[redacted]

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| **From:** | system@accelo.com on behalf of Annie Manson OBO Chris Johnson [redacted] |
| **Sent:** | Monday, 5 November 2018 3:31 PM |
| **To:** | [redacted] |
| **Subject:** | Submission Details for company Urban Taskforce (org_comments) |
| **Attachments:** | 293158_ORG Submission Details from Urban Taskforce 20181102.pdf |

Confidentiality Requested: no

Submitted by a Planner: no

Disclosable Political Donation:

Agreed to false or misleading information statements:

Name: Annie Manson OBO Chris Johnson
Organisation: Urban Taskforce (not provided)
Govt. Agency: No
Email: [redacted]

Address:
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Content:
Please see attached.

IP Address: - 141.243.33.161
Submission: Online Submission from company Urban Taskforce (org_comments)
https://majorprojects.accelo.com/?action=view_activity&id=293158

Submission for Job: #9552
https://majorprojects.accelo.com/?action=view_job&id=9552

Site: #0
https://majorprojects.accelo.com/?action=view_site&id=0

[redacted]

[redacted]

**To:** DPE AEROTROPOLIS Mailbox
**Subject:** FW: Draft UTA submission on the Stage 1 Western Sydney Aerotropolis Land Use and Infrastructure Implementation Plan

**From:** [redacted]
**Sent:** Monday, 5 November 2018 9:11 AM
**To:** [redacted]
**Cc:** [redacted]
**Subject:** Draft UTA submission on the Stage 1 Western Sydney Aerotropolis Land Use and Infrastructure Implementation Plan

Hi Catherine,

Please see below our draft submission on the Draft Western Sydney Aerotropolis Stage 1 Land Use and Infrastructure Implementation Plan. Our final submission will be provided COB Wednesday at the very latest.

Thank you for your consideration.
Kind regards, Annie

**1. The Urban Taskforce supports the development of the Western Sydney Aerotropolis**

The Urban Taskforce supports the development of the Western Sydney Aerotropolis and acknowledges the extensive work undertaken by the Department of Planning and Environment (the Department) in developing the *Draft Stage 1 Western Sydney Aerotropolis Infrastructure and Implementation Plan* (the LUIIP). The development of the Western Sydney Airport and the Aerotropolis is critical to the future success of the Greater Sydney region.

**2. The use of any value capture mechanisms to fund infrastructure is not supported by the Urban Taskforce and if applied should be used with caution**

The draft LUIIP makes reference to the use of 'value capture' policies as a mechanism to fund infrastructure to support the Aerotropolis. The new authority outlined in the draft LUIIP, known as the 'Western Sydney Planning Partnership' will be *'expected to manage value sharing mechanisms.. In addition to the standard range of development contributions... Additional value sharing mechanisms are being explored to ensure that the increase in land value is shared following the investment in new transport infrastructure.'*

The LUIIP goes on to state:

*'this plan represents the beginning of a discussion regarding the potential mechanisms available to the government while the specifics of potential and practical value sharing mechanisms will be explored and developed for reporting in the second stage of the Land Use Plan'.*

There are considerable risks involved in value sharing, also known as 'value capture'. Value capture or betterment taxes are extremely difficult to administer and sustain in a fair and equitable manner for any extended period of time. This is due to the generic nature of the tax, which does not take into account the fluctuating nature of the property market and the wide range of highly-volatile variables which impact upon the level of 'value' which can be sustainably 'captured' from the development of sites. The impacts of value capture can also encourage unsustainable urban form and place an unfair financial burden upon particular sectors of society.

Negative consequences from value capture taxes could include:

- **Deters investment in the Western Sydney Aerotropolis**

Value capture risks deterring investment, which would huge negative impacts upon the future development of the Western Sydney Aerotropolis. When property prices can no longer absorb or sustain the additional costs of the value capture tax, housing supply and development in the the Aerotropolis will decline as developers and investors move to locations with similar characteristics where development is still profitable.

- **Encourages unsustainable and financially inefficient development**

Value capture taxes can also deter social and environmentally sustainable development. The draft LUIIP states that the Australian and NSW Governments have jointed announced $3.6 billion towards the Western Sydney Infrastructure Plan to upgrade and build new roads and a joint commitment to fund the North-South Rail Link Stage 1 as equal partners. This substantial investment seeks to ensure the region's economy and new housing supply is within accessible locations and supported with public transport.

The Greater Sydney Commission has included as one of its key objectives a '30 minute city', where residents can access employment within 30 minutes travel time of their home. To achieve this, the government is encouraging people to live in areas well connected to the public transport network, to decrease congestion and traffic, improve air quality, and a range of other social, environmentally and financially beneficial reasons. However, the use of value capture taxes risks providing an incentive for developers to provide homes in areas that are not affected by the value capture tax, and hence not so well serviced by the improvements to the traffic network and public transport. The huge financial investment by state and federal governments would go to waste should the value capture tax deter the development of housing and employment-generating development.

- **Intergenerational equity**

Value capture taxes do not provide inter-generation equity. Estabished owners are excluded from contributing towards the cost of the new infrastructure (which they also benefit from), with the burden of the lcost largely imposed upon those trying to enter the market (such as first home buyers) who are unfairly hit with an increase of the cost of their home, which must be paid upfront as part of their mortgage. Value capture taxes are also a 'regressive' form of tax this is noted in the Independent Public Inquiry into the Long Term Public Transport Plan for Sydney, which stated that *'these types of levies have equity effects that are generally regressive, because developers pass these onto \changes onto consumers.'* Property developers require an acceptable rate of return on their investment; and are obliged to secure the highest return to shareholders where possible. As with all other business transactions, all additional costs such as additional taxes, will be passed onto consumers where there is sufficient demand for that product that the consumer will pay the higher price.

- **Exacerbates Australia's housing affordability crisis**

Value capture tax increase the underlying cost of development, which in turn has a flow-on effect on housing affordability. During the 'boom' period, the cost of housing will rise as a result of the tax. This is due to the high demand for housing which allows the market to absorb the cost of the tax, as the consumer is willing to pay more. Alternatively, if there is a downturn in the property market, the additional cost of the tax can undermine project viability, pushing projects which may have been financially viable into the red, leading to the developer to abandon the project. This reduces the supply of housing, drives down employment in the property development, building and construction industries and reduces the property industry's contribution to the economy. Land owners will delay sale or development of their land until the tax can be absorbed or passed on.

**Recommendation:**

**The Urban Taskforce does not support the introduction of value capture policies within the Aerotropolis. A broad based land tax, such as a Sydney Metropolitan Transport Levy is a better option to raise funds for transport infrastructure.**

Spreading infrastructure costs over the life of an asset, for example, through 'Sydney Metropolitan Transport Levy' imposed as a yearly rate upon all property owners in the Sydney area, is a far more equitable mechanism and does not inflict financial burden upon a particular industry or group of buyers. This model is adopted in most countries with more profitable value capture revenue-raising models (for example both France and the United Kingdom have successfully implemented this model to raise revenue for transport infrastructure).

The approach here is that the whole city gets a benefit from new infrastructure so a small contribution from all residents and businesses within the Sydney Metropolitan Area on an annual basis for a fixed number of years will raise significant funds over time. The collection mechanism would be either through an extra levy (the 'Sydney Metropolitan Transport Levy' on council rates for say 20 years or through a land tax. The Cross Rail project in London is raising funds through a levy on all business rates for 30 years. An alternative metropolitan wide collection method could be through an increase in Land Tax and applying this to all properties over a fixed period of time. The rate or land tax levy could be increased in some areas closest to new infrastructure.

**3. Funds collected through any value capture must be kept separate from general government revenue**
Funds collected through any value capture mechanism or program must remain separate from general government revenue. Regular annual reports must be made public which outline how much has been collected, how much has been spent and on what infrastructure.

**4. The Cumulative impacts of development taxes and levies must be monitored**

The LUIIP states *'further to standard development contributions, other value sharing options will be explored and developed. The consideration of additional mechanisms will be within the context of other development contributions and levies on businesses and households.'*

The Urban Taskforce strongly supports this initiative as there been a rapid and alarming increase in property-development related costs from various levels of government. These include:

- The removal of the cap on local development contributions levied under section x of the *Environmental Planning and Assessment Act 1979*
- Introduction of the 'strata building bond' a mandatory bond of 2% of the construction investment value of any strata-titled residential or mixed use building over four storeys in height;
- Introduction of a 'Special Infrastructure Contribution' for various areas, including the Western Sydney Aerotropolis
- Discontinuation of the NSW Government's Local Infrastructure Growth Scheme
- Adoption of various 'value capture' tax policies by local councils, for example, X councils
- Introduction of affordable housing schemes by local councils which introduce contributions and levies on development
- Payments associated with voluntary planning agreements
- Other, unconfirmed levies, such as a $20,000 per dwelling contribution for the Parramatta Light Rail suggested by Transport Minister Andrew Constance.

We have expressed concerns that these new taxes, levies, contributions and charges are introduced without consideration of the cumulative impact of these upon development feasibility. There is no government authority or organisation which keeps track of these additional costs.

We ask that the LUIIP includes as a measurable action the development of a program to monitor the cumulative impact of taxes, levies, contributions and fees upon development, and if necessary take action to prevent the introduction of these costs if it is clear that these costs are impact developer feasibility and deterring investment and develpment. This should be done in consultation with stakeholders, including the property industry.

The random nature of government imposed levies has created considerable uncertainty. The 2010 Federal report on tax, *Australia's future tax system: Final Report* (the Henry Tax Review) notes that *'where developer* *charges are set in an ad hoc fashion or are subject to unexpected changes, they can create certainty around new developments. If charges are increased after a developer has bought land from its original owner, they cannot be factored into the prices previously paid for the raw land. In this case, the charge would lower the expected return from the development. In return, general uncertainty about charging is likely to discourage investment activity, which would reduce the overall supply of housing.'*

The Henry Tax REview concluded that development levies were only justifiable when they reflected the avoidable costs of development. The report explained that *'where infrastructure charges are poorly administered,'* particularly where they are complex or set too high, *'they can discourage investment in housing, which can lower the overall supply of housing and raise its price'.*

**5. Parts of the Western Sydney Aerotropolis boundary should be revised**
The Aerotropolis map contained in the LUIIP provides the boundary of the area identified to be the 'Aerotropolis'. Parts of the boundary follow the South Creek IMF flood zone boundary. This boundary is appropriate for identifying the area of land affected by the South Creek flood zone. However this boundary does not follow the boundaries of parcels of land and cuts through some lots, leaving these lots of land half in and half out of the Western Sydney Aerotropolis area.

This creates difficulty for landowners who find that their site is subject to two seperate planning regimes and the associated complexities and uncertainties. of the situation.

The owners of parcels of land affected in this way should be given the option to opt in or out of the Western Sydney Aerotropolis and the boundary map in the LUIIP should be amended accordingly.

**6. More detail is needed on the Urban Development Zone**

**7. More detail on the specific roles and responsibilities of new government authorities should be provided**
The LUIIP includes the introduction of a new government authority, the Western Sydney Aerotropolis Authority (check) which will be similar to the Barangaroo Development Authority, and will work with the newly established Sydney Metro Authority to work as master planners to progress development and delivery of the Aerotropolis Precincts.

The LUIIP also proposes the introduction of the Western Sydney Planning Partnership, a group formed of representatives from the (insert). A newly formed federal level organisation, the Western Sydney Airport Corporation is responsible for the construction and delivery of the airport. As well as these authorities, the Department of Planning and Environment, the Greater Sydney commission and infrastructure agencies such as Sydney Water Corporation, are all involved in various levels and stage of planning.

**8. The Urban Taskforce supports the introduction of a new State Environmental Planning Policy to manage the development of the Aerotropolis.**
The Urban Taskforce supports the introduction of a new State Environmental Planning Policy to kickstart investment in the Aerotropolis.

We support the aims of the SEPP as outlined in the draft LUIPP on page 11 for the SEPP to: *'appropriately locate development to protect the community from airport uses, implement Parkland urban design and landscape principles in the precinct plans that rezone land to urban use, streamline development assessment processes, according to each proposal's size and complexity, allow for housing diversity including affordable housing, allow a coordinated approach to development assessment and enable the rezoning of precincts consistent with this Plan.*

Recommendation
The Urban Taskforce supports to use of a SEPP to simply planning and development within the Western Sydney Aerotropolis. The draft SEPP should be publicly exhibited and stakeholders given opportunity to comment before it is finalised.

**9 Ongoing consultation with the property development sector is essential**
The development of the Stage 2 Land Use and Infrastructure Implementation Plan must involve ongoing consultation with landowners, property developers and the property development industry as part of the stakeholder engagement process.

**10. Out of sequence development should be permitted based on the marginal cost of infrastructure.**
The Draft LUIIP states that provisions will be included the proposed SEPP that will allow landowners to submit 'out of sequence' proposals to develop land early.

The LUIIP states 'assessment of these out of sequence proposals will consider the role of staging and sequencing tin the efficient delivery of infrastructure and in supporting the broader vision of the Aerotropolis, beyond the aspirations of individual landowners. The Plan sets out the process to consider how landowners and the industry can bring foward areas for new precinct plans. The LUIIP states *Landowners can prepare for this process by compiling baseline studies of their lands, covering issues such as land capability, infrastructure provisions and development options consistent with the precinct vision.'*

Any out of sequence development should permitted based on the marginal cost of infrastructure.

**11. The Special Infrastructure Contribution should not be excessive**