

17 March 2013

Director General
Mr Sam Haddad
Department of Planning & Infrastructure
GPO Box 39
SYDNEY NSW 2001

Email: urbanrenewal@planning.nsw.gov.au

Dear Mr Haddad,

Re: Newcastle Urban Renewal Strategy

The Urban Taskforce is supportive of planning policy that is evidence based and drafted to encourage the growth of urban environments. The Urban Taskforce is of the view that the Newcastle Urban Renewal Strategy ("the strategy") is a well researched and thorough analysis of the urban development issues facing Newcastle. The strategy generally maintains the planning approach demonstrated in previous City Centre Plans and this helps provide consistency to the community, property and development industry.

We consider useful Government policy to be policy that is predicated on a presumption for growth. We are in great need of strategies that focus on the facilitation and permissibility of development. We must see more strategies that recognise the importance of development and make the development assessment process less complex. We are pleased that a renewal strategy is being developed for Newcastle and we hope that this will result in appropriate changes to existing planning controls that will encourage development that meets the need of growth.

The removal of the railway line from Wickham to the east is strongly supported. We can see the value of streets not being interrupted by the rail system and therefore improving connections between the water and the city. However, the strategy should provide meaningful and attractive incentives to developments that reinforced the water - city connection.

In recent times we have been concerned with local environmental plans that espouse growth and development, however, because such plans are rarely feasibility tested and are exceedingly prescriptive development does not occur at the rate expected, if at all.

Furthermore, our experience has been that urban planning and infrastructure provision has been disconnected. In fact this matter has severely impacted on growth and housing provision in the Lower Hunter.

With respect to Newcastle City, unless the issue of subsidence is properly understood and solved at an early stage, development will be restricted.

The Urban Taskforce has conducted a preliminary review of the strategy and provides the following comments for your consideration.

1. Sufficient height and FSR is needed to encourage renewal

Much of the Wickham area, north of the railway line has been retained at low density which will minimise the redevelopment of this precinct. Higher density and increased building heights along with wide land use permissibility are incentives that should be considered. Economic feasibility assessment has consistently shown that unless the FSR and height controls are generous, redevelopment is not feasible. While we accept that timing has a great bearing on development feasibility, we argue that development potential is a significant factor that cannot be ignored.

If the strategy is about renewal, it should look for opportunities to incentivise the market. One of the most effective means of achieving this is to provide opportunities for increases to FSR and height, not maintaining the status quo or reductions as suggested in some instance.

2. Maintaining lower density development will impact on housing affordability

The Government continues to seek the introduction of policy to increase housing supply, improve housing affordability and at the same time kick-start our economy. It is widely accepted that economic growth will be development/construction led. However, maintaining low density zones and building heights in accessible locations is an opportunity lost. There is already a deficiency of housing stock in the Hunter and the shortages are getting worst every year. The answer seems obvious; provide the development controls that enable more homes to be built.

To tackle the housing affordability crisis the strategy 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 is assigned the appropriate base density and height controls that will encourage the efficient development of land.

3. Reduction in development potential will impact on land values and development

Part of Wickham is the transitional area from the taller buildings in the west end of the city centre, to the lower predominant building heights of Wickham, which are 10 and 14 m. The plan recommends that heights be reduced to a maximum of 24 m in the south-western corner, to better transition to the village character of Wickham. While we appreciate the desire for transition, concern is expressed over significant reduction in height and development potential.

4. Mixed use zoning is a valuable driver for urban renewal

The strategy should encourage large sites to be developed by having more flexible planning rules and mixed use zoning. These sites can become catalyst projects that can stimulate other development. For instance, the strategy notes that the civic precinct was previously zoned mixed use, but has been amended to a commercial core zone. The plan says that this is needed to recognise the agglomeration of its current uses and important role as a civic, educational and cultural hub within the city centre. While this may be the case, we question the need to remove the mixed use zoning. Mixed use zoning does not prohibit or discourage commercial agglomeration of civic uses if there is a demand. If commercial land uses is what the market demands, then developers will naturally provide for such a need. There is no need for zoning changes to achieve this. However, there is a risk in removing the mixed use zoning. If commercial uses become unattractive, zoning only permitting commercial uses will not permit other attractive, but compatible uses to occur, delaying urban renewal. Zoning alone does not make commercial development more attractive to the developer, it is market demand that dictates what will actually be built.

Flexibility in zoning facilitates innovation and changes of demand and is considered to be a more robust planning policy.

5. FSR should not favour one land use over another

In the mixed use zones, the strategy states that the consent authority must not grant consent to a development application for a mixed use development unless it is satisfied that the development includes commercial premises comprising at least 25% of the gross floor area of the development. The Urban Taskforce argues that the strategy should not favour one land use over another, particularly in a mixed use zone.

Furthermore, mixed use centres mean different things to different people. Some are of the view that a mixed use centre is one that is comprised of buildings that each contains a mix of uses. In practice, this means that non-residential uses must occupy ground floor space with residential components above. A good example of this is "shop top housing". However, we argue that a

mixed use centre is one that is comprised of buildings, each containing differing single uses and/or a mix of uses within the same building. This means that a building entirely concerned with residential accommodation can be located next to an office building or a shop or a building with a mix of uses. The use or mix within each building is not a concern but the mix within the centre is the focus.

The notion that each building within a mixed use zone is required to contain a mix of uses is not necessarily the most efficient means of creating a viable mixed use zone. A mixed use zone could comprise a collection of buildings of differing land uses within the zone. It does not need to be a mix of land uses within each individual building. If there is a desire for mixed use, then it should be able to occur vertically or horizontally.

6. Design competitions should result in a worthwhile development bonus

Development over key sites that require a design competition should provide for a significant development bonus. To encourage development across these important sites, a development bonus in the vicinity of 25% above base FSR and height would more likely stimulate redevelopment. This principle could be applied more widely. That is, where a large development site has been assembled, the applicant could be encouraged (not compelled) to enter into a design competition process and in return a development bonus awarded.

7. Mining Subsidence must be addressed

Mining subsidence is a unique problem to Newcastle that adds significant extra costs to a project. The NSW government should contribute to the cost of addressing subsidence issues. Furthermore, any payments to the Mine Subsidence Board should be made at the end of a project. Unless this matter is properly addressed, development will be severely limited, no matter how good the strategy.

The implementation plan should reflect the urgency of mining subsidence and this matter given a higher order of priority.

8. Town centre improvements and infrastructure costs must be equitable

We strongly argue for an element of market reality when determining development charges. We are of the belief that this approach has not been previously adopted by state and local when preparing contributions plans.

Furthermore, while we accept that there will be a need to provide additional infrastructure and accept that the developer should bear a reasonable proportion of the cost, the reliance on development contributions must be reviewed.

Currently the means in which infrastructure is funded is not working to the satisfaction of local councils, local communities or developers. In particular, the funding of infrastructure should not only fall to the developer. We argue that infrastructure funds should be drawn from a pool made up of developer contributions and state and local government sources.

There is a very valid argument for the distribution of the infrastructure funding debt over a larger number of people as a broad-based tax. The recent IPART reviews and statements made by IPART's Acting Chairman, Mr James Cox strongly support this position.

When considering who actually benefits from new infrastructure funded by a small group of developers, IPART found that the benefit can extend outside of the local area. In some cases expenditure benefits all residents and businesses, not just those in the areas where the works are located. In these cases it is reasonable that all, who benefit from the infrastructure, should contribute towards meeting this cost.

IPART's findings in the areas of section 94 and their submission to the Planning System Review must be carefully examined when considering options for funding town centre improvements and infrastructure for Newcastle.

9. Implementation Plan

The Implementation Plan is a positive component of the strategy, particularly in relation to the nominated catalyst projects. The Urban Taskforce strongly supports those projects where government can take a lead. We believe that along with clearer, flexible planning controls government funds are required to drive catalyst projects. For instance the role of UrbanGrowth NSW in developing the Hunter Street Mall precinct and of the University in developing a stronger city campus requires support.

The Urban Taskforce is keen to facilitate a workshop with UrbanGrowth NSW, and the Hunter Development Corporation along with the development industry to ensure that economic feasibility underpins the planning rules, particularly in the vicinity of land owned by government agencies. I will be pursuing this matter over the coming weeks.

Should you require any further clarification of the content of this correspondence, please feel free to contact me on telephone number 9238 3927.

Yours sincerely

Urban Taskforce Australia



Chris Johnson AM
Chief Executive Officer