

Submission to the Greater Sydney Commission

Draft Central District Plan Submission

March 2017

Contents

The Property Council of Australia	4
Greater Sydney Commission's Draft District Plans	5
Plan for Growing Sydney, Towards Our Greater Sydney 2056 (Sydney 2056).....	6
The Draft Central District Plan	6
Property Council Overarching Recommendations	7
1. Productivity	11
1.1 The vital role of governance and implementation	11
1.1.2 'Giving effect' to the District Plans	11
1.1.3 Incentives and support.....	12
1.1.4 Finance.....	12
1.2 Employment and urban services land and freight	15
1.2.1 Emerging uses of employment and urban services land.....	15
1.2.2 Protection and expansion of employment and urban services land.....	17
1.2.3 Future growth	17
1.2.4 Freight and encouraging a 24-hour city.....	18
1.2.5 Clear actions for freight in the Central District	19
1.3 Centres.....	21
1.3.1 Port Botany Strategic Centre	23
1.3.2 Managing Port Botany	23
1.3.3 Health and Education Super Precincts	24
1.3.4 Expanding the Central District's Education and Health Super Precincts.....	24
1.3.5 Increasing dwellings in the Parramatta Road Corridor Transformation Strategy	24
2.0 Liveability.....	26
2.1 Housing supply	26
2.1.1 Housing targets	27
2.1.2 Metropolitan Rural Lands	28
2.1.3 Housing markets	28
2.1.4 A slow planning system	28
2.1.5 Housing Acceleration Fund	29

2.2 Housing Diversity.....	30
2.2.1 Code assessment.....	30
2.2.2 Housing diversity forms.....	30
2.3 Housing affordability.....	31
2.3.1 Affordable rental housing target	31
2.3.2 A question of viability	32
2.3.3 An alternative solution.....	33
3.0 Sustainability	34
3.1 Green and blue grid	35
3.2 Waste requirements.....	35

The Property Council of Australia

Who we are

Property is the nation's biggest industry – representing one-ninth of Australia's GDP and employing more than 1.1 million Australians. In NSW, the industry creates more than \$60 billion in flow on activity, generates around 300,000 jobs and provides around \$17 billion in wages to workers and their families.

Our members are the nation's major investors, owners, managers, and developers of properties of all asset classes. They create landmark projects, environments, and communities where people can live, work, shop and play.

The property industry shapes the future of our cities and has a deep long-term interest in seeing them prosper as productive and sustainable places.

A pillar of NSW

The property and construction industry also underpins the health and prosperity of the NSW economy. The industry:

- generates over 311,000 jobs – one in ten workers
- provides \$20.3 billion in wages to workers and their families
- pays \$9.8 billion in state taxes to the NSW Government - the state's single largest tax payer
- is levied an additional \$7.2 billion in local council rates and charges annually
- contributes \$54.5 billion directly to Gross State Product - 11.1 per cent of total GSP
- creates \$88.3 billion in flow on activity.

Greater Sydney Commission's Draft District Plans

The Property Council and its members welcome the opportunity to provide feedback on the six draft District Plans and the draft amendment to a *Plan for Growing Sydney, Towards Our Greater Sydney 2056 (Sydney 2056)*.

The plans are a significant step forward in providing a district based approach to supplement and extend a *Plan for Growing Sydney* and provide guidance for local strategic planning and Local Environment Plans (LEPs).

We recognise and support the importance of the review of the State Infrastructure Strategy (Infrastructure NSW) and development of a Future Transport Strategy (Transport for NSW). Infrastructure will play a key role in enabling land use plans to be implemented and encourage further housing supply and density.

The Property Council supports the following aspects of the draft Central District Plan

- The outline of new dwelling and employment targets to the District, Local Government, and Strategic Centre level (for employment targets).
- The commitment to implementing economic strategies at a city level to drive investment.
- The commitment to incorporate the Plans into LEPs.
- The commitment to provide more housing closer to jobs to achieve a 30-minute city and encourage diversity in housing through medium density code assessment approaches.
- The identification and commitment to the strong roles of Strategic Centres and further development of District Centres.
- The much-needed emphasis on the protection of employment and urban services land.
- The importance of encouraging hotel accommodation in developing tourism areas.
- The acknowledgement of the need to integrate land use and infrastructure investment, particularly in Priority Growth Areas.

The Property Council's members have a significant role to play in providing the investment, jobs, services, and homes needed for stronger communities and a world leading city cultivating new industries and jobs.

Our submission is focused on 40 key recommendations that can contribute to the achievement of the overarching priorities outlined in the District Plans.

To achieve the District Plan's outcomes in the short to medium term, and to work towards the development, social and economic outcomes wanted in the long term, approaches must provide fairness, transparency, and consistency.

Consequently, our recommendations are focused on these matters to ensure the key outcomes outlined in the District Plans can be achieved.

Plan for Growing Sydney, Towards Our Greater Sydney 2056 (Sydney 2056)

The Property Council broadly supports the *Towards Our Greater Sydney 2056, draft amendment to a Plan for Growing Sydney*. The concept of the metropolis of three cities is a useful model for conceptualising more equitable growth and investment across Sydney and encourages key priorities such as a 30-minute city with new Strategic Centres. Economic development strategies to guide growth in each of these cities are important to ensure growth is targeted and measurable. Key elements of *Sydney 2056* are addressed further in the Property Council's response to each of the District Plans.

The Draft Central District Plan

The Central District is the current economic driver of Sydney's growth and centre of employment, home to 37 per cent of Sydney's jobs and 45 per cent of its economic activity, this will continue over the next 20 years.

The Central District will grow its population by 325,000 more people by 2036 and further job growth will occur in start-up and fintech industries, health, and education super precincts in Randwick and Camperdown-Ultimo and the freight and transport centres of Sydney Airport and Port Botany.

Greater development in the Bays Precinct and the Central to Eveleigh corridor, as well as the Central Station redevelopment, provide the opportunity for more dwellings, the agglomeration of start-ups and new industries and smart density close to transport and jobs.

Property Council Overarching Recommendations

Productivity

Governance and implementation

1. That clear, publicly available, enforceable governance arrangements are put in place to ensure the implementation of the District Plans.
2. That the review of LEPs and their implementation is linked to funding for infrastructure and other services.
3. That an interim approach or similar guidance is provided to local councils on strategic planning decisions in the interim period between the formation of the District Plans and the implementation of LEPs to avoid the stalling of development.
4. Development capacity should be demonstrated in LEPs out to 2036 particularly for emerging Strategic and District Centres.
5. Infrastructure and land use strategies for Priority Growth Areas need to be prioritised and synchronised with a funding mechanism that provides a clear nexus between funding channels and infrastructure.
6. Institute a freeze on all existing state and local government taxes and charges that impact on the cost of bringing a dwelling to market and commit to a moratorium on any new taxes, charges and levies to undertake a review and rationalisation with the aim of a 20 per cent reduction in these costs by 2018.
7. Comprehensive guidance on value capture and other approaches to provide finance to infrastructure and other local services should be provided as a part of the District Plans.

Employment and urban services land and freight

8. That employment lands are assessed in the context of their contribution to the wider economy and are protected *and* expanded. Land use planning decisions need to allow for higher utilisation and expansion opportunities of employment and urban services land.
9. That guidance is provided to local councils in the intervening period between now and the conclusion of the Greater Sydney Commission's investigation into the value of employment and urban services land. This will guide the "precautionary zoning approach" and ensure land can be protected, but also expanded.

10. Cater for the land and operational requirements of industry by ensuring a variety of allotment sizes, including large allotment sizes, are provided for both traditional industrial and other employment uses (e.g. hardware stores, warehouse retail, etc.). Minimum allotment sizes for subdivision of industrial and employment lands should be imposed in certain locations across Sydney.
11. Implement a statutory mechanism to provide certainty on the timing and value of reimbursements for privately funded infrastructure. This will provide certainty for private sector investment, and encourage development of fragmented land.
12. Restrict small lot subdivision of vital industrial and employment lands to ensure long term economic viability of retention of employment zoning.
13. Consider economic incentives to encourage the establishment of employment generating uses on greenfield sites.
14. Tax incentives or tariff concessions for tech, medical or aeronautical companies should be used to encourage the development of these markets as a part of the Western Sydney Aerotropolis.
15. That a far more comprehensive approach to freight is incorporated into the plans to ensure Sydney can remain globally competitive and work towards being a 24-hour city.

Centres

16. In addition to the commercial core, that a custom, flexible approach is adopted to planning for emerging Strategic Centres that incorporates each centre's stage of development.
17. Specific actions need to be identified in the final District Plan to support Port Botany and deliver an efficient freight supply chain.
18. Clear policy priorities and actions are required to ensure local councils know what they need to consider and plan for at a local level with regards to major infrastructure and employment lands.
19. Increase density around new stations and transport corridors to assist in achieving increased housing and a 30-minute city.

20. Once the NSW Government's transport strategy is released, update housing and job targets to reflect the increased density and commercial opportunities.
21. The health and education super precincts be expanded to take in aged care facilities and urban and employment services land.
22. Increasing dwelling numbers in the Parramatta Road Corridor Transformation Strategy.
23. Support Sydney's trade gateways and facilitate the efficient movement of goods.

Liveability

Housing supply and affordability

24. Ensure the five to 10 per cent targets for affordable housing in the draft District Plans are incentives rather than disincentives to increasing supply by ensuring they operate as an FSR and height bonus and not based on currently 'under-zoned' land.
25. The GSC should confirm with Councils and the Department of Planning the timing for implementation of the affordable rental target. The current uncertainty created by this consideration within the Draft Instrument is delaying the current supply of housing to the market
26. Exempt any affordable housing, as defined by the National Rental Affordability Scheme, developed as a consequence of the District Plans from any additional local government contributions.
27. That code assessment be extended to incorporate a greater number of building types including apartments.
28. Set out dwelling targets for major urban renewal centres in the same way job targets have been provided for Strategic Centres.
29. Establish a mechanism to 'reward' councils that are able to demonstrate they have turbo-charged housing supply by either exceeding dwelling targets or by delivering those dwellings in a shorter timeframe than that required.
30. That new growth areas for new housing supply are outlined from 5 - 10 years and 10 – 20 years to provide the community and industry with certainty.

31. The availability of housing supply post five-year housing targets in LEPs needs to be prioritized. This must include spatial mapping, planning reforms and an easily accessible database of how much zoned land is in existence across Sydney. This will provide the community with certainty that the proposed zoned land will result in new homes available to the market.
32. That the NSW State Government create a housing infrastructure fund to fund better strategic planning and infrastructure for greenfield sites so that there is a better integration between land use and infrastructure.

Metropolitan rural lands

33. Guidance should be provided to councils where low value, unviable or vacant land adjoins the urban edge, and its potential for a residential use. In these instances, this land can be used to alleviate housing undersupply without increasing the infrastructure burden on local or state governments.

Sustainability

34. That the Green Grid and Blue Grid are instituted with clear guidance on funding mechanisms so that local, state and private obligations are clear and costs are not passed on to local development.
35. The GSC should only give effect to the sustainability principles and policies already in place and not add another layer of policy and/or regulation.
36. That the Government consider re-purposing existing Government and Council owned land to bring about its vision for waste facilities. Incentivising current industrial land owners to repurpose their land will be needed as waste facilities (even if not landfill) are never going to be the highest and best use.

1. Productivity

1.1 The vital role of governance and implementation

An effective governance structure to ensure that the draft District Plan's ambition can be transferred into practical outcomes is vital. Metropolitan Sydney has had a long line of strategic planning documents that have contained viable ideas for future growth, yet all have lacked governance structures to provide practical outcomes. For the District Plans to break this trend, a governance structure and implementation plan must be incorporated in to the district plan documents. Current implementation initiatives are to be welcomed:

- *Action IM2 Develop a framework to monitor growth and change in Greater Sydney.*
- *Action IM3 Develop an interactive information hub – the Greater Sydney Dashboard.*
- *Action IM4: Report on local planning.*

However, there is not a comprehensive governance structure outlined in the draft District Plans. The regulatory and statutory powers provided under the EP&A Act and other guidelines to ensure local planning authorities give effect to the District Plans through their Local Environment Plans (LEPs) and strategic plans must be enforced.

1.1.2 'Giving effect' to the District Plans

LEPs must be updated every five years to account for the rapid growth and changing population demographics in each Local Government Area (LGA) which means they should be updated five times over the life of the current District Plans. Currently, LEPs are not being updated as they should be.

Local Environment Plans can be in place for much longer and fail to consider the growing need for housing, jobs, services, and investment and this stunts growth. Increasingly it is falling to the property industry to provide leadership on the best use of land, particularly through spot rezoning.

The Greater Sydney Commission's role in ensuring the outcomes of the District Plans can be achieved is an opportunity to provide clearer, stronger governance to local strategic planning.

LEPs should contain mapping and development capacity out to 2036 to provide the industry and the community with a realistic outlook. Development capacity should consider constraints such as heritage, current zoning, site amalgamation, fragmented ownership, existing strata titled buildings and the Urban Feasibility Model.

Mapping will provide a realistic picture of the capacity to reach housing and job targets in the long term and provide for accurate reporting on local planning for the Greater Sydney Commission. This also assists in communicating the vision of the District Plans and what can be achieved under the current system to the community, the people who will be most affected by new development, transport corridors and population increases.

Progress reports on local planning should be available on the Greater Sydney Commission's website in addition to the interactive information hub. Clear standardised metrics, timeframes, and desired outcomes (in addition to housing and job targets) must be outlined so that local communities, industry, and businesses can objectively assess their local government's performance.

There will also be a considerable interim period between the drafting of the District Plans, new councils being elected, and new LEPs being formed. Without clear guidance during this period, development could stall, undermining housing targets and other objectives. There needs to be an interim process in place that provides clear guidance to councils, industry and the community on local planning decisions in this interim period.

1.1.3 Incentives and support

Linked to the consistent measurement of performance should be incentives, support, and consequences for poor performance for local planning authorities. Good strategic planning performance and outcomes should be linked with financial incentives including funding for local infrastructure and capacity funding. Poor performance must also be addressed.

Under section 53A of the *Environmental and Planning and Assessment Act 1979*, The GSC may make LEPs for local areas in the Greater Sydney Region. This is an important mechanism to support LEP reviews and implementation. Should local councils fail to update LEPs and give effect to the District Plans, the GSC can step in to ensure strategic outcomes can be achieved and local development can continue.

Supporting councils is also critical to ensure LEPs can be updated to give effect to the District Plans. The draft District Plans assign a myriad of actions to local councils. In many cases, councils do not have the capacity, resources, or expertise to successfully implement these actions including writing and implementing strategic plans and housing strategies. Funding or resource support in the form of a fund implemented by the GSC must be provided to local councils so that strategic priorities can be achieved. In later stages of this submission, The Property Council proposes a Housing Infrastructure Fund to fund infrastructure, strategic planning, and capacity building.

1.1.4 Finance

It is disappointing that the District Plans provide no leadership on the question of infrastructure financing or value capture models. The transparent, consistent, and fair financing of infrastructure is integral to the successful implementation of the District Plans and LEPs.

The term 'value capture' has come to encapsulate a plethora of different taxes and infrastructure charges.

Any model of value capture must be designed within the context of the already extensive federal, state and local taxes that are linked to property values and unimproved land values, including capital gains tax, stamp duty, council rates and company tax on developer profits. Similarly, any model must consider development specific charges such as Special Infrastructure Contributions, Section 94 payments, VPA Conditions that exceed Section 94 plans, and new levies being introduced disparately by individual councils. These charges should not endlessly proliferate and any value capture scheme should subsume all of these approaches and provide one, consistent, cost.

It is also important that financial barriers to development are examined in any approach to achieving any of the priorities outlined in the District Plans. Development levies vary across the Sydney metropolitan area. Their accumulated impact on projects undermines the viability of developments and can jeopardise key outcomes such as housing supply, job creation and commercial investment.

Levies such as the 'compliance levy', a 0.25 per cent levy on the capital value of development instituted by a council in the South West, without a specific justification, is a prime example of a levy that adds to the cost of development and unnecessarily undermines local investment

Some current examples of value capture are:

- Additional taxes designed to capture the potential uplift in value due to infrastructure investment. These taxes are however based on estimated uplift and as such, lack accuracy. There is also no clear nexus between tax and infrastructure delivery
- A one-off surcharge placed on commercial property and their tenants in a defined area to pay for infrastructure investment. These surcharges rarely consider the myriad of other charges placed on the property owner and are arbitrary in their application
- Charges linked to land use or planning decisions that suppress planning controls and ignore the most efficient use of land
- Tax increment financing, that is used widely in the US, is a bond based approach.

Below is a list of principles that should inform any model of value capture that may be considered:

- The policy objectives of any value capture mechanism and the degree to which it can be achieved on a given project
- The integration of any new model with the existing infrastructure charges and property tax regime
- A clear understanding of the different costs incurred through the development cycle

- The effects of any value capture mechanism on property investment and development
- The implications for efficient and effective land use
- consider that rezoning is required to facilitate feasible development outcomes and as existing planning controls are out of date, delays add to overall cost
- A clear nexus between the charge and infrastructure delivery
- The correct point of payment in the development cycle
- A clear definition and agreement on the notion of “public benefit”. Property development already provides public benefit through employment and housing.

Property Council Recommendations

- That clear, publicly available, enforceable governance arrangements are put in place to ensure the implementation of the District Plans.
- That the review of LEPs and their implementation is linked to funding for infrastructure and other services.
- That an interim approach or similar guidance is provided to local councils on strategic planning decisions in the interim period between the formation of the District Plans and the implementation of LEPs to avoid the stalling of development.
- Development capacity should be demonstrated in LEPs out to 2036 particularly for emerging Strategic and District Centres.
- Infrastructure and land use strategies for priority growth areas need to be prioritised and synchronised with a funding mechanism that provides a clear nexus between funding channels and infrastructure.
- Institute a freeze on all existing state and local government taxes and charges that impact on the cost of bringing a dwelling to market and commit to a moratorium on any new taxes, charges and levies to undertake a review and rationalisation with the aim of a 20 per cent reduction in these costs by 2018.
- Comprehensive guidance on value capture and other approaches to provide finance to infrastructure and other local services should be provided as a part of the District Plans.

1.2 Employment and urban services land and freight

Industrial Lands, or employment and urban services land are important to the economic and social future of Sydney. The recognition of this by the GSC is welcomed by the Property Council.

Increasingly, important employment and urban services land is being endangered due to the expansion of residential and commercial zoned land, particularly around key transport gateways, Port Botany and Kingsford Smith Airport and the untempered expansion of non-industrial businesses and services within industrial zoning.

Strategically important employment and urban services that makes sustainable employment and economic contributions to the NSW economy land must be protected to ensure land is still available to meet the operational and business needs of industry including the affordability of these lands. Large lots which are well serviced and have heavy vehicle access are integral to the economic future of Sydney. The precautionary zoning approach for this land is welcomed.

In other parts of Sydney, particularly the inner west, industrial land has lost its value as industrially zoned land and more flexible zoning approaches should be considered for this land.

The precautionary approach does not clearly acknowledge that there are areas zoned for industrial use which may be no longer suitable for predominantly employment uses and can reasonably be considered for alternative uses which may meet other key priorities.

The Property Council and its members looks forward to engaging with The Greater Sydney Commission further on the process for assessing the value of employment and urban services land.

Any employment and urban services land needs to be assessed within the context of its contribution to an economic supply chain and the additional benefits, including employment, that flow to the community from this process.

1.2.1 Emerging uses of employment and urban services land

Industrial land has developed to accommodate a wider range of uses and services and in some circumstances this should be cautiously welcomed.

There are local markets where the rezoning of industrial land should be more flexible to accommodate other businesses and services as the value of the land has diminished under its current industrial zoning. A more flexible approach to zoning in some parts of Sydney could be accommodated and this could be reflected in a custom approach to industrial land for each "city" outlined in *Sydney 2056* with consideration given to the wider metropolitan Sydney market.

There are still many areas where large blocks and transport routes need to be protected and additional services encroaching on these sites will affect the viability of development particularly in Sydney's west and south west and around key freight and transport hubs.

What is important is for the District Plans to provide direction on which industrial based lands are strategically critical and which should have flexibility built into their zoning or should be re-zoned. The Property Council will provide a separate paper on this approach.

The standard LEP industrial land zoning facilitates urbanisation of employment lands. Garden centres, hardware and building supplies, and neighbourhood shops are permitted in all industrial zones except Heavy Industry (IN3). In many circumstances, this approach undermines the viability of certain types of industrial development both from an affordability perspective as well as from the perspective of land size availability (i.e. appropriately sized lots cannot be found). The planning system needs to ensure larger parcels of land are available in business land use zones to accommodate larger scale retail developments (e.g. hardware stores, warehouse retail and bulky goods developments) to minimise the risk of planning authorities rezoning industrial lands for such uses.

While a 'precautionary approach' to rezoning has been suggested in the draft District Plans to address this very issue, there is no guidance as to what this process may entail. The District Plans have also stated that the GSC will move away from the Industrial Lands Checklist leading to a range of approaches across metropolitan Sydney and uncertainty for the industry, potentially halting development.

To guide this approach to 'precautionary zoning' an interim guide for local planning authorities should be instituted that will both protect critical land, yet also provide flexibility in zoning approaches to land that has lost its value under its current zoning.

The compatibility of surrounding non-industrial land uses in proximity to industrial land must also be more extensively assessed. Traffic generating jobs and higher density housing should be discouraged in proximity to critically important industrial lands as they have the potential to reduce the efficiency and productivity of the industrial lands through light vehicle traffic congestion on the road network and noise and air quality requirements.

Of note in the Central District plan is the District Centre of Eastgardens/Maroubra. The proximity of this District Centre to Port Botany means any densification or further development must be undertaken with caution to ensure it does not impinge on Port Botany's ability to cater for the State's freight trade needs.

1.2.2 Protection and expansion of employment and urban services land

In the short to medium term, critically important employment and urban services land should be protected, *and* expanded and this should be reflected in the terminology adopted across all District Plans.

The Employment Lands Development Program 2015 Report provided key information on the state of industrial land supply and major business parks in Sydney. It reported that, depending on the rate of take-up, there is 1.5 to 5.6 years of supply of undeveloped and appropriately zoned employment land in Sydney that is serviced (water and sewer lead-in services). On an “average” to “high” take-up, there is 1.5 to 2.8 years of supply. This is well short of the supply standard of 5 to 7 years.

The shortage of serviced industrial land for major industrial businesses (20Ha plus) in Western Sydney is forcing business to other Australian states where developable land is readily available and cheaper.

The provision of infrastructure that facilitates the effective use of employment lands is of critical importance to ensuring viable land supply. The variable imposition of State Infrastructure Contributions has created a lack of consistency and transparency as to how to fund key State-level infrastructure to service employment lands, and who appropriately bears the cost of this infrastructure. This has resulted in slow infrastructure delivery and the developer taking the full burden of infrastructure funding and delivery so that a development can proceed.

The priority should be the state government, local government, and other government agencies (Sydney Water) providing suitable infrastructure to these sites should they expect development to occur on greenfield sites and the related economic benefits to flow to surrounding areas. In lieu of appropriate action from the local planning authority, incentives for developers to provide infrastructure or a statutory mechanism to ensure the developer is reimbursed for any infrastructure provided should be considered as a part of the District Plans to ensure development is not delayed due to a lack of local infrastructure.

1.2.3 Future growth

The colocation of industrial land with universities, research facilities, hospitals and residential development in the future is something to be embraced in the long term to encourage new investment and the creation of new jobs.

Currently, the vision for these future developments, and the Aerotropolis for the land surrounding Western Sydney Airport (WSA), is one that encapsulates a future market. The property industry services current markets and will service future markets once they begin to develop. To bridge this divide and ensure faster growth, future markets need to be

facilitated on the land around WSA. Tax incentives or tariff concessions for tech, medical or aeronautical companies should be used to encourage the development of these markets. These economic incentives will then encourage land development and the economic benefits this brings.

Delivering a sustainable city requires planning authorities to be clear about the priority land uses and activities in a precinct/locality and the region; therefore, land use compatibility must be considered in order to deliver a liveable, productive and sustainable city. Environmental policies and requirements, particularly on industrial land, will also need to be considered to make the concept of sustainable and productive use of land a reality as land uses located adjacent to key industrial and freight activities can restrict productivity. To ensure development occurs in the short to medium term, so that growth and investment from new industries can occur in the long term, the current challenges, and barriers to development of employment land must also be addressed.

These include:

- A revision of the barriers the NSW environmental assessment, requirements, and policy framework places on the operation of industrial based industries and the affect encroaching residential development has on hours of operation and noise pollution
- Identifying and protecting corridors for rail, roads, and fuel lines
- Strategically planning for intermodal terminals
- Sequential upgrades to existing roads and connection points to cater for future traffic and freight demand
- A plan for sequential land release and rezoning including the provision of trunk services to service land in advance of the operative Western Sydney Airport facility (in coordination with planning of infrastructure for the airport).

1.2.4 Freight and encouraging a 24-hour city

The importance of corridors that facilitate the efficient transport of freight is identified in the draft District Plans however, there are insufficient actions to facilitate “the efficient movement of goods and services across metropolitan Sydney.”

Firstly, all District Plans need to be consistent in their terminology for freight. Currently, the draft District Plans propose to *manage* freight or *coordinate* freight activities however, only some of the plans include specific productivity priority actions. All district plans need to *facilitate the efficient movement of freight to, from and within their District*.

Although local councils are required to give effect to the District Plans through their LEPs, freight and its efficient movement across Sydney should be managed at a state and national level. It should not be left to local councils to determine how freight should be managed in their LGA. The District Plans must provide clear direction and actions to local councils on how to plan and facilitate the movement of goods through Sydney and the State.

The main impediment to better freight operations is that planning often does not consider the medium to long term operational activities that could occur on that piece of land under the land use zone. Residents and sensitive uses are moved closer to industrial uses without a comprehensive understanding of the NSW environmental assessment requirements and policy framework. This approach jeopardises future growth of industrial land and the expansion of freight transport corridors. The District Plans must consider these factors when considering increased development or growth near key freight corridors and employment lands.

In their draft form, the District Plans also fail to recognise that Sydney needs to become a 24 hour, seven-day-a-week city to compete globally. This is a crucial aspect that must be addressed in the final version of the plans through additional actions and planning priorities, if job targets and increased development in Sydney's West and South West is to be achieved. In short, the District Plans cannot be considered complete, nor LEPs considered fit for the future, without key actions outlined to provide for Sydney as a 24 hour, seven-day-a-week city.

1.2.5 Clear actions for freight in the Central District

No actions have been identified to facilitate trade through Port Botany nor move goods efficiently through the Central District. None of the productivity actions or outcomes address the vision of "Transport networks will support the efficient movement of goods and services into and across the District". The following Productivity Priority Action should be included (as drafted in the South West District Plan):

- Identify and plan for efficient movement of freight to, from and within the District, with least impact on residents' amenity.

Property Council Recommendations

- That employment lands are assessed in the context of their contribution to the wider economy and are protected *and* expanded. Land use planning decisions need to allow for higher utilisation and expansion opportunities of employment and urban services land.
- That guidance is provided to local councils in the intervening period between now and the conclusion of the Greater Sydney Commission's investigation into

the value of employment and urban services land. This will guide the “precautionary zoning approach” and ensure land can be protected, but also expanded.

- Cater for the land and operational requirements of industry by ensuring a variety of allotment sizes, including large allotment sizes, are provided for both traditional industrial and other employment uses (e.g. hardware stores, warehouse retail, etc.). Minimum allotment sizes for subdivision of industrial and employment lands should be imposed in certain locations across Sydney.
- Implement a statutory mechanism to provide certainty on the timing and value of reimbursements for privately funded infrastructure. This will provide certainty for private sector investment, and encourage development of fragmented land.
- Restrict small lot subdivision of vital industrial and employment lands to ensure long term economic viability of retention of employment zoning.
- Consider economic incentives to encourage the establishment of employment generating uses on greenfield sites.
- Tax incentives or tariff concessions for tech, medical or aeronautical companies should be used to encourage the development of these markets as a part of the Western Sydney Aerotropolis.
- That a far more comprehensive approach to freight is incorporated into the plans to ensure Sydney can remain globally competitive and work towards being a 24-hour city.

1.3 Centres

District job targets as percentage of total jobs

	2016 jobs	Baseline target 2036	% increase	% of metro total 2016	% of metro total 2036
Central	658,900	867,000	32	51	50
North	243,600	298,000	22	19	17
South	68,700	88,000	28	5	5
South West	68,200	119,000	75	5	7
West	54,700	69,000	26	4	4
West Central	193,200	306,000	58	15	18
Total	1,287,300	1,747,000	36		

Central District Centre job targets

District	Centre	Centre type	2016 Jobs	% of district total jobs	2036 base estimate	No of Jobs Increase	% increase 16 to 36	% of district total jobs 2036	2036 higher estimate
Central	Central Sydney	Strategic	496,900	75	662,000	165,100	33	76	732,000
	Sydney Airport	Strategic	18,100	3	22,000	3,900	22	3	24,500
	Green Square-Mascot	Strategic	59,500	9	75,000	15,500	26	9	80,000
	Randwick Health & Education	Strategic	22,800	3	32,000	9,200	40	4	35,500
	Port Botany	Strategic	14,900	2	17,000	2,100	14	2	18,500
	Rhodes	Strategic	15,700	2	22,000	6,300	40	3	25,500
	Bondi Junction	District	13,800	2	17,000	3,200	23	2	20,500
	Burwood	District	10,300	2	12,000	1,700	17	1	14,000
	Eastgardens/ Maroubra Junction	District	6,900	1	8,000	1,100	16	1	9,000
Total			658,900		867,000	208,100			959,500

The division of centres into Strategic, District and Local Centres based on current economic investment and output and potential growth provides a logical structure to future development and guides investment. Dividing the 28 Strategic Centres outlined in a *Plan for Growing Sydney* into Strategic and District Centres is a more nuanced approach to potential future growth, but one that must not restrict future investment that at this stage is not projected or predicted in the District Plans.

Strategic Centres provide an opportunity to promote density, investment and a 30-minute city in the long term. Job targets for these centres are an important aspect to the draft District Plans to measure growth and investment.

It is noted that B3 commercial cores are made a planning priority across Strategic Centres. This approach is important to protect the commercial core of centres.

A blanket approach to the planning of *all* centres without variable zoning approaches to address the unique demographics and stage of development of each centre could be detrimental to the economic development of new centres and jeopardise the achievement of job targets.

Additional spatial planning must occur, whether at the local planning stage or facilitated through the Greater Sydney Commission, to ensure the future use of land in and surrounding Strategic Centres is the best possible use of land to promote an afterhours economy and vibrant centre and ensure long term commercial viability.

Incorporating mixed use into the zoned use of land where appropriate will encourage investment in emerging Strategic Centres as the lure of more established centres, located on the North Shore, Sydney's CBD, and Parramatta, continue to attract commercial investment. This approach will also ensure that the supply of commercial floor space, across multiple centres particularly in the west, does not over-supply a market of weaker demand in these emerging markets jeopardising investment and growth.

It is also noted that the Central West District Plan contains specific planning priorities in Strategic Centres for planning authorities to reflect in their LEPs, whereas this is not the case in other districts.

To promote strategic growth and investment, the Property Council recommends that planning priorities instructing local planning authorities for Strategic Centres and District Centres across Sydney be included in the final version of the District Plans. This approach will guide growth and the drafting of LEPs but also avoid a 'blinkered' approach to planning for these centres where commercial investment is only encouraged in Strategic Centres and retail in District Centres.

Employment growth is also sluggish in both the North and South District over the next 20 years. The proportion of total jobs will drop by two per cent in the North District and remain stagnant in the South at five per cent. While future growth is concentrated in the Central, West Central, and South West districts, stagnating, or dropping growth should be a cause for concern and additional investment opportunities should be encouraged through the economic development strategies planned for the three cities outlined in amendment to *Plan for Growing Sydney*. The established office markets in the North and new investment in transport via the North-West metro should provide the opportunity for additional commercial investment.

There is also some disparity in the classification of Local and District Centres. Centres such as Epping and Schofields are on the same level as centres with less public transport and rail connections such as Emerton. Such disparity in the current approach may require an additional classification of centre or a re-examination of the metrics used to classify a centre.

1.3.1 Port Botany Strategic Centre

The draft Central District Plan has acknowledged the importance of Port Botany as well as freight and logistics activities within the Central District which is consistent with *A Plan for Growing Sydney*.

The Plan has not clearly outlined the actions which must be undertaken to achieve the priorities for Port Botany. Similarly, the draft Plan has identified the economic importance of freight however, no priorities or planning related actions have been identified to support and facilitate the efficient movement of freight.

The port and freight supply chain will not sustainably support the growing freight demands of NSW if the infrastructure and employment lands that support it continue to be restricted from realising their optimal capacity. The continued imposition of planning constraints on the operational and efficient use of freight-related infrastructure and employment lands will impact on the future attractiveness of NSW as a place to do business, adding costs to consumers and businesses through congestion and inefficiencies. Specific actions need to be identified in the final Plan to support Port Botany and deliver an efficient freight supply chain.

These are not matters that can be passed on to local councils to resolve or manage. Clear policy priorities and actions are required to ensure local councils know what they need to consider and plan for at a local level with regards to major infrastructure and employment lands.

1.3.2 Managing Port Botany

Adopting the terminology "Managing Port Botany" does not acknowledge the vital role increased trade growth has on job growth and meeting the demands of a growing

population. The draft Plan “supports” the growth of innovation and creative industries, health and education precincts and international tourism. Therefore, the priority should be amended as follows:

Supporting Sydney’s trade gateways and facilitating the efficient movement of goods.

1.3.3 Health and Education Super Precincts

The Property Council welcomes the concept of health and education super precincts as a platform for encouraging further jobs in education, research, tech, and medical sectors. We believe that the precincts can be expanded to also provide aged care and retirement villages, employment and urban services land and student accommodation. This approach will encourage additional investment in these precincts and provide services for the precinct population.

1.3.4 Expanding the Central District’s Education and Health Super Precincts

Both the Randwick and Camperdown/Ultimo health and education super precincts provide the opportunity to incorporate a greater number of land uses. Student accommodation and the provision of aged care and retirement villages within the same precincts can assist place making and vibrancy outside of business hours.

Retirement villages and aged care are particularly important given the ageing population of the Central District. The greatest proportional growth is forecast in the 85 plus age group, which is expected to increase by 102 per cent from 2016 to 2036. Total growth of people over 65 will account for around 28 per cent of the District’s total population growth. It’s imperative that suitable housing is provided to this demographic.

1.3.5 Increasing dwellings in the Parramatta Road Corridor Transformation Strategy

UrbanGrowth’s Parramatta Road Corridor Transformation Strategy is a welcome, focused approach to an important transport gateway. The reduction in the number of dwellings that will be built in the corridor, down from 40,000 in the draft strategy to 27,000 in the final strategy, is a concern. In a State where housing supply is a major policy priority and where strategic planning documents such as the District Plans prioritise it, the reduction is illogical.

Additional density should be implemented along Parramatta Road through each Council’s LEPs to promote a 30-minute city and meeting priority *3.7 Improving 30-minute access to jobs and services* in the Central District Plan. Through development mapping for each LGA and ascertaining what the dwelling capacity under current zoning is, we can form a more realistic picture of the number of dwellings that can currently be developed along the corridor and whether this is enough to meet the demands of growth.

Property Council Recommendations

- In addition to the commercial core, that a custom, flexible approach is adopted to planning for emerging Strategic Centres that incorporates each centre's stage of development.
- Specific actions need to be identified in the final District Plan to support Port Botany and deliver an efficient freight supply chain.
- Clear policy priorities and actions are required to ensure local councils know what they need to consider and plan for at a local level with regards to major infrastructure and employment lands.
- Increase density around new stations and transport corridors to assist in achieving increased housing and a 30-minute city.
- Once the NSW Government's transport strategy is released, update housing and job targets to reflect the increased density and commercial opportunities.
- The health and education super precincts be expanded to take in aged care facilities and urban and employment services land.
- Increasing dwelling numbers in the Parramatta Road Corridor Transformation Strategy.
- Support Sydney's trade gateways and facilitate the efficient movement of goods.

2.0 Liveability

5-year housing targets by district as a % of total metropolitan area

District	5 Year total	% of 5-year metro target
Central District Total	46,550	25
North District Total	25,950	14
South District Total	23,250	12
South West District Total	31,450	17
West District Total	8,400	4
West Central Total	53,500	28
Total	189,100	

20 year targets by district as a % of total metropolitan area

District	20-year total	% of 20 -year metro target
Central District Total	157,500	22
North District Total	97,000	13
South District Total	83,500	12
South West District Total	143,000	20
West District Total	41,500	6
West Central Total	202,500	28
Total	725,000	

Central District LGA housing targets

District	LGA	5-year housing target	Yearly number	% of District Total
Central	Bayside	10,150	2,030	22
	Burwood	2,600	520	6
	Canada Bay	2150	430	5
	Inner West	5,900	1,180	13
	Randwick	2,250	450	5
	Strathfield	3,650	730	8
	Sydney	18,300	3,660	39
	Waverley	1,250	250	3
	Woollahra	300	60	0.06
Central Total		46,550	9,310	

2.1 Housing supply

The Department of Planning and Environment estimates that Greater Sydney needs at least 725,000 additional dwellings over the next 20 years (medium estimate). It is more than likely Sydney will require more than 725,000 dwellings on top of a current deficit of 100,000 dwellings.

A *Plan for Growing Sydney* set out to 'accelerate housing supply and local housing choice' Specifically, Action 2.1.1 requires the establishment of five-year local housing targets that maximise the opportunities to grow housing supply. This action has been extended in the District Plans through the inclusion of housing targets and local housing strategies.

2.1.1 Housing targets

The District Plan's contain five-year housing targets by LGA and 20 year targets by District that are welcomed by the Property Council provided they are enforced, monitored and realistic, based on consistent metrics and local governments are supported to reach the targets.

There is currently however, no outline in the District Plans of how these targets were formed, raising the concern that they may be unrealistic or unattainable under current market and regulatory conditions.

To reduce the guess work, future housing capacity in 5 - 10 years and 10 - 20 years must be identified and planned for now. The Property Council believes that 20 year targets need to be set for LGAs in new housing strategies as soon as possible.

To facilitate this process, development capacity mapping is required to provide the community and industry a realistic picture of capacity and should be included in local housing strategies. These longer-term targets should then be included in LEPs and reassessed regularly to account for demographic changes, transport and infrastructure investment that provides the opportunity for additional density and equity of development across districts.

The key to reaching any housing targets is unlocking land for housing supply.

The implementation of increased density around key existing and future infrastructure such as Parramatta light rail, Sydenham to Bankstown rail line including Campsie, Lakemba, Canterbury and Belmore, Anzac Parade, Parramatta Road redevelopment, Blacktown to Richmond line and health and education super precincts including the North Shore Hospital as well as new station precincts is a critical aspect of increasing housing supply. Increased density around these major infrastructure projects also encourages a 30-minute city, fewer cars on the road and the ability to access alternative financing such as tax increment financing.

Once the NSW Government's transport strategy is released, job and housing targets and potential land use for additional density should be re-assessed. LEPs should then be updated to reflect this change.

Housing strategies that are thorough and realistic are crucial to guiding housing growth and reaching targets. Currently, a lack of strategic planning at a local level is undermining suitably zoned land for residential development stunting additional supply.

Research conducted by the Property Council in 2016 across 14 councils in the Central and South West district found that our planning system risks a dysfunctional dependence on developer-led rezonings. Sixty-four per cent of the residential related LEP amendments were put forward by the private sector – with private proponents preparing 81 per cent of LEP amendments to create greater than 100 dwellings.

Incorporating enforceable 20 year targets based on realistic capacity into LEPs provides a foundation for providing certainty to industry by unlocking land and ensuring any potential supply gaps are identified.

It is also important that certain districts or LGAs not shoulder more of the future development load than what is warranted. We can see that while the North District will continue strong population growth to over one million people over the next twenty years, its percentage of total metropolitan jobs drops two per cent and it only provides 14 per cent of the total dwellings in the five-year targets and 13 per cent of the 20 year targets. Given the established commercial office markets, transport investment and North Shore Hospital, these targets should be increased.

2.1.2 Metropolitan Rural Lands

The Metropolitan Rural Lands policy continues to protect high value animal, horticultural or mineral processing, which is supported. However, guidance should be provided to councils where low value, unviable or vacant land adjoins the urban edge, and its potential for a residential use. In these instances, this land can be used to alleviate housing undersupply without increasing the infrastructure burden on local or state governments.

2.1.3 Housing markets

The creation of 18 housing markets across Sydney in conjunction with housing targets set by LGAs infers a collaborative approach is preferred by the Greater Sydney Commission in working towards increased housing supply. While it is important that an LGA specific housing approach considers the district approach and supply in neighbouring LGAs, a mechanism must be in place to facilitate collaboration between councils to guide this process. Funding should be provided, potentially through the Housing Acceleration Fund.

2.1.4 A slow planning system

The slow pace of the planning system must also be addressed if we are to work towards achieving the housing targets outlined in the District Plans. The time between project approval and commencement is often two to three years and can be up to five to ten

years. This means that unless projects are already underway, five-year housing targets outlined in the District Plans could become seven to eight year housing targets.

Sydney needs to build at least 36,000 houses a year and we know that many dwellings that are approved are not completed due to the burdensome investment of time and cost in the planning system. We also know that in some renewal areas and transport corridors, land is not being unlocked for investment as proponents seek an anticipatory uplift in land value due to potential infrastructure investment. This will have a direct effect on achieving both liveability and productivity priorities.

A slow planning system undermines any affordable housing target. Should the inclusion of the target be judged viable in one year, once the development is approved two to three years later market conditions and the related value of that investment may render it no longer viable, undermining supply.

A recent UK government white paper on housing, *Fixing our Broken Housing Market*, has proposed a mechanism that a presumption in favour of sustainable development will automatically apply where delivery of housing falls below 25 per cent of a Local Planning Authority's housing requirement, placing additional emphasis on the need for planning permission to be granted unless there are strong reasons not to.

This target increases to 45 per cent and to 65 per cent in subsequent years. This approach puts the emphasis on local government to meet housing targets and provide homes for their communities reducing the time a development is caught in the planning system.

2.1.5 Housing Acceleration Fund

To fund essential infrastructure to new greenfield development, assist in collaborative approaches towards greater housing supply, and assist councils to fund strategic planning expertise and work towards the strategic aims outlined in the District Plans, the State Government should boost the Housing Acceleration Fund by \$500m. A larger fund is needed to assist the implementation of the District Plans and provide Local Governments with support to accommodate the growth needed.

Councils should be able to apply for funding through a competitive process with funding provided where there is the greatest potential housing outcome or strategic planning need. This would ensure that housing and infrastructure is integrated by guaranteeing funding for infrastructure and strategic planning at a local level receives up front funding.

2.2 Housing Diversity

2.2.1 Code assessment

Goal 2 of *A Plan for Growing Sydney* is for a city of housing choice, with homes that meet our needs and lifestyles. This is reflected in the draft District Plans through planning priorities that address housing diversity that is relevant to the needs of the existing and future local housing market.

The Property Council supports a medium density housing code, outlined in The Department of Planning and Environment's *Draft Medium Density Design Guide*, as a way of contributing to a faster supply of diverse housing stock. This code should be finalised and implemented via a new SEPP and an associated state-government prepared development control plan (DCP) that would exclude local DCPs from applying to the extent of any inconsistency.

The responsibility for the implementation of the housing code must not rest with councils as is outlined in the District Plans. Some councils were vocal in their opposition to the code during its exhibition and subsequently cannot be expected to fully implement it, jeopardising its effectiveness.

The medium density housing code provides a mechanism to streamline a slow planning system. The District Plans outline the barrier of the planning system and to housing most succinctly;

"Furthermore, given the timeframes associated with bringing new capacity and in turn delivering supply to the market, our research indicates that the planning system will need to continue to identify areas to create additional capacity to sustain these outcomes (housing supply) going forward."

To further address this problem, fast tracked code assessment should be extended to incorporate apartments, including high rise and mixed use development, in addition to medium density development as has been the case in other Australian jurisdictions. This could be achieved via a new SEPP and an associated state-government prepared development control plan (DCP) that would exclude local DCPs from applying to the extent of any inconsistency. This will provide the opportunity to build efficient, well designed apartments near transport corridors and key centres more quickly.

2.2.2 Housing diversity forms

The District Plans call for an increase in housing diversity, however they do not establish how innovative new housing types and sizes can be implemented. Western Australia, Victoria and Queensland all enable more progressive land and built form outcomes that deliver more affordable housing. The Greater Sydney Commission could take a leadership position to implement new housing types across Sydney and overcome existing barriers

caused by Councils who have implemented specific planning considerations that impede the delivery of housing supply. For example, certain Councils require rear-lanes within town home developments to be certified by the RMS as shareways, however RMS consider shareways to be pedestrian/vehicular zones (such as malls), effectively blocking this style of housing within that LGA.

2.3 Housing affordability

Housing affordability is a growing crisis in NSW and particularly in Sydney. To address the problem a greater number of dwellings need to be built each year. Better strategic planning from councils that unlocks land, encouraging density around train stations and transport corridors, supporting social housing, an expansion of code assessment and a reduction of the tax impost on property are the key elements of any approach to housing affordability.

2.3.1 Affordable rental housing target

The draft affordable rental housing target of 5-10 per cent of new floor space that will be applied at the rezoning stage to applicable land within new urban renewal or greenfield areas to all new floor space, is currently a concept without key governance or implementation measures outlined in the District Plans.

The following concerns with a 5-10 per cent affordable rental target are raised:

- It will impact the feasibility of projects undermining supply
- it provides a disincentive to rezonings that would improve affordable housing for purchase, by implementing a need to provide Affordable Rental Housing
- it adds uncertainty to the market by adding to approaches already operated by councils across LGAs and does nothing to streamline the system
- the costs of providing below-market price dwellings within projects will mean that the additional cost is borne by all other purchasers in the development through increased purchase prices
- the viability of the target will be difficult to ascertain
- there are no governance or implementation structures currently outlined
- it may be applied to underzoned sites, further jeopardising the viability of development and incentivising councils to underzone land
- the expectation that Community Housing Providers will manage multiple sites across Sydney with limited resources is problematic
- the Draft District Plan is considered enforceable, however clear guidance on this Affordable Rental Target is still being resolved.

The District Plans outline that the enforcement of an affordable rental housing target will facilitate a transparent approach tailored to the urban economics of the area in question

so as not to hinder housing supply outcomes, yet its enforcement could in fact have the opposite effect.

In addition to the target, the Greater Sydney Commission also states that it will actively support and facilitate councils to initiate their own affordable housing approaches, undermining and contradicting the aim of a consistent and transparent approach and encouraging a myriad of approaches.

"This target does not preclude councils from negotiating additional affordable housing for moderate income households, nor does it affect existing planning mechanisms that secure affordable housing across the full income range, such as those in the City of Sydney or Willoughby."

The background research conducted by SGS Economics for the District Plans demonstrates that each council has a different approach to housing affordability, with varying degrees of measurement and success. To encourage these approaches and add an additional target instils industry and community uncertainty.

A 5-10 per cent target may be enforced in some circumstances, but in others there may be a 10-15 per cent target enforced, as is the case for Inner West Council, or higher targets may be sought. These variable approaches call in to question the metrics used to assess the viability of a target and how closely they will be policed. If a target for a precinct is felt to be unfair, there are no mechanisms or resources outlined in the District Plans to resolve this issue and appropriate consideration is not given to the additional cost this creates.

A greater number of approaches does not guarantee a better outcome. To have the target proposed by the Greater Sydney Commission, instituted in addition to local government approaches, will add further complexity to an already complex regulatory environment and could jeopardise investment.

2.3.2 A question of viability

The suggestions that the Greater Sydney Commission will assess the viability of a project is contrary to sound competition policy.

The intervention of a public body to assess the feasibility of a project also adds bureaucratic complexity to a market based process. Viability cannot be judged on one development or precinct, but must be considered within a myriad of other variables drawn from a total portfolio, information that a planning authority will not have access to.

The question of what level of profit or financial position constitutes "viable" is also problematic.

For a body that holds none of the financial risk to institute an affordable housing target on development, in addition to development levies imposed by local government and other affordability approaches instituted across an LGA, to a pre-determined financial margin created in isolation of the wider market, risks creating barriers to development and failing to achieve the desired outcomes.

A guidance note to guide the process, to be drafted by the Greater Sydney Commission, will not overcome these problems.

2.3.3 An alternative solution

To provide both a consistent affordable housing model across Sydney and cut out the need for a viability test and guidance note, a 5-10 per cent affordable housing target should be added to the permissible floor space ratio and height restrictions in a jurisdiction.

This idea has been adopted in New York for over thirty years. In areas where the Voluntary Inclusionary Housing (VIH) Program is applicable a development may receive a density bonus in return for the new construction, substantial rehabilitation, or preservation of affordable housing.

The density bonus generated can be utilised to increase residential floor area on-site and/or off-site. An on-site project is one where the density bonus is in the same building as the affordable units that generate the bonus. An off-site project is one where the density bonus is not located in the same building as the affordable units that generate the bonus.

In addition, the New York Housing and Planning Department also offers tax benefits in the form of an exemption and/or abatement of state taxes in exchange for the creation or preservation of affordable housing.

Both these approaches incentivise the construction of affordable housing and have resulted in around 26,000 affordable dwelling being built a year.

By modifying the current Affordable Rental Housing SEPP, a similar outcome can be achieved without the need to conduct a viability test, undermine the viability of a development, and still incentivise the building of affordable housing.

Property Council Recommendations

- Ensure the five to 10 per cent targets for affordable housing in the draft District Plans are incentives rather than disincentives to increasing supply by ensuring they operate as an FSR and height bonus and not based on currently 'under-zoned' land.

- The GSC should confirm with Councils and the Department of Planning the timing for implementation of the affordable rental target. The current uncertainty created by this consideration within the Draft Instrument is delaying the current supply of housing to the market
- Exempt any affordable housing, as defined by the National Rental Affordability Scheme, developed as a consequence of the District Plans from any additional local government contributions.
- That code assessment be extended to incorporate a greater number of building types including apartments.
- Set out dwelling targets for major urban renewal centres in the same way job targets have been provided for Strategic Centres.
- Establish a mechanism to 'reward' councils that are able to demonstrate they have turbo-charged housing supply by either exceeding dwelling targets or by delivering those dwellings in a shorter timeframe than that required.
- That new growth areas for new housing supply are outlined from 5 - 10 years and 10 – 20 years to provide the community and industry with certainty.
- The availability of housing supply post five-year housing targets in LEPs needs to be prioritized. This must include spatial mapping, planning reforms and an easily accessible database of how much zoned land is in existence across Sydney. This will provide the community with certainty that the proposed zoned land will result in new homes available to the market.
- That the NSW State Government create a housing infrastructure fund to fund better strategic planning and infrastructure for greenfield sites so that there is a better integration between land use and infrastructure.
- Guidance should be provided to councils where low value, unviable or vacant land adjoins the urban edge, and its potential for a residential use. In these instances, this land can be used to alleviate housing undersupply without increasing the infrastructure burden on local or state governments.

3.0 Sustainability

The property industry is a leader in instituting design to achieve better sustainability outcomes. NSW has an effective environmental and sustainability policy framework including the recently released Environmental Future Funding Package

The Property Council is of the firm view that the role of the Greater Sydney Commission should be to facilitate and implement the environmental and sustainability policies that the NSW Government already has in place rather than adding another layer of policy and/or regulation.

Delivering a sustainable city requires the District Plan or subsequent LEPs to be clear about the priority land uses and activities in the precinct or locality. Key land uses and infrastructure need to be given priority where they provide a broader benefit for businesses and the community.

3.1 Green and blue grid

The Green and Blue Grids provide a concept by which green space and waterways can be preserved and maintained across Sydney and are important elements to emerging communities. The appropriate mechanism by which to finance and maintain this sustainable infrastructure is something that is not touched upon in the draft District Plans and requires additional thought. The benefit of these grids is for the broader population of Sydney and funding should be considered in this context, as it differs from Section 94 considerations.

The additional sustainable infrastructure must not become a cost to bear for local government. This cost will be passed onto development through levies and will inflate costs of the final, built product.

3.2 Waste requirements

The NSW Government should consider re-purposing existing Government and Council owned land to bring about its vision for waste facilities. If considering repurposing industrial land, as has been suggested in the Central District, incentives for current industrial land owners to repurpose their land will be required as waste facilities (even if not landfill) will never be the highest and best use of land.

Property Council Recommendations

- That the Green Grid and Blue Grid are instituted with clear guidance on funding mechanisms so that an unreasonable cost is not passed on to local development.
- The GSC's role ought only to give effect to the sustainability principles and policies already in place and not add another layer of reforms.
- That the Government consider re-purposing existing Government and Council owned land to bring about its vision for waste facilities. Incentivising current industrial land owners to repurpose their land will be needed as waste facilities (even if not landfill) are never going to be the highest and best use.

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