

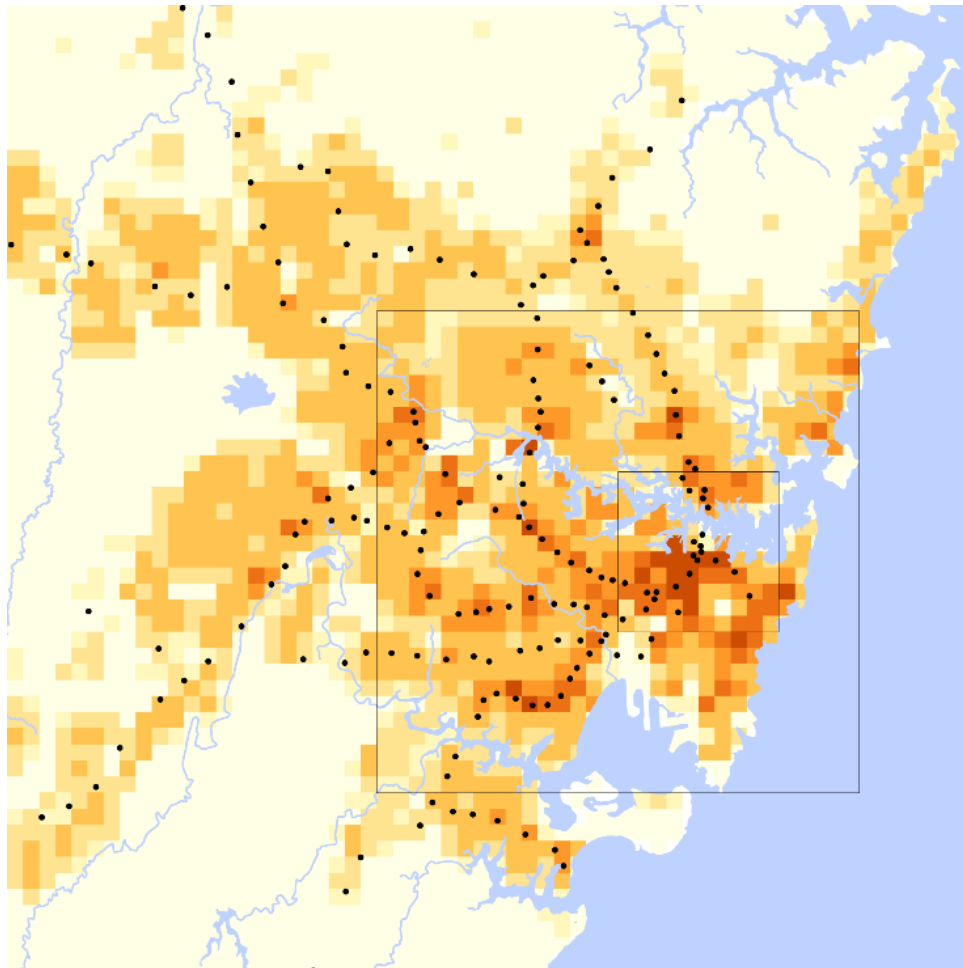
Submission
No 151

INQUIRY INTO DEVELOPMENT OF THE TRANSPORT ORIENTED DEVELOPMENT PROGRAM

Organisation: City of Sydney

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Submission to NSW Parliamentary Inquiry: Development of the Transport Oriented Development Program



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Introduction

The Transport Oriented Development Program, and the associated Diverse and Well-Located Homes program (low and mid-rise), look to intensify development around transport stations and on other land. The two programs have been developed by the Department of Planning, Housing and Infrastructure (DPHI), but different processes have been followed by each.

The City of Sydney has made a submission to DPHI on the impacts of the Diverse and Well-located Homes program, referred to at item (o) of the Inquiry Terms of Reference. That submission is at Attachment B and makes the following key points:

- The City supports the National Housing Accord, and actions to deliver on housing supply
- The Government has not consulted with the City in developing the program, and this is not consistent with commitments made under the National Housing Accord
- The program is flawed in its universal application approach, and will have unintended consequences within the City of Sydney that will act to delay housing supply
- The program contains technical errors that will cause confusion and further delay housing applications
- The program will interrupt housing supply and infrastructure provision in precincts recently masterplanned by the City for medium and high-density residential development, including Green Square, Pyrmont and the Ashmore Estate
- The program provides significant development (rezoning) uplift without containing an obligation for a percentage of affordable housing (it remains voluntary)
- The program has assumed that no significant additional infrastructure will be required.
- The changes will displace commercial development that supports innovation, employment and other economic activity, as residential development would become more financially attractive. This is particularly for the NSW Government's own plans for Sydney's Innovation Precincts.

This submission makes further recommendations on the items in the Inquiry Terms of Reference. The main points are:

- There is a lack of any accompanying research, analysis or any supporting documentation for the Diverse and Well-located Homes program (low and mid-rise)
- The Diverse and Well-located homes program would have benefitted from consultation with local government to eliminate technical errors and other shortcomings
- The Diverse and Well-located Homes program should focus on land served by rail transport to ensure people have access to a large number of jobs and avoid changes to centres that are not serviced by sufficient transport
- The Productivity Commission reports appears to provide an incomplete and partial evidence base, which has led to poorly informed government programs.

Housing supply in the City of Sydney

The City has grown rapidly over the last 15 years, providing more than 40 per cent¹ of the housing in the Eastern City District.

Over 30,000 new private dwellings were delivered in the City between 2011 and 2021.² Our local housing strategy includes a target of 56,000 homes in 20 years to 2036, which is one third of the entire housing target for the nine councils in Sydney's Eastern City District. Our existing planning controls have capacity to meet the target and at June 2023 we have provided 70 per cent of this target – almost 40,000 homes built or in the pipeline (lodged, approved or under construction) in just 7 years.³

We have 3,263 affordable housing dwellings built, approved, under construction or expected. We use planning levers, sell land to community housing providers at reduced cost and provide grants to increase the amount of affordable housing in the City.

The City's key urban renewal areas Green Square, Ashmore, Ultimo/Pymont, Harold Park and others consist primarily of residential buildings of four to 12 storey buildings, with the heights arranged to optimise overall densities while responding to a particular site location and interrelationships with neighbouring buildings.

The City has more than 1500 buildings of six storeys and above, many more than any other area in Australia.

The City has been at the forefront of providing the highest residential densities in Australia (people per square kilometre as at 2022), comparable to or exceeding the inner areas of other major cities—Kings Cross 25,700; Chippendale 17,800; Haymarket 17,100; Waterloo/Zetland 15,500 and Ultimo/Pymont 14,000 pp/sq km.⁴ Out of Australia's 20 most dense suburbs, 10 are within the City of Sydney local government area.

We continue to plan for housing capacity and deliver supporting infrastructure. By 2036 the Green Square Urban Renewal Area will have grown from 12,500 pp/sq km to 22,000 pp/sq km over 278ha. Recent planning changes endorsed by the Council boost housing supply in Pymont / Ultimo, Central Sydney, Waterloo and Botany Road corridor.

¹ City of Sydney, Housing for All – Local Housing Strategy, p5, https://www.cityofsydney.nsw.gov.au/-/media/corporate/files/2020-07-migrated/files_h/housing-for-all-city-of-sydney-local-housing-strategy.pdf?download=true

² Australian Bureau of Statistics, Census of Population and Housing 2011 and 2021. Compiled and presented by .id (informed decisions)

³ City of Sydney, Residential Monitor and Housing Audit, June 2023

⁴ SA2 (statistical areas) named after the suburbs that comprise them

Comments and recommendations

The following comments and recommendations are provided against selected items in the Inquiry's Terms of Reference.

(a) the analysis, identification or selection undertaken by the Government, the Premier's Department, The Cabinet Office or the Department of Planning, Housing and Infrastructure (Department) into: (iii) any of the 305 Sydney Trains, Sydney Metro and Intercity stations within the Six Cities Region which were considered as part of any of the Transport Oriented Development Program locations.

The Transport Oriented Development (TOD) program has identified 31 well-located transport hubs that have existing enabling infrastructure capacity to support development. It then effectively rezones land within a 400m radius of that transport hub for increased development.⁵

The TOD program recognises that to be well-located means being near transport hubs, and so limits the additional density to areas around transport hubs.

The TOD program does not apply to light rail stops.

The Diverse and Well-located Homes program (low and mid-rise) simply applies to all stations, light rail stops and town centres. There is no evidence of consideration or analysis of available enabling infrastructure capacity, transport capacity at stations, road network capacity, or any other factors.

The Diverse and Well-located Homes program applies to transport hubs that were analysed in the TOD program but were considered to not have sufficient capacity. It also applies to town centres even though the TOD program has discounted this approach.

The Department has estimated Diverse and Well-located Homes program will deliver 122,000 new homes by 2029.

Recommendation

To improve transparency in development of the programs, the Department should provide its analysis of stations that informed the selection of the eight accelerated precincts and the 31 TOD program stations including:

1. The list of stations that were considered and analysed
2. The factors considered in the analysis

⁵ <https://www.planning.nsw.gov.au/sites/default/files/2023-12/transport-oriented-development-program.pdf>

3. Any consideration of transport capacity at individual stations. This should include:
 - peak as well as off-peak, and contra-peak as well as peak flow capacity
 - for Metro stations – the service frequency assumed
 - for Sydney Trains station – the service pattern and timetable used, including any consideration of the full conversion of the Bankstown Line to Metro in 2025 (with flow-on capacity benefits across Sydney Trains’ network)
 - capacity of people to access the stations, especially on foot or by bicycle.
4. Consideration of road network capacity - around stations and around centres that are not connected to stations.
5. The stations which were considered but not chosen, and the reasons for not choosing. This should include reasons relating to transport infrastructure and other enabling infrastructure capacity.
6. The analysis that led to the ‘development area’ for the 31 stations chosen to be set at 400 metres, rather than the 800 metres for the Diverse and Well-located Homes program.
7. Any consideration for the TOD program of the development potential at light rail stops, including capacity to service relative to heavy rail and metro and the reasons it decided not to rezone for additional development capacity to light rail stops.
8. The assumptions and calculations made to arrive at the figure of 122,000 new dwellings by 2029 and the number of dwellings apportioned to individual stations and centres.

(o) the impacts of the proposed Diverse and Well-Located Homes process and program (low and mid-rise)

The primary component of the Diverse and Well-Located Homes program is the Explanation of Intended Effect - Changes to create low and mid-rise housing (the EIE), released for public consultation between 15 December 2023 and 23 February 2024.

The City’s submission to the EIE at Attachment B deals comprehensively with the impacts of the Diverse and Well-located homes program within the local government area. Additional comments and recommendations are provided for the consideration of the Committee.

Recommendation

9. The Committee should consider the 21 recommendations and supporting information in the City of Sydney’s submission to DPHI’s Explanation of Intended Effect: Changes to create low and mid-rise housing at Attachment B.

Consultation with Councils

On 30 October 2023, the Minister for Planning and Public Spaces wrote to councils about the housing accord targets and identifying barriers to housing supply in the R2 Low Density Residential and R3 Medium Density Residential zones. The Minister requested councils review local policy settings to identify areas where terraces, small unit blocks or well-designed mid-rise apartments can be permitted.

The City of Sydney uses the R1 General Residential and MU1 Mixed use zones to accommodate the diversity and density of housing across the council area and also permits residential accommodation in the SP5 Metropolitan Centre and E1 Local Centre zones. These zones widely permit all forms of residential accommodation, including residential flat buildings, as shown in Figure 1 of the Addendum to the EIE submission at Attachment B. The only low density zones (Rosebery and Centennial Park) already permit dual occupancy dwellings (semi-detached).

The City was not consulted during the development of, or at any time prior to the release of, the EIE: Changes to create low- and mid-rise housing.

The Department did not notify councils and stakeholders that the exhibition period had begun. Registered stakeholders were formally notified via Department email on 25 January, more than half-way through the exhibition period.

The Minister's media release, Department's fact sheet, and notification email are not consistent with the extent and nature of the policy and its effect.

The Ministerial media release dated 28 November⁶ identified specific barriers to the supply of diverse housing types in the R2 and R3 zones. It then describes the policy as applying to land zoned R2 for low-rise and R3 and 'appropriate employment zones' for mid-rise. No specific issues had been identified with the capacity to deliver housing in the employment zones or other zones.

The Department's fact sheet⁷ describes the same issues with R2 and R3 zones, and again identifies no issues with capacity for housing in the employment or other zones. It describes the EIE as applying to R2 for low-rise and R3 for mid-rise. It does not mention application in the employment zones referred to in the Minister's press release and also in the EIE itself.

The EIE itself refers to the same issues with restrictions on diverse housing in the R2 and R3 zones, and again no issues with housing capacity in the employment or other zones. It then applies the non-refusal standards considerably beyond the indicated R2 and R3 zones to all zones where residential flat buildings are permissible, including employment zones and the R1 General Residential zone. This is significantly wider than the proposal described in the Minister's media release and the Department's factsheet. It also is not consistent with the issues and barriers to medium density housing identified in the EIE.

To date the Department have declined to map or positively identify where the EIE would apply, so it has been left up to individual councils to interpret

The lack of consultation with Councils has led to a number of technical shortcomings, implementation barriers and unintended consequences. These are set out more fully in the City's submission to the EIE at Attachment B.

Recommendations

10. In developing significant development programs, the Department should consult in a manner that allows Councils and other stakeholders to understand the program being developed and gives an opportunity to make a genuine contribution to it. This can materially improve the development and implementation of programs.

Density should be focussed on rail stations not centres

The NSW Government has agreed, through the National Housing Accord – implementation schedules⁸, that 'well-located homes' should have easy access to large numbers of jobs, social infrastructure and other amenities and services. It considers a 30-minute commute to jobs as 'easy access'.

Mass transport such as heavy rail and metro rail is essential to provide that easy access. However, the EIE extends the definition of well-located homes beyond that agreed in the Housing Accord to include land around local centres irrespective of access to transport.

⁶ <https://www.nsw.gov.au/media-releases/new-rules-to-fast-track-low-rise-and-mid-rise-housing>

⁷ <https://www.planning.nsw.gov.au/sites/default/files/2023-11/diverse-and-well-located-housing-reforms-fact-sheet.pdf>

⁸ <https://treasury.gov.au/sites/default/files/2023-11/has-nsw.pdf>

The EIE also proposes to allow 6-storey residential buildings within the centres 'as of right'. The City's analysis shows that this will displace jobs and services from centres, undermining the very reason for imposing higher residential densities.

Recommendations

11. The Department should focus on facilitating additional development where it is serviced by metro or rail service.
12. The Department should provide its analysis of capacity within the road network demonstrating that additional development can be accommodated under current network conditions, especially in centres not serviced by sufficient rail transport.

(I) the existing or potential measures and programs analysed, considered or implemented by all NSW Government agencies to support additional housing density, including the housing series reports published by the NSW Productivity Commissioner.

The following comments relate to the series of three reports prepared by the NSW Productivity Commissioner to inform Government housing policy.

Population density of inner Sydney compared to other cities

The Productivity Commissioner's first paper in the housing series, *Building more homes where people want to live*,⁹ identifies the effects and challenges arising from the market's failure to continue to supply housing through periods of change and interruption.

The Commission's recommendation in relation to City of Sydney's housing density is:

"To build more housing in Sydney's existing housing areas, we should... raise average apartment heights in suburbs close to the CBD."

The recommendation is based on the Commission's analysis:

"Compared with other leading global cities, Sydney has low-density inner suburbs. Manhattan, the inner boroughs of London, and most districts of Paris are far denser than inner Sydney. Even inner areas of Melbourne and Brisbane have considerably higher population density than Sydney's inner suburbs."

"Moreover, quality of life does not need to be sacrificed for more density. Several cities with similar populations to Sydney, but higher densities—such as Vancouver, Munich, and Vienna—outrank Sydney on quality-of-life measures."

The Commission compares the population density of Sydney against Paris and London. The Commission explains:

"Paris's 19 'arrondissements' are smaller in size and population than Sydney SA4s and London boroughs".

The City and Inner South SA4 is over 65 square kilometres size whereas the average size of the arrondissement of Paris is 4 square kilometres. The SA4 City and Inner South's geography has been designed by the ABS to include the major employment areas of Central Sydney, Sydney Airport, Port Botany and the City's Southern Employment area. The last three of these occupy the

⁹ <https://www.productivity.nsw.gov.au/building-more-homes-where-people-want-to-live>

majority of its area and have no resident population, substantially lowering its overall population density.

Population density is a quotient of land area and number of residents. When comparing densities, it is important that one of these two variables is kept constant to make the comparisons understandable and useful. Cities vary greatly and so comparisons of a small number of cities, e.g., three, can be misleading. For example, in the Commission's report one area contained a large unoccupied port and airport and the others did not.

The City has prepared an example of how 20 of the cities mentioned in the Commission's report could be usefully compared. It compares city areas at constant scales of the inner 10km x 10km, 30km x 30km and 60km x 60km areas. This comparison is at Attachment A to this submission. It demonstrates that of the 20 cities, Sydney's inner 10km x 10km is considerably more dense than Melbourne and Brisbane despite having fewer train stations than either. All the cities that are noticeably more dense than Sydney have considerably more rail stations.

There is further comparison in the City's submission to the EIE: Changes to create low-and mid-rise housing at Attachment B to this submission, focussing on the inner areas of the same cities. In the group of 20 cities, the inner 10 square kilometres of Sydney is ranked the 6th most dense with approximately 14,000 people per square kilometre (Attachment B, p21). It is close behind Vienna and Vancouver, just ahead of Seoul, London and San Francisco, and well ahead of Munich, Melbourne and Brisbane. Of the cities mentioned in the Commission's text, only Paris and Manhattan noticeably exceed Sydney.

The Commission's statements are misleading and their use to support the EIE undermines the NSW Government's proposal. A more careful analysis would have identified areas beyond Sydney's inner 20 square kilometres as being comparatively less dense than the other cities.

In the comparison, the cities that exceed inner Sydney's densities include Manhattan and Paris. In the City of Paris (105km²) there are 245 rail stations, in Manhattan (59km²) there are 151. The inner areas of Sydney (103km²) will have a total of 39 rail stations in another decade when the metro lines are complete. **The cities that exceed at 100 km² area, like Barcelona (189 stations), Tokyo, and London have significantly more rail stations than Sydney in the same area.**

There is strong positive correlation between rail station density and population density. Sydney's biggest impediment to achieving higher population densities is its lack of rail stations. The Commission makes no reference to this.

Detailed information on density, including tables comparing the density of cities, is also in Appendices 1, 2 and 2A of the submission at Attachment B.

Recommendation

13. The Productivity Commission should revise and re-release its comparative analysis of Sydney's density to produce a more considered understanding of how to address housing supply constraints in Sydney.

In-fill development and infrastructure costs

The Commission's second report in the housing series 'Building more homes where infrastructure costs less'¹⁰ states:

¹⁰ <https://www.productivity.nsw.gov.au/building-more-homes-where-infrastructure-costs-less>

“By choosing locations well-served by existing infrastructure, we can lower the costs of growing Sydney. Elements of this infrastructure strategy have already achieved results in places like Green Square¹¹.”

The development of Green Square Urban Renewal Area involved significant infrastructure investment funded upfront by the City. The City of Sydney developed a comprehensive \$1.8 billion infrastructure plan (of which approximately \$550 million is forward-funded by the City) to provide local services and facilities – roads, cycleways and footpaths, flood mitigation, new parks and playgrounds, public art and child-care.

The Commission estimates the cost of providing parks for the inner city to meet the demands of upzoning to be zero. More than 40 parks, almost all new, were needed at Green Square along with upgraded and expanded sport and recreational facilities.

The Commission estimates the cost of providing secondary schools to meet the demands of upzoning to be zero. The renovated and expanded Inner City High School cost over \$225 million for 1200 students at full operation. Due to population growth inner city primary schools at Alexandria Park, Newtown and Observatory Hill are all undergoing substantial expansions at significant cost. The expansion of Alexandria Park Community School cost \$103 million. A new primary school at Green Square has also been needed at an estimated cost of \$57 million. Land for the school was given to the Government by the City, along with a financial contribution for shared spaces. This occurred despite the City alerting the Department of Education of the future need for a school to meet the growth of the Green Square area. Previous Governments disposed of school sites within the City exacerbating the situation.

The Productivity Commission skirts the issue by claiming the infrastructure already exists when in Green Square it did not, in some places it will need to be upgraded to cater to increased density and elsewhere it does not yet exist. By not properly examining the need for infrastructure the Commission’s report falsely obviates the need to examine this issue in the TOD and Diverse and Well-Located Homes programs.

The Commission’s ignorance of available data and reliance upon the unproven formula in its report is improper and misleading for policy and decision makers. Similar discussions on other infrastructure needs, particularly transport, can be made but are not examined here.

The Productivity Commission’s analysis that shows the areas where infrastructure costs are less is cursory and inaccurate and not supported by evidence. The EIE uses this misinformation without question to justify the widespread application of the proposal.

Recommendation

14. The Productivity Commission should undertake and publish further research to identify the actual costs of infrastructure required to support in-fill housing development.
15. The NSW Government should prepare comprehensive infrastructure plans and funding arrangements for the Transit Orientated Development and Diverse and Well-Located Homes programs.

¹¹ NSW Productivity Commission, Building more homes where infrastructure costs less, August 2023, https://www.productivity.nsw.gov.au/sites/default/files/2023-08/202308_NSW-Productivity-Commission_Building-more-homes-where-infrastructure-costs-less_0.pdf, page 7

