

Partnerships for the future

Submission to the Council of the City of Sydney

Sustainable Sydney 2030: Draft Sydney Strategic Plan

30 May, 2008

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The **Urban Taskforce** is an industry organisation representing Australia's most prominent property developers and equity financiers. Our membership also includes key infrastructure providers, economists, planners, architects and lawyers involved in property development. We provide a forum for people involved in the development and planning of the urban environment to engage in constructive dialogue with both government and the community.

Executive Summary

Sydney's competitive edge over many other global cities is its spectacular setting. The Urban Taskforce strongly supports initiatives that capitalise on our competitive advantage and will aggressively pursue opportunities to participate in the creation of a lively, engaging city centre. The objectives outlined in *Sustainable Sydney 2030* for a vibrant City can only be achieved if residential opportunities are actively encouraged across the entire Sydney local government area, including the CBD. Higher rates of residential development in the City would enliven and activate the public domain.

We are very supportive of some of the key elements of the *Sustainable Sydney 2030* Strategic Plan. We congratulate the City of Sydney and the Lord Mayor, Clover Moore, for documenting their aspirations for Sydney and consulting the community.

This submission identifies some of the key initiatives that we support and also offers constructive suggestions about the improvement of others. The executive summary focuses on the latter.

Key additional requirements of Sustainable Sydney 2030

A plan like this should not be signed-off and left on the shelf. It must be both visionary and practical. This means that before it is finalised, it must have:

1. State government endorsement;
2. clear and accountable arrangements in place for coordination with other government authorities, particularly those responsible for the delivery of public infrastructure;
3. a clear recognition of the market realities faced by developers; and
4. a wide degree of flexibility built into it, so that it encourages innovation and is not made ineffective by changing market conditions.

Without these elements the plan cannot be effective, and will not deliver the necessary outcomes for Sydney.

Industry would be concerned if the draft was finalised in its current form, without the incorporation of four elements outlined above, because investors would not get the necessary clear and effective signals from government. Accordingly we ask for an ongoing process of direct and detailed discussion to take place after the exhibition period has ended and before any plan is finalised.

The Five Big Moves

The Urban Taskforce generally supports the Vision: "Five Big Moves."¹ How the vision is to be achieved is something that requires careful consideration. In this regard, the Urban Taskforce

¹ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/00_A_CITY_VISION1.pdf, accessed 9 May 2008]

provides qualified support to the implementation strategy (*Framework for Action – Ten Strategic Directions*).

The lion's share of the proposed actions will need to be lead by other agencies or stakeholders.²

Barangaroo

We agree with Professor Jan Gehl's comments that the proposed parkland at Barangaroo could be better integrated with residential and commercial buildings.

The proposed 11 hectares of parkland is to be at the northern end of the site, while the highest buildings are clumped together at the southern end. The design of the site would be improved by more evenly distributing the parkland and new homes and workplaces.

This would allow office workers, residents and visitors to move easily between buildings and the public open space. It will also create more potential for a more dynamic urban environment featuring cafes, restaurants and wine bars. We must avoid creating a park that is empty and unused.

Higher density residential buildings will inject life into the area, locate more people close to their work and ease the strain on Sydney's transport system.

West of George Street

Provided that land use and built form controls are developed in consultation with property owners and developers, the Urban Taskforce supports the desire to retain a fine grain retail, hospitality and mixed use precinct west of George Street. However, the definition of "fine grain" needs to be sufficiently broad to encompass a wide variety of uses and floor plates. Ultimately the market will determine what will work as successful businesses in this district.

If planning controls are too prescriptive, and the uses that they prescribe are not viable, this part of the city will be blighted by empty or underutilised premises and poor quality businesses.

Land use principles

It's crucial that Sydney's local environment plan be amended to ensure that all land uses that are necessary for viable, attractive and desirable town centres are permissible. Council must ensure that the local environmental plan for Sydney reflects diversity. Sydney's plan must:

- promote diversity of use;
- emphasise compactness;
- foster intensity;
- provide for accessibility; and,
- create functional linkages.³

² SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan. pp. 9.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/00_A_CITY_VISION1.pdf, accessed 9 May 2008]

³ Glass, G., 2005, Honey I sunk the railway line. Do you want me to tidy up the rest of the town?. Paper presented at the Transit Oriented Development Conference. Fremantle, Western Australia 5-8 July 2005.
[<http://www.patrec.org/conferences/TODJuly2005/papers/Glass.G.pdf>, accessed 7 April, 2008]

Car Parking

The private motorcar will continue to be a necessity in Australia for many households. For example, households that include

- older people;
- children;
- people with disabilities

are likely to continue to require a motor vehicle to get on with the basics of life.

Even single and couples are still, generally speaking, likely to need a motor vehicle - if only to attend to shopping and social activities which are inaccessible or impractical by walking or public transport.

The benefits of compact, pedestrian friendly communities are that car use is likely to be *reduced*. However, it is unlikely to be *eliminated* altogether.

Planning new urban areas should continue to provide car related infrastructure (parking and roads), but at a rate appropriate for the location.⁴

Car access to the Central Business District

Vehicular traffic within the city must be managed if we are to have exciting, vibrant and attractive urban spaces. However the “management” of vehicular traffic, does not mean the “exclusion” of vehicles from central Sydney.

In order for Sydney to function as a global city it's crucial that major commercial and retail properties have, and continue to have, vehicular access. Closing a major road like George Street may deny whole sites the capacity to receive and dispatch goods and services, as well as affect their ability to attract high quality global firms as tenants.

Activity Hubs

Possibly one of the most encouraging initiatives included in Sydney 2030 is the possibility of the creation of 10 Activity Hubs.⁵ Sustainability is boosted when compact living areas are within walking distance of convenient and reliable public transport and essential local services and facilities.

The activity centres may change over time and it is for this reason that planning controls must encourage a built form that can be easily adapted to changes in activity. Sydney should not become a static and inflexible metropolis.

The Urban Taskforce supports planning for “activity hubs” provided that planning controls allow for change.

Central Station

A number of exciting redevelopment projects have been suggested including the potential for the development of the airspace above Central Station.

⁴ Ker, I., 2005, Common Sense and Opportunism in Transit Oriented Development (or 'life is what happens to you while you're busy making other plans'). Paper presented at the Transit Oriented Development Conference, Fremantle, Western Australia 5-8 July 2005. [<http://www.patrec.org/conferences/TODJuly2005/papers/Ker.I.pdf>, accessed 7 April, 2008]

⁵ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan. pp. 30. [http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/00_A_CITY_VISION1.pdf, accessed 9 May 2008]

The opportunity to reconnect a city divided by a railway line provides massive potential, as long as there are realistic incentives for private sector investment into such a challenging project. Airspace development of this magnitude is costly and would require a realistic assessment of airspace value, construction cost, risk and return on investment if there is any likelihood of private sector interest in such a project.

Nonetheless we congratulate the City for putting this idea on the table and we hope the State Government will back it. Industry will enthusiastically work with City on ways to make this project a reality.

Environmental initiatives

The Sustainable Sydney 2030 document is unclear on how the environmental initiatives in the document are to be paid for, although we note as part of objective 10.5 "Consider innovative financing and funding approaches," there is an action (10.5.3) to "[r]eview property development levies."

While supporting environmental initiatives, the Urban Taskforce does not support any additional costs and/or levies on new developments in Sydney.

Increasing the cost of development projects lowers the volume of production of new property assets. Obviously this will deny the City of Sydney, its residents and workforce the benefits of new housing and commercial properties. It will also restrict the redevelopment of older, inefficient buildings and therefore further delay the achievement of greenhouse gas reduction targets.

If the cost on the developer makes redevelopment prohibitive, no redevelopment occurs, aging building stock remains and no reduction in greenhouse gas is achieved.

Housing for a Diverse Population

The Urban Taskforce is in favour of diverse city communities. The unfortunate and negative side effect of restrictive zoning laws has been the separating of people: "Planners are in the unfortunate position of having encouraged social and economic sorting in the first place."⁶

If Council is serious about diversity, it must recognise the link between human diversity, zoning and development controls.⁷ As a starting point, Council must ensure that its Strategy includes mixed-use zones that allow for varied uses, building types and densities in each neighborhood, and to also permit mixed uses within individual buildings.

Any measure that mandates low density housing in the high demand inner city areas must be carefully thought out and be justified by factors other than a simple desire to preserve a mix of different housing types.

The Urban Taskforce also objects to the use of planning controls that seek to "force" a one perception of "diversity,".

For example, the rules applying to former South Sydney local government area (now part of the City of Sydney) explicitly state that the purpose of the rules are to preserve a social mix that existed in 1991. With the large demographic changes, and changes in lifestyle

⁶ Talen, E. 2005, Land Use Zoning and Human Diversity: Exploring the Connection. Journal Of Urban Planning and Development. Dec. pp. 214

⁷ Talen, E. 2005, Land Use Zoning and Human Diversity: Exploring the Connection. Journal Of Urban Planning and Development. Dec. pp. 217

observed over the past 15 years, it appears to be difficult to justify imposing the social mix of 1991, by law, on a large part of the City of Sydney in 2008.

Local communities should be free to evolve based on the choices of homebuyers, rather than bureaucratic rules imposed by planning policies.

Affordable Housing

There are a number of references in the *Sustainable Sydney 2030* documentation that suggests more will be done to encourage "affordable housing."

We note that the actions set out in the Strategy make a series of commitments that reinforce this belief, including the removal of unnecessary barriers to residential development by the private market (action 8.1.1) and encouragement of lower priced housing (action 8.3.1).

However, it would be a mistake to believe that the planning system can encourage affordable housing by introducing new regulatory requirements. In fact, the presence of regulatory requirements does not solve housing affordability problems - it creates them.

Lack of affordability in the inner suburbs of Sydney is caused by a systemic mismatch between the demand for and supply of medium and high density housing. Planning laws have been contributing to this problem by:

- preventing or limiting the construction of new medium and high density housing in areas where it is most in demand;
- failing to take full advantage of the location of readily accessible public transport by providing for high and medium density development within a fifteen to twenty minutes walk (1.5 kilometres) of transit points ; and/or
- imposing inflexible NSW specific design requirements that prevent developers from supplying apartments adapted to the needs of home buyers.

We recommend that the City avoid pursuing any "inclusionary zoning" policies. "Inclusionary zoning" policies are regulatory requirements requiring the construction of "affordable housing units" at below-market rates.

Generally speaking, so-called "inclusionary" zoning policies are built on a foundation of exclusion to begin with. Without the capacity and willingness of the local council and the State Government to limit housing development, it would hold no leverage to spur creation of affordable units through inclusionary-zoning regulations.

The hypocrisy of inclusionary zoning policies is this: developers (and ultimately home buyers) are forced to "pay" to have density restrictions relaxed, however developers would seek to develop more market-rate units if those rights could be had without cost.

Inclusionary zoning is not able to increase the supply of housing above the levels that the market will sustain. As long as pre-existing zoning requirements prevent the market levels of density from being achieved, the best public policy approach would be to lift the existing controls, rather than impose new ones.

Less Separation of Uses

There is a significant body of urban design expertise that only supports the use of prescriptive zoning for the most hazardous and polluting activities. Such experts advocate the mixing of uses to create better communities. This makes sense on environmental, sustainability and livability grounds. Our focus should be on the preservation of amenity, environmental quality

and the pursuit of excellence in urban design, not whether the land use should be residential, retail or commercial.

If the council is committed to renewal, adaptability and the preservation of authenticity in urban renewal projects, then the City should thoroughly review the old-style micromanagement of uses.

The Urban Taskforce is in favour of “block planning” which includes simple building envelope controls over heights, setbacks and bulk. The idea of then enabling the developer to go beyond these basic controls where an innovative design solution has been developed is strongly supported.

1. Introduction

The Urban Taskforce is an industry group representing leading property developers and equity financiers and it is for this reason that we are particularly interested in systems and incentives that facilitate and encourage private sector investment in urban renewal projects. It is from this basis that this submission is made.

The Urban Taskforce congratulates the City of Sydney and the Lord Mayor, Clover Moore, for undertaking such a wide-ranging program of visionary strategic planning. We are very supportive of some of the key elements of the *Sustainable Sydney 2030* Strategic Plan.

A plan like this should not be signed-off and left on the shelf. It should be both visionary and practical. This means that before it is finalised, it must have:

1. State Government endorsement;
2. clear and accountable arrangements in place for coordination with other government authorities, particularly those responsible for the delivery of public infrastructure;
3. a clear recognition of the market realities faced by developers; and
4. a wide degree of flexibility built into it, so that it encourages innovation and is not made ineffective by changing market conditions.

Without these elements the plan cannot be effective, and will not deliver the necessary outcomes for Sydney.

What we are saying is that it's crucial for these elements to be in place before the plan is finalised. We think the City should be prepared to:

- negotiate over the content of the strategy; and
- delay finalising the strategy

if, for example, it's necessary to ensure State Government agreement.

Sustainable Sydney 2030 is a strategy of partnerships. Without cementing strong partnerships between state and local governments, little in this strategy can be achieved. It is clearly stated that "a share of the proposed actions will need to be led by other agencies." However, we believe it would be more accurate to state that the *majority* of proposed actions will need to be funded and lead by other agencies.

It is ambitious for a local government authority to attempt such an audacious strategic planning exercise, given that much of the subject matter of the plan relates to areas of State and Federal responsibility. However, we cannot fault the council for being up-front about its aspirations and releasing a draft of its vision. Discussion and debate has to start somewhere, and we think the release of this draft is as a good starting point. The release of the draft has not and does not present any difficulties for industry. However industry would be concerned if the draft was finalised in its current form, without incorporation of the four elements outlined above. If this were to occur investors would not get the necessary clear and consistent signals.

Key stakeholders, including the state government and industry groups, should be an integral part of the planning process, not simply commentators during a brief exhibition phase. Accordingly we ask for an ongoing process of direct and detailed discussion to take place after the exhibition period as ended and before any plan is finalised.

2. The Strategic plan

The Urban Taskforce has reviewed the publicly available documents prepared for this project including:

- *The City Vision;*
- *A Globally Competitive and Innovative City;*
- *A Leading Environmental Performer;*
- *Integrated Transport for a Connected City;*
- *A City for Walking and Cycling;*
- *A Lively and Engaging City Centre;*
- *Vibrant Local Communities and Economies;*
- *A Cultural and Creative City;*
- *Housing for a Diverse Population;*
- *Sustainable Development, Renewal and Design;* and,
- *Implementation Through Effective Governance and Partnership.*

Representatives of the Urban Taskforce also attended the *Sustainable Sydney 2030* briefing session held on the 11th April and have visited the *Sustainable Sydney 2030* exhibition at Customs House.

Having reviewed the information provided, the Urban Taskforce understands that this strategic planning project is to provide Council with a policy framework and inform Council's future planning programmes. We understood that *Sustainable Sydney 2030* is not intended to be an enforceable "regulatory" policy. Its purpose is to provide direction for planning and work programmes undertaken by the Council over the longer term. Council hopes to adopt a final vision of this policy in mid 2008 and in this regard, it is assumed that Council will adopt "City Vision" as its principle strategic planning document.

The Urban Taskforce is of the view that strategic planning and visioning projects such as *Sustainable Sydney 2030* are only of real value if they are grounded in reality. A final strategy that does not consider economic realities or has not been prepared in close partnership with those who will be expected to contribute to its implementation will be of little relevance and be counter-productive.

The documentation we have reviewed indicates that considerable thought has gone into the preparation of the strategy. World-class experts have been involved in the development of this Strategy and many of the projects and actions included are groundbreaking. Nonetheless, there is much more work to do before the strategy is finalised.

3. The Vision for Sydney - Five Big Moves

The Urban Taskforce strongly supports strategic planning and welcomes initiatives, such as *Sustainable Sydney 2030*, that engage community, industry and government in constructive dialogue on important matters including the future of Australia's premier city. *Sustainable Sydney 2030* outlines the environmental, economic and liveability challenges facing Sydney and suggests strategic responses to these.

Delivery on the vision and "how to make things happen" to transform a strategy into reality is often found lacking in strategic plans. However, by outlining areas for action and project

ideas, this strategic plan provides more than vision. It provides a “blueprint” for the City of Sydney that if supported, will confirm Sydney as Australia’s global city.

The Urban Taskforce generally supports the Vision: “Five Big Moves”⁸ inasmuch as it advocates:

- revitalisation of the City Centre;
- integration of transport;
- introduction of green corridors;
- creation of sustainable villages; and,
- sustainable development philosophy.

How the vision is to be achieved is something that requires careful consideration. In this regard, the Urban Taskforce provides qualified support to the implementation strategy (Framework for Action – Ten Strategic Directions).

We have some concern over the viability of some of the project ideas included in the Strategy. Project ideas, provided as a means of articulating what a strategy may achieve, have the potential to generate discussion and excitement, enabling the reader to envision the “dream.” But unrealistic projects, not supported by those who will be relied upon to deliver on the dream and not grounded in reality, not only have the potential to detract from the many innovative and appropriate aims included in a comprehensive strategy such as *Sustainable Sydney 2030*, but also have the potential to derail the strategic planning exercise.

The Urban Taskforce does not object to the strategic directions identified within the Strategy. It is encouraging to note that it is accepted that

the City of Sydney can’t achieve the Vision on its own. A share of the proposed actions will need to be lead by other agencies or stakeholders.⁹

This is an important issue, and while this is noted in the Strategy, the level of stakeholder involvement required for success and their level of support is not made clear. This issue must not be underestimated as it seems that the *lion’s share* of the proposed actions will require leadership and significant expenditure by other agencies or stakeholders.

The recognition that Sydney plays a significant role as a global city and economic powerhouse to Australia’s economy is noteworthy. In this regard, the Urban Taskforce supports the notion that whatever happens within the City of Sydney local government area has the very real potential to cause an impact that will be felt at the regional and national level. It is critical that this premise not be forgotten. The importance of Sydney to the nation must always guide careful strategic planning.

The Urban Taskforce supports initiatives that will promote sustainable and diverse communities, particularly those strategies and actions that will encourage the provision of additional housing and jobs that appeal to a wide cross section of the population. Whether it is realistic to suggest that an additional 48,000 dwellings and 97,000 jobs can be accommodated without major changes in established residential areas¹⁰ is a matter for further investigation.

⁸ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/00_A_CITY_VISION1.pdf, accessed 9 May 2008]

⁹ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan. pp. 9.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/00_A_CITY_VISION1.pdf, accessed 9 May 2008]

¹⁰ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan. pp. 16.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/00_A_CITY_VISION1.pdf, accessed 9 May 2008]

Without doubt, the greatest challenge for Sydney is aging and strained infrastructure. Our public transport system and roads can hardly meet demand today, let alone future demand. The Urban Taskforce agrees that there is an urgent need to increase capacity, improve efficiency and modernise our aging transport infrastructure. We welcome initiatives that provide more compact pedestrian friendly communities, and facilitate walking and cycling.

The "Five Big Moves" outlined in *Sustainable Sydney 2030* are discussed in further detail below.

3.1 Revitalised City Centre at the heart of Global Sydney

3.1.1 Barangaroo

The Urban Taskforce supports the initiative to extend the commercial core of Sydney to Barangaroo. In this regard, strong support is given to the principle that such development will provide floor space for *all* types of business activity and permit the integration of residential development to "create a lively and active precinct on evenings and weekends..."¹¹

The Urban Taskforce is passionate about initiatives that encourage land use mix and believes that successful places include a mix of uses. This includes jobs, retail and hospitality services, apartments and other attractions - all coexisting within a definable location working together to make a centre attractive and successful.¹²

We agree with Professor Jan Gehl's comments that the proposed parkland at Barangaroo could be better integrated with residential and commercial buildings.

Barangaroo should be a living example of the kind of compact, pedestrian-friendly, mixed-use neighbourhood essential to the future of our city. It's crucial that workplaces, shopping and recreation areas should all be within walking distance of each other.

The proposed 11 hectares parkland is to be at the northern end of the site, while the highest buildings are clumped together at the southern end. The design of the site would be improved by more evenly distributing the parkland and new homes and workplaces.

This would allow office workers, residents and visitors to move easily between buildings and the public open space. It will also create more potential for a more dynamic urban environment featuring cafes, restaurants and wine bars. We must avoid creating a parkland that is empty and unused.

Higher density residential buildings will inject life into the area, locate more people close to their work and ease the strain on Sydney's transport system.

3.1.2 Central Spine

The idea of a central spine linking three new city squares is an admirable goal. The resulting activity centres linked with priority given to public transport and cyclists is attractive. This, with the inclusion of a high quality light rail to Barangaroo, has the potential to transform the central business district of Sydney into a truly exceptional place. How this is to be provided, funded and supported will require further investigation.

¹¹ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan. pp. 22.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/00_A_CITY_VISION1.pdf, accessed 9 May 2008]

¹² Newman, P., 2004, *Metropolitan Strategy*. Paper presented at the Sydney Futures Forum. Sydney 19 May, 2004.

The Urban Taskforce argues for considered and realistic development incentives with close partnerships with infrastructure providers for the delivery of such visionary and transformative initiatives. In this regard, the Council of the City of Sydney must work closely with the NSW Government and together both levels of government must consider the locality and make *place specific policies*. Furthermore, consideration must be given to those that will be relied upon to make the development happen, including developers.¹³

3.1.3 West of George Street

Provided that land use and built form controls are developed in consultation with property owners and developers, the Urban Taskforce supports the desire to retain a fine grain retail, hospitality and mixed use precinct west of George Street. However, the definition of “fine grain” needs to be sufficiently broad to encompass a wide variety of uses and floor plates. Ultimately the market will determine what will work as successful businesses in this district. If planning controls are too prescriptive, and the uses that they prescribe are not viable, this part of the city will be blighted by empty or underutilised premises and poor quality businesses.

3.1.4 A cultural ribbon

The creation of a “cultural ribbon” from Darling Harbour to Bennelong Point and Macquarie Street is new and welcome idea. This initiative, along with the introduction of green zones and pedestrian friendly streets, will be a refreshing addition to the urban landscape.

3.1.5 Western Distributor & Cahill Expressway

If the Council is relying on private sector investment as a means to achieve proposed undergrounding of the Western Distributor and the removal of the Cahill Express Way, the incentive/reward for private sector funding would need to be significant.¹⁴ It is not clear to us that the development opportunities can pay for this, nor what the State and local contributions may be. Without a detailed traffic analysis, it is also not clear what implications these infrastructure changes will have on the city more generally.

Aside for the practical issues inherent in any proposal to reduce road transport capacity, we must also ask what role the Harbour Bridge would have if these two infrastructure proposals are to proceed? The Western Distributor and the Cahill Express Way are the two principal arteries connecting the Harbour Bridge to the road network on its southern side. Without the capacity that these arteries offer, the Harbour Bridge could be reduced to the status of an empty monument.

We would like to see further information on these proposed changes to these words before we would give the idea our support.

3.2 An integrated inner Sydney transport network

The Council says that

Inner Sydney needs better transport connections into the City, around the City Centre and between Activity Hubs and Villages. Major public transport routes are at or near capacity and it is

¹³ Freestone, R., 2008, Better Planning and Research for Mixed-Use Developments. *Australian Planner*, Vol. 45, No. 1, pp. 14-15.

¹⁴ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan. pp. 24.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/00_A_CITY_VISION1.pdf, accessed 9 May 2008]

difficult to move efficiently around the City. Buses and taxis are stuck in congestion, with walking and cycling unpleasant and dangerous due to fragmented routes.¹⁵

Who could possibly disagree with this? The City is clogged, with aging transport infrastructure that is at capacity making movement, regardless of mode, extremely difficult. Innovative responses are urgently required if we have any chance of turning this situation around.

3.2.1 Land use and public transport usage

It is well understood that “land use patterns have a significant influence on how well public transport services can be delivered and utilised.”¹⁶ By introducing more land use flexibility in the vicinity of new transport infrastructure, the infrastructure itself benefits in terms of patronage, and therefore viability. Development in the vicinity of transport nodes depends on private investment for its construction and in this regard, land use controls must recognise market realities if there is any likelihood of encouraging beneficial development.¹⁷

It's crucial that Sydney's local environment plan be amended to ensure that all land uses that are necessary for viable, attractive and desirable town centres are permissible. Council must ensure that the local environmental plan for Sydney reflects diversity. Sydney's plan must:

- promote diversity of use;
- emphasise compactness;
- foster intensity;
- provide for accessibility; and
- create functional linkages.¹⁸

The importance of density and land use mix to the success of a centre is crucial. Moreover, without an appropriate mix of complementary land uses, people will be less inclined to use public transport, as their ability to access a variety of destinations will be limited.¹⁹

It is widely agreed that urban centres supported by mass transit should be diverse in their land-use compositions. Furthermore, mixed use can be an effective revitalisation tool. For example, a plan that provides:

- the opportunity to build residential apartments;
- the option of non-residential uses at ground level;
- the right location; and =
- is support by good quality mass transit

offers an attractive development opportunity for a developer and an effective driver to urban renewal outcomes. However, we urge the Council not to be prescriptive about the

¹⁵ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan. pp. 26.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/00_A_CITY_VISION1.pdf, accessed 9 May 2008]

¹⁶ Alford, G., 2006, Integrating Public Transport and Land use Planning – Perspectives from Victoria. *Australian Planner*, Vol. 43, No. 3, pp. 6-7.

¹⁷ Freestone, R., 2008, Better Planning and Research for Mixed-Use Developments. *Australian Planner*, Vol. 45, No. 1, pp. 14-15.

¹⁸ Glass, G., 2005, Honey I sunk the railway line. Do you want me to tidy up the rest of the town?. Paper presented at the Transit Oriented Development Conference. Fremantle, Western Australia 5-8 July 2005.
[<http://www.patrec.org/conferences/TODJuly2005/papers/Glass.G.pdf>, accessed 7 April, 2008]

¹⁹ Cervero, R., Ferrell, C., and Murphy, S. 2002, Transit-Oriented development and Joint Development in the United States: A Literature Review. Transit Cooperative Research Program. Research results digest. October 2002—Number 52 [http://onlinepubs.trb.org/Onlinepubs/tcrp/tcrp_rrd_52.pdf, accessed 7 April, 2008]

use of ground floor space. Prescriptive inflexible controls can lead to empty or poor quality street frontages, if the uses mandated by the Council are not profitable for business owners.

The Urban Taskforce strongly urges the Council to ensure the appropriate density and range of land uses will occur when amending its local environment plan.

3.2.2 Co-operation with the State Government

The transport initiatives included in *Sustainable Sydney 2030* would bring about considerable improvements in many areas. However, the City of Sydney is not the lead agency for the implementation of the vast majority of these transport initiatives.

Initiatives included in the Strategy that will require significant funding by the State Government must carry the inclusion of comments from the State and detailed in the Strategy documentation. It is unclear if the State Government were consulted and/or included in the development of the initiatives, nor is it clear what the State Government position is on the initiatives suggested.

Nonetheless we agree that improving transport corridors, providing light rail to Barangaroo, creating a mid city transport plaza and the development of an integrated inner Sydney transport strategy are worthwhile pursuits.

3.2.3 Car parking

The Urban Taskforce is concerned over car parking demand strategies that restrict the provision of car parking within inner Sydney developments.

The City of Sydney may well become an area that is dense, compact, with a mix of uses, supported by high quality public transport as suggested in *Sustainable Sydney 2030*. This may encourage some to travel less by the private motorcar. In fact, some may even choose to do without a car altogether.

However, the private motorcar will continue to be a necessity in Australia for many households. For example, households that include

- older people;
- children;
- people with disabilities

are likely to continue to require a motor vehicle to get on with the basics of life.

Even single and couples are still, generally speaking, likely to need a motor vehicle, if only to attend to shopping and social activities which are inaccessible or impractical by walking or public transport.

The benefits of compact, pedestrian friendly communities are that car use is likely to be *reduced not eliminated*.

Planning needs to consider the car, roads and all other forms of transport and how to improve their integration. Sensible land use and transport planning allows for all modes of transport (cars, transit, walking and cycling) and plans must consider and integrate these.²⁰

²⁰ Mackay, M., 2005, Don't think Transit-oriented development, think transport-oriented development. Paper presented at the Transit Oriented Development Conference. Fremantle, Western Australia 5-8 July 2005. [<http://www.patrec.org/conferences/TODJuly2005/papers/Mackay.M.pdf>, accessed 7 April, 2008]

Initiatives that seek to restrict car parking must carefully consider “across the board” parking restrictions on market viability. Good access to alternative forms of transport can mean a reduction in car parking, but we should not think that we could unrealistically restrict car parking. Further, if people demand access to private motor vehicles, the market will require that provision be made for car parking within developments for a development package to be attractive to a prospective buyer. In this regard, planning new urban areas should continue to provide car related infrastructure (parking and roads), but at a rate appropriate for the location.²¹

3.3 A liveable green network

The Urban Taskforce supports initiatives that connect people with places. Appropriately designed streets and lanes with pedestrian priority and good amenity to facilitate movement around and across the City away from heavily trafficked streets should be encouraged. The selection of some of the quieter streets of Sydney to form part of a continuous cycle network is welcome.

While it is commendable to strive for a network of cycle and pedestrian ways, without firm commitment from those who actually own and/or regulate the land, the Urban Taskforce requests further information on the ability for the Council of the City of Sydney to deliver on the initiatives suggested.

3.4 Activity Hubs as a focus for the City's village communities and transport

Possibly one of the most encouraging initiatives included in Sydney 2030 is the possibility of the creation of 10 Activity Hubs.²² The Urban Taskforce agrees that future sustainability requires that essential local services and facilities be within walking distance, with convenient and reliable public transport. The provision of villages with a stronger focus is considered essential for the creation of community.

The recognition that local businesses are important partners in such initiatives is refreshing. The Urban Taskforce has always argued that planning must recognise private sector investment as the driver to urban renewal projects.

The Urban Taskforce supports planning for “activity hubs” provided that planning controls allow for changes in business, community and market.

The aim of providing a mix of community facilities, local shopping and residential development clustered in a walkable neighbourhood is essential for success. However, the Urban Taskforce objects to planning regulations that seek to manipulate and control the market. For instance, the Council may think that a particular land use is desirable for a centre and may then introduce planning controls that favour that use. This would be successful if that use matched market realities and hence stimulated investment at that point in time. However, localities evolve and change over time and the market must be permitted to respond without unnecessary and irrelevant planning restrictions. It is for this reason that the Urban Taskforce advocates strongly for mixed-use centres and flexible planning controls that are able to respond to changes in community and evolving urban areas.

²¹ Ker, I., 2005, Common Sense and Opportunism in Transit Oriented Development (or 'life is what happens to you while you're busy making other plans'). Paper presented at the Transit Oriented Development Conference, Fremantle, Western Australia 5-8 July 2005. [<http://www.patrec.org/conferences/TODJuly2005/papers/Ker.I.pdf>, accessed 7 April, 2008]

²² SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan, pp. 30. [http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/00_A_CITY_VISION1.pdf, accessed 9 May 2008]

The use of Local Action Plans developed by the City of Sydney in partnership with local communities can be a useful starting point for further planning. However, local community aspirations can be unrealistic, easily becoming a “wish list,” as they are not developed with the benefit of market feasibility.²³

In the end, it is to everyone's benefit to get this right as restrictive, non responsive planning controls have been shown as the primary cause of high vacancy rate, little reinvestment and centre decline.

3.5 Transformative development and sustainable renewal

The Urban Taskforce agrees that defined redevelopment areas such as Barangaroo, Eveleigh and Green Square provide significant opportunities for innovative approaches to energy generation, waste treatment and affordable housing.

A number of exciting redevelopment projects have been suggested including the potential for the development of the airspace above Central Station. The opportunity to reconnect a city divided by a railway line provides massive potential, provided that there are realistic incentives for private sector investment into such a challenging project. Airspace development of this magnitude is costly and would require a realistic assessment of airspace value, construction cost, risk and return on investment if there is any likelihood of private sector interest in such a project.

Nonetheless we congratulate the City for putting this idea on the table and we hope the State Government will back it. Industry will enthusiastically work with City on ways to make this project a reality.

4. Implementation of the Vision – Ten strategic directions

Sustainable Sydney 2030 is contextualised by *City Futures – Supporting Information*. While brief, this section of the Strategy provides worthwhile comment on the implications for Sydney if the forecasts for Sydney contained primarily in the Metropolitan Strategy are accurate. For instance, the benefits of increased development and density in the City are clearly stated:

More concentrated and higher rates of residential development in the City... would lead to lower greenhouse emissions across the metropolitan area....²⁴

This statement is strongly supported by the Urban Taskforce.

The Urban Taskforce has continually advocated the benefits of providing opportunities for inner city living. In fact, many of the objectives for a lively, vibrant and entertaining city can only be achieved if residential opportunities are actively encouraged across the entire Sydney local government area, including the CBD.

The Urban Taskforce concurs that

sustainability benefits of more compact growth can only be realised if essential infrastructure, facilities and services are provided simultaneously with development.

The context for Sydney is one that is derived by increased growth (housing and jobs), community expectation for improved liveability, environmental conservation and the urgent

²³ Guy, C. & Duckett, M. 2003. Small Retailers in an inner city community: a case study of Adamsdown, Cardiff. *International Journal of Retail & Distribution Management* Vol. 31, No. 8. pp. 401-407.

²⁴ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan. pp. 62.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/00_C_CITY_FUTURES.pdf, accessed 9 May 2008]

need for infrastructure upgrading. It is within this context that the *Sustainable Sydney 2030* implementation strategy – *Ten Strategic Directions* must operate and in this regard the Urban Taskforce makes the following comments.

4.1 A Globally Competitive and Innovative City

The Urban Taskforce understands that similar businesses and activities tend to cluster in areas that *currently* meet their needs. It is apparent that *Sustainable Sydney 2030* will seek to reinforce these activity centres through the selective use of built form controls.

The Urban Taskforce must emphasise that activity centres may change over time and it is for this reason that planning controls must encourage a built form that can be easily adapted to changes in activity. Sydney should not become a static and inflexible metropolis.

We are encouraged to read that

there could be a need to be flexible to allow the market to adapt to changing location and business requirements.²⁵

As Sydney grows there will be a need to properly and robustly consider planning in the vicinity of Sydney Airport and airport capacity constraints. The Urban Taskforce argues that it is unlikely that the current airport would be relocated, but supports the evaluation of a secondary airport site to free-up capacity at Sydney Airport. Clearly this matter urgently requires action from all levels of government, action which is long overdue.

The *Western Corridor Project Idea* is generally supported by the Urban Taskforce provided that there are real incentives included in the planning controls established to guide development in this corridor. The Urban Taskforce strongly supports opportunities for mixed-use development and would hope that planning controls realistically consider the economic feasibility of development in this location. Opportunities for sufficient yield to attract private sector investment must be provided.

4.2 A Leading Environmental Performer

There is no doubt that the environment is under incredible stress. The International Panel on Climate Change (IPCC) confirms unequivocally that global warming is real. The Australian Government ratified the *Kyoto Protocol* in December 2007, which sets a target to reduce greenhouse gas emissions by 60 per cent on 1990 levels by 2050.²⁶

As the Australian Government is now a signatory to the Kyoto Protocol, it is appropriate that the City of Sydney establishes a target for the reduction and offset of greenhouse gas emissions from the City by 2050. Whether the 70 per cent reduction target is appropriate is not a matter to which the Urban Taskforce can provide comment.

The Sustainable Sydney 2030 document is unclear on how the environmental initiatives in the document are to be paid for, although we note as part of objective 10.5 "Consider innovative financing and funding approaches," there is an action (10.5.3) to "[r]eview property development levies."

²⁵ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan. pp. 78.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/01_COMPETITIVE.pdf, accessed 9 May 2008]

²⁶ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan. pp. 99.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/02_ENVIRONMENTAL_PERFORMER.pdf, accessed 9 May 2008]

While supporting environmental initiatives, the Urban Taskforce does not support any additional costs and/or levies placed on new developments in Sydney.

Right now, the supply of new housing in Sydney is falling woefully short of underlying demand (see the studies of BIS Shrapnel). In fact, new housing starts for NSW last year were at a record low – 29,000 – the lowest figure since the Australian Bureau of Statistics started collecting data on the subject in 1980. Even rental increases of 26 per cent across Sydney over the last three years (Department of Housing figures, March 2005 – March 2008) have not been enough to kick start housing production.

In this kind of market, the only way a project can proceed is if the additional levies and costs get passed straight onto the final price of property, when sold to the end-user.

If the product is a home, then in the supply constrained market the home buyers collectively will not be able to pay any more (in a supply-constrained market home prices are as already as high as home buyers can afford). Therefore the increase in costs can't be passed onto the home buyer.

However, the developer cannot proceed with development projects on a lower margin because capital is *mobile*, and if the return on equity is suboptimal, the money will instead be invested in other jurisdictions (i.e. other council areas, other States or other countries).

The bottom line is that increasing the cost of development projects lowers the volume of production of new properties. Obviously this will deny the City of Sydney, its residents and workforce the benefits of new housing and commercial properties. It will also restrict the redevelopment of older, inefficient buildings and therefore further delay the achievement of greenhouse gas reduction targets.

If the cost on the developer makes redevelopment prohibitive, no redevelopment occurs, aging building stock remains and no reduction in greenhouse gas is achieved.

4.3 Integrated Transport for a Connected City

The development of an integrated inner Sydney public transport network is long overdue and the development of such a network is strongly supported by the Urban Taskforce. Integration means that all forms of transport must be recognised and the road space needs to be managed for a variety of travel modes. Furthermore, public transport needs to be integrated across modes. We agree that there is a lack of integration between transport modes.²⁷

We are concerned at proposals that will require commuters travelling into the city on bus to change their mode of transport before arriving at their final destination. The evidence suggests that commuters are less likely to use public transport at all if they are unable to complete their journey without changing transport modes. The suggests that either bus access to the city must be preserved, or that any light rail network must be far more comprehensive than proposed by the City, and include the inner Sydney suburbs currently serviced by CBD bound buses.

The City of Sydney should be congratulated for effectively identifying the actions that should be pursued for improvements in transport performance. However, without commitment from transport and infrastructure providers, many of the objectives will have little hope of implementation. The Urban Taskforce anxiously awaits comment from the State Government, particularly the Ministry for Transport on the strategy suggested.

²⁷ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan, pp. 138.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/03_TRANSPORT.pdf, accessed 9 May 2008]

4.4 A City for Walking and Cycling

The Urban Taskforce acknowledges the environmental and health benefits of cycling and walking and supports the development of safe and connected cycling/walking networks for the City.

However, this should be publicly funded from existing infrastructure budgets. It is not desirable for developments to be believed to fund such projects for the same reasons already outlined in section 4.2.

4.5 A Lively, Engaging City Centre

The City of Sydney says

Few cities in the world enjoy a natural setting as spectacular as Sydney's.views to the water and the landscape beyond are a major selling point for the City Centre.²⁸

The Urban Taskforce is in total agreement. Our natural setting is our competitive advantage over other Global Cities in our region and strong support is given to initiatives that build on this advantage and work towards the creation of a "lively, engaging city centre."

Sydney is blessed with numerous wonderful iconic buildings and public spaces. Unfortunately Sydney has also inherited several less than ideal structures and places, which we have learnt to accept and live with. For instance, the Western Distributor and Cahill Expressway may present poor "urban images" and undermine otherwise prime urban spaces, however, these pieces of critical infrastructure do serve an important function and the suggestion of their removal or relocation must be subjected to further analysis.

The opportunity for further residential development and the creation of lively waterfront precincts in close proximity to the city centre is strongly supported by the Urban Taskforce.

Vehicular traffic within the city must be managed if we are to have exciting, vibrant and attractive urban spaces. However, the Urban Taskforce does not support the assumption that the "management" of vehicular traffic, means the "exclusion" of vehicles from central Sydney.

The plan for a car free north-south central spine in the City Centre connecting three new squares at Circular Quay, Town Hall and Central²⁹ is innovative. The idea of people "reclaiming their City Centre" is an attractive one. However, in order for Sydney to function as a global city it's crucial that major commercial and retail properties have, and continue to have, vehicular access. Closing a major road like George Street may deny whole sites the capacity to receive and dispatch goods and services, as well as affect their ability to attract high quality global firms as tenants.

Initiatives to ensure the built form and mix of uses in 'fine grain' areas are preserved whilst allowing them to evolve is strongly supported by the Urban Taskforce. In this regard the Urban Taskforce is keen to review any planning regulations to ensure that they are flexible enough to respond to changing market conditions. When planning regulations mandate uses that are unprofitable, the streetscape will be dominated by empty premises or poor quality, run down businesses. Clearly, this outcome should be avoided.

²⁸ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan, pp. 174.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/05_CITY_CENTRE.pdf, accessed 9 May 2008]

²⁹ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan, pp. 181.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/05_CITY_CENTRE.pdf, accessed 9 May 2008]

We are particularly concerned at the suggestion that there may be development controls that restrict or limit retail floor space. While the Urban Taskforce understands the desire to encourage smaller, “quirky” retailing in finer grain areas of the City, we do not believe that limiting floor space through regulation is should be the preferred means of encouraging street level activation. The Urban Taskforce argues that the landowner should be free to deliver the floor space appropriate to market demands. Floor space requirements must be permitted to change in response to market demands and not be limited by planning regulation. Inappropriate floor space, restricted by planning regulation, could result in higher vacancy rates where market demand is not being catered for.

Residential development in the city (including the proposal for residential development in the upper stories of areas identified for ‘fine grain development’) has always been passionately supported by the Urban Taskforce. In the same vein the City should be conscious of the need to provide for residential development across the CBD – the presence of residents will ensure the city is safe at night and on weekends, and reduce the empty desolate feeling that some parts of the city currently have outside of normal trading hours.

4.6 Vibrant Local Communities and Economics

The Urban Taskforce recognises the benefits of community diversity and supports opportunities to celebrate and build upon community diversity.

It is agreed that the residential areas in the City are a diverse ‘city of villages’ surrounding the City Centre. Each village has its own distinctive character, which can be derived from its physical, social and cultural attributes and assets. The idea of building on this to facilitate the creation of a network of activity hubs across the City to provide an even stronger focus for the City’s villages and local communities is supported by the Urban Taskforce provided that initiatives proposed by Council accepts that the distinct villages, with a recognisable feel, may evolve over time. The planning system should not attempt to freeze the current character of an area. An attempt to create a static environment may lead an area to degrade if its original rationale for existence loses relevance. In this regard, restrictive planning controls should be avoided.

The Urban Taskforce is a vocal advocate for planning controls that focus on the preservation of amenity. Successful places have evolved into the current state over a period of time based on the choices of residents, city workers, shoppers, employers and business operators. Inflexible planning controls are a recipe for artificial contrived places.

The single most important thing that can be done to create a stronger sense of community and belonging in the City of Sydney would be to increase the proportion of the local workforce that can reside locally. Planning rules can do this by facilitating more compact pedestrian friendly neighbourhoods - with retail, shopping, public transport and workplace within easy walking distance. Diversity in different types of homes – number of bedrooms, size, etc – should be based on the evolving choices of home buyers, rather than a regulatory straight jacket.

The Urban Taskforce strongly supports additions to the public domain recognising that communities and villages should be able to change and evolve, both physically and culturally, without being unduly constrained by placing more value on what exists now than what they might be like in the future.³⁰

³⁰ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan. pp. 207.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/06_LOCAL_COMMUNITIES.pdf, accessed 9 May 2008]

4.7 A Cultural and Creative City

The Urban Taskforce recognises that Sydney is culturally significant to many people and that actions must be taken to enhance, build upon and protect culturally significant places. Furthermore, fostering creativity and cultural vitality must be actively pursued. The Urban Taskforce supports strategic directions for a cultural and creative city.

4.8 Housing for a Diverse Population

It is interesting to note that our desire to attract and house a diverse population to the City requires that specific planning initiatives be implemented when it was planning that caused the reduction in diversity in the first place. The unfortunate and negative side effect of restrictive zoning laws has been the separation of people:

Planners are in the unfortunate position of having encouraged social and economic sorting in the first place.³¹

The Urban Taskforce is in favour of diverse city communities and encourages corrective measures that seek to bring diversity back into the City. While there is an urgent need to address housing affordability, the Urban Taskforce is of the view that this is only part of the solution. If Council is serious about diversity, it must recognise the link between human diversity, zoning and development controls.³²

4.8.1 Mixed use zones

As a starting point, Council must ensure that its Strategy includes mixed-use zones that allow for varied uses, building types and densities in each neighborhood, and to also permit mixed uses within individual buildings. The Urban Taskforce supports actions that will remove barriers to residential development and urban renewal projects. Furthermore, the provision of physical and social infrastructure matched to community needs is considered essential to successful urban renewal projects.

4.8.2 Preserving low density housing

The Urban Taskforce agrees that the higher density communities are made more attractive by:

- a reliable and convenient public transport system;
- a good mix of commercial and retail land uses;
- cultural, social and health facilities; and,
- high quality urban amenities, including parks, recreation and walking facilities and plazas.”³³

However, we note that the City has also identified “a good mix of housing types and tenures” as a *pre-requisite* for higher densities. We are concerned if this is suggesting that low densities in the inner city should be preserved for its own sake. Preserving low densities in such areas always comes at a cost to the community.

Low density housing in the inner city is a very high cost form of accommodation that can only be accessed by those with the highest incomes. By prohibiting pedestrian friendly,

³¹ Talen, E. 2005, Land Use Zoning and Human Diversity: Exploring the Connection. Journal Of Urban Planning and Development. Dec. pp. 214

³² Talen, E. 2005, Land Use Zoning and Human Diversity: Exploring the Connection. Journal Of Urban Planning and Development. Dec. pp. 217

³³ SGS Economics 2008, *Sustainable Sydney 2030* draft Strategic Plan. pp. 63.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/00_C_CITY_FUTURES.pdf, accessed 9 May 2008]

compact living in an area, more of the inner city workforce is denied the opportunity to secure affordable housing closer to their workplace. Such outcome is inequitable and undermines the sense of community that *Sustainable Sydney 2030* is trying to foster. It also reduces the opportunities to access public transport, contributes to increased car use and fosters social problems for those who have to suffer long commuting times.

Any measure that mandates low density housing in the high demand inner city areas must be carefully thought out and be justified by factors other than a simple desire to preserve a mix of different housing types. Appropriate (well researched and documented) reasons why a given area may be kept for low-density housing include:

- a need to protect heritage buildings or the streetscape of a heritage conservation area
- a need to preserve the visual amenity, in terms of the relationship between various buildings and open space; and
- the need to ensure road transport capacity is not overstretched.

4.8.3 Forcing diversity

The Urban Taskforce objects to the use of planning controls that seek to “force” a particular perception of “diversity,” despite market demands and acceptance.

For example, the City of Sydney restricts three or four bedroom apartments to eight per cent of new unit developments in Potts Point, Elizabeth Bay and Rushcutters Bay. In Camperdown they can only be 15 per cent of new developments. The City of Sydney's rules affect 24 suburbs and the central business district.

The rules applying to former South Sydney local government area (now part of the City of Sydney) explicitly state that the purpose of the rules are to preserve a social mix that existed in 1991. It may well be the case that a South Sydney apartment was not a popular choice for families sixteen years ago, but society (and the property market) has changed a lot in this time.

The shortage of three and four bedroom homes in these areas has started to squeeze renters, with local rents skyrocketing. For example, over the twelve months to August 2007, rents for three bedroom homes across the Sydney metropolitan area increased by seven per cent, but in the City of Sydney rents shot up by 14 per cent (August 2007 NSW Department of Housing Rent and Sales Report).

While rental increases across the board are occurring for all dwelling types, the disproportionate rental increases observed for larger homes are indicative of the more than significant gap between demand and supply. The market is prevented from adjusting to address this shortfall by development control plans that say it is permissible to build one or two bedroom apartments, but not three or four apartments. Such planning policies make it harder for families to secure larger sized homes in inner Sydney.

Many new families in the inner city cannot afford a detached house in the inner suburbs and, if they want stay in the area, must live in two bedroom apartments. With the large demographic changes, and changes in lifestyle observed over the past 15 years, it appears to be difficult to justify imposing the social mix of 1991, by law, on a large part of the City of Sydney in 2008.

If a unit development within a particular envelope would be approved for a particular site, the council should not dictate how many apartments contain one, two, three or four bedrooms. The developer has a better idea of the market forces and level of demand for their products.

We encourage the City to dismantle the current rules that restrict diversity to avoid creating new rules that, in the long-run, will have a similar effect. Local communities should be free to evolve based on the choices of homebuyers, rather than bureaucratic rules imposed by planning policies.

4.8.4 Affordable housing

There are a number of references in the *Sustainable Sydney 2030* documentation that suggests more will be done to encourage “affordable housing.”

It would be a mistake to believe that the planning system can encourage affordable housing by introducing new regulatory requirements. In fact, the presence of regulatory requirements does not solve housing affordability problems - it creates them.

Lack of affordability in the inner suburbs of Sydney is caused by a systemic mismatch between the demand for and supply of medium and high density housing. Planning laws have been contributing to this problem by:

- preventing or limiting the construction of new medium and high density housing in areas where it is most in demand;
- failing to take full advantage of the location of readily accessible public transport by providing for high and medium density development within a fifteen to twenty minutes walk (1.5 kilometres) of train stations and bus stops; and/or
- imposing inflexible NSW specific design requirements that prevent developers from supplying apartments adapted to the needs of home buyers.

“Inclusionary zoning” policies are regulatory requirements requiring the construction of affordable housing units to be sold at a below-market rate or to contribute to a dedicated fund for similar purposes.

The paradox is that, generally speaking, so-called “inclusionary” zoning policies are built on a foundation of exclusion to begin with. This is the case where inclusion of affordable units confers rights on the developer to increase the density of (market-rate) units in the project overall. Without the capacity and willingness of the local and the State Government to limit housing development, it would hold no leverage of to spur creation of affordable units through inclusionary-zoning regulations.

The hypocrisy of inclusionary zoning policies is this: developers (and ultimately home buyers) are forced to “pay” to have density restrictions relaxed, however developers would seek to develop more market-rate units if those rights could be had without cost.

Planning controls that encourage low density housing in the inner suburbs makes housing too expensive generally and dampens the ability of these suburbs to provide homes for the local workforce. Encouraging more compact, pedestrian friendly communities will have a greater impact on housing affordability overall, since the potential of such policies to spur an increase in alternatives to large-lot single houses is significant and will dwarf that achievable under an inclusionary-zoning approach.

A per unit affordable housing levy reduces development densities of market-rate housing. An affordable housing charge that reduces profits to lower-than-normal levels (i.e. the levels offered by alternative developments/investments elsewhere) means that developments will not proceed and new housing will not be built. This should not be a surprising proposition. In fact, economic forecaster BIS Shrapnel’s assessment of the NSW market is that underlying demand is very strong, but that the necessary housing (including medium-high density housing) is unable to be supplied at a cost that is both affordable to home buyers and

profitable to developers. As a result there will be significant shortfalls in housing supply for at least the next two years, if not longer.

Inclusionary zoning is not able to increase the supply of housing above the levels that the market will sustain. As long as pre-existing zoning requirements prevent the market levels of density from being achieved, the best public policy approach would be to lift the existing controls, rather than impose new ones.

4.9 Sustainable Development, Renewal and Design

Redevelopment sites including Barangaroo, Green Square and around Central Station provide opportunities for world-class sustainable design.

Improving design and methods of construction come at a cost and it is encouraging to note that Council will work to ensure that approvals are not adding unnecessarily to the cost of renewal and development. The Urban Taskforce strongly supports the Council's assurance that environmental planning instruments (local environmental plans and development control plans) will be regularly reviewed as

over time provisions and controls can become less relevant, as technologies, expectations and development approaches and uses change.

We agree that

delays caused by out-of-date or unwieldy controls can add significantly to 'supply side' costsand that these are not in the community's interest as they add to the base cost of development, feeding through into sale prices, and acting as a barrier to market entry for new and more innovative developers (whose financiers may be risk averse).

While reviewing planning controls and some long established planning "norms" the Urban Taskforce strongly suggests that the City of Sydney reconsider the legitimacy of using zoning to separate and segregate land uses.

There is currently a significant body of urban design expertise that only supports the use of prescriptive zoning for the most hazardous and polluting activities. Such experts advocate the mixing of uses to create better communities. This makes sense on environmental, sustainability and livability grounds. Our focus should be on the preservation of amenity, environmental quality and the pursuit of excellence in urban design, not whether the land use should be residential, retail or commercial.

This approach to planning supports the Council's desire to better manage risks by ensuring the City is adaptable. The Urban Taskforce agrees that there is a

degree of uncertainty when planning for the future and for this reason it is necessary to manage risk and ensure that options for change, renewal, re-use, redevelopment or intensification are not precluded.³⁴

If the council is committed to risk minimisation, renewal, adaptability and the preservation of authenticity in urban renewal projects, then the Urban Taskforce urges a thorough review of old-style micromanagement of uses through a zoning policy.

The Urban Taskforce is in favour of "block planning" which includes simple building envelope controls over heights, setbacks and bulk. The idea of then enabling the developer to go

³⁴ SGS Economics 2008, *The Sustainable Sydney 2030* draft Strategic Plan, pp. 284.
[http://www.cityofsydney.nsw.gov.au/2030/documents/strategy/09_DEVELOPMENT_RENEWAL_DESIGN.pdf,
accessed 9 May 2008]

beyond these basic controls where an innovative design solution has been developed is strongly supported.

Often key parcels of land are required by Council to achieve many of the urban renewal and design outcomes important to the community. Councils regularly seek the dedication of this land to be used for key community or infrastructure purposes. While this may be a common practice, the Council must never lose sight of the fact that this dedication comes at a significant cost to the developer and in this regard the developer is entitled to appropriate compensation. Demands made by Council, without properly understanding the impact on project feasibility, have the potential to stifle investment. In the end, no one benefits as there is no development and hence no dedication of important land.

5. Conclusion

The Urban Taskforce is an advocate for visioning and strategic planning, provided that such planning is grounded in reality. The Urban Taskforce supports the *Sustainable Sydney 2030* initiatives that:

- promote environmental sustainability and urban renewal;
- will enliven and active the City;
- encourage appropriate residential density, affordability and mixed uses;
- support healthy community development;
- attract investment; and
- promote business activity.

A plan like this should not be signed-off and left on the shelf. It must be both visionary and practical. This means that before it is finalised, it must have:

1. State Government endorsement;
2. clear and accountable arrangements in place for coordination with other government authorities, particularly those responsible for the delivery of public infrastructure;
3. a clear recognition of the market realities faced by developers; and
4. a wide degree of flexibility built into it, so that it encourages innovation and is not made ineffective by changing market conditions.

Without these elements the plan cannot be effective, and will not deliver the necessary outcomes for Sydney.

Sustainable Sydney 2030 contains innovative and imaginative strategies. If implemented, Sydney will be transformed to realise its full potential as a connected, lively and liveable global city.

6. Further information

The Urban Taskforce is available to further discuss the issues outlined in this submission.

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