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Monica Gibson
Deputy Secretary
Planning, Land Use, Strategy, Housing and Infrastructure
Department of Planning, Housing and Infrastructure
Lodged via NSW Planning Portal

Submission to the NSW Government's Tier 1 Transport Oriented Development Program (Accelerated Precincts)

Dear Ms Gibson, *Monica,*

The Property Council is pleased to provide comment on the various Explanations of Intended Effect (EIE) for the Accelerated Precincts on exhibition as part of the NSW Government's Transport Oriented Development (TOD) agenda.

Our submission is broken into key parts and provides comment on the overall planning framework, in addition to more specific feedback on a precinct by most precinct basis. We are particularly enthusiastic about the steps taken by the government in taking existing place strategies and pre-planning work to bring forward these initial accelerated precincts.

As our members have considered the precinct EIE's and structure plans, development feasibility has been at front of mind. The NSW Government has a short window of time to deliver 377,000 new dwellings as part of the National Housing Accord and the key consideration driving member feedback has been whether development under the proposed controls and contributions will be achievable in an environment of inelastic price expectations and escalation of costs.

To this extent we have raised concerns about the level of affordable housing contributions proposed across the precincts. The TOD opportunity – and the delivery of significant development uplift – is one of the few very real opportunities for a contribution of this nature to work, and while indicative contributions have been provided, concern has been raised about the viability of these rates and their impact on project feasibility. We address this issue and provide options for the Department to consider in Part One of our submission.

In some precincts, the accelerated nature of the rezonings has resulted in our members identifying areas and opportunities to deliver additional housing. In these cases we have asked the Department to identify "future investigation areas" and future stages of TOD rezoning. These opportunities will be discussed in Part Two of our submission.

Congratulations to you and the entire Planning, Land Use, Strategy, Housing and Infrastructure team on the acceleration of these precincts. While there is more work to do in addressing our housing supply crisis, we are committed to achieving practical and workable outcomes.

If you wish to discuss aspects of our submission further please feel free to reach out to myself or our Western Sydney Regional Director Ross Grove on 0412 897 130 or via email to rgrove@propertycouncil.com.au

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'KStevenson', with a long horizontal line extending to the right.

Katie Stevenson
NSW Executive Director
Property Council of Australia



Submission to the NSW Government's Tier 1 Transport Oriented Development Program (Accelerated Precincts)

August 2024

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Part One: A new planning pathway

State Significant Development

The draft Explanation of Intended Effect (EIE) proposes a temporary State Significant Development (SSD) pathway until November 2027 for residential development applications valued over \$60 million. In support of the proposal the EIE claims this approach will ensure a consistency across the rezoning and assessment of these precincts.

Given the significance of the Tier 1 precincts to the delivery of the state's housing targets under the National Housing Accord, the Property Council is supportive of opening of the pathway to projects rezoned under the program.

The 2-year time limitation for applications under this pathway is not supported. Projects of a larger scale involve a level of planning and preparation work that is likely to require a longer period of pre-lodgement activity, in addition to creating an unintended consequence of a larger number of applications being "rushed" into the system in the leadup to the closure of the SSD pathway in November 2027.

While there is a case to be made for a periodic review of the type of development that is subject to an SSD pathway, this should occur in the context of all state significant development with a view toward creating durable, responsive and proportional assessment pathways rather than a piecemeal and temporary approach.

Policy options

Working with our members, we have identified two options to improve on the proposal in the EIE:

- Option One: Provide a permanent State Significant Development (SSD) pathway for residential development over \$60 million within each of the Transport Oriented Development Precincts, with any future changes to the eligibility criteria and CIV thresholds for State Significant Development to be considered as a part of a periodic statewide review.
- Option Two: Extend the proposed temporary provision of a State Significant Development Pathway from two years to the five-year National Housing Accord Period.

Recommendation

1. Make the State Significant Development (SSD) pathway permanent, with any future changes to the eligibility criteria and CIV thresholds for State Significant Development to be considered as a part of a periodic statewide review.

Concurrence and referral

The EIE proposes a 5-year exemption from concurrence and referral requirements that are not considered high-risk to speed up assessment timeframes. It is also proposed that high-risk concurrence and referrals will be retained to ensure safe and orderly development.

While specific detail on concurrence and referral requirements in the exhibition material is limited, the Property Council is acutely aware of the role that prolonged concurrence and referral assessment times have in stretching out the determination times for applications, in addition to the uncertainty created by a referral where the outcome is unclear or inconsistent.

Our members commonly identify delays related to the consideration of referrals related to traffic management, stormwater management, and building in close proximity to either utilities or major public transport assets.

Removal of duplicate referrals

In some cases, referrals to emergency services such as the Rural Fire Service or the State Emergency Service occur at both the planning proposal stage and development application stage. This duplication of referrals needs to be reviewed by the Department, with the objective of promoting a level of careful and thorough pre-planning at the planning proposal stage with an ultimate design to minimise further agency referrals where an application meets the objectives of a relevant development control.

National practices

In November 2017, the Property Council of Australia's Residential Development Council released its research paper *Cutting the Costs: Streamlining State Agency Approvals*. The report makes three findings which remain relevant today:

- The current approach to state agency approvals is inconsistent, inefficient and adds to housing costs
- There is considerable scope for reform in each state and territory that would lift our capacity to boost housing supply pipelines, and
- Governments interested in reducing their own administrative costs have plenty to gain from transforming approval processes.

The report benchmarks states against key design elements of good planning systems, namely:

- Only one body should assess an application, using consistent policy and objective rules and tests
- Referrals should be limited only to those agencies with a statutory role relevant to the application
- Referrals should be for advice only
- A referral authority should only be able to give direction where this avoids the need for a separate approval process.
- Referral agencies should specify their requirements in advance and comply with clear response times.

This report formed a significance basis for the Property Council's advocacy in subsequent years, leading up to its support for the creation of the Planning Delivery Unit in July 2020. While

the operation of the PDU was a positive step forward for unblocking referrals across government, the model stopped short of compelling agencies to respond within fixed timelines.

Queensland's SARA model

While potentially outside of the scope of the immediate rezoning agenda, our members generally share the view that the Queensland Government's State Assessment and Referral Agency (SARA) remains the best practice of state governments across Australia.

This model, and its practical application in a local context should be considered as a policy priority beyond the immediate precinct rezoning agenda.

Unnecessary referrals

In consultation with our members on agency referrals, the feedback ranged from the need to identify "low hanging fruit" and the removing the need for additional reports on items which are likely to be considered as part of the initial rezoning. The "low hanging fruit" sought the removal of requirements for social impact assessments, crime prevention strategies, economic impact assessments, infrastructure strategies and traffic impact assessments given that these impacts are best considered as part of the rezoning of the entire precinct.

"Life or death" referrals

The EIE lightly touches on a need to retain referral and concurrence requirements in situations that are "high risk". This seems like a reasonable approach, however consideration should also be given to whether this consultation should occur at the time of zoning so that issues like fire, flood and emergency service risk can be considered at a whole-of-precinct level, rather than ad hoc advice for development applications that comply with the relevant controls.

Turnaround time caps

Additionally, our members were very quick to point out that improvements to the remaining concurrences and referrals are likely to perform "only as well as the slowest moving part", meaning that a prolonged water referral effectively offsets any gains realised by incremental improvements elsewhere in the concurrence and referral framework. As a result, we are recommending that any referrals that continue to apply to a TOD Precinct be subject to a response time of 90 days, extendable to 120 days with the agreement of the Department.

This limitation on referral times provides certainty to industry and the Department, while elevating the significance of the TOD agenda to non-planning areas across government that is reflective of the NSW Government's housing agenda.

Recommendations

1. Concurrence and referral requirements should be turned off in as many cases as possible, particularly where an application broadly complies with a development control.
2. In the limited circumstances, where referrals and concurrence are deemed necessary, the period for comment be limited to 90 days.
3. Where this hasn't already occurred, concurrence and referral agencies develop plans and policies to enable the swift assessment of applications in a TOD location (e.g. creating standard conditions of consent for building across each component of trunk drainage infrastructure in a precinct structure plan).

4. The NSW Government give further consideration to how to best manage the burden of concurrences and referrals on the delivery of new housing supply for development applications outside of the focus of the Tier 1 TOD accelerated precincts.

Affordable housing contributions

Across the various TOD locations, in-perpetuity Affordable Housing Contributions are proposed at various rates spanning from 3% in Bankstown and Bella Vista to 15% in Crows Nest and Macquarie Park.

A summary of the Affordable Housing Contributions by precinct can be found below:

Precinct	Affordable Housing contribution	Anticipated affordable housing (approx)
Hornsby	5-10%	250-500
Macquarie Park	10-15%	460-690
Kellyville and Bella Vista	3-8%	620-1,650
Crows Nest	10-15%	325-488
Bankstown	3-10%	375-1,250
Homebush	5-10%	805-1,610

Our position on inclusionary zoning

Inclusionary zoning can only work in specific situations, where it doesn't harm the feasibility of projects. Get it right, and inclusionary zoning can add to the stock of social and affordable housing. Get it wrong, and it can stop housing from being built or make housing in the surrounding development unaffordable.

If inclusionary zoning could be made to work, it would be in specific precincts where development potential is being dramatically increased, or government is supplying the land, and only where it's applied to new developments, not projects already in the pipeline.

Contributions not viable

In the present market conditions, these contribution rates are not economically feasible and will severely restrict the development capability of each of these precincts. We note the Department has not produced any economic modelling to justify the determination of these rates, and in the absence of this material it is difficult to help identify where in the rationale underpinning the contributions the government has erred.

In June this year we launched our research report, *Release the Pressure*. The report identifies that infill development in the Central River City and Western Parkland City is no longer economically feasible because the development margin between costs and anticipated sale prices create an unacceptable risk for lenders.

The report identified increased construction costs, the new Housing and Productivity Contribution (in effect from 1 October 2023) and Sydney Water Development Service Plans (in effect from 1 July 2024) as the key cost drivers placing pressure on feasibility. The inclusion of new affordable housing contributions creates another cost barrier to the delivery of new housing.

Without the introduction of affordable housing contributions, development feasibility is already called into question for the Bankstown, Bella Vista and Kellyville precincts; and at their current proposed level the affordable housing contributions will place pressure on the development

feasibility of the remaining precincts, particularly those sites which are not presently in government ownership.

Policy options

There are several options available to government to address the impact of affordable housing contributions on development feasibility. Unfortunately, the government has not provided any economic modelling to support the case for these contributions and this has constrained the industry's capacity to respond to what is proposed..

Across the board rate reduction

Individual landowners are making submissions regarding the level of inclusionary zoning that can be feasibly accommodated on their site. These reductions will vary from location to location given the different price and market conditions and the cumulative impact of special costs that relate to an individual site.

What is clear is the affordable housing contributions are not affordable in their present form. A steep, across-the-board reduction in affordable housing contribution rates is the simplest and fastest way to promote development feasibility while meeting the NSW Government's ambition to introduce inclusionary zoning at a larger scale to the Sydney property and development landscape.

Cash contributions

Each of the proposed affordable housing contribution schemes requires the dedication of housing stock, without any option for developers to make a cash contribution where the delivery of this housing is unworkable.

By way of example, an apartment building of 20 dwellings in the Bankstown TOD precinct under the proposed rates will incur a 3% affordable housing contribution, requiring the dedication of 0.6 dwellings to a community housing provider.

It is recommended that the option of making a cash contribution in lieu of dedicating stock be included within all of the affordable housing contribution schemes. Cash contributions are a critical ingredient for low-rate affordable housing contributions schemes as they provide a degree of flexibility for the developer in meeting their obligations across a wide range of development types.

This will provide a better outcome for industry where the dedication of stock is impractical, and enable the community housing sector to pool funds with a view to consolidating their portfolio across a smaller number of sites.

Future of the existing height/floorspace bonus

We note the NSW Government has a stated intention of promoting in-perpetuity affordable housing within from the TOD precincts, to be enabled through the uplift created by the rezoning of the TOD precincts.

At the present contribution rates and in the present market conditions, the targeted delivery of affordable housing is unlikely to be achieved.

The likelihood of achieving the desired level of affordable housing is far more likely to be achieved under the existing infill affordable housing incentive with the affordable housing stock to be held for a period of 15 years. This is because affordable housing stock under this model

ultimately has an economic value which can be realised by the proponent, and this benefit can be taken into account by finance providers when making a lending decision.

Application area for affordable housing contributions

Our members note the accelerated rezonings tend to apply to smaller catchments within a defined precinct area. Differences exist within the exhibition material and draft affordable housing contribution schemes regarding the application of these contributions.

For the avoidance of doubt, our preference is for affordable housing contributions to apply only to those areas which have been the subject of significant residential uplift, and not to those aspects of a precinct which are yet to be rezoned.

Recommendations

1. The draft affordable housing contribution schemes not proceed at their present rates.
2. The affordable housing contributions across all precinct locations be reduced to ensure development is economically feasible and capable of attaining finance in the present cost and market landscape.
3. The NSW Government give careful consideration to retaining the in-fill affordable housing bonus as the most effective mechanism for the delivery of affordable housing within the 5-year National Housing Accord period, particularly in those markets where inclusionary zoning provisions might not be feasible.
4. Each of the Affordable Housing Contribution Plans be amended to make provision for cash contributions where the dedication of stock is impractical.

Height and floorspace bonuses

Exemption from in-fill affordable housing provisions

In December last year, the NSW Government implemented changes to the Housing SEPP to promote in-fill development and encourage private developers to deliver more affordable and market housing. The reforms included:

- A floor space ratio (FSR) bonus of 20–30% and a height bonus of 20–30% for projects that include at least 10–15% of gross floor area (GFA) as affordable housing. The height bonus only applies to residential flat building and shop-top housing.

A requirement that the affordable housing portion of the development to remain affordable and be managed by a registered community housing provider for a minimum of 15 years.

The EIE proposes to remove the application of the in-fill affordable housing provisions from the TOD precincts, preferring the application of an in-perpetuity affordable housing contribution.

In our consultation with members, this element of the proposal was a cause of disappointment given the clear market signal to industry that occurred with the introduction of the incentive in December. The view was roundly expressed that the Housing SEPP incentives were a considerably more effective mechanism for delivering affordable housing than the in-perpetuity contributions proposed in the exhibition material.

Low and mid-rise housing reforms

Concerns have been raised regarding the application of the low and mid-rise (LMR) housing reforms to the accelerated precincts. The EIE does not provide clarity as to how or if these reforms will apply.

The TOD rezoning agenda exists to provide pathways to deliver high levels of housing supply to meet the needs of the market and address the state's obligations under the National Housing Accord. In theory, the TOD rezonings should be of a scale whereby the industry would not be interested in considering its options under the LMR reforms, however our members have identified areas in the Crows Nest TOD where this is not the case. We discuss this specific example in the Crows Nest component of Part Two of this submission. For the industry to support the switching off of these provisions, we would need to be satisfied that all areas subject to an accelerated rezoning would be capable of achieving a floor space ratio higher than 2.86:1 across all precincts. We encourage the Department to make these changes in its final rezoning.

Status of seniors living incentives under Housing SEPP

The Housing SEPP provides incentives for seniors housing targeted at the development of "vertical villages". The incentives are designed to improve housing diversity, provide options for people to downsize while staying in their local community and promoting retirement villages as a viable development option, particularly when having to compete against traditional residential developers for the acquisition of land.

Specifically, the SEPP provides for incentives are between 15% and 25% bonus floor space, a reduction in the landscaped area requirements for residential care facilities from 25 m² to 15 m² per bed, and a new State Significant Development pathway for seniors housing for projects worth more than \$30 million.

The seniors housing aspect of the Housing SEPP is not mentioned in the exhibition material, although in the context of the switching off of affordable housing incentives we wish to confirm our support for their continued application in the areas subject to an accelerated rezoning.

Recommendations

1. Floor space ratios within the areas identified for rezoning need to be increased beyond 2.86:1 to provide a level of density beyond the capacity of the low and mid-rise housing reforms. These changes would need to be accompanied by a proportionate level of height adjustments..
2. The Housing SEPP incentives for seniors living continues to apply to the accelerated precinct.

Design excellence pathway

The EIE proposes to replace existing requirements for an architectural design competition with alternate design excellence provisions.

While the EIE provides minimal detail regarding the specifics of what is under consideration, the departure from design competitions is a welcome step forward as it removes a process which is both costly and time consuming, particularly when other mechanisms exist to promote design excellence.

We note applications that rely on the State Significant Development Pathway will be subject to design excellence provisions that already exist, and our members advise this is their preferred policy solution.

Award winning architects

The Property Council is aware of a proposal to create a pool of reputable architects for developers to use in the preparation of designs in place of holding a design competition. The pool of architects would be limited to practitioners who had either won a design competition in another location, or who had won a recognised design award.

In considering its support for this solution, the number of eligible practitioners would be a key consideration. We encourage the NSW Government to engage in targeted consultation with key industry groups including the Property Council prior to adopting this measure.

Limitation to existing design competition requirements

In adopting any change, the primary objective needs to be the removal of unnecessary cost and delay to the delivery of new housing. With this in mind, the Property Council is seeking confirmation that any of these changes will be limited to sites where the local council has already identified a requirement for an architectural design competition.

Recommendations

1. An alternate pathway should be provided to enable industry to deliver housing in the TOD precincts without being required to undertake a costly and time-consuming architectural design competition.
2. The preferred option is that the design excellence requirements attached to existing State Significant Development should apply in lieu of the requirement for a design competition.
3. Any alternate process be included as an option for sites which are presently the subject of a design competition, and not across all of the precincts identified for an accelerated rezoning.

Part Two: TOD Precinct feedback

Hornsby

The EIE for Hornsby proposes to deliver up to 5,000 additional new dwellings within the precinct. The development uplift includes mandatory affordable housing contributions of between 5-10% for all new residential development, delivering between 250 and 500 homes in perpetuity and managed by the community housing sector.

The proposed rezoning builds on the work of Hornsby Shire Council's Hornsby Town Centre Master Plan (2023) which was the culmination of five years of work to formulate an ambitious vision to transform Hornsby's major town centre.

Reach of study area

In identifying the parts of Hornsby selected for an accelerated rezoning, the Department has taken an approach of focusing on those locations with sites where an immediate uplift in housing is practical and likely to occur given a site's proximity to transport infrastructure, lot sizes and ownership patterns. This is a sensible approach.

Our members have expressed the view that sites exist at the periphery of the structure plan that are worthy of consideration in the accelerated rezoning. Within a walkable radius to Hornsby Station opportunities exist for further rezoning, with the furthest site to proposed for an accelerated rezoning only 618 metres from the station itself.

We encourage the Department to carefully consider landowner submissions seeking inclusion in the catchment area for accelerated rezoning, while identifying a future planning investigation area for streets within an 800m radius (subject to walkability) to enable further planning proposals to provide additional housing supply.

Government owned land

Land exists to the north of Hornsby Station (south of Bridge Road and bordering Jersey Street and George Street) that is not being rezoned. It is understood that DPHI is in discussions with the Transport Asset Holdings Entity (TAHE) to gauge the development potential of this land.

Mindful of the heights proposed for neighbouring sites in private ownership, we encourage this future rezoning to proceed in the short to medium term.

Recommendations

1. Consider landowner submissions seeking inclusion within the area identified for accelerated rezoning.
2. Identify a planning investigation area to enable further developer, council or state-led planning proposals within a walkable area of Hornsby Station.
3. Work with TAHE to rezone government-owned land in the precinct.

Kellyville and Bella Vista

The EIE for Kellyville and Bella Vista proposes to deliver up to 20,700 additional new dwellings within the precinct. The development uplift includes mandatory affordable housing contributions of between 3-8% for all new residential development, delivering between 620 and 1,650 homes in perpetuity and managed by the community housing sector.

Precinct boundary

The EIE identifies both a precinct boundary and focus areas within these boundaries identified for the accelerated rezoning.

Perplexingly, there is a large lot in single ownership (currently Parklea Markets) sitting immediately outside the wider precinct boundary that has been identified previously by proponents as the location of a future town centre. The site sits within the 1.2km radius required in the principles supporting TOD.

In addition to this site, Rothwell Circuit, Consolo Avenue and Almona Street in Glenwood have also been excluded from both the wider precinct boundary and focus area for accelerated rezoning, despite being even closer to both stations. The lot sizes, zoning and ownership patterns are not inconsistent with other similar areas to the west of Windsor Road that have been identified for accelerated rezoning.

We encourage the Department to consider including these locations in the accelerated rezoning for Kellyville and Bella Vista, and should further exploration be required, to identify the areas for further investigation or a future stage rezoning.

Supporting infrastructure

The Department in its public online briefings has already acknowledged the need for further school infrastructure in to support existing growth in the area. A new school has been identified for Kellyville, and the Department has confirmed that efforts are underway to identify further opportunities.

Additionally, Blacktown City Council has identified a need for greater walkability across the precinct. Old Windsor Road is the boundary between Blacktown and The Hills Shire Councils, and the width of this corridor becomes more challenging from a walkability perspective once the bus transitway and metro rail corridors are also considered.

To address these two issues, we encourage the Department of Planning, Housing and Infrastructure to work with the relevant government agencies to progress their investigations and ultimately business cases for these supporting infrastructure projects in order to ensure they are capable of being considered as part of the Urban Development Program.

Recommendations

1. Consider expanding the precinct boundary to include areas of Glenwood, including Parklea Markets within the 1.2km radius.
2. Department to work with other agencies to bring prioritise the delivery of schools and walkability infrastructure to support growth in the precinct.

Macquarie Park

A longstanding vision exists for the Macquarie Park precinct through the *Macquarie Park Innovation Precinct (MPIP) Place Strategy 2022* and supporting technical studies. The strategy informs a two-step state-led rezoning of the precinct with the present exhibition material seeking to accelerate the "Stage 2" rezonings.

The EIE for Macquarie Park proposes to deliver up to 4,622 additional homes close to three metro stations – Macquarie University, Macquarie Park and North Ryde. The additional homes will be complemented by a further capacity to deliver 1,989,815 sqm in commercial floorspace or 5,096 additional dwellings, subject to market demand.

The development uplift includes a mandatory affordable housing contribution of between 10–15% for all new residential development in the precinct, with the intentions of delivering to deliver between 460–690 affordable homes in perpetuity, managed by a registered community housing provider.

Future commercial demand

The Property Council of Australia's July 2024 Office Market Report does not identify strong levels of demand to support the zoning of a commercial office market with capacity to grow to 1.9 million square metres in size. An office market of this size is equivalent to the combined size of the current Parramatta and North Sydney office markets.

With this in mind, we encourage the government to consider excising the North Ryde Riverside component of the precinct for future mixed-use residential development, and to carefully consider individual landowner submissions seeking to adjust non-residential floorspace components where these proposals assist in supporting development feasibility.

Grade	Vacancy, Jul 24 (%)	Vacancy, Jan 24 (%)	Net absorption, 6 months to Jul 24 (sqm)
A	19.9	21.0	14,859
B	18.9	18.8	-352
C	11.0	13.8	977
Total	19.3	20.1	15,484

Role of build-to-rent

The Property Council is supportive of the efforts of the NSW Government, to increase the take-up of build-to-rent (BTR) in Macquarie Park, including enabling the permissibility of build-to-rent within the employment zones as outlined in the EIE.

The provision for BTR will help deliver on the Place Strategy's ambition for an 18-hour Macquarie Park economy, while the single-owner BTR model removes ownership barriers to office conversion should market conditions change in the future.

North Ryde Riverside

The Property Council welcomes an intensification of land uses for the North Ryde Riverside sub precinct identified in the EIE, however its proposed dwelling yield and non-residential components would benefit from changes to give the sub precinct a stronger role in delivering the housing our state needs to have in well-located areas.

Our members have noted the take-up of “innovation” business uses within the area has waned following the gradual withdrawal of CSIRO’s presence. The present buildings are of a B and C-Grade office nature and a mixed-use residential precinct with higher height and FSR controls is the preferred model for the precinct’s future.

We encourage the Department to consider a “Stage 3” rezoning of this sub precinct on a standalone basis, and its gradual separation from the overall Place Strategy as part of this future role.

Prohibition on data centres

Data centres present a range of challenges given their intense need for water and power. In areas outside Macquarie Park, landowners have expressed concern regarding the impact of this resource draw on the serviceability of surrounding land. The EIE cites streetscape activation concerns as the primary objection to including data centres in the precinct, however the innovation and technology needs of the precinct are reliant on a metropolis with nearby access to data centre capacity.

The Property Council does not support further restrictions on the permissibility of data centres until such time as the Department has prepared a well-considered strategy in collaboration with industry and relevant utilities providers to cater to the Sydney’s future data centre requirements and servicing capacity.

Recommendations

1. Identify the North Ryde Riverside sub precinct as an area for a further rezoning to deliver a significantly higher residential yield in the short-to-medium term.
2. Retain the permissibility of data centres in Macquarie Park until a citywide strategy on data centre needs is prepared with support and input from industry.

Bankstown

The EIE for Bankstown proposes to deliver up to 12,500 additional new dwellings within the precinct. The development uplift includes mandatory affordable housing contributions of between 3-10% for all new residential development, delivering between 375 and 1,250 homes in perpetuity and managed by a community housing provider.

Removal of non-residential core

The Property Council supports the removal of the non-residential core for the Bankstown town centre. While we accept there is a need to provide employment floorspace in Bankstown, demand for commercial-only floorspace is limited, and the city has historically struggled to attract large-floorplate tenants to pre-commit to office space in Bankstown.

This means that for office floor space to be delivered, another revenue-generating asset class (residential) is required for a project to attain development feasibility. Bankstown's future may be as a centre of jobs, but the only pathway to enabling that floorspace to be unlocked, is through the delivery of apartments to offset the commercial risk.

This same approach to non-revenue generating floor space should be considered when exploring contribution rates for affordable housing. While the scale of development uplift suggests that opportunities for inclusionary zoning are achievable, the imposition of non-residential floorspace requirements increases the pressure on project feasibility. In a market where existing costs are already high, we strongly encourage the Department to take non-commercial floor space requirements into account when setting an affordable housing contribution level.

Recommendations

1. The Department proceed with its proposal to pursue a mixed-use core in the Bankstown town centre.
2. The impact of mandating higher non-residential floorspace on project feasibility be considered when determining an in-perpetuity affordable housing contribution, with the government to determine whether or not to reduce the non-residential requirement or the contribution rate.

Crows Nest

The EIE for Crows Nest proposes to deliver up to 3,255 additional new dwellings within the precinct. The development uplift includes mandatory affordable housing contributions of between 10-15% for all new residential development, delivering between 325 and 488 homes in perpetuity and managed by a community housing provider.

Considering the success of the NSW Government's investment in Sydney Metro, the proximity of Crows Nest as a location in proximity to North Sydney and St Leonards, the short commute times to employment centres at Chatswood, Sydney CBD, Macquarie Park and Norwest, we believe that Crows Nest is capable of delivering more growth than the accelerated rezoning is seeking to achieve.

Opportunities to deliver more housing

The overwhelming view of members and landowners believe the effort to accelerate the rezoning of Crows Nest has resulted in less housing being proposed than the precinct is capable of delivering.

A new metro station, in close proximity to commercial centres Chatswood, North Sydney, Sydney CBD and Macquarie Park needs to be capable of delivering a higher level of development density – spread across a wider precinct catchment.

Decisions to retain non-commercial floor space ratios are not supported by industry, and the Economic Impact Assessment prepared by Atlas Economics, which cites on Property Council Office Market Report data would suggest the market for this office space is limited to non-existent.

We are recommending the TOD zoning proposal for be reworked to take on a more level of housing supply, and the extent of such a revision could potentially require either a "Stage 2" accelerated rezoning or a re-exhibition of new EIE and structure plan. Should the government opt for the latter option, we encourage this to occur at the same time as the exhibition of the accelerated rezoning of the Bays West Precinct early next year.

A future Crows Nest rezoning needs to deliver more housing beyond more than the immediate blocks adjoining the rail corridors and Pacific Highway. Such a rezoning should emphasize a more generous "walkable development radius" for both precinct rezoning, and where this is not immediately possible, a compatible future investigation area that welcomes creative planning proposals.

Demand for commercial office space

With its proximity to other commercial centres and the current prioritisation of housing across all levels of government, housing needs to be the primary driver for the Crows Nest precinct.

The economic impact report prepared by Atlas Economics relies on 2024 Property Council Office Market Report data to identify a 25% office vacancy rate in Crows Nest, with strong incentives (discounts) offered by leasing agents and a reference to the Crows Nest market as being dominated by "price conscious occupiers".

The projected future commercial takeup of 20,000 sqm over is unlikely to generate the pre-lease appetite for office investment that is proportionate to the non-residential floorspace requirements proposed in the EIE – this demand can effectively be accommodated within the market's existing vacancy rate.

There is only one site in the Crows Nest precinct where the non-residential floor space ratio requirements have been reduced (by 10:1 to 1:1). We would encourage this sort of approach to other sites within the precinct to deliver affordable and market housing in response to the national housing crisis.

Defects in height transition

The transect planning hierarchy doesn't flow outward from the Crows Nest centre, meaning that contrary to conventional planning logic, higher levels of density and development are achievable outside the development area.

This is because the areas outside the rezoning area benefit from low-mid rise housing and affordable rental housing bonuses that don't apply within the rezoned area. There are sites located within 200 metres of the new Metro stop (on Nicholson Street) with floor space ratios of 1.6 :1 and 2:1.

In practice this means a site outside the accelerated rezoning boundary can theoretically achieve a floor space ratio of 2.2:1 if it's located within 400m of a railway station, and combined with a 30% affordable rental housing bonus the floor space ratio would increase to 2.86:1.

These issues underscore the need for a higher density outcome for Crows Nest.

Treatment of existing planning proposals

A number of members have raised concerns at the impact of the proposed EIE and anticipated rezoning on existing planning proposals and applications in the system. In the interest of providing a planning system that delivers on both certainty and housing, it is critical that these matters be handled carefully, mindful of the resources that have been committed to getting these projects off the ground.

Recommendations

1. The Department prepare a new planning proposal for Crows Nest, building on the existing work of the Crows Nest Place Strategy and the EIE, to be considered as either a "Stage 2" rezoning, or a fresh proposal to be exhibited concurrent with the Bays West rezoning early next year. Such a rezoning should consider:
 - a. An adjustment to non-residential floor space requirements in response to established market conditions and the need to deliver additional affordable and market housing.
 - b. Expansion of the focus area for the Crows Nest rezoning, with additional height and density to be delivered over a wider walkable catchment, consistent with the declared walkable area of 1.2km noting the variety of accessible transport options across the precinct.

Homebush

The EIE for Homebush proposes to deliver up to 16,100 additional homes within the precinct. The development uplift includes mandatory affordable housing contributions of between 5–10% for all new residential development in the precinct, delivering between 805 and 1,610 affordable homes in perpetuity and managed by a registered community housing provider.

Reach of study area

The precinct boundaries skew heavily toward areas of Homebush covered by the Canada Bay local government area. While the precinct boundaries expand the full length of the Parramatta Road corridor in the Strathfield LGA, the only significant changes to planning controls relate to the areas to the east of Flemington Markets.

Opportunities for future rezonings exist to the west of Flemington Markets, and these opportunities warrant separate consideration. These areas bounded by Parramatta Road, Marlborough Road and the rail corridor need to be flagged for future planning investigation so as not to preclude the consideration of future planning proposals.

Recommendations

1. The areas bounded by Parramatta Road, Marlborough Road and the rail corridor be identified for future planning investigation so as not to preclude the consideration of future planning proposals.