

Better Planning Network Inc.

MEDIA RELEASE



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BPN is a state-wide network of community groups and affiliates

The Public Must Share In Unearned Development Windfall

The NSW Government's Infrastructure Contributions Review has delivered yet another financial windfall from development at the expense of local communities.

BPN spokesperson on this, Phil Bradley said "If these recommendations are implemented, communities will be deprived of funds to build vital infrastructure. No council or government should be approving a very profitable development unless it is in the public interest".

When developers are permitted to build many storeys more than a Local Environmental Plan allows, the land value increases, sometimes by as much as \$2,000 per sq metre of additional floor area. Very little of this value increase goes to councils to build parks, libraries and other community facilities to serve the extra people housed in large developments. The State Government's Infrastructure Contributions Review has delivered yet another windfall to land owners. It has deprived communities of funds to build vital infrastructure, by preventing planning agreements from capturing 'land value uplift resulting from rezoning or variations to planning controls'.

"The share of money going to the community was inadequate before the review, but soon it will be much less", said Phil Bradley. "Why should councils be short-changed in funding for community facilities that meet the needs of growing populations? Why should communities in high growth areas be without a library, a community centre, a swimming pool, footpaths and green spaces?"

When land values rise from rezoning, it delivers huge windfall profits to land owners. It is only right and just that the community should share in those unearned profits. BPN contends that the public share ought to be sufficient to finance and build community facilities in a timely manner. This new government policy will make that virtually impossible.

"It's not as though it is unprecedented to share windfall profits", says Mr Bradley. "The ACT has a Betterment Levy of 75%, meaning the community can receive as much as ten times what NSW communities sometimes receive. Developers have not fled the ACT because there is still a 25% unearned profit. However, it does mean that profits that come from massive land value increases will benefit people in the ACT who will live in those new developments".

BPN urges the NSW Government to reverse this decision. "No doubt developers and wealthy landowners love it, but the community is losing out. This is a monstrous burden on the public for the benefit of a few influential individuals. The Government should provide essential amenities for the community. This decision must be reversed," says Phil Bradley.

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18 March 2021. For immediate release