

**Submission
No 21**

**INQUIRY INTO ENVIRONMENTAL PLANNING AND
ASSESSMENT AMENDMENT (HOUSING AND
PRODUCTIVITY CONTRIBUTIONS) BILL 2023**

Organisation: Northern Sydney Regional Organisation of Councils (NSROC)
Date Received: 9 June 2023

8 June 2023

Ms Sue Higginson MLC
Chair Portfolio Committee 7 - Planning and Environment
Parliament House
Macquarie Street
Sydney NSW 2000

Re: Submission to the Inquiry into *Environmental Planning and Assessment Amendment (Housing and Productivity Contributions) Bill 2023*

Dear Ms Higginson

Northern Sydney Regional Organisation of Councils (NSROC) appreciates the opportunity to make a submission to the Inquiry into the *Environmental Planning and Assessment Amendment (Housing and Productivity Contributions) Bill 2023*. This submission has been prepared with the input and support of our member councils but should be considered draft until it is formally endorsed by the NSROC Board.

NSROC Councils remain firmly of the view that dwellings and community infrastructure must be built in tandem to ensure amenities are available for residents as they arrive.

NSROC member councils were heartened by government's commitment to review the proposed reforms to State infrastructure contributions and we acknowledge that the new Bill establishing the 'Housing and Productivity Contribution' (HPC) responds to some of the issues raised previously.

However, the proposal still lacks clarity in several areas and has the potential to negatively impact local councils' capacity to provide public amenity.

NSROC supports the concept of nexus and considers that both levels of government should be required to demonstrate the principle of nexus for the works proposed. The HPC proposes a spending catchment that covers the Greater Sydney region. This area is too large especially for smaller and medium sized councils to receive benefit.

As submitted in response to the previous reforms, Districts as defined specifically for the purpose of strategic regional planning in the former A Metropolis for Three Cities and accompanying District Plans provide an example of a regional area that should be used rather than the expansive regions proposed in the HPC. NSROC member Councils insist that the funds should be spent within the District in which they are collected to provide tangible benefits for the communities living in the areas where development is occurring in accordance with the strategic planning priorities in the district and local plans.

The mechanism to prioritise and deliver public infrastructure must be transparent and informed by Local Government at the regional level. Improvements have been made to the proposed governance mechanisms when compared to the previous reform and it is acknowledged that an Infrastructure Opportunities Plan will outline 0 – 20 year growth expectations and infrastructure projects that will be eligible for funding in the regions.

To support effective prioritisation of regional infrastructure, it is critical that Local Government is represented not only by its Peak Body LGNSW but also that regional input is provided throughout the identification and prioritisation process possibly through the use of the Regional Organisations of Councils. A costed works schedule designating where the HPC will be spent would also be a simple and transparent way to improve the HPC and would be similar to that required of councils for preparing a section 7.11 contribution plan.

It is noted that although the Bill includes stronger governance arrangements for the allocation of funds which are supported, this process should not be undermined. Concern is raised that the Bill appears to include a wide scope for decisions to be made at the discretion of the Minister for the allocation of funds. This appears inconsistent with a process aimed at ensuring open and transparent allocation of funds of significant value.

The HPC will impact local councils' ability to negotiate fair community value to deliver infrastructure to support housing under Voluntary Planning Agreements. It will impact on the feasibility of future housing projects and limit the creation of affordable housing opportunities.

Recent Example: Lane Cove Council (LCC) are in the early stages of negotiating a Public Benefit Offer (PBO) for inclusion in a future Voluntary Planning Agreement in St Leonards which currently has a Special Infrastructure Contribution in place. The proposed development could create an additional 270 dwellings.

The initial PBO was for the provision of affordable housing, previous VPAs in the precinct have delivered parks, public domain expansion and upgrades, new roads and a library. During the negotiation process the Developer successfully argued (with the support of valuation advice) that the requirement for them to pay a Special Infrastructure Contribution (former SIC now HPC), on top of the VPA made the project unviable and therefore the VPA value should be reduced by an equivalent amount to the SIC.

Solution: Where a development proposes to include a VPA which makes a significant contribution to local housing levels and the required supporting infrastructure, the option to waive the HPC should be available, to ensure the local council can deliver the necessary infrastructure and local amenity improvements. This will maximise the local public benefit without compromising the feasibility of the project.

NSROC Councils remain firmly of the view that dwellings and community infrastructure must be built in tandem to ensure amenities are available for residents as they arrive. This approach also ensures councils have the 'social licence' from communities for increase housing density and traffic. An amendment to the legislation regarding deferring the local contribution payment to Occupation Certificate stage was foreshadowed in the Legislative Assembly on 31 May 2023. NSROC objects to this proposal as it would delay timely provision of essential community infrastructure or require existing communities to carry the burden of paying for the infrastructure costs for new developments until the payments are made. Council does not have the financial capacity to forward

fund multiple infrastructure projects while awaiting vital contributions payments from developers for those projects.

NSROC is grateful to the members of the Upper House for taking the time to consider the consequences of this Bill in detail. NSROC councils would welcome the opportunity to work closely with members of both Houses of Parliament and relevant agencies to consider mechanisms to improve the infrastructure contributions framework and ensure that councils are appropriately resourced to deliver the infrastructure and services expected by our communities.

If you require further information, please don't hesitate to contact me by phone on _____ or at _____.

Yours sincerely

Dr Meg Montgomery
Executive Director
Northern Sydney Regional Organisation of Councils