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11 October 2021

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Arden Structure Plan August 2021

Dear Chris

Thank you for the opportunity to provide feedback on the 'Arden Structure Plan (August 2021)' via *Engage Victoria* on public consultation until 11 October 2021.

Overview

The Housing Industry (HIA) is Australia's peak residential building industry association. HIA members comprise a diversity of residential builders, including all Top 100 builders, all major building industry manufacturers and suppliers, as well as developers, small to medium builder members, contractors and consultants to the industry. In total HIA members construct over 85% of the nation's new housing stock.

HIA exists to service the businesses it represents, lobby for the best possible business environment for the building industry and to encourage a responsible and quality driven, affordable residential building and development industry. HIA is committed to working with all sectors of government to support a regulatory environment that facilitates growth in the economy, reduces red tape, and enables the delivery of affordable housing.

HIA Response

HIA supports the Arden Structure Plan (Plan) subject to conditions. Further to this, we wish to comment as follows:

- For reasons later explained in this correspondence, HIA objects to the creation of a dedicated Arden Development Contributions Plan (DCP) towards the funding of public open space, transport upgrades and community & social infrastructure with a whole of community benefit.

- HIA understands Development Contribution Plan Overlay – Schedule 3 (DCPO3) applies on a temporary basis to the Plan area (expires on 30 June 2022). The DCPO3 includes provision for an agreement under Section 173 of the Planning and Environment Act 1987 as the mechanism for collecting contributions per dwelling of circa $17,000.

- HIA's overarching position is that development levies are one of many costs that impact the end price of a new home and in effect act as a tax on homebuyers. It is important that any levies that are passed onto the home buyer are based on a fair and justified set of principles. Any development specific infrastructure which provides essential access and service provision and without which the development could not proceed are considered to be core requirements for housing development and should be provided in a timely manner to facilitate affordable development. These infrastructure items within the boundaries of the development are and should be provided by the developer as part of the cost of development. This overarching position on development levies is based on HIA's policy 'Infrastructure Charges and Levies on Residential Development' (most recently endorsed at 2021 National Policy Conference. A copy is appended to this letter).

- HIA would also like to note that only where it is absolutely necessary and there is a demonstrated need with a clear nexus, introduction of any new DCP or ICP system should deliver a standardised approach to local infrastructure levies. Such levies must transparently and accurately reflect the relationship between development and the need for provision of further local infrastructure to accommodate resulting population growth. Initial and ongoing public accountability must be a key element of any DCP / ICP system.

- The costs of broader community, social and regional infrastructure should be borne by the whole community and funded from general rate revenue, borrowings, or alternative funding mechanisms. It has been HIA's longstanding view that development levies such as ICPs/DCPs have a negative effect on housing affordability.

- HIA questions the fairness of a precinct based development levy whereby development in the precinct is taxed at circa $17,000 per dwelling and development located one street back from the precinct without a levy for example is not taxed. This has the capacity to create a substantial inequity in dwelling prices from one street to another even though demand for services in the precinct may be equitable.

- Indicative case studies referred to in the National Housing Finance and Investment Corporation (NHFIC) report *Development Contributions: How should we pay for new local infrastructure,* August 2021 show that developer contributions can collectively amount to between $37,000 and $77,000 per dwelling in Victoria, which is a substantial cost levied on a new home. Further relevant comments in the report are:

- *"If the scope of developer charges doesn't have a clear nexus to the new housing development or costs aren't apportioned appropriately between the beneficiaries of the local infrastructure, developer contributions ultimately can act like a tax and discourage development."*

- *"Funding a much wider array of social infrastructure through developer contributions deliver broader community benefits but confer fewer clear, direct and immediate private benefits to new home buyers. This means developer contributions increasingly act like a tax on new housing, which can impede new housing supply and reduce housing affordability for buyers and renters."*

- HIA considers that any amendment imposing a levy for community, social and regional infrastructure will undoubtedly have a negative impact on housing affordability. Additionally, the inclusion of a new development levy for broadly beneficial infrastructure may result in 'double dipping' whereby such infrastructure items may already be provided for under existing levies / revenue streams (i.e. rate collections).

- HIA considers a development contribution plan for social infrastructure to be a clear case of 'double dipping' when considering the legacy contribution that land makes to capital works spending via rate collections. Land has been taxed by councils for decades with a significant proportion (e.g. one third) of this revenue being dedicated to capital works spending.

- HIA encourages government to be innovative in sourcing appropriate revenue to pay for broadly used community infrastructure to the benefit of the 'whole community'. Government must show industry leadership and not simply rely on existing funding models such as traditional development/infrastructure contribution schemes for this purpose.

- One such alternative funding scheme may be the recently announced Treasury Corporation of Victoria (TCV) loans framework. Under the lending framework councils will be able to access borrowings from TCV for general working capital requirements, in addition to project-specific infrastructure investment purposes.

- HIA notes at objective 18 and *Arden's principles for movement and parking*, proposed residential car parking discretionary rates are substantially reduced from the provisions of Clause 52.06 Car parking. For example:

	One bedroom	Two Bedrooms	Three bedrooms
Clause 52.06	1 space per dwelling	1 space per dwelling	2 spaces per dwelling
Arden SP	0.2 spaces per dwelling	0.3 spaces per dwelling	0.5 spaces per dwelling

- Housing with detached and/or reduced associated car parking can be cheaper to construct (e.g. 20% is the estimate for Nightingale apartments with zero car parking), which could be reflected in the eventual price point for buyers. It is considered that developers constructing housing with reduced or no car parking are formally contributing to the affordable housing target of six per cent.

- We question however why the methodology does not refer to housing above three bedrooms and what car parking rate would apply in this instance.

- HIA notes at strategy 23.4 *"at least five per cent of all private housing be universally accessible"*. As there is an accessible housing mandate under consideration as part of National Construction Code (NCC) 2022, we believe an arbitrary requirement for accessible housing in the Plan is not required.

- Under objective 14 (urban heat island effect) / strategy 14.2 *"at least 75 per cent of total project site areas should comprise of building or landscaping elements that increase the solar reflectance of the site",* we note the encouragement of solar reflectance to mitigate against urban heat island effect. This is considered to be contrary to policy in many Victorian Planning Schemes that seek to set limits on solar reflectance.

- HIA's view it is not the role of the planning system to benchmark or impose limitations on solar reflectance/absorption when this is already part of the Deemed to Satisfy provisions of the NCC. The NCC requires buildings to meet the requirements of Section J using either Deemed to Satisfy provisions or verification methods such as NABERS or Green star. Specifying and quantifying reflectivity of building materials could impact on a building being able to meet the design verification methods of the NCC.

- While not supported in a planning instrument, it is however acknowledged that an increase in solar reflectivity of some building materials like roofing is consistent with the NCC performance requirements to facilitate efficient energy usage. This includes consideration of solar radiation requirements associated with reflecting heat away from buildings.

- Encouragement of new canopy trees in *private development* should be *discretionary* with the vast majority of new canopy to be provided on public land. Intensification of medium and large trees has broader implications for private development foundations and utilities, particularly where concrete slabs encroach on the boundaries of smaller lots. Where safe integration of trees, utilities and development foundations permit, developers can mitigate against future damage by following 'best practice' planting guidelines e.g. provision of top soil, access to an irrigation source, use of less invasive species, inclusion of root barriers and minimum setbacks to buildings/assets.

Thank you once again for the opportunity to comment at this stage. HIA welcomes the opportunity to be involved in any form of further consultation or to meet one on one to discuss our feedback further. Once again we thank you for the opportunity to contribute at this stage of the program. Please do not hesitate to contact [redacted] should you require anything further.

Yours sincerely
HOUSING INDUSTRY ASSOCIATION LIMITED

Fiona Nield

Fiona Nield
[redacted]