

28 July 2010

Ms Monica Barone
Chief Executive Officer
City of Sydney
GPO Box 1591
SYDNEY NSW 2001

Attention: Samantha Bird

email: sbird@cityofsydney.nsw.gov.au

Dear Ms Barone

Re: Draft development control plan amendment for the Lachlan Precinct, Waterloo

The Urban Taskforce is a non-profit organisation representing Australia's most prominent property developers and equity financiers. 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.

The Council of the City of Sydney is responsible for the most complex and important local government areas in New South Wales, if not Australia. However, while there is just 166,000 residents in the City of Sydney, in light of significant job growth and the high quality of the City's public transport, the Department of Planning is expecting the City of Sydney to play a major role in providing the additional new homes that Sydney desperately needs. The number of dwellings is predicted to jump by 63,000 (71 per cent) from 88,300 to 151,300. This requires a 31 per cent boost to housing in the City of Sydney by 2016.

Extra housing, of course, means extra residents. While the 30 year projection of the Sydney metropolitan area assumes a 40 per cent increase by 2036, the job-rich and public transport-rich City of Sydney is expected to house 60 per cent more people. That's an extra 99,200 people living close to public transport and/or able to walk or cycle to work.

These targets are appropriate and fit in well with the NSW Government's State Plan. Furthermore, *Sustainable Sydney 2030* emphasises the need to dramatically increase housing affordability, encourage sustainable development, reduce energy and water usage, reduce the reliance on the private motor vehicle by supporting the use of alternative modes of transport including public transport and cycling.

Unfortunately the draft development control amendment of the Lachlan Precinct is at odds with these goals and objectives. In fact, we would argue that this draft amendment is a clear example of how development controls can impede the realisation of broader strategic goals.

This submission seeks to highlight our concerns with Council's approach to the development control and records the Urban Taskforce objection to the proposal to reduce allowable floor space ratio and building heights within the Lachlan Precinct.

1. The rational for an amendment to the DCP is flawed

Reference is made to the council officer's report to the Planning Policy Sub-committee dated 24 May 2010 (File No. S060545). We are concerned that the report makes a number of statements that undermine our industry's ability to rely upon council development controls when making development and investment decisions. For example, Council's report would have us believe that while the City Plan has not been completed, the amendments to this DCP should

proceed ahead of the City Plan “given considerable development activity is taking place within the Lachlan Precinct.” The inference made is that though the most appropriate approach to development control would be to complete the City Plan and then develop more detailed development controls for inclusion in a development control plan, because there is “considerable development activity” occurring in the precinct, action must be taken to limit such development. The tone is undeniably anti-development. That is, because there is development activity, interest and investment in the locality, Council needs to take some development control action to curtail this interest. The suggestion is that development is bad and that new development controls need to be introduced to block development.

In the current economic climate, Council should be pleased that there is some development occurring in the locality. Council should be thrilled that investment and interest in urban renewal areas is still occurring.

As we claw our way out of a global financial crisis we must ensure that planning controls fan the development sparks into life, not extinguish a flickering flame. Now is not the time to be contemplating changes to development control plans that will further restrict development opportunities.

The City Plan should be exhibited in the first instance. If more detailed development controls are required that are provided in the City Plan, they should come after the making of the LEP.

It is also concerning that the Council is suggesting that a blanket reduction in FSR and building height is warranted because their assessment of development applications for proposals approaching an FSR of 2.5:1 “do not adequately deliver the high amenity, urban design quality and fine grain public domain that the City seeks”. This makes no sense. If the Council is not satisfied with the quality of a particular development proposal, then Council can deal with it using its consent powers, not simply reduce the development capability of an entire precinct.

We are concerned that the changes will be rather parochial and short term in focus.¹

It is worth highlighting that it is Council's subjective assessment that development proposals with an FSR of 2.5:1 are less favourable. We would argue that proposals approaching 2.5:1 and greater are possible while still achieving excellent built form, urban renewal, environmental improvement and transport outcomes that such development brings.

If the Council honestly wants to achieve the urban improvement and sustainability goals contained in Sydney 2030, then it's crucial that Sydney's development controls support project feasibility, emphasise compactness and foster intensity.

2. Green Square is the appropriate place for higher density development

As Council would be well aware, the Metropolitan Strategy identifies locations that are ideal for increased urban development. These areas are in, or are in close proximity to, centres of activity and are well serviced by community infrastructure and public transport. Green Square is blessed with excellent transport opportunities and is extremely accessible. Local railway infrastructure is of a high quality, but drastically underutilised. This is an ideal location for appropriate higher density development that will not only enable additional housing needs of a growing Sydney to be met, but will at the same time provide opportunities for the creation of vibrant, healthy and livable urban communities.

The quality, positioning and price of public transport are clearly very important, but they are not the sole determinants of the success. The type of urban development that is permitted in the vicinity of the key transport nodes strongly influences patronage. Therefore, if the Council wants to encourage improved environmental performance and honestly wants people to use public transport, then Council must provide controls to increase urban density, not controls that will bring about a reduction in urban density and population intensity in key locations. It is well

¹ Staley, S. and Claeys, E. 2005. Is the future of development regulation based in the past? Toward a market-orientated, innovation friendly framework. *Journal of Urban Planning and Development*, Dec 2005, pp. 202-213.

understood that “land use patterns have a significant influence on how well public transport services can be delivered and utilised”.²

It would be negligent on the part of Council to not insist on higher population density in the vicinity of critical and costly public transport infrastructure.

Research consistently shows that density has a significant impact on the use of public transport. For instance, it was found that every 10-percent increase in population density was associated with about a 6 per cent increase in boardings at transit stations.³ Furthermore, most urban services cannot be provided unless there are a certain number of people that can make them viable.⁴

The significance of population and employment densities as predictors of travel behaviour is undisputable. Studies reaffirm residential density as being the most important built environment element which influences travel choices.⁵ It is clear that the elements of the built environment that exert a strong influence on travel behaviour are population and employment density. If densities are not sufficiently high, transit stations will not attract enough passengers.⁶

It should be noted that the doubling of density will reduce the number of cars and vehicle miles travelled per household by 25 per cent.⁷

Sustainable Sydney 2030 includes strategic directions such as integrated transport, a city for pedestrians and cyclists, a leading environmental performer and housing for a diverse population that relies upon increased urban density for success. We would argue that the approach to urban density being pursued by Council does not align with the strategic direction of *Sustainable Sydney 2030*. It is inconceivable that a Council would have the community accept that a reduction in density in a location such as Green Square is in the best interest of the environment.

What is an appropriate density will depend on many contextual and environmental matters. However, an FSR of 2.5:1 and building heights of up to 24 metres (up to 8 storeys) cannot be considered to be overly generous in the Green Square context.

3. Reduction in FSR will further delay urban renewal

Council says demand for existing industrial uses is impacting on residential project feasibility. Furthermore, “preliminary” economic feasibility assessment, taking into account lower FSRs, indicates that development is not feasible. While we accept that timing has a great bearing on development feasibility, we reject the assertion that FSR is not a key determinant in project feasibility.

If the Council was committed to encouraging a transition from industrial to residential land uses within the Lachlan Precinct, it should look for opportunities to incentivise the residential market. One of the most effective means of achieving this, is to provide opportunities for increases to FSR and height, not reductions as suggested in this instance.

² Alford, G., 2006, Integrating Public Transport and Land use Planning – Perspectives from Victoria. *Australian Planner*, Vol. 43, No. 3, pp. 6-7.

³ Parsons, Brinckerhoff, Quade and Douglas et al. 1995 in 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].

⁴ Newman, P., 2005., Transit Oriented Development: An Australian Overview. Paper presented at the Transit Oriented Development Conference. Fremantle, Western Australia 5-8 July 2005. [<http://www.patrec.org/conferences/TODJuly2005/papers/Newman%20paper%20REV.pdf>, accessed 7 April, 2008].

⁵ Leck, E., 2006, The Impact of Urban Form on Travel Behaviour: A meta-Analysis. *Berkeley Planning Journal*, Vol. 19, pp. 37-58.

⁶ Pushkarev and Zupan 1977, in 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].

⁷ Leck, E., 2006, The Impact of Urban Form on Travel Behaviour: A meta-Analysis. *Berkeley Planning Journal*, Vol. 19, pp. 37-58.

4. A reduction in FSR will impact on housing affordability

There are a number of references in the *Sustainable Sydney 2030* documentation that suggests more will be done to encourage "affordable housing." However, reducing FSR and building heights as suggested for the Lachlan Precinct will undeniably reduce housing affordability.

There is already a deficiency of housing stock and the shortages are getting worst every year. The answer to our problem is obvious; provide the development controls that enable more homes to be built.

We must ensure that current and proposed development controls are not overly restrictive and will in fact encourage development. The introduction of development controls as suggested for the Lachlan Precinct will unfairly limit development potential of land, will guarantee the continuation of limited housing supply and hence reduce affordability.

If Council is serious about tackling the housing affordability crisis, it must reduce its focus on limitation and control over development and encourage a greater focus on increasing the supply of housing. A good starting point for this would be to ensure that land in suitable locations such as the Lachlan Precinct is assigned the appropriate base density and height controls that will encourage the efficient development of land. This should be Council's priority, not the introduction of additional regulation that is focused on seeking to redress past planning or development shortcomings.

5. Continued amendments reduces the predictability and will discourage investment


Consideration must be given to the impact that the continued consideration of reduced development capability is and/or will have on development certainty. Green Square has been earmarked as an urban renewal area for some time. Investment decisions have been made based on current controls. Council's contemplation for a reduced development capacity does not in any way improve developer certainty. It opens up the prospect that any council controls, present or future, can be unilaterally reduced by council before the property owners are able to obtain a development consent.

Council must understand that several years will usually pass from the point of acquiring an interest in a potential development site to its redevelopment and then final sale of the developed product to the customer. Therefore, it is vitally important that there be no reduction in the development capacity of existing controls.

Any signal to the industry that council may reduce development controls will discourage developers from acquiring sites and reduce the amount they are willing to pay for sites (to factor in a higher risk premium). History tells us, that when there are significant increases in regulatory risk, developers are quick to price in these increases, but land owners are reluctant to accept reduced prices because they place a greater weight on historical price movements. Typically, there will be a significant reduction in transactions, and therefore reduced development activity. This means dwelling targets will not be met and housing affordability will further deteriorate.

These comments are offered to encourage constructive dialogue between Government and the development industry and we ask that you accept these comments as our contribution to the review of the Central Sydney Planning Committee.

Yours sincerely
Urban Taskforce Australia



Aaron Gadiel
Chief Executive Officer