

27 March 2020

Mr Greg Doyle
General Manager
Wollongong City Council
Locked Bag 8821
WOLLONGONG DC NSW 2500

Dear Mr Doyle,

Draft Amendment to the West Dapto Contributions Plan (2017)

We write in relation to the draft amendments to the West Dapto Contributions Plan (2017) that Council is currently exhibiting. [REDACTED] clients have purchased land in West Dapto, off-plan, in the sub-division (SD 2017/178) which has obtained development consent. At this time no approval has been granted for the dwellings that will be erected within the approved subdivision. It is expected that development will deliver both primary and secondary dwellings.

Whilst [REDACTED] appreciate the principal reason Council is amending its West Dapto Contributions Plan is to respond to the implementation of the medium density housing code, we have concerns regarding the consequences that it will have on the clients who have purchased this land. In particular, the impact that it will have on the affordability of secondary dwellings.

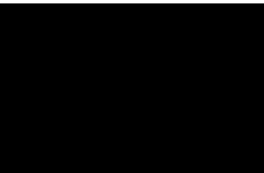
Secondary dwellings are recognised as being an important form of affordable rental housing in *State Environmental Planning Policy (Affordable Rental Housing) 2009* (AHSEPP), in particular they:

- provide an alternative type of housing stock that is typically occupied by:
 - Single persons or couples without children,
 - Elderly relatives or children of the occupants of the primary dwelling (intergenerational care).
- can generate a secondary source of income for households making the primary housing more affordable. The dwellings increase housing diversity releasing under occupied dwellings by providing smaller households with alternative tenure options.
- can provide financial support for residents wanting to age in place as the occupant moves into the Granny flat and rents out the primary dwelling.

The AHSEPP provides limitations on secondary dwellings which make this accommodation significantly different to development which will be enabled by the medium density code. These are:

- the maximum size of a secondary dwelling is 60m² thereby making occupancy likely to be one or two people;
- the secondary dwelling cannot be subdivided from the principal dwelling. The ability to subdivide into a separate lot is generally where value is added to a property; and
- there is no pre-requisite for on-site parking. It is therefore likely that significant proportion of secondary dwellings will be provided with onsite parking and unlikely they will generate any significant traffic generation.

Secondary dwellings are therefore unlikely to add any significant demand for additional community facilities and open space. This is compared to the higher density development which is expected to be generated by the medium density development code.



It is our interpretation that, under the current drafting of the contributions plan, secondary dwellings will be charged with a contribution levy of \$33,115.32 if considered as a 2 bedroom multi-housing development or \$48,167.74 if charged under the dwelling house levy.

Imposing such a contribution on a secondary dwelling will have a significant impact on the affordability of this type of accommodation. **A contribution of \$33,115 equates to an approximate 33% increase in the building cost.** This increases the cost of the development and affects finance with lenders due to the additional dwelling not attributing value thereby creating viability issues. This is opposed to a development where the dwelling can be subdivided, thus creating additional value and reducing viability issues.

The imposition of a \$33,115 levy does not further the goal of making housing affordable. The cost will ultimately be passed on to the occupant (whether owner or renter). Alternatively, landowners will choose not to build a secondary dwelling due to the cost of such development which ultimately means provision of less affordable housing in the West Dapto area and fewer construction jobs.

In light of the above impacts on affordability and viability, it is respectfully requested that Council consider waiving contribution fees for secondary dwellings. This could be achieved by waiving contributions for all of this type of development or by excluding dwellings delivered under the AHSEPP.

If Council is not of a mind to waive the contribution fees, then consideration should be given to a specific rate for secondary dwellings which recognises that they are likely to have a significantly reduced demand for local infrastructure and are unable to gain separate title. As a minimum they should be treated at a rate much less than a dual occupancy development, which actually has separate title.

Further, if a fee is to be charged we urge council to collaborate with the State Government to review the AHSEPP to allow these dual income properties (i.e. with a Primary dwelling and a Secondary dwelling under 60m²) to be considered for separate titles as is permitted with other Multi Unit dwellings and Duplexes. This would provide some uplift for the purchaser in exchange for the extra contribution fee.

Once again, we request that Council give due consideration to waiving contributions for secondary dwellings. **The purpose of a secondary dwelling (as identified in the AHSEPP) is to provide affordable housing.** The imposition of a local contribution levy will hinder achievement of this initiative to the detriment of the West Dapto community.

We are still of the opinion that Council should not apply any fee to the Secondary dwelling unless it provides for the dwellings to be sold separately as per a Dual Occupancy.

We have had discussions with the planning Ministers office and would ask that you defer any decision on this until he has had an opportunity to respond

Separately, given the current economic situation this will further cause financial stress in an unprecedented world crisis.



Yours sincerely,