The Economic Impact of Affordable Housing Development at Gregory Place, Harris Park

FINAL – Prepared for Pacific Planning

by PPM Economics and Strategy

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Contents

Executive Summary

A build-to-rent development with 483 apartments, 241 of which will be affordable dwellings, will have a large impact on the Parramatta CBD area, the businesses that employ key workers and the workers themselves. Workers will be able to better access work and amenities, while businesses will be able to source workers who are more productive as they will need to commute less during the week. The intangible benefits of this are incalculable.

In addition to the intangible benefits, the tangible benefits include the rental benefit to key worker tenants, the benefit of commuting less and the benefit to businesses of having a pool of key workers. In addition, the development will include a park that is owned by the owner of the building and land but accessible to the public.

The subject site is located at 2A Gregory Place, Harris Park, New South Wales, in the Parramatta City Local Government Area. The site is approximately 700 metres from Harris Park train station, 640 metres from Parramatta train station and Metro West, and 200 metres from new Parramatta light rail which is to the north. It is 300m south of the Parramatta River and 18 kilometres from the Sydney CBD.

The total site area is 19,480m^2. The proposed gross floor area (GFA) is 48,685m^2, which gives a floor space ratio (FSR) of 2.5:1. Table E-1 shows the high level parameters for the development.

Table E-1: Proposed High Level Parameters

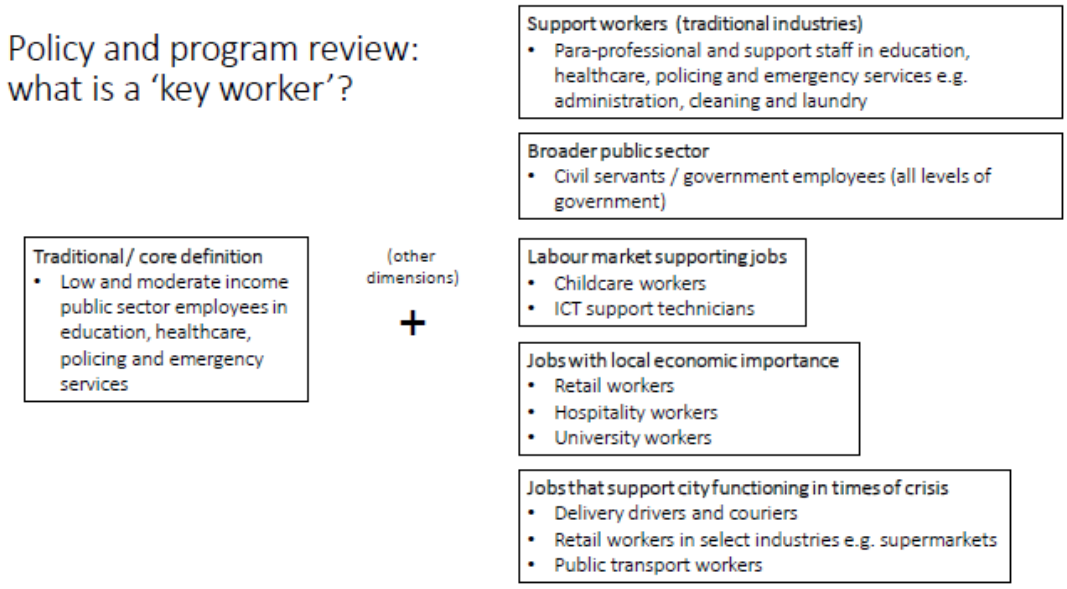
	Totals
Gross Floor Area (m^2)	48,685
Total Site Area (m^2)	19,480
FSR (x:1)	2.50
Units (no.)	483

Source: Stanisic Architects

Housing For Key Workers

Traditionally, “key workers” have been defined as low and moderate income public sector employees in education healthcare, policing and emergency services. As housing has become less affordable, this definition has extended to retail and hospitality workers, delivery drivers and public transport workers. Figure E-1 shows what a typical key worker can be.

Figure E-1: What Is A Key Worker?



Source: AHURI Final Report No. 355 Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities, May 2021

According to AHURI, there is a clear rationale for supporting key workers (however locally defined) to access housing in unaffordable regions or subregions. The most obvious of these is that there are wider public and economic benefits arising from high-quality essential services and a well-functioning city.

Across Sydney, LGAs with median rents and house prices that are affordable based on indicative key worker incomes are confined to outer suburban areas and satellite cities and regions.

Across both greater metropolitan regions, no LGAs have a median rent for a two-bedroom property that is affordable to key workers earning low Q2 incomes, including laundry workers, commercial cleaners, delivery drivers and entry level fire and emergency service workers. No inner and few middle ring areas have median rents for a two-bedroom property that is affordable to key workers earning low Q3 incomes, including early career nurses and midwives and tram and train operators. Even for key workers earning Q3 incomes, LGAs with an affordable median unit price are limited to a few outer suburbs and satellite cities and regions.

A recent AHURI study found that very few LGAs across the Sydney Greater Metropolitan Region (GMR) have rents that are affordable to the lowest paid key workers included in this analysis (earning wages that are at the low end of the second quintile for each metropolitan region). Only two LGAs have affordable median rents within the Sydney GMR, but these are both over 100kms from the Sydney CBD and affordability is limited to one-bedroom properties. This is shown in Table E-2.

Table E-2: Number of LGAs with Affordable Median Rent

				Affordable Median Rent (number of LGAs)		
	Weekly Wage ($)	Annual Equivalent (FT) ($)	Indicative Salary For	1 Bedroom	2 bedrooms	3 bedrooms
Q2 (low)	790	41,080	Laundry worker	2	0	0
Q2 (low-mid)	960	49,920	Commercial cleaners, delivery drivers, fire and emergency workers (early career)	11	0	0
Q2 (mid)	1,150	59,800	Enrolled nurse, ICT support technicians, child carer	17	6	0
Q2 (high)	1,350	70,200	Social worker, aged and disability carer, community welfare worker	23	18	5
Q3 (low)	1,500	78,000	RN/midwife (early career), tram and train driver	27	19	12
Q3 (mid)	1,850	96,200	Teacher (early career)	39	28	20

Source: AHURI Final Report No. 355 Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities, May 2021

Rental vacancies in the 2150 postcode (Parramatta and Harris Park) dropped to 2.2 per cent in March 2022, with only 252 vacant properties available. This is down from 410 available in December 2021 and 643 in March 2021. Rents rose from $410 in December 2021 to $421 in March 2022 – a 2.7 per cent increase in the quarter and a 6.3 per cent increase on March 2021. Table 5 shows the rental housing market

A single full-time worker on the minimum wage would be paying over half of their income in rent on the median 2 bedroom apartment in March 2022. This is shown in Table E-3.

Table E-3: Income to Rent Ratio for Full-Time Minimum Wage Single Worker

	Totals
Annual Rent ($)	21,892
Annual Income ($)*	42,286
% Income to Rent (%)	51.8

*8 hour work day, 5 days a week for 52 weeks at minimum wage of $20.33 per hour
Source: PPM Economics and Strategy

The rental crisis is worsening in Parramatta and Harris Park. Affordable housing options are needed to house key workers in order to keep the city functioning.

Economic Impact of the Construction of the Proposed Affordable Housing

The direct impact of the construction will be the value of the works that are undertaken in building the development, the total cost of which is $127.3 million. Table E-4 shows the estimated development costs.

Table E-4: Estimate of Development Costs

Excavation ($)	3,251,598
Cost per square metre of site area ($)	167
Demolition and Site Preparation ($)	1,125,568
Cost per square metre of site area ($)	58
Construction – Residential ($)	94,715,377
Cost per square metre of site area ($)	1,945
Car Park ($)	19,852,493
Cost per square metre of site area ($)	1,019
Cost per space ($)	31,313
Professional Fees ($)	8,321,395
Proportion of development cost (%)	5.15
Proportion of construction cost (%)	5.45
Total ($)	127,266,431
GST ($)	12,726,643
Total ($)	139,993,074
Total Works (including builders margin and contingency) ($)	161,712,436.65
S94A Cost ($)	125,354,898.77

Source: APL Quantity Surveyors

Table E-5 shows the impact of $127.3 million of direct expenditure on the Parramatta, NSW and Australian economy.

Table E-5: Economic Impact of Construction on Output, Value-Added (GRP) and Employment

Economic measure	Output ($m)	Value-added ($m)	Local Jobs (annual)
Impacts on City of Parramatta economy			
Direct impact on selected sector(s)	127.3	41.5	340
Industrial (supply chain) impact	20.6	7.8	71
Consumption impact	4.8	2.3	21
Total impact on City of Parramatta economy	152.7	51.7	433
Total impact New South Wales economy	244.7	91.7	731
Total impact on Australian economy	268.4	100.7	814
Multipliers			
Type 1 multiplier (direct and industrial)	1.16	1.19	1.21
Type 2 multiplier (direct, industrial and consumption)	1.20	1.24	1.27

Source: National Institute of Economic and Industry Research (NIEIR), PPM Economics and Strategy
Note: All $ values are expressed in 2019/20 base year dollar terms.

The initial $127.3 million of expenditure results in a total direct and indirect impact of $152.7 million of output, $51.7 million in value-added (gross regional product) 433 jobs in the Parramatta economy.

Development (s7.11) Contributions

s7.11 contributions will apply to the non-affordable portion of the development. The contribution is calculated according to the following formula:

Contribution ($) = net increase in residents X per resident contribution rate ($)

The development will have a total of 483 units. Of these, 241 will be affordable housing. Table E-6 shows the contributions for the non-social and non-affordable dwellings. With 237 affordable dwellings of the total of 483, the contributions would be a little more than $4 million in 2021 dollars.

Table E-6: Total 7.11 Contributions

	Total*	Social/Affordable	Contribution Per Dwelling	Total Contributions
1 Bed	167	83	14,726	1,222,258
2 Bed	284	142	17,051	2,421,242
3 Bed	32	16	23,251	372,016
Total	483	241**		4,015,516

* The unit types for the linking storeys have yet to be determined. For the purposes of this exercise, it is assumed four will be 1-bedroom and four will be 2-bedroom.
** Rounded down to the nearest whole unit.
Source: City of Parramatta (Outside CBD) Development Contributions Plan 2021, PPM Economics and Strategy

Federal and State Taxes and Local Rates Revenue

The Valuer-General values 2A Gregory Place at $7 million. This is the basis for land tax and rates revenue.

As a build-to-rent development, the site will remain in single ownership. As a result, the rates for the whole of the value of the property can be calculated. The rate in Parramatta for residential land is 0.001703 per cent per year, and the unimproved value of 2A Gregory Place is $7,060,000. Therefore the annual rates applicable would be $12,023. This is shown in Table 10.

Land transfer duty only applies when land is transacted. As the site will be used for a build-to-rent scheme, and remain in the ownership of the developer, there is no land transfer duty applicable to this property.

The NSW Government is introducing a land tax discount for new build-to-rent housing projects until 2040 and a new Housing Diversity SEPP to provide more housing options, greater surety for renters, boost construction and support jobs during the COVID-19 recovery. Eligible build-to-rent properties will receive a 50 per cent reduction in land value for land tax purposes. The effect of this is that land tax will be reduced. BTR developments will also receive an exemption from foreign investor duty and land tax surcharges (or a refund of surcharges paid). As the entire proposed development will be build-to-rent (market, affordable and social), the discount applies to the whole parcel of land. Therefore the land tax would apply to a valuation of $3,530,000 and the annual land tax applicable for the site (based on a payment year of 2022) is $43,428.

According to the OECD[1], in 2020, the average tax rate in Australia was 24.1 per cent. The total wages induced by the one-off construction of the proposed development is estimated to be $67.2 million. At an average tax rate of 24.1 per cent, the federal income tax raised in the year of construction, as a result of the one-off effect of the proposed development, would be $16.2 million.

[1] Taxing Wages 2021 – Australia, OECD

Ongoing Economic Impact of the Proposed Affordable Housing

The proposed development will have a total of 483 apartments. 241 of these will be "affordable" (that is, rented out at a minimum of 80 per cent of the market rate). The median rent for a 2-bedroom apartment was $421 per week in March 2022. The affordable rent on the median 2-bedroom apartment would therefore be $336.80 per week. With an $84.20 discount per week, the weekly rental benefit for 241 units is $20,292. The annual rental benefit is just over $1 million and the net present value (using a 4 per cent discount rate) of the benefit over 10 years is just over $14 million.

When key workers are in closer proximity to their employment, there are productivity benefits to the area. There are also wage and salary benefits that come from having the key workers living and spending their incomes in the area where they work. They also save on commuting, which place a large burden on key workers. Assuming there are 2 workers per affordable household, at the minimum wage, 482 workers would be attracted to Parramatta who would otherwise live further out where housing was more affordable. It is also assumed that the workers would have had to live outside of the Parramatta LGA and commute every day to work in Parramatta. The annual benefit is around $20 million.

The new residents would otherwise have had to commute to their jobs in the Parramatta CBD. It is assumed that this commute is 2 hours per work day (1 hour each way) and applies to all adults in the development. The commuter benefit for the development is $3.6 million per year. Over 10 years the net present value (NPV) of the benefit of housing key workers in the Parramatta CBD is $184.5 million.

This benefit is many times the annual value of Commonwealth Rent Assistance, which would likely still not be enough to make rents affordable in the area for key workers.

Open Space Benefit

The proponent intends on providing open space that will be accessible to the public, but not dedicated to the City of Parramatta Council. This will be a new park that will act as if it were a public park, but the maintenance and public liability will remain with the developer and ultimately the owner of the build-to-rent building and associated land.

Taking the land value, the cost of creating the park and value of visitation, the total economic benefit of the park would be a little over $13.6 million. Added to this is the maintenance that the owner will perform, valued at $183,551 over 10 years. As detailed in Table E-6, the net economic benefit of the park would be just over $13.6 million over 10 years.

Table E-7: Total Economic Benefit of Park Dedication

	Total
Land Cost	6,548,400
Fitout - New Open Space	862,000
Total Physical Benefit	7,410,400
Economic Benefit (10 Years)	16,768,255
Plus Maintenance (10 Years)	183,551
Total Economic Benefit	16,951,805
Net Benefit (50 Years, NPV)	24,362,205

Source: PPM Economics and Strategy

It should be noted that the $24.4 million economic benefit is does not represent costs to the developer. Only the land and the creation costs are costs to the development. The rest of the benefits are the economic benefits created by the existence of the park.

The Economic Benefits of Through-Links and Walkability

According to the proponents, the goal of the proposed development is for it to be a walkable precinct, with new paths through the development to enable residents, locals and visitors to walk to Parramatta, the Parramatta River and the heritage attractions nearby.

It is likely that residents of the affordable units are currently commuting by car into Parramatta, but if they live in Gregory Place they will be able to walk to work, shopping centres, public transport options and recreation activities. The proposal will have many of the characteristics seen as "walkable". The benefits include more viable retail spaces, less sedentary lifestyles and less time spent in cars and traffic.

Summary and Conclusion

The benefits of key worker housing at discounted rent, within walking distance to the Parramatta CBD, are very high.

The construction phase will add $152.7 million of direct and indirect output to the Parramatta economy and will add 433 jobs in total. Parramatta Council will receive approximately $4 million in s7.11 contributions.

Over 10 years, the NPV of providing affordable housing for 482 workers at the proposed development in Harris Park is over $223 million, as shown in Table E-7.

Table E-8: Summary of Affordable Housing Benefits

	1 Year	10 Years (NPV)
Rental Benefit	1,055,194	14,234,066
Key Worker Benefit	20,382,045	156,669,647
Commuting Benefit	3,620,842	27,832,144
Park Benefit	1,676,825	24,362,205
Total	26,734,907	223,098,062

Source: PPM Economics and Strategy

1.0 Introduction

The subject site is located at 2A Gregory Place, Harris Park, New South Wales, in the Parramatta City Local Government Area. The site is approximately 700 metres from Harris Park train station, 640 metres from Parramatta train station and Metro West, and 200 metres from new Parramatta light rail which is to the north. It is 300m south of the Parramatta River and 18 kilometres from the Sydney CBD.

The site is a disused pharmaceuticals assembly and light industrial complex. It is located near three State Heritage Register sites: Hambledon Cottage, Elizabeth Farm and Experiment Farm. Hambledon Cottage is to the immediate south of the subject site.

Figure 1: Subject Site at 2A Gregory Place, Harris Park

The total site area is 19,480m^2. The proposed gross floor area (GFA) is 48,685m^2, which gives a floor space ratio (FSR) of 2.5:1. Table 1 shows the high level parameters for the development.

Table 1: Proposed High Level Parameters

	Totals
Gross Floor Area (m^2)	48,685
Total Site Area (m^2)	19,480
FSR (x:1)	2.50
Units (no.)	483

Source: Stanisic Architects

It is proposed to construct three buildings, between four and eight storeys in height. Building A is proposed to have 209 units, Building B 157 units and Building C 109 units, with eight additional units in the linking stories. Table 2 shows the GFA per building, while Table 3 shows the mix of units types.

Table 2: Proposed GFA per Building and Level

Building A	GFA (m^2)
L1 (G)	2,815.79
L2	3,414.72
L3	3,414.72
L4	3,414.72
L5	3,115.84
L6	2,509.57
L7	1,739.13
L8	1,776.13
	22,200.62
Building B	
L1 (G)	2,143.23
L2	2,417.90
L3	2,417.90
L4	2,417.90
L5	2,115.21
L6	1,510.10
L7	1,095.92
L8	1,090.68
	15,208.84
Building C	
L1 (G)	1,297.42
L2	1,481.00
L3	1,483.21
L4	1,483.00
L5	1,483.00
L6	1,483.00
L7	1,483.00
L8	1,082.04
	11,275.67
Total GFA	48,685.13
FSR (x:1)	2.50

Source: Stanisic Architects

Table 3: Proposed Unit Mix

Unit Types	Totals*
1 Bed	144
1 Bed + Study	23
2 Bed	259
2 Bed + Study	25
3 Bed	32
Total	483

* The unit types for the linking storeys have yet to be determined. For the purposes of this report, it is assumed four will be 1-bedroom and four will be 2-bedroom.
Source: Stanisic Architects

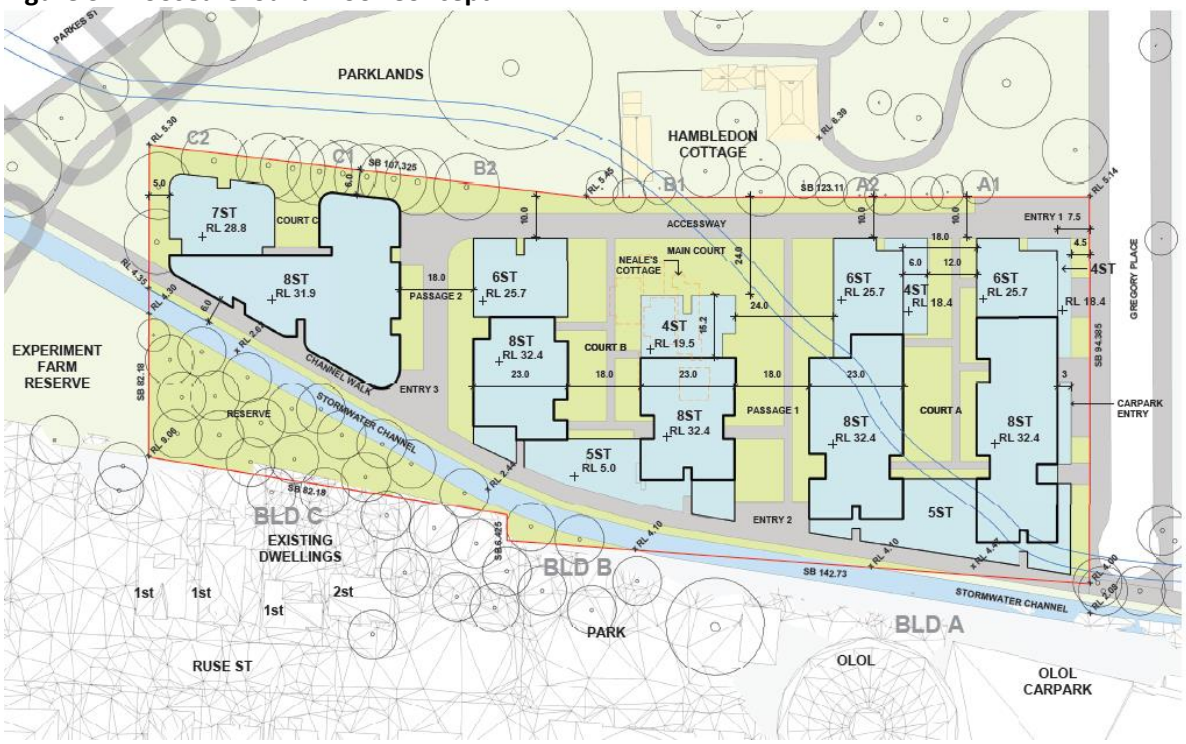
Figure 2 shows the concept envelope for the proposed development.

Figure 2: Proposed Concept Envelope

Source: Stanisic Architects

Figure 3 shows a ground floor concept of the proposal.

Figure 3: Proosed Ground Floor Concept



Source: Stanisic Architects

Pacific Planning has commissioned PPM Economics and Strategy to provide an assessment of the economic impact of the proposed development. This report demonstrates the:

- direct and indirect change in economic output from construction
- direct and indirect change in jobs from construction
- direct and indirect change in gross regional product (value added) from construction
- contributions to be paid
- change in federal and state tax and rates as a result of the development
- economic impact of housing key workers at the site
- economic benefits of affordable housing
- economic benefits of a new park
- economic benefits of walkability and through-links.

2.0 Housing for Key Workers

2.1 Who are key workers?

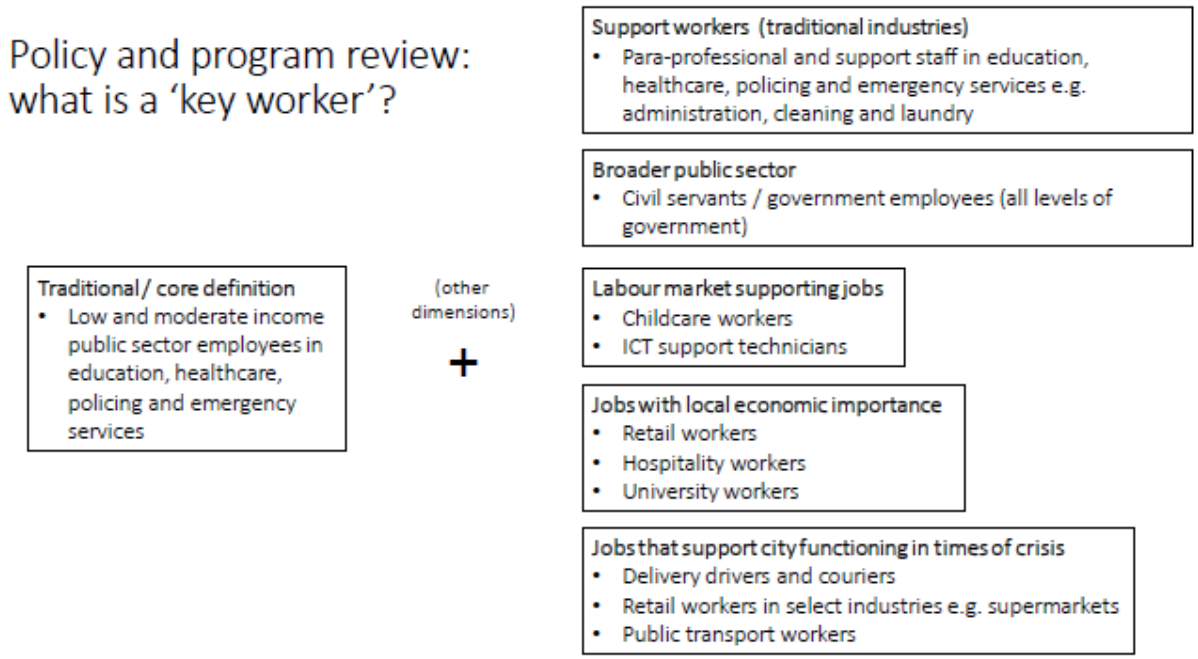
There is no universal definition of what constitutes a key worker, nor is the term universal (with 'essential worker' and 'frontline service provider', for example, often having the same meaning).[2]

While key public service workers including teachers, nurses, police and fire and emergency personnel are a consistent focus, specific studies and policy recommendations have responded to local contexts and labour market concerns. In some cases, definitions include workers who support the broader labour force, e.g. child care and aged care workers and ICT support professionals and technicians; as well as low paid workers contributing to local economies, such those working in hospitality and retail.

The COVID-19 pandemic has raised further questions about the scope of the key worker definition and what occupations are essential. As recently pointed out by the Mayor of London, the pandemic has exposed the city's reliance on a broad range of workers beyond those traditionally classified as key workers, including delivery drivers and couriers and supermarket workers

Traditionally, "key workers" have been defined as low and moderate income public sector employees in education healthcare, policing and emergency services. As housing has become less affordable, this definition has extended to retail and hospitality workers, delivery drivers and public transport workers. Figure 4 shows what a typical key worker can be.

Figure 4: What Is A Key Worker?



Source: AHURI Final Report No. 355 Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities, May 2021

One of the most important aspects is that a key worker must be physically present to do their job. They cannot work remotely (e.g. a bus driver must be present, as must a police officer; teachers during the pandemic switched to remote learning, but this was only temporary).

[2] AHURI Final Report No. 355 Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities, May 2021

According to AHURI, there is a clear rationale for supporting key workers (however locally defined) to access housing in unaffordable regions or subregions. The most obvious of these is that there are wider public and economic benefits arising from high-quality essential services and a well-functioning city. The nature of key worker jobs also makes their housing needs an important public policy consideration. These jobs demand physical presence and, for some occupation groups physical proximity to work is essential in order to respond to spikes in demand for essential services and emergency situations. They also tend to be physically demanding, characterised by long shifts, and, in some cases, performed during anti-social hours and in high stress situations with potential for exposure to vicarious trauma. Housing stress and insecurity and long commutes can exacerbate the fatigue and stress which is already accrued in the workplace, with implications for worker health and safety, long-term retention and the quality of essential services. Finally, because key worker jobs are population-serving, there are often (but not always) opportunities to work in a broad range of locations where there is a population. This means that for some key workers, there is no need, and certainly no incentive, to work in high housing cost areas or regions, meaning that those areas can experience recruitment and retention challenges.

2.2 Key Problems Faced By Key Workers

Across Sydney, LGAs with median rents and house prices that are affordable based on indicative key worker incomes are confined to outer suburban areas and satellite cities and regions.

Across both greater metropolitan regions, no LGAs have a median rent for a two-bedroom property that is affordable to key workers earning low Q2 incomes, including laundry workers, commercial cleaners, delivery drivers and entry level fire and emergency service workers.

No inner and few middle ring areas have median rents for a two-bedroom property that is affordable to key workers earning low Q3 incomes, including early career nurses and midwives and tram and train operators.

Even for key workers earning Q3 incomes, LGAs with an affordable median unit price are limited to a few outer suburbs and satellite cities and regions.

Only two LGAs in the greater Sydney region have a median house price that is affordable to key workers earning low Q3 incomes, with both located approximately 150km from the CBD.

A recent AHURI report used median rents for different property types at the LGA level to examine broad geographical differences in rental affordability for different occupation groups across the Greater Metropolitan Region (GMR) of Sydney. A median rent was deemed to be affordable if it was less than or equivalent to 30 per cent of the gross weekly wage for the applicable income. The analysis revealed that very few LGAs across the GMR have median rents that are affordable to the lowest paid key workers included in this analysis (earning wages that are at the low end of the second quintile for each metropolitan region). As shown in Table 4, only two LGAs have affordable median rents within the Sydney GMR, but these are both over 100kms from the Sydney CBD and affordability is limited to one-bedroom properties.

Table 4: Number of LGAs with Affordable Median Rent

				Affordable Median Rent (number of LGAs)		
	Weekly Wage ($)	Annual Equivalent (FT) ($)	Indicative Salary For	1 Bedroom	2 bedrooms	3 bedrooms
Q2 (low)	790	41,080	Laundry worker	2	0	0
Q2 (low-mid)	960	49,920	Commercial cleaners, delivery drivers, fire and emergency workers (early career)	11	0	0
Q2 (mid)	1,150	59,800	Enrolled nurse, ICT support technicians, child carer	17	6	0
Q2 (high)	1,350	70,200	Social worker, aged and disability carer, community welfare worker	23	18	5
Q3 (low)	1,500	78,000	RN/midwife (early career), tram and train driver	27	19	12
Q3 (mid)	1,850	96,200	Teacher (early career)	39	28	20

Source: AHURI Final Report No. 355 Housing key workers: scoping challenges, aspirations, and policy responses for Australian cities, May 2021

Key workers are more likely than the labour force generally to reside in outer suburbs and satellite cities, to commute 30kms or more to work, and to commute by private car. 31,000 key workers in Sydney live in overcrowded homes, with the greatest prevalence in inner subregions and among lower paid occupation groups. Over 52,000 key workers in Sydney are living in households that can be classified as being in housing stress, equating to 20 per cent of key workers in Sydney.

Between 2011 and 2016, affordable outer suburbs and satellite cities gained key worker residents, while inner and expensive middle ring subregions experienced a net loss.

2.3 Key Policies in NSW

The primary planning policy to encourage affordable housing for low and moderate-income groups in NSW is the Environmental Planning Policy (Affordable Rental Housing). Introduced in 2009, this policy specifies zoning permissibility and development standards for secondary dwellings, boarding houses and infill, multi-unit housing developments including a proportion of affordable rental housing across the state. It also provides a density bonus for the latter two development types. While affordable rental housing delivered in infill multi-unit residential developments is required under the policy to be managed by a not-for-profit housing provider and rented at a discounted market rate to eligible households, boarding houses and secondary dwellings are not subject to any rental limits or eligibility criteria.

While not necessarily aimed at key workers per se, the NSW government offers a land tax concession for build-to-rent projects, allowing the owner to pay land tax on half of the unimproved value of the land. The NSW Government introduced the land tax discount for new build-to-rent

housing projects until 2040 and a new Housing Diversity SEPP to provide more housing options, greater surety for renters, boost construction and support jobs during the COVID-19 recovery.

2.4 The Agglomeration Paradox

Employment density is frequently accompanied by higher housing costs[3]. Thus, housing costs, in addition to wages, also serve as an indicator of agglomeration economies. Residential location decisions and property price formation are multifaceted. Property prices are typically a function of:

- local supply conditions—such as planning or political economy
- households' preferences for living and working in different locations—access to employment, access to urban amenities, local networks and attachment to place.

Agglomeration effects are the benefits that arise when businesses, workers and people locate in close proximity to each other. These are posited as increasing the productivity of workers. By locating closer together, each worker potentially becomes more productive than if they were located further apart. In turn, higher productivity is reflected in higher wages as firms compete for skilled labour. Thus, agglomeration benefits provide a policy rationale for densifying cities and concentrating employment.

Agglomeration effects potentially affect each of these:

- First, an urban surplus is generated where agglomeration results in greater productivity. In turn, businesses benefit more from each worker. They may therefore use some of the urban surplus to offer higher wages to attract labour. Higher wages compensate households for urban inconveniences—such as higher housing costs, crowding and pollution—which results in additional population growth. Alternatively, more productive workers may self-select into cities, in which case the urban premium is partly a function of self-selection, rather than wage-related agglomeration effects. Workers, incentivised by higher wages, bid up the price of housing to secure access to more productive localities (higher wages). If benefits from agglomeration are conditional on specific worker characteristics—for example, skills in limited supply—then housing market outcomes for lower-skilled and higher-skilled workers may differ.
- Second, cities can also provide consumption amenities that—either independently, or in addition to wages —increase households' preferences for living in cities, and in specific parts of cities. For instance, larger cities often provide a diverse mix and choice of schools, hospitals, restaurants, bars, shops, sports facilities, music, theatres and museums, which can influence liveability and self-selection into particular cities, or into areas within those cities. If urban consumption amenities compensate households for urban inconveniences, then housing affordability may continue to worsen independently of changes to wage distributions or wage increases. Also, urban amenities may be a function of agglomeration, with concentrations of households generating market scale to sustain a greater variety and diversity of consumer offerings (local goods).
- Third, agglomeration benefits arise out of proximity—that is, reduction of costs associated with distance.

For the lowest income earners (10% and 20% quantiles), the benefits from agglomeration in terms of higher wages appear to be largely consumed by higher housing costs. Moreover, the locations of lower-income earners are more responsive to changes in commuting costs, with the wage-commuting responsiveness of wage earners in the 10% and 20% quantiles nearly two twice that of the wage-commuting responsiveness of wage earners in 80% and 90% quantiles for longer commutes.

[3] AHURI Final Report no. 366: Agglomeration effects and housing market dynamics, October 2021

When adjusting for basic housing costs, AHURI found that the wage benefit from agglomeration—where people live—disappears for the lowest half of the wage distribution. The productivity benefit that is paid out in higher wages across the wage distribution is largely capitalised in higher housing costs for many workers. Notably, this does not necessarily imply that these workers would be better off elsewhere and non-wage benefits (urban amenities) may still provide an incentive for lower-wage earners to locate near employment concentrations. Nevertheless, differences across the wage distribution, and variations in the responsiveness of lower-income earners to commuting costs, does suggest an inequality mechanism arising from how agglomeration effects are distributed via housing markets.

One implication of this is that public sector expenditure, such as Commonwealth Rent Assistance (CRA), will likely increase as a function of urban productivity gains. In other words, when property prices in capital cities increase as a result of productivity gains—and inelastic housing supply—the cost of policies to address housing affordability and expenditure at household level increases too. First, there is an increase in the rent levels (with implications for the level of CRA). Second, there is an increase in the number of households requiring CRA assistance. Over the last two decades CRA expenditure increased from $1.7 billion to $4.7 billion.

A related consideration is that public policies that reduce housing costs for some income groups potentially crowd out higher productivity workers from the same locations. However, the net cost or benefit of such a process requires a more detailed analysis than wage and housing cost considerations alone. On the one hand, such a policy can generate double costs—cost of policy, plus loss of productivity. On the other hand, enabling lower housing costs—for example, social, affordable or CRA-assisted housing—for low-income households can result in significant additional social returns.

At finer spatial scales, locational decisions are a function of travel and housing costs, but also housing availability and type. Travel costs are a greater proportion of wages for lower-wage earners than higher-wage earners. Therefore, lower-wage earners have an incentive to locate closer to employment locations —after considering housing costs and availability—but will have to spend a greater proportion of their wages to compete for these locations. If this is the case, then an average increase in wages due to agglomeration benefits may have significant distributional impacts when considered at the location of residence.

2.5 Recent Commentary on Key Worker Issues

On Tuesday, 24 May 2022, the President of the NSW Police Association noted that police officers are unable to live in the communities they serve. He said, “providing cheaper housing options for police was "imperative" to retain officers and improve response times.”

He said some of younger police officers can no longer, at least in Sydney, afford to live and work in the community. "It is imperative to create new models of affordable housing for our police officers and this must be a priority for the police association," he said.

2.6 Rental Vacancies in Parramatta and Harris Park

Rental vacancies in the 2150 postcode (Parramatta and Harris Park) dropped to 2.2 per cent in March 2022, with only 252 vacant properties available. This is down from 410 available in December 2021 and 643 in March 2021. Rents rose from $410 in December 2021 to $421 in March 2022 – a 2.7 per cent increase in the quarter and a 6.3 per cent increase on March 2021. Table 5 shows the rental housing market

Table 5: Rental Housing Market – Parramatta and Harris Park (Postcode 2150)

	Vacancy Rate (%)	Vacancies (no.)	Weekly Rent - 2 Bdr ($)	Increase In Rent on Previous Qtr (%)	Increase In Rent on Previous Yr (%)
Mar-22	2.2	252	421	2.7	6.3
Dec-21	4.2	470	410	2.0	2.5
Sep-21	4.6	514	402	4.7	-5.4
Jun-21	4.9	532	384	-3.0	-14.1
Mar-21	5.9	643	396	-1.0	-9.0
Dec-20	6.2	669	400	-5.9	
Sep-20	6	635	425	-4.9	
Jun-20	5.9	623	447	2.8	
Mar-20	3.7	384	435		

Source: SQM (https://sqmresearch.com.au/graph_vacancy.php?postcode=2150&t=1), PPM Economics and Strategy

A single full-time worker on the minimum wage would be paying over half of their income in rent on the median 2 bedroom apartment in March 2022. This is shown in Table 6.

Table 6: Income to Rent Ratio for Full-Time Minimum Wage Single Worker

	Totals
Annual Rent ($)	21,892
Annual Income ($)*	42,286
% Income to Rent (%)	51.8

*8 hour work day, 5 days a week for 52 weeks at minimum wage of $20.33 per hour
Source: PPM Economics and Strategy

The rental crisis is worsening in Parramatta and Harris Park. Affordable housing options are needed to house key workers in order to keep the city functioning.

3.0 The Economic Impact of Construction of the Proposed Affordable Housing

The direct impact of the construction will be the value of the works that are undertaken in building the development. The value of the construction has been assessed by quantity surveyors, APL Quantity Surveyors. They have estimated that the construction cost will be $161.7 million, including GST and builders margin. Builders margin and GST need to be netted out of this to get the direct impact of construction. Table 7 shows the high level estimate of costs, including the total cost of building, which is $127.3 million, which has been used to model the economic impact.

Table 7: Estimate of Development Costs

Excavation ($)	3,251,598
Cost per square metre of site area ($)	167
Demolition and Site Preparation ($)	1,125,568
Cost per square metre of site area ($)	58
Construction – Residential ($)	94,715,377
Cost per square metre of site area ($)	1,945
Car Park ($)	19,852,493
Cost per square metre of site area ($)	1,019
Cost per space ($)	31,313
Professional Fees ($)	8,321,395
Proportion of development cost (%)	5.15
Proportion of construction cost (%)	5.45
Total ($)	127,266,431
GST ($)	12,726,643
Total ($)	139,993,074
Total Works (including builders margin and contingency) ($)	161,712,436.65
S94A Cost ($)	125,354,898.77

Source: APL Quantity Surveyors

Table 8 shows the impact of $127.3 million of direct expenditure on the Parramatta, NSW and Australian economy.

Table 8: Economic Impact of Construction on Output, Value-Added (GRP) and Employment

Economic measure	Output ($m)	Value-added ($m)	Local Jobs (annual)
Impacts on City of Parramatta economy			
Direct impact on selected sector(s)	127.3	41.5	340
Industrial (supply chain) impact	20.6	7.8	71
Consumption impact	4.8	2.3	21
Total impact on City of Parramatta economy	152.7	51.7	433
Total impact New South Wales economy	244.7	91.7	731
Total impact on Australian economy	268.4	100.7	814
Multipliers			
Type 1 multiplier (direct and industrial)	1.16	1.19	1.21
Type 2 multiplier (direct, industrial and consumption)	1.20	1.24	1.27

Source: National Institute of Economic and Industry Research (NIEIR), PPM Economics and Strategy
Note: All $ values are expressed in 2019/20 base year dollar terms.

As shown in Table 8, $127.3 million of investment in the construction industry in Parramatta has a much larger effect on the local, state and national economy than the initial investment alone. The $127.3 million direct investment results in $20.6 million being spent through the supply chain in Parramatta, as this becomes the income for local suppliers. Furthermore, the boost to wages and salaries in the Parramatta LGA is then spent on goods and services in the LGA, resulting in a further $4.8 million in economic output.

The direct expenditure of $127.3 million results in 340 jobs created in the construction sector throughout Parramatta. Further, it induces another 71 jobs due to the supply chain effect, and then another 21 due to the consumption effect, resulting in 433 jobs in total (direct and indirect). Most of the expenditure is likely to occur in Parramatta, although because not all expenditure will take place within the LGA, the NSW economy as a whole will be impacted by a further $92 million in output and a further 298 jobs. Furthermore, because not all expenditure will take place in NSW, due to supply of goods and services, the Australian economy will be impacted by $23.7 million, while construction in Parramatta will result in a further 83 (direct and indirect) jobs throughout the Australian economy.

Table 9 shows the impact of $127.3 million of direct expenditure on jobs in each of the sectors in the Parramatta economy. The Construction industry is most impacted, accounting for 354 jobs, while Retail Trade is next with 16 jobs and Transport, Postal and Warehousing and Manufacturing each with 12 jobs created

Table 9: Impact of Construction on Employment in Sectors in Parramatta

Industry sector (1-digit ANSIC)	Existing jobs in the City of Parramatta	Jobs created in the City of Parramatta (annual)
Agriculture, Forestry and Fishing	185	0.0
Mining	72	0.1
Manufacturing	14,909	11.8
Electricity, Gas, Water and Waste Services	2,769	1.5
Construction	18,000	353.8
Wholesale Trade	6,178	9.0
Retail Trade	11,461	15.5
Accommodation and Food Services	6,045	10.3
Transport, Postal and Warehousing	5,924	12.4
Information Media and Telecommunications	2,401	0.3
Financial and Insurance Services	22,055	1.9
Rental, Hiring and Real Estate Services	3,506	0.2
Professional, Scientific and Technical Services	19,677	2.3
Administrative and Support Services	8,712	0.4
Public Administration and Safety	27,910	2.1
Education and Training	12,238	0.6
Health Care and Social Assistance	30,762	3.4
Arts and Recreation Services	4,033	0.6
Other Services	5,433	6.0
Total industries	202,269	432

Source: National Institute of Economic and Industry Research (NIEIR), PPM Economics and Strategy

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4.0 Development (s7.11) Contributions

The proposed development is outside of the Parramatta CBD contributions plan, so the Parramatta CBD Contributions Plan (Amendment No.5) does not apply.

However, the City of Parramatta (Outside CBD) Development Contributions Plan 2021 (s7.11) applies. This Plan does not apply to the following types of development:

- Development where a contribution has previously been paid for the same development at the subdivision stage under a predecessor plan.
- Alterations and additions to an existing dwelling, including extensions involving the provision of additional bedrooms.
- Demolition of an existing dwelling and construction of a replacement single dwelling.
- Affordable housing or social housing by a social housing provider. If the development is mixed use, only the affordable housing/social housing component will be excluded.
- Development undertaken by or on behalf of Council including for works listed in the works program in Appendix F of this Plan.
- Development excluded from section 7.11 contributions by a Ministerial direction under section 7.17 of the Environmental Planning and Assessment Act 19798.

Therefore, s7.11 contributions will apply to the non-affordable portion of the development.

The contribution is calculated according to the following formula:

Contribution ($) = net increase in residents X per resident contribution rate ($)

The applicable occupancy rates are shown in Table 10.

Table 10: Residential Occupancy Rates – Residential Accommodation, Parramatta Non-CBD

Dwelling Size	Occupancy Rate
1 Bedroom dwelling	1.9 residents/dwelling
2 bedroom dwelling	2.2 residents/dwelling
3 bedroom dwelling	3.0 residents/dwelling
4 or more bedrooms	3.5 residents/dwelling

Source: City of Parramatta (Outside CBD) Development Contributions Plan 2021

The contribution per dwelling is shown in Table 11.

Table 11: Development Contributions Per Dwelling, Parramatta Non-CBD

Dwelling Size	Contribution per Dwelling ($)
1 Bedroom dwelling	14,726
2 bedroom dwelling	17,051
3 bedroom dwelling	23,251
4 or more bedrooms	27,126

Source: City of Parramatta (Outside CBD) Development Contributions Plan 2021

The development will have a total of 483 units. Of these, 241 will be affordable housing. Table 12 shows the contributions for the non-social and non-affordable dwellings. With 241 affordable dwellings of the total of 483, the contributions would be a little more than $4 million in 2021 dollars.

Table 12: Total 7.11 Contributions

	Total	Social/Affordable	Contribution Per Dwelling	Total Contributions
1 Bed	167	83	14,726	1,222,258
2 Bed	284	142	17,051	2,421,242
3 Bed	32	16	23,251	372,016
Total	483	241*		4,015,516

* Rounded down to the nearest whole unit

Source: City of Parramatta (Outside CBD) Development Contributions Plan 2021, PPM Economics and Strategy

5.0 Federal and State Taxes and Local Rates Revenue

5.1 Valuer-General's Valuation

The Valuer-General values 2A Gregory Place at $7 million. This is shown in Figure 5. This is the basis for land tax and rates revenue.

Figure 5: Valuer-General Valuation, 2A Gregory Place, Harris Park

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NEW SOUTH WALES VALUER GENERAL - LAND VALUE SEARCH
                ------------------------------------------------


PROPERTY NO:                    825378

LGA:                            CITY OF PARRAMATTA

ADDRESS OF PROPERTY:            2A GREGORY PL,
                                HARRIS PARK NSW 2150

DESCRIPTION OF LAND:            2/802801

PROPERTY AREA:                  2.011 HECTARES

PROPERTY DIMENSIONS:            NOT AVAILABLE

VALUING YEAR:                   01/07/2021    DATE VALUATION WAS MADE:
30/08/2021

ZONING USED FOR VALUATION:      GENERAL INDUSTRIAL

LAND VALUE AUTHORITY:           14A(1) - ANNUAL REVALUATION

GROSS LAND VALUE:               $7,060,000

DIVISION 3 AND 4 ALLOWANCES:    NOT APPLICABLE

NET LAND VALUE:                 $7,060,000

LAND VALUE BASIS:               6A(1) - THE LAND VALUE IS THE FREEHOLD VALUE
OF THE LAND EXCLUDING ANY STRUCTURAL IMPROVEMENTS
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5.2 Local Rates Revenue

As a build-to-rent development, the site will remain in single ownership. As a result, the rates for the whole of the value of the property can be calculated. The per dollar rate in Parramatta for residential land is $0.001703 per year, and the unimproved value of 2A Gregory Place is $7,060,000. Therefore the annual rates applicable would be $12,023. This is shown in Table 13.

Table 13: Land Rates, Parramatta City Council

Per Dollar Rates ($)	0.001703
Unimproved Value ($)	7,060,000
Rates ($)	12,023

Source: NSW Office of State Revenue, PPM Economics and Strategy

5.3 State Taxes – Land Transfer Duty (Stamp Duty)

Land transfer duty only applies when land is transacted. As the site will be used for a build-to-rent scheme, and remain in the ownership of the developer, there is no land transfer duty applicable to this property.

5.4 State Taxes – Land Tax

The NSW Government is introducing a land tax discount for new build-to-rent housing projects until 2040 and a new Housing Diversity SEPP to provide more housing options, greater surety for renters, boost construction and support jobs during the COVID-19 recovery. Eligible Build-to-rent properties will receive a 50 per cent reduction in land value for land tax purposes. The effect of this is that land tax will be reduced. BTR developments will also receive an exemption from foreign investor duty and land tax surcharges (or a refund of surcharges paid).

As the entire proposed development will be build-to-rent (market, affordable and social), the discount applies to the whole parcel of land. Therefore the land tax would apply to a valuation of $3,530,000. Table 14 shows the annual land tax applicable (in 2022) for the site is $43,428.

Table 14: Land Tax

	Totals
Land Value ($)	7,030,000
Discounted Land Value ($)	3,530,000
Land Tax Rate (%)	1.23
Annual Land Tax (based on 2022) ($)	43,428

Source: NSW Office of State Revenue, PPM Economics and Strategy

5.5 Federal Taxes – Income Tax

According to the OECD[4], in 2020, the average tax rate in Australia was 24.1 per cent. Table 15 shows the REMPLAN model of the NSW economy calculation of wages induced by the one-off construction of the proposed development. The wages and salaries induced (direct and indirect) by the development would be $67.2 million.

Table 15: Wages and Salaries Created During Construction, NSW

	Direct Effect	Supply-Chain Effect	Consumption Effect	Total Effect
Wages and Salaries ($M)	18.83	31.382	17.001	67.212

Source: REMPLAN, PPM Economics and Strategy

At an average tax rate of 24.1 per cent, the federal income tax raised in the year of construction, as a result of the one-off effect of the proposed development, would be $16.2 million. While this is based on the average tax rate, the composition of income earners in this calculation would change the total – if there was a concentration of lower income earners, less tax would be raised and if there was a concentration of high income earners, more tax would be raised, as, at the individual level, the higher the income, the higher both the marginal and average tax rates.

5.6 Federal Taxes – GST

The quantity surveyor has calculated the value of construction for GST purposes at $127.3 million. There would be $12.7 million in GST applicable to this, payable by the developer.

However, as shown in Chapter 3, the total direct and indirect impact of the proposed development on output in the Australian economy would be $268.4 million. Output and expenditure are virtually interchangeable. It is assumed that all expenditure would be subject to GST. This is an over-estimate as residential rent, fresh food and many other items are exempt from GST. As a result of the development, there would be an additional direct and indirect impact on expenditure of $141.1 million. The 10 per cent GST would apply to this (it is assumed GST applies to all expenditure, but it would not), so the federal government would receive a one-off increase in GST of $14.1 million, paid for by those whose expenditure was induced to increase as a result of the development.

[4] Taxing Wages 2021 – Australia, OECD

6.0 The Economic Impact of the Proposed Affordable Housing

6.1 Benefit of the Rental Reduction

The proposed development will have a total of 483 apartments. 241 of these will be "affordable" (that is, rented out at 80 per cent of the market rate).

As shown in the previous chapter, the median rent for a 2-bedroom apartment was $421 per week in March 2022. The affordable rent on the median 2-bedroom apartment would therefore be $336.80 per week.

With an $84.20 discount per week, the weekly rental benefit for 241 units is $20,292. The annual rental benefit is just over $1 million and the net present value (using a 4 per cent discount rate) of the benefit over 10 years is just over $14 million.

Table 16 shows the details.

Table 16: Economic Benefit of Affordable Housing

	Totals
Total Apartments	483
Affordable Apartments	241
Prevailing Rent in Harris Park - 2 Bedroom Unit	421
20 Per Cent Discount	84.20
Weekly Rental Benefit ($)	20,292
Annual Rental Benefit ($)	1,055,194
NPV Rental Benefit - 10 Years (4%) ($)	14,234,066

Source: PPM Economics and Strategy

6.2 Benefit of Key Workers in the Location

As shown in Chapter 3, when key workers are in closer proximity to their employment, there are productivity benefits to the area. There are also wage and salary benefits that come from having the key workers living and spending their incomes in the area where they work. They also save on commuting, which place a large burden on key workers.

The annual benefit to the City of Parramatta from the proposed affordable housing development equates to the number of workers assisted per year at the minimum wage (if the median wage was used, the benefit would be higher). Assuming there are 2 workers per affordable household, at the minimum wage, 482 workers would be attracted to Parramatta who would otherwise live further out where housing was more affordable. It is also assumed that the workers would have had to live outside of the Parramatta LGA and commute every day to work in Parramatta. Table 17 shows the benefit of the workers being in proximity to the Parramatta CBD. The annual benefit is around $20.3 million.

Table 17: Economic Benefit of Attracting Workers to Parramatta

	Totals
Total Apartments (no.)	483
Affordable Apartments (no.)	241
Occupants Per Dwelling* (no.)	2.2
Adults Per Dwelling (no.)	2
Number of Adults in Proposed Development (no.)	482
Minimum Wage ($)	20.33
Per Week ($)	813.2
Per Year ($)	42,286
Annual Benefit of Affordable Housing ($)	20,382,045

* Based on densities in City of Parramatta (Outside CBD) Development Contributions Plan 2021
Source: City of Parramatta (Outside CBD) Development Contributions Plan 2021, PPM Economics and Strategy

It is further assumed that the new residents would otherwise have had to commute to their jobs in the Parramatta CBD. It is assumed that this commute is 2 hours per work day (1 hour each way) and applies to all adults in the development. The commuter benefit for the development is $3.6 million, as shown in Table 18.

Table 18: Economic Benefit of Not Commuting

	Totals
Commute Length (hours)	2
Cost of Leisure Time ($)	16.26
Number of workers (no.)	482
Daily Value of Commuter Benefit ($)	15,675
Annual Value of Commuter Benefit ($)	3,620,842

Source: PPM Economics and Strategy

Taken together, the economic benefit of housing 474 key workers in close proximity to the CBD is $26.7 million per year, or $184 million over 10 years, as shown in Table 19.

Table 19: Total Economic Benefit of Key Workers in Parramatta

	Totals
Annual Worker Benefit of Affordable Housing ($)	20,382,045
Annual Value of Commuter Benefit ($)	3,620,842
Total Benefit ($)	26,734,907
Net Present Value over 10 Years (4% discount) ($)	184,501,791

Source: PPM Economics and Strategy

6.3 Counter-Factual: Commonwealth Rent Assistance

Commonwealth Rent Assistance (CRA) is a payment that is available on a fortnightly basis to renters who cannot afford to rent. The maximum fortnightly payment is $137.40 for a couple. If a couple rents at the prevailing rent in Harris Park ($421 per week), they could be entitled to the maximum amount of CRA. The CRA for 237 couples would total $846,659 per year, which is far less than the benefit of affordable housing, and would likely still not make renting in Harris Park affordable.

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7.0 Open Space Accessible to the Public

The proponent intends on providing open space that will be accessible to the public, but not dedicated to the City of Parramatta Council. This will be a new park that will act as if it were a public park, but the maintenance and public liability will remain with the developer and ultimately the owner of the build-to-rent building and associated land. The placemaking elements are shown in Figure 5.

Figure 5: Placemaking Elements, Including Open Space Accessible to the Public

PLACEMAKING PRINCIPLES

1. Connect with Country + interpret colonial + post context heritage
2. Create orthogonal layout, courtyard + fingers
3. Create new main court + 24m setback to Hambledon Cottage (2,800m²)
4. Restore visual connection between Hambledon Cottage + main court
5. Retain existing screen planting
6. Step building forms
7. Locate roof gardens on 4-8 storey buildings
8. Adjust scale to existing 2 storey buildings
9. Locate emergency vehicle + pedestrian shared way
10. Access basement carparking
11. Dedicate potential park
12. Rejuvenate landscape
13. Protect visual outlook
14. Create Channel Walk
15. Locate lighting, pathways + movement of people in surrounding parklands

The total site area is 19,480m^2. Of this, the park will be 1,530m^2, or around 8 per cent of the total site area.

The land component of the cost of the park is part of the land acquisition, so is not considered to be an addition cost to the development. However, it does represent a foregone opportunity to develop the land.

The prevailing cost of land around Harris Park is $4,210 per square metre. The cost of the land to the proponent is not merely the land value (approximately $6.4 million). The site needs to be remediated and anything on it needs to be demolished. Table 20 outlines the value of the land, based on the prevailing market price for land in the area and the cost of remediation and demolition. The total cost to the developer is $6.5 million.

Table 20: Derived Cost Per Square Metre of Land on the Site

Item	Amount
Land Value ($/m^2)	4,210
Remediation and Demolition ($m^2)	70
Total Land Cost ($/m^2)	4,280
Total Site Size (m^2)	1,530
Cost ($)	6,548,400

Benefit – Use Component

The park will benefit the wider community, including those future residents of the proposed development.

The benefit is derived from the price that the average person places on leisure time, the amount of visitation, the travel time to the park, and the time spent in the park.

The estimated visitation to the park is based on the Zanon model[5], which estimates the number of visitors to a public park based on four attributes – standard of service, catchment population, area of the park and public awareness of the park. The model has been shown to provide good forecasts for visits to major parks and like spaces in Melbourne. It is assumed that park visitation is similar in Sydney and Melbourne.

Recently, Mr Marcus Spiller of SGS Economics and Planning[6], used the Zanon model to estimate visitation to estimate the visitation to a proposed public square as part of the redevelopment of the Queen Victoria Market in Melbourne.

The Zanon model uses the following formula:

$$Visits = 27 \times Standard\ of\ Service^{1.04} \times Catchment\ Population^{0.19} \times Area^{0.11} \times Public\ Awareness^{0.47}$$

where:

- Standard of Service is a figure between 0 and 100 indicating the "quality" of the park, judged by reference to amenities provided, including seating, shelters, barbecues, landscaping, etc
- Catchment Population is the population within a local catchment
- Area is the area of the proposed park in hectares
- Public awareness is the percentage of a random population that would be aware that the park exists.

[5] A Model for Estimating Urban Park Visitation –Parks Victoria Occasional Paper Series, Dino Zanon, 1998

[6] Melbourne Am C245 Queen Victoria Market Precinct Renewal Evidence report of Marcus Spiller April 2016, SGS Economics and Planning

Table 21 details the assumptions made for the variables in the Zanon model.

Table 21: Estimated Park Visitation

	Park Estimates
Standard	85
Population*	6,192
Area (ha) – Foreshore Park and Foreshore Square	0.153
Public Awareness	50
Visits	73,661

* The catchment population is estimated to be the estimated population of the suburb of Harris Park.
Source: id.Profile Estimated Residential Population of Harris Park

As detailed in Table 21, the Zanon model calculates that 73,661 visits per year to the park would be generated.

Table 22 details the economic benefit of the use of the park. It is assumed that the median return travel distance would be 1 kilometre. At a walking travel speed of 5 km/h, the median return travel time would be 15 minutes. It is further assumed that, once there, the median time spent at the park would be an hour. The value of leisure time is assumed to be $16.26. Therefore, the value of journeys to and from the park would be a little over $479,000 per year, and the value of time spent at the park (the value of visits per year) would be a little under $1.2 million. The capitalised value of the park, over 10 years, would be a little over $13.6 million.

Table 22: Economic Benefit of Park

	Total
Estimated annual visitation (no.)	73,661
Assumed median travel distance return (km)	1.0
Travel speed (walking) (km/h)	5
Median travel time to and from (hrs)	0.4
Time spent at open space (hrs)	1
Value of leisure time ($)	16.26
Value of journey ($)	479,093
Value of Time Spent ($)	1,197,732
Value of visits/ year ($)	1,676,825
Capitalised value (10 Years) ($)	13,600,557

Costs

Having a new park will create an asset for the public (even though it is not in public ownership) worth around $7.4 million, plus the value of visitation. As Council will not own the park, it will not have to also need to fund the maintenance, nor will it need to upgrade the park over time. Ongoing maintenance includes mowing, rubbish collection and removal, landscaping and amenities cleaning (e.g. barbecues, etc).

In the absence of definitive cost data, a number of assumptions have been made for ongoing maintenance of the park. Table 23 outlines these assumptions.

Table 23: Ongoing Maintenance of Dedicated Park – Cost Assumptions

Ongoing	Times	Hours	Cost	Annual Cost (2018 Dollars)
Mowing	26	4	50	5,200
Rubbish Removal	52	1	50	2,600
Landscape Maintenance	26	4	50	5,200
Amenities Cleaning	52	3	50	7,800
Total ($)				**20,800**

Therefore, the net present value of the ongoing and capital costs would be $183,551 over 10 years.

Total Benefit

Taking the land value, the cost of creating the park and value of visitation, the total economic benefit of the park would be a little over $13.6 million. Added to this is the maintenance that the owner will perform, valued at $183,551 over 10 years. As detailed in Table 24, the net economic benefit of the park would be just over $13.6 million over 10 years.

Table 24: Total Economic Benefit of Park Dedication

	Total
Land Cost	6,548,400
Fitout - New Open Space	862,000
Total Physical Benefit	7,410,400
Economic Benefit (10 Years)	16,768,255
Plus Maintenance (10 Years)	183,551
Total Economic Benefit	16,951,805
Net Benefit (50 Years, NPV)	24,362,205

It should be noted that the $24.4 million economic benefit is does not represent costs to the developer. Only the land and the creation costs are costs to the development. The rest of the benefits are the economic benefits created by the existence of the park.

8.0 The Economic Benefits of Through-Links and Walkability

According to the proponents, the goal of the proposed development is for it to be a walkable precinct, with new paths through the development to enable residents, locals and visitors to walk to Parramatta, the Parramatta River and the heritage attractions nearby.

As pointed out in *Business Performance in Walkable Shopping Areas* (Robert Wood Johnson Foundation, 2011), "Defining a commercial area as 'walkable' requires distinctions to be made beyond how shoppers arrived at their destination and what they do once they arrive." For an area to be considered "walkable", it "usually means that it is possible for a significant fraction of patrons to arrive by some other mode than driving, and that they are in a welcome environment for strolling, meeting others and resting for a few moments. In short, they do not have to get in their car to visit store after store."

According to Dan Burden of Walkable Communities, Inc, (reported in *Let's Talk Business*, *Economic Benefits of A Walkable Community*, Summarized by Bill Ryan*, July 2003) characteristics of a walkable town include:

- intact town centre with a quiet, pleasant main street containing a hearty, healthy set of stores
- residential densities including mixed income and mixed uses near the town centre
- many public places for people to assemble, play and associate with others within their neighbourhood
- universal design that respects and accommodates people of all abilities
- traffic on main street and in neighbourhoods that move at safe, pleasant and courteous speeds
- streets and trails that are well linked, often in a grid or other highly connected pattern
- design that is properly scaled allowing most residents to get to most services in 400m (walking distance)
- town is designed for people first, cars second
- town thinks small with caps on parking and store size
- the town has a vision and decision makers are visionary, communicative, and forward thinking.

In relation to the proposed development, it is likely that residents of the affordable units are currently commuting by car into Parramatta, but if they live in Gregory Place they will be able to walk to work, shopping centres, public transport options and recreation activities. The proposal will have many of the characteristics seen as "walkable". The benefits include more viable retail spaces, less sedentary lifestyles and less time spent in cars and traffic (although these will be a small impacts compared with those discussed in the previous chapter).

9.0 Summary and Conclusion

A build-to-rent development with 483 apartments, 241 of which will be affordable dwellings, will have a large impact on the Parramatta CBD area, the businesses that employ key workers and the workers themselves. Workers will be able to better access work and amenities, while businesses will be able to source workers who are more productive as they will need to commute less during the week. The intangible benefits of this are incalculable.

In addition to the intangible benefits, there are tangible benefits from construction and from the site's ongoing use as affordable housing.

The construction phase will add $152.7 million of direct and indirect output to the Parramatta economy and will add 433 jobs in total. Parramatta Council will receive approximately $4 million in s7.11 contributions.

Ongoing benefits include the rental benefit to key worker tenants, the benefit of commuting less and the benefit to businesses of having a pool of key workers. In addition, the development will include a park that is owned by the owner of the building and land but accessible to the public.

Over 10 years, the NPV of providing affordable housing for 482 workers at the proposed development in Harris Park is nearly $223 million, as shown in Table 25.

Table 25: Summary of Ongoing Affordable Housing Benefits

	1 Year	10 Years (NPV*)
Rental Benefit	1,055,194	14,234,066
Key Worker Benefit	20,382,045	156,669,647
Commuting Benefit	3,620,842	27,832,144
Park Benefit	1,676,825	24,362,205
Total	26,734,907	223,098,062

* Using a discount rate of 4 per cent
Source: PPM Economics and Strategy

The benefits of key worker housing at discounted rent, within walking distance to the Parramatta CBD, is high. With such a large benefit, more than CRA would provide, the benefits of the proposed development are very high.

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