

Resolution of Council

11 March 2024

Item 14.2

Impact of Planning Reforms on Housing Affordability

Moved by Councillor Ellsmore, seconded by Councillor Scott -

It is resolved that:

- (A) Council note that:
- (i) the NSW Government has announced proposed planning changes to encourage more low and mid-rise housing near stations or centres. The proposed changes would apply to approximately 80 per cent of the City of Sydney Local Government Area;
 - (ii) the changes would work, in part, by overriding existing council planning controls;
 - (iii) the NSW Government has announced that key aims of the proposed reforms are to improve housing affordability and supply;
 - (iv) in response to the NSW Department of Planning, Housing and Infrastructure's release of an 'Explanation of Intended Effects: Changes to create low and mid-rise housing', the City of Sydney Council endorsed a submission at its 19 February 2024 meeting;
 - (v) the City of Sydney's submission outlines that the City of Sydney has achieved significant increases in density through rezoning and existing targets in recent years, is facilitating further growth in housing and supports National Housing Accord growth targets; and
 - (vi) however, the City of Sydney's submission identified that the proposed reforms are likely to have perverse outcomes, including:
 - (a) impacting supply by slowing down approvals; and
 - (b) impacting Council's ability to deliver affordable housing outcomes. Affordable housing requirements are not included in the low and mid-rise planning reforms; and

- (vii) at the recent Planning Minister meeting in February 2024, Councillor Scott attended and secured commitments “that in jurisdictions where planning powers reside with local governments, states and territories continue to develop transparent housing plans in collaboration with local government and support local governments to meet housing supply targets through local government planning policies and instruments”;
- (B) Council further note that:
- (i) the NSW Government has not released modelling or data on how much their proposed reforms are likely to increase land values and the cost of housing;
 - (ii) when land is rezoned or greater height or density is permitted, it increases the value of land. A significant perverse outcome of the proposed planning reforms is that they will likely increase the land values and housing prices for those people who already own housing;
 - (iii) this has been demonstrated in areas where land in the City has been rezoned to allow more height and density – even noting that the City has in place provisions to capture some of that value and redirect it to affordable housing - provisions would be bypassed under the proposed planning changes;
 - (iv) residents in the City of Sydney have already begun to receive inquiries from property developers offering to buy their properties at or above market values, demonstrating that the announcement of the proposed reforms has already increased the risk of further increasing property prices;
 - (v) depending on the projected increase in land and housing values from the reforms, any potential affordability gains from increasing supply could be dwarfed by increase in land and housing values stimulated by the reforms;
 - (vi) this outcome would also have the effect of widening the gap in housing inequality between existing home owners and investors, and those who do not own their own home; and
 - (vii) the NSW Upper House agreed to establish an inquiry into the planning reforms, following a motion by Greens MLA Sue Higginson on 23 February 2024;
- (C) the Chief Executive Officer be requested to:
- (i) if practical, include supplementary information to the City’s submission about the potential impact on land values from the proposed reforms; and
 - (ii) provide a submission or otherwise participate in the NSW Parliament ‘Inquiry into the Development of the Transport Oriented Development Program’; and
- (D) the Lord Mayor be requested to write to the Premier, the Treasurer and the Minister for Planning and Public Spaces to request the release of any modelling they have done regarding the effects of the proposed planning changes on land and house prices.

The substantive motion, as varied by consent, was carried unanimously.

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