Government fine tunes development contributions system to boost housing

The Keneally Government has established a $50 million fund for priority infrastructure projects to assist local councils in approving housing developments in growth centres across NSW.

Planning Minister Tony Kelly said a number of new measures would be introduced following extensive consultation with stakeholders on ways to accelerate housing construction and keep downward pressure on house prices.

“Today’s announcement recognises that councils in greenfield areas face higher costs in creating well-planned communities.

“While the cap remains at $20,000 for established areas, the Government recognises the particular issues facing growth councils and will increase the development contributions cap to $30,000 in greenfield sites.”

Other key measures approved by the Government today are:

- ‘Grandfathering’ of existing contribution plans so areas with more than 25% of DA’s lodged with a council will not be subject to the relevant cap - recognising existing commitments that both councils and developers have made in those areas;
- Establishing a $50 million Priority Infrastructure Fund over two years to help fund infrastructure in development areas;
- Addressing State agency requirements for contributions plans as well as investigation other options to reduce Councils’ land acquisition costs;
- Exempting councils with plans under the relevant cap from reviewing their contribution plans;
- Allowing developers to pay above the relevant cap if they agree to do so

IPART will examine special rate variation requests from councils which have plans to fund legitimate infrastructure costs above the cap.

“In light of recent consultations with local MP’s, developers, growth area councils and the Local Government and Shires Associations, we have fine-tuned a number of the policies to ensure councils have greater confidence to approve developments and get housing stock flowing again,” Mr Kelly said.

“A vast majority of councils will be unaffected by the new arrangements.

“This will allow the Government to focus attention and resources on assisting those remaining councils still affected by the caps.

“The changes come into affect now – and councils have advised that this should see development approvals begin to be issued swiftly.”
Mr Kelly said NSW Government stood by these important reforms to the development contributions system - which still ensure that homebuyers are not forced to pay for excessive and unwarranted infrastructure contribution costs.

“These new measures reflect a better balance and ensure there is a fairer share between the costs paid by new and existing homebuyers for infrastructure, Mr Kelly said.”

“Today’s announcement provides clarity and certainty for developers and councils alike, so that they can get on with the job of building new houses.

Mr Kelly said the $20 million Building Advancement Fund would now be used for the Priority Infrastructure Fund along with an additional $30 million over the next two years.

“The fund will build on the $179 million Local Infrastructure Fund (LIF), announced earlier this year, which is currently helping deliver 37 council road and stormwater projects required for urban growth in 33 local government areas,” Mr Kelly said.

“The Government will also investigate longer term, sustainable solutions to the funding of critical infrastructure in growth areas.

Mr Kelly said the Department of Planning would write to local councils today asking them to nominate greenfields areas within their boundaries, along with areas subject to the grandfathering provisions. Councils below the relevant cap will be required to seek approval from the Planning Minister for any increase to a contribution plan.