

27 August 2014

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Dear Mr Walker,

## **Draft amendments to the Hills Development Control Plan 2012 – Review of Residential Flat Building Controls**

The Urban Taskforce has reviewed the draft amendments to the Hills Development Control Plan and the accompanying report to Council, including the Analysis of the Property Market Trends and Housing Affordability. The Hills Shire should be congratulated for trying to deal with the housing affordability issue and also in its attempt to encourage what the Council considers to be quality higher density development. We are pleased to note that Council officer reports are supported by some property market trend data. However, the Urban Taskforce is somewhat concerned with Council's response to the overwhelming data on housing shortage and the need to drastically increase supply if Sydney is to be an affordable market for homebuyers and renters.

Council's own report states that:

- Over the past 10 years the Attached Dwelling Price Index (ADPI) for Sydney has increased by approximately 30.34%, with a 13.7% increase occurring within the 12 months to March 2014.
- Since 2009 the median price of all residential dwellings has increased by approximately 54% with a 21% increase occurring over the 12 months to March 2014.
- the median price of residential dwellings within The Hills Shire is approximately 20% higher than the median price for established houses within the remainder of the Sydney Region.
- The rate that residential property values are increasing is progressively pushing first home buyers out of the market as they have less financial capacity to purchase.
- Between March 2010 and December 2013, the proportion of first home buyers within The Hills Shire property market has reduced from over 50% to 5.21%, reaching a low of 3.94% in December 2013.

I am sure that you agree, these are very concerning statistics and it is up to all levels of government to do something to deal with this alarming situation. However, upon review of your draft plan, a number of proposed controls raise serious concerns as they will actually make the supply and housing affordability problem worse. In particular we are concerned about:

- the size of minimum residential apartment sizes, particularly the suggestion that they should exceed the rules of thumb contained in the Residential Flat Design Code;
- the prescription of apartment mix as this will limit the developers ability to respond to market demand; and,

If the Hills Shire Development Control Plan was to maintain such development controls, the Council would be promoting the increase in housing cost and ensuring a reduction in housing supply. Our concerns with the draft plan are detailed further below.

## 1. **Local development controls must not be more onerous than State Government Policy**

The draft plan states that multi dwelling and residential flat dwelling developments are to include apartments of a size significantly greater than the rules of thumb listed in the residential flat design code.

The justification provided by Council is that larger apartments equate to better amenity and also in some way provides an affordable option to detached housing. However, this does not account for design and locational advantages. Amenity is not simply a function of apartment size, it is dependent on the design, orientation, and location of the apartment development. There are many examples of apartment developments in accessible locations that are much sought after with apartment sizes significantly less than those required by Council. In fact, insisting on overly generous apartment sizes will potentially force the developer to cut costs in other areas in the interest of providing a product that can be afforded by the local market. If the developer is unable to find savings, then the development proposal becomes unfeasible and simply does not occur. This means less housing in the Hills Shire.

As Council would be well aware, the Residential Flat Design Code "suggests" apartment sizes. While we are of the view that there should be no need for government to regulate such matters, the apartment sizes in the Code are more reasonable than those stated in the draft plan. The increased minimum apartment sizes will certainly guarantee that future housing development in the Hills Shire remains unaffordable to future current residents who wish to down size and remain in the Hills Shire and future residents looking to establish in the Hills local government area.

We argue that adopting apartment sizes such as those suggested in the draft DCP could ensure that affordable housing is not provided in the Hills Shire and that first homebuyers are forced to look elsewhere. We appreciate that 30% of apartments are of SEPP 65 size but the larger sized apartments required could make projects economically infeasible.

Notwithstanding any of the above, State Environmental Planning Policy No 65—Design Quality of Residential Flat Development clearly states that:

### **30A Standards that cannot be used as grounds to refuse development consent for residential flat buildings**

(1) A consent authority must not refuse consent to a development application for the carrying out of residential flat development on any of the following grounds:

(b) apartment area: if the proposed area for each apartment is equal to, or greater than, the recommended internal area and external area for the relevant apartment type set out in Part 3 of the Residential Flat Design Code.

**Therefore, Councils controls in relation to minimum apartment size are unenforceable and should be abandoned.** However, we note with great concern that the Council intends to approach the Minister for Planning and Infrastructure seeking an exemption to this clause. The Urban Taskforce will certainly also approach the Minister expressing our concern with such a move.

## 2. **Flexibility in apartment mix is essential**

If Council wants to frustrate development and further reduce dwelling numbers, it will continue with the implementation of controls that regulate apartment mix within residential apartment development. The proportion of dwellings with 1, 2 and 3 bedrooms within a development must be determined by the market, not Council regulation that demonstrates little or no understanding of market forces. This approach does not recognise that if there is a genuine demand for a particular size of dwelling that the development community is then able to deliver.

Even the Residential Flat Design Code acknowledges that there is a need to consider the fact that dwelling variety may not always be possible and that apartment mix must be refined by considering population trends in the future as well as present market demands.<sup>1</sup>

Council should focus on ways that it may increase supply of dwellings. All types of dwellings, from the single room studio, to one, two and three bedroom dwellings need to be considered as a means of improving housing supply and the developer must be able to provide the appropriate product at a time and location where there is demand.

We live in a market driven economy and unless there is a genuine demand for a product it will not be produced. The development industry is no different.

***The Hills DCP should not seek to regulate apartment mix.***

### **3. Flexibility in parking provision is essential**

While not central to this debate, the Hills parking requirements are also considered onerous and do not encourage public transport usage. Setting appropriate minimum car parking rates requires careful consideration. As we move to more urban living the reliance on blanket car parking rates becomes increasingly irrelevant. Blanket car parking rates do not effectively consider proximity to other transport options or housing affordability. That is, consumers may well accept an apartment well serviced by public transport, within easy walking distance to shops with only one (1) car parking space allocated in return for a cost saving. Some who decide on a two or three bedroom apartment may not need two car parking spaces and would also appreciate a cost reduction in return for a reduction in car parking.

We argue that the car parking rates in the Hills DCP are excessive, particularly when compared to the Roads and Maritime Guidelines which recommend a minimum number of off street resident parking spaces for high density residential flat buildings (having 20 or more dwellings) is as

- 0.6 spaces / 1 bedroom unit
- 0.9 spaces / 2 bedroom unit
- 1.4 spaces / 3 bedroom unit
- 1 space per 5 units (visitor parking)

The draft plan car parking rates are considered to be excessive and will add further to the cost of housing. Setting unrealistically high levels of car parking, can effectively sterilise the development potential of land. Furthermore, excessive car parking requirements are not consistent with government policy that seeks to encourage higher density development in accessible locations, expressly to reduce the reliance on the private motor vehicle. In fact, the Metropolitan Strategy for Sydney and the Long Term Transport Master Plan seek to encourage actions to reduce car travel and improve public transport services. DCPs with excessive car parking requirements would frustrate these policies. It should be noted that doubling of density will reduce the number of cars and vehicle miles travelled per household by 25 per cent.<sup>2</sup>

***Council's DCP should set minimum car parking requirements in line with RMS guidelines and also permit the applicant to suggest an alternative car parking scheme supported by expert traffic advice.***

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<sup>1</sup> NSW Department of Planning, 2002. *Residential Flat Design Code*. p. 70.

<sup>2</sup> Leck, E., 2006, The Impact of Urban Form on Travel Behaviour: A meta-Analysis. *Berkeley Planning Journal*, Vol. 19, pp. 37-58.

#### 4. The planning system must support growth and housing

All predictions strongly suggest that the population in the Metropolitan Region will grow significantly over the next thirty years. This growth will be particularly experienced within areas such as the Hills Shire. In this regard, the most recent population data says that in the next twenty years our population will grow by 1.6 million people and that we will need to provide 664, 000 more houses in Metropolitan Sydney. We should expect that given the right circumstances that Sydney's growth rate will lift to be more in line with other major cities such as Melbourne meaning that even more housing will need to be provided. The metro strategy says that:

..... minimum housing targets have been set for 2021. These shorter-term targets will drive greater accountability of State and local government to support the growing housing needs of Sydney.

Council should be showing leadership by ensuring that its planning controls actually assist in meeting housing targets set in the Metropolitan Strategy.

Understanding market demand and providing an environment to meet demand are also acknowledged in the Metropolitan Strategy. The Metropolitan Strategy says:

.....deliver more and different types of housing across the city in line with employment and infrastructure and market demand.

..... a growing preference for housing and apartment living in existing urban areas, close to other suburbs and with good services.

Given that approximately 28 per cent of all private dwellings are now apartments with terraces and townhouses making up approximately an additional 13 per cent of housing stock, there must be a recognition that the market is seeking out apartment and medium density housing within suburbs that provide good access and amenity.

Sydney needs a greater number of smaller dwellings to meet the changing population and market demand. Unfortunately, the Hills Shire draft plan is not supporting housing affordability, choice and market feasibility.

Council must rethink development controls that require excessive apartment size and excessive provision of car parking. Furthermore, Council's controls should not seek to regulate apartment mix. Apartment mix should be in response to market requirements, not regulation.

Yours sincerely  
**Urban Taskforce Australia**



Chris Johnson AM  
Chief Executive Officer