levies, charges or in-kind contributions on other residential development. Councils intending to establish these types of schemes should explore other funding mechanisms which do not further erode the affordability of other housing types. | Noted. |
|  | The creation of affordable housing schemes which are not directly linked with community or affordable housing providers is also not supported. It is inappropriate to apply a levy on some homes to assist in the construction of low cost rental accommodation that is not guaranteed to be available at low cost and to those households in most need for the lifetime of those homes. | Noted and supported. Council has no intention to create affordable housing that is not then managed by an accredited Community Housing Provider (CHP). Council’s existing stock of affordable rental housing is managed by a CHP.  Further, Council also supports affordable housing being provided in perpetuity rather than for a set period of time, e.g. ten years as per ARHSEPP 2009 and NRAS. |
|  | HIA acknowledges there have been some innovative proposals developed whereby a supply of affordable rental properties is delivered through incentive schemes which create opportunities for the residential building industry to partner with the public sector to provide affordable rental housing dwellings. These types of schemes should be given further consideration. However the long term management of these projects remains a matter that needs careful consideration and clear rules of engagement to ensure the schemes deliver what is intended. | This point appears to refer to and support the National Rental Affordability Scheme (NRAS). Council is under the impression that NRAS is no longer open to new proposals, although NRAS is still operating for the properties that have been delivered under the scheme. It should be noted that this scheme only provides properties at an affordable cost for a period of ten years. |
|  | It is also important to note that the Federal government has committed in the 2017-2018 budget to establish a mechanism to offer low interest funding for affordable housing providers. This is a more practical and long lived method of supporting the delivery of this much needed housing type and guarantees the ownership and tenure of the homes are appropriately managed into the future. | Noted. This Federal Government budgetary measure is supported. However, this mechanism alone is unlikely to deliver the required amount of affordable rental housing by 2036. |
|  | HIA would strongly urge Council to take into consideration the impact of any affordable housing contribution scheme on the feasibility of residential developments prior to making any decision to establish a contribution scheme. Any scheme should be fully “road tested” to determine if the market is able to tolerate the imposition of additional levies. | Noted. Since release of the AHDP, we have undertaken financial modelling to test the feasibility of different means of capturing affordable housing from precinct renewal sites. Changes to the targets identified in the draft Affordable Housing Policy and the way they are calculated reflect the finding of this feasibility modelling work. |
| 5. Developer - JHJ Group | A 10% dwelling yield for affordable rental housing dedication across the LGA is unreasonable, specifically we note that:  – It threatens viability of projects and therefore threatens future housing supply within the LGA;  – Is inconsistent with draft District Plan policy which refers to an affordable housing target of 5% to 10% (subject to viability) within Greater Parramatta to the Olympic Peninsula. In addition to this, Liveability Priority 3 implements an affordable housing target of 5-10% based on the uplift delivered as part of any Planning Proposal, whereas the Council’s suggestion is for a blanket 10% on the entire scheme, representing a far greater proportion of affordable housing; and  – An affordable rental housing dedication of 10% cannot be considered in isolation of existing contributions under Section 94 of the *Environmental Planning and Assessment Act 1979* , the Council’s proposed Planning Uplift Value Share (PUVS) mechanism and other likely contributions. The combination of all of these contributions will significantly undermine the viability of all residential projects within the LGA. | Noted.   * Since release of the AHDP, Council has undertaken financial modelling to test the feasibility of different means of capturing affordable housing from precinct renewal sites. Changes to the targets identified in the draft Affordable Housing Policy and the way they are calculated reflect the finding of this feasibility modelling work. * the AHDP notes that the GSC has proposed an affordable housing target of 5-10% (subject to viability) of the uplift value of a project site. Council believes this target to be too low and has articulated this in its submission in response to the GSC’s draft West Central District Plan and also in the AHDP. The reason for this view is that this target will not lead to a substantial increase in affordable rental housing, and will certainly not come close to achieving the target that Council has set based on both current and projected numbers of households experiencing housing stress. * Council noted the existing contributions such as Section 94 and Council’s proposed Planning Uplift Value Share (PUVS) mechanism in assessing the economic feasibility of affordable housing contributions. |
|  | The suggested mechanisms within the Discussion Paper appear to place a significant and unreasonable onus on the private sector to solve more than half the Council’s affordable housing needs. The Discussion Paper states that pursuing affordable housing development on council-owned land is ‘resource intensive’, ‘logistically difficult’ and represents a higher risk option for the Council. The paper subsequently appears to dismiss this as a potential option but appears to advocate that the private sector should be responsible for delivering over 50% affordable housing. There is however no recognition or consideration of the significant added risks that this places on the private sector, nor the potential risks that development within the LGA becomes unfeasible as a result of these policies, thereby resulting in the stifling of any residential development in the LGA | Noted. The table in the submission indicates that the split between public and private contribution to meet the affordable housing target is 48% and 52% respectively.   * While Council acknowledged the pros and cons of pursuing its own affordable housing project on Council-owned land, it is by no means suggesting that this is not an objective to be seriously pursued. Affordable housing is only one of a range of social infrastructure that Council needs to deliver in order to meet the needs of its community. Future projects will be pursued in a balanced manner and in keeping with other social infrastructure priorities across the City of Parramatta. |
|  | It is evident from our review of the *Affordable Housing Discussion Paper* that there is no single option that will solve the affordable housing challenges facing the City of Parramatta. Whilst recognising the important role that the private sector will play in delivering affordable housing, JHJ Group Pty Ltd firmly believe that any affordable housing program for the LGA must involve a combination of the mechanisms outlined in the discussion paper, including:  - State and federal tax reform;  - Further reliance on the State Government to maximise the delivery of affordable housing on State Government owned land;  - Parramatta City Council maximising the use of its own land to deliver affordable housing to meet the needs of its local constituents; and  - Further exploration of alternative affordable housing models, such as local government transfer of affordable housing ownership to Community Housing Providers, and developer owned affordable housing schemes. |  |
|  | We therefore recommend that Council consider the following in the application of the *Affordable Housing Discussion Paper:*  - Lowering the 10% dwelling yield target for affordable housing as a basis and starting point for negotiation in VPAs, or as a Precinct Development Target on private land;  - Ensure the affordable housing target is subject to viability testing and that an appropriate balance is achieved that enables the landowner/developer to secure the necessary return, whilst also delivering a sustainable level of affordable housing; and  - Introduce a grace period for the introduction of affordable housing targets so that sites that were purchased prior to this policy being adopted, are not required to deliver an affordable housing contribution that would jeopardise the viability of a proposed scheme. |  |
|  | Noting the above points, we further encourage Council to reach a clear position on affordable housing policy as soon as possible. The current status of the policy provides uncertainty for investment, including for current and future developments. Development in Parramatta would benefit from a clear delineation of who is responsible for providing and funding affordable housing, including for what duration of time. |  |
| 6. Peak body – NSW Federation of Housing Associations |  |  |
| 7. Resident – Matt Mushalik |  |  |
| 8. CHP – Community Housing Limited (CHL) |  |  |
| 9. Developer – PAYCE |  |  |
| 10. Common Equity NSW |  |  |
| 11. Property NSW |  |  |
| 12. Union – NSW Nurses and Midwives’ Association | Housing affordability and the difficulty securing, safe affordable housing within reasonable proximity to their workplaces is a significant concern for many of our members. Endorsed at the NSWNMA Annual Conference in 2016, the NSWNMA has adopted the position that public policy and planning must address the need for affordable housing for all essential workers. | Noted and supported. |
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