

NATIONAL NSW DEVELOPMENT

Levy for developers tripled on new buildings in Sydney's CBD

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A levy on new buildings in the centre of Sydney will be tripled, amounting to millions of dollars for high-rise towers, under a plan to raise up to \$43 million a year for parks, paving and other public infrastructure.

Developers and business will be slugged with the proposed 3 per cent levy on building developments costing \$200,000 or more, part of the biggest shake up of planning controls in the core of the CBD in more than four decades.

Animation of "new tower clusters" to reshape the city's skyline over the next couple of decades.

The changes will allow for [towers to be built significantly higher](#) in four areas set for more intensive commercial development, such as near Barangaroo, Circular

Quay, Central Station and Town Hall. It will mean towers can be higher than 300 metres.

Building heights in the city centre have been capped at 235 metres for decades, apart from the 309-metre Sydney Tower and Crown's \$2 billion casino tower under construction at Barangaroo, which was exempted from height limits and will reach 275 metres once completed.

The City of Sydney council estimates more than 90 per cent of the money raised from the levy, which has been endorsed by the Berejiklian government, will come from developments costing more than \$1 million.

The proposed changes to the council's infrastructure taxes are contained in its draft strategy for managing development in central Sydney, which councillors endorsed at a meeting last week.

But Liberal councillor **Craig Chung** said applying the levy would disproportionately impact small businesses, such as those spending money refitting their shop or restaurant. The existing levy is 1 per cent for developments costing \$200,000 or more.

"It really is a tax on small businesses," he said. "We know the effect of the lockout laws, we know the night-time economy is struggling. We've had light rail, coronavirus is having a huge impact on Sydney, and now we want to triple this levy. I don't think it's fair."

In an amendment voted down by the council's majority bloc, Cr Chung proposed a "sliding scale" where projects between \$250,000 and \$500,000 were levied 1 per cent of development costs, projects from \$500,000 to \$1 million gave 2 per cent and projects over \$1 million contributed 3 per cent.

Cr Chung estimated such a scheme would reap \$41.5 million per year – only slightly less than the \$43 million the council expected to amass under the proposed changes.



The deal struck with the NSW government will allow buildings higher than the 309-metre Sydney Tower to be built in clusters in some parts of the CBD. RYAN STUART

He said the council collected about \$14.5 million a year from developers under the current 1 per cent levy and the vast majority – about 91 per cent – was gleaned from \$1 million-plus projects.

But Labor councillor Linda Scott said developers needed to "pay their fair share" to ensure a "sustainable global city", and lowering the planned 3 per cent levy would reduce Sydney's liveability.

Last year, 185 applications for developments in the CBD cost \$1 million or more, ranging from office, retail and restaurant fitouts to multi-storey towers.

Property developer group Urban Taskforce said the levy would amount to millions of dollars for some developers constructing large buildings. But chief executive Tom Forrest said the release of details about the extent of the levy gave developers certainty, allowing them to factor it into the cost of construction.

"Broadly speaking, we welcome that certainty," he said.

The council's director of city planning, development and transport, Graham Jahn, said at a committee meeting this month the developer contributions had been used to fund infrastructure such as the \$220 million project to pave the public spaces along the George Street light rail corridor.

"These infrastructure contributions make meaningful differences towards the tourists, the community and the businesses that visit Sydney," he said.

Council papers show the levy is comparable with other centres in Sydney, such as Parramatta and Chatswood where a 3 per cent levy is imposed on developments costing more than \$250,000.

The City of Sydney [pushed to publicly exhibit its draft planning strategy](#) last March after the Department of Planning, Industry and Environment for years declined to endorse the plan.

But Planning Minister Rob Stokes gave in-principle support to the strategy in December, clearing the path for the council to prepare changes to the scheme before it was endorsed for public exhibition.



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