

Briefing on NSW Government housing changes

Tuesday, 13 February 2024 – 5:00pm to 6:00pm

low and mid-rise housing proposed changes

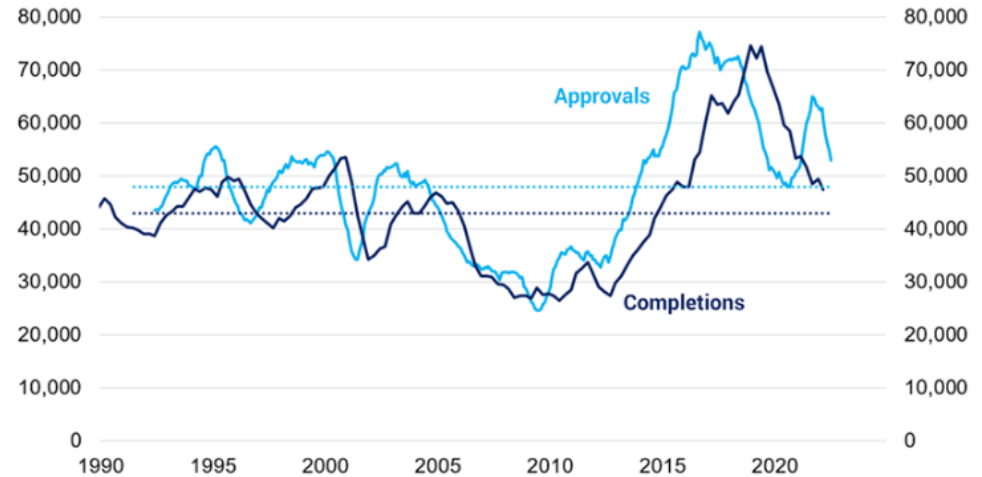
NSW Government's Explanation of Intended Effects (EIE):
changes to create more low and mid-rise housing wherever permissible

draft submission due 23 February 2024

context: housing lodgements and completions have declined from 2016 high

- oversupply, overheated market in 2016-18 saw foreign multi-unit residential investors withdraw and not return in numbers

Historic housing construction approvals and completions in NSW



Source: Australian Bureau of Statistics 2022, Department of Planning and Environment analysis

context: housing lodgements and completions

- 2020-22 Covid 19 pandemic
 - disrupted supply chains
 - 30-35% rise in global construction costs in 2 years
 - skilled labour shortages
 - hard to get development finance
 - 30% builders experienced negative cash flow
- 2022 - extensive natural disasters: rain, flood and storm costs, diverting resources
- 2023 - rapid rise in interest rates – increasing project costs and reducing purchasers buying power
- competition from peak spending on infrastructure
- conversion from long term to short term rentals (e.g., AirB&B, Stayz etc) not helping

context: planning has a role to play

enables but does not drive housing production

- the City maintains housing capacity through good management
- Green Square has many years of zoned land available and can accelerate if the housing market improves
- recent planning proposals e.g., Ultimo-Pyrmont, Botany Road, Waterloo, Central Sydney BTR etc, continues to increase the amount of zoned land and capacity
- when new housing targets are released by the Government [now one year late] the City will respond with further upzoning

context: questionable strategic basis

NSW Productivity Commission presented misleading research

*“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.”* NSW Productivity Commission Building more homes where people want to live 2023

- **Inner Sydney** (inner 10km² and 20km²) **is denser** than inner London, Melbourne, and Brisbane; and most leading global cities named by the Productivity Commission
- Manhattan and Paris’ density formed when they dominated the world economy

context: questionable strategic basis

NSW Productivity Commission ignored real costs

*“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 Square**”* NSW Productivity Commission Building more homes where infrastructure costs less comparing the marginal costs of servicing growth in different areas of Sydney 2023

- Green Square requires \$1.8 billion infrastructure investment with structured funding plans ignored by the Productivity Commission who prefer to use abstract economic equations over detail evidence
- Green Square planning controls are highly structured to deliver infrastructure funding if greater development is sought, up to a maximum

National Housing Accord 2022

agreement between Federal and State Governments

the **State** agreed:

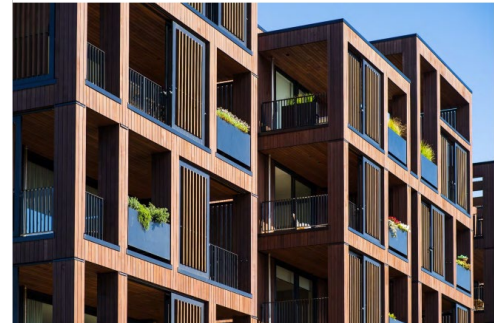
- 75,000 homes per year for next 5 years
- in the last census period [2016-21] the City added over 14 000 dwellings or 6% of the total for greater Sydney
- proportionally this would be 6% of 75K = 4500/year

however,

- the reforms have a greater relative effect outside the City
- the effect of reforms may shift development away from the City



National Housing Accord 2022



National Housing Accord

implementation schedule June 2023

by December 2023 NSW agreed to:

- *a consolidated package of planning reforms, **developed with local government**, to support NSW's Accord commitments to make housing supply more responsive to demand over time –*

the reforms have not been developed with local government

- *ensure the Intergovernmental Agreement between the NSW Government and the NSW Local Government Association identifies the delivery of more housing consistent with the Housing Accord as an agreed responsibility shared by both the State Government and councils –*

nowhere to be found

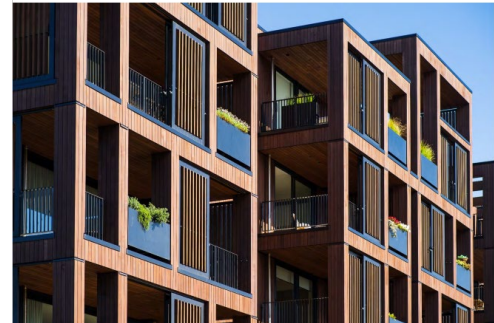
City of Sydney actions address the Accord

we strongly contribute to housing production

- we have programs that support Affordable Housing Providers
- the City of Sydney is denser than any other local Government area and continues to grow
- our density is built on mid-rise housing - the City contains more than 1500 buildings of more than 6 stories



National Housing Accord 2022



low and mid-rise housing

explanation of intended effect (EIE)

December 2023

Non-refusal standards

- 21m <400m and 16m high <800m
- 3:1 <400m and 2:1 <800m floor space

Unchanged, and without exemptions, the effect:

- less amenity (building separation, solar access)
- less area for trees
- less deep soil
- more car parking – uses minimums
- less certainty – non refusal standards

Explanation of Intended Effect: Changes to create low-and mid-rise housing

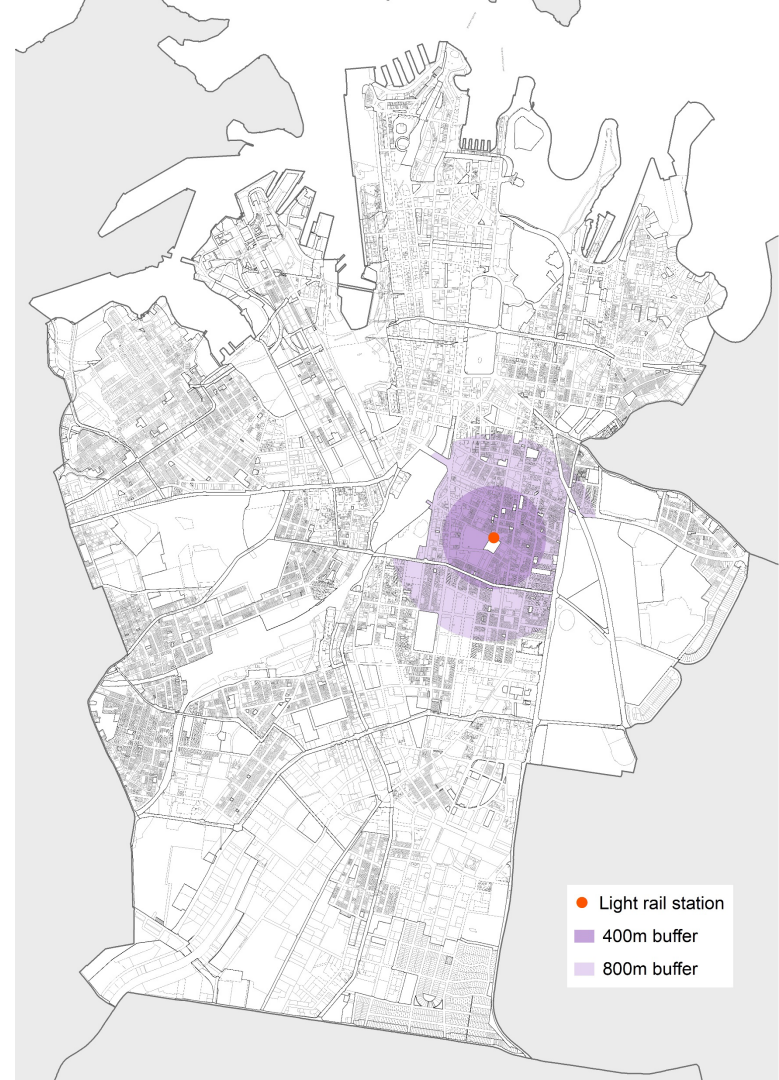


mid-rise changes

800m radius around rail stations/stops

non-refusal standards:

- **Purple** 0 - 400 metres
 - 6 storeys - 21m
 - 3:1 floor space ratio
- **Mauve** 400 - 800 metres
 - 4 storeys - 16m
 - 2:1 floor space ratio
- **measured from rail and light rail stations, Central Sydney boundary and commercial centres**
- **non-applicable land excluded**

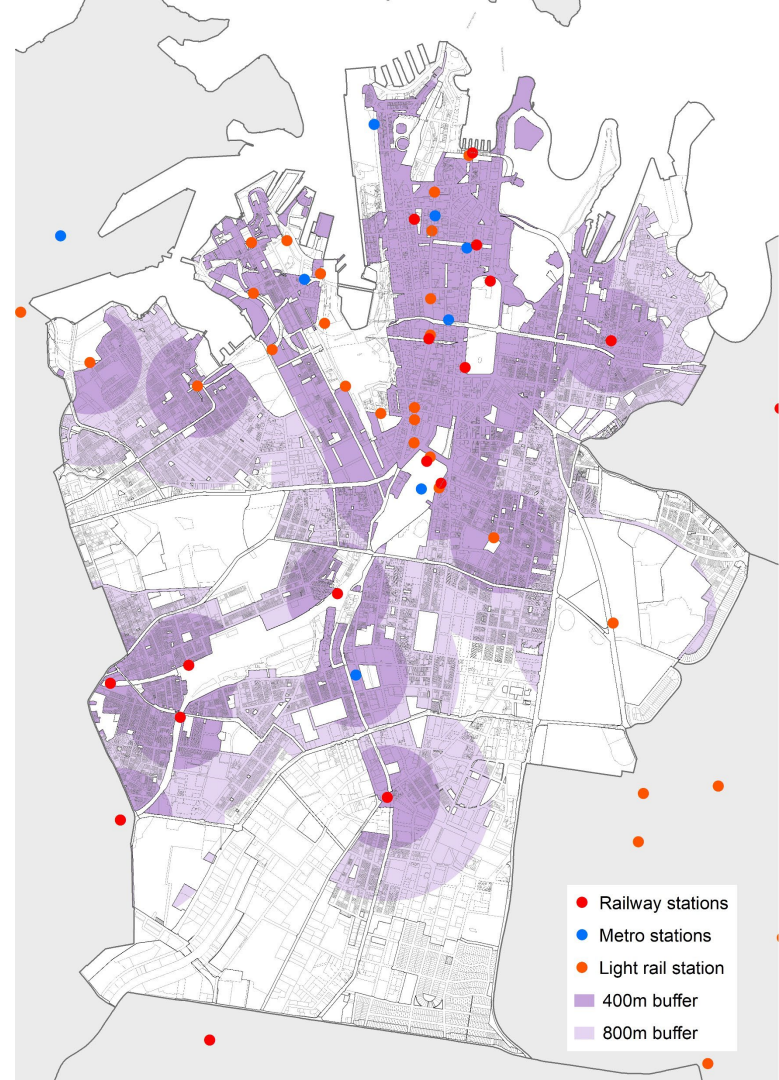


mid-rise changes

applies to all rail and light rail stops

non-refusal standards:

- **Purple** 0 - 400 metres
 - 6 storeys - 21m
 - 3:1 floor space ratio
- **Mauve** 400 - 800 metres
 - 4 storeys - 16m
 - 2:1 floor space ratio
- measured from **rail and light rail stations, Central Sydney boundary** and commercial centres
- non-applicable land excluded

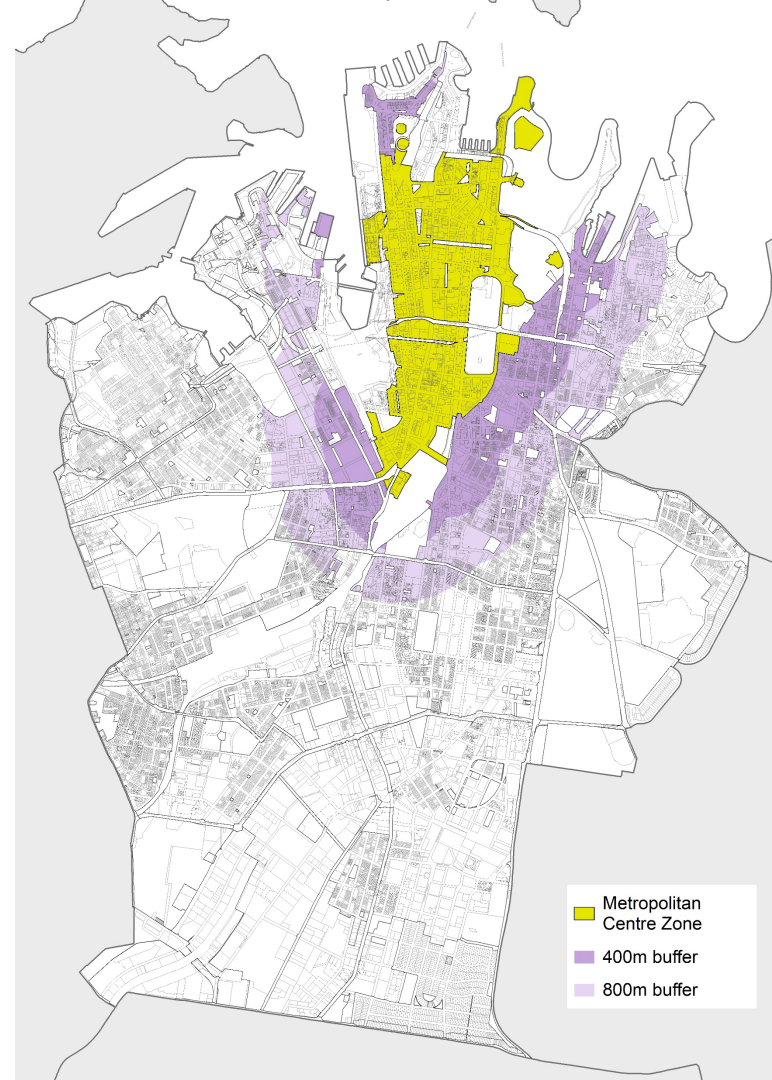


mid-rise changes

applies to Central Sydney + 800m from its edge

non-refusal standards:

- **Purple** 0 - 400 metres
 - 6 storeys - 21m
 - 3:1 floor space ratio
- **Mauve** 400 - 800 metres
 - 4 storeys - 16m
 - 2:1 floor space ratio
- measured from rail and light rail stations, **Central Sydney boundary** and commercial centres
- non-applicable land excluded

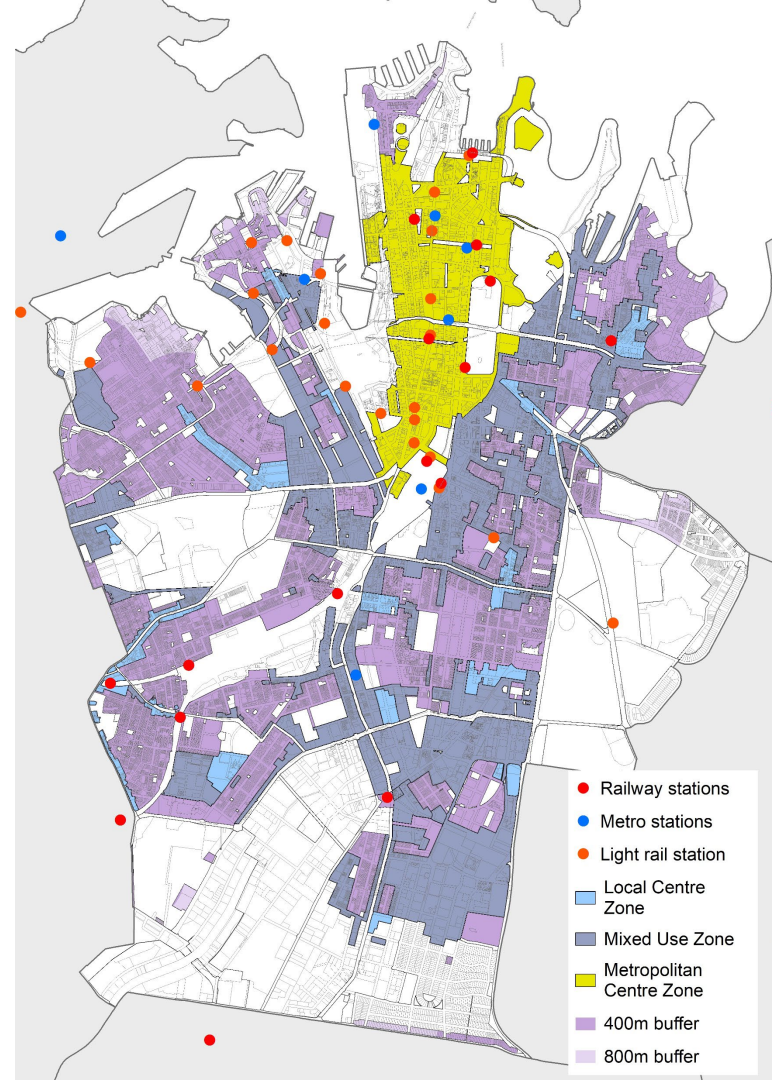


mid-rise changes

applies to all commercial centre zones
and all rail and light rail stops

non-refusal standards:

- **Purple** 0 - 400 metres
 - 6 storeys - 21m
 - 3:1 floor space ratio
- **Mauve** 400 - 800 metres
 - 4 storeys - 16m
 - 2:1 floor space ratio
- measured from rail and light rail stations, Central Sydney boundary and **commercial centres**
- non-applicable land excluded



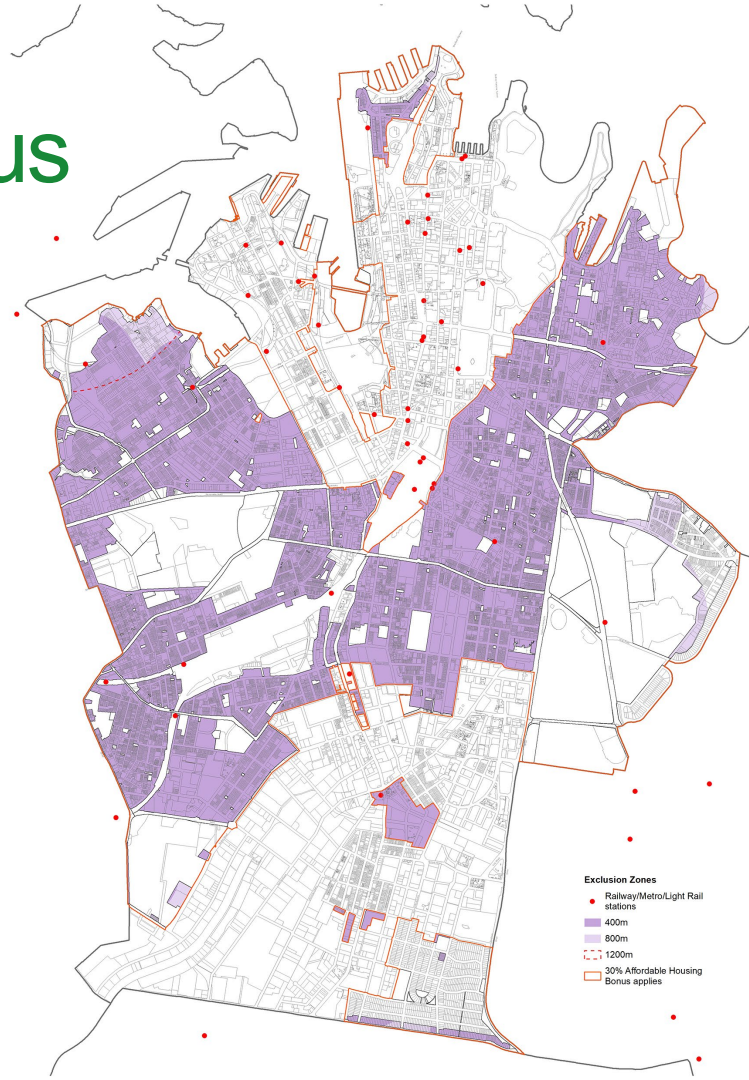
plus affordable housing bonus

potentially applies on top (HCAs)
30% more for 15% AH for 15 years

- **Purple** 0 - 400 metres *
 - 8 storeys; and
 - 3.9:1 floor space ratio
- **Mauve** 400 - 800 metres *
 - 5 storeys; and
 - 2.6:1 floor space ratio

* measured from rail and light rail stations,
local commercial centre zones and Central Sydney

- non-applicable land excluded



low-rise changes

terraces and manor houses become permissible on low density residential

- permit manor houses (2 storey flats) and terraces within 800m of local centre (Eastlakes) and Moore Park light rail stop
- increase height and density for manor houses, townhouses/terrace and semis (already permitted)
 - Height: 7.5m to 9.5m
 - FSR: 0.6 to 0.65 (semis), 0.7 (terraces) and 0.8 (manor houses)
- loss of trees and more driveways
- covenant – non-planning consideration



Surry Hills example 1

corner Devonshire and
Riley Streets

current

- 2.5:1 base FSR
- used as commercial offices
- currently empty and offered for rent
- adjacent to light rail station
- not heritage listed



Surry Hills example 1

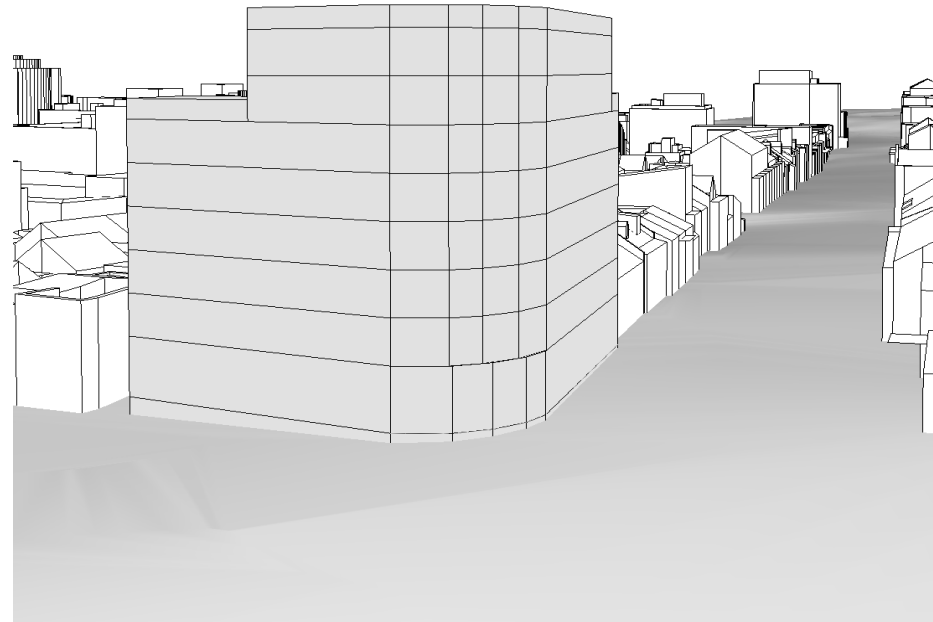
corner Devonshire and Riley Streets

current

- 2.5:1 base FSR

EIE proposal

- 3:1 (+ affordable housing bonus of 0.9)
- 6 or 8 storeys (AH) high (21m-28m)
- little to no overshadowing
- few, if any, private trees possible
- communal open space on roof top

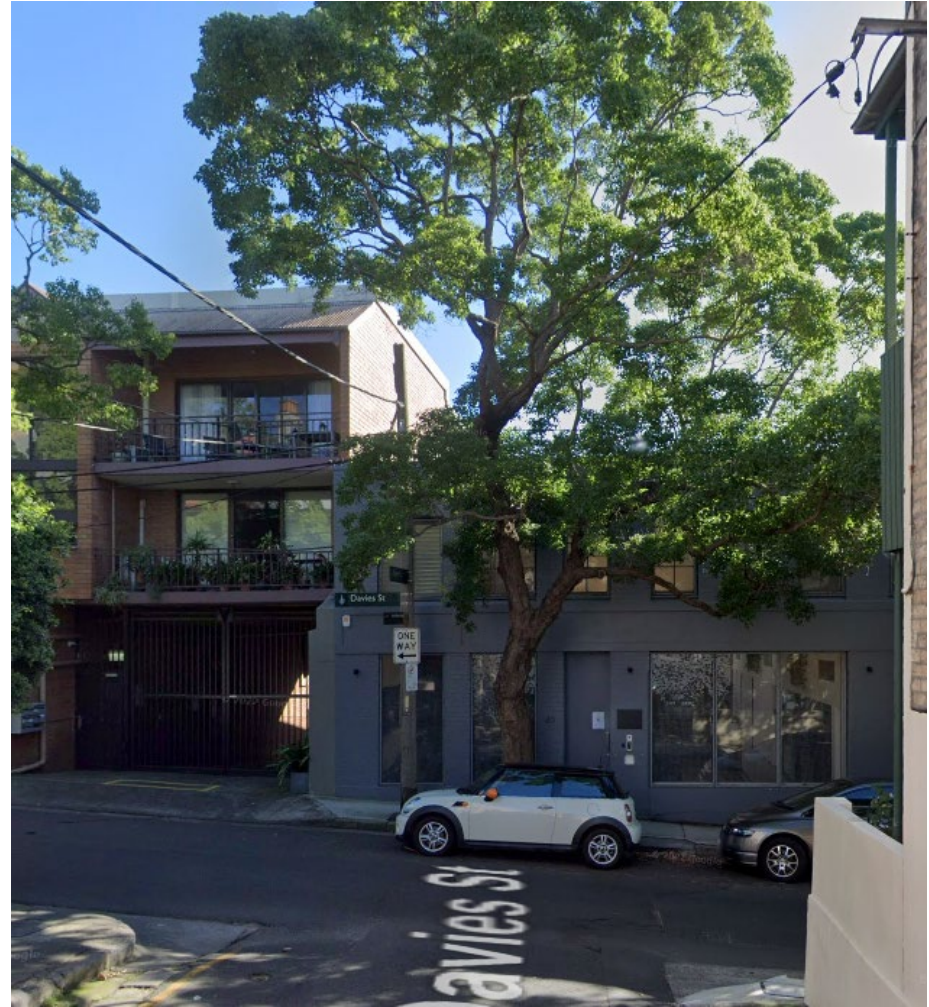


Surry Hills example 2

43 Rainford Street

current

- 2.5:1 base FSR
- used as commercial creative offices
- currently occupied
- not far from light rail station
- not heritage listed
- narrow footpaths



Surry Hills example 2

43 Rainford Street

current

- 2.5:1 base FSR

EIE proposal

- 3:1 + affordable housing bonus + 0.9:1
- 6 or 8-9 storeys (AH) high (21m-34m)
- narrow street and footpaths with street bins (no basement pickup) and additional cars
- loss of solar access to neighbours
- few, if any, private trees



Green Square URA (unintended consequences)

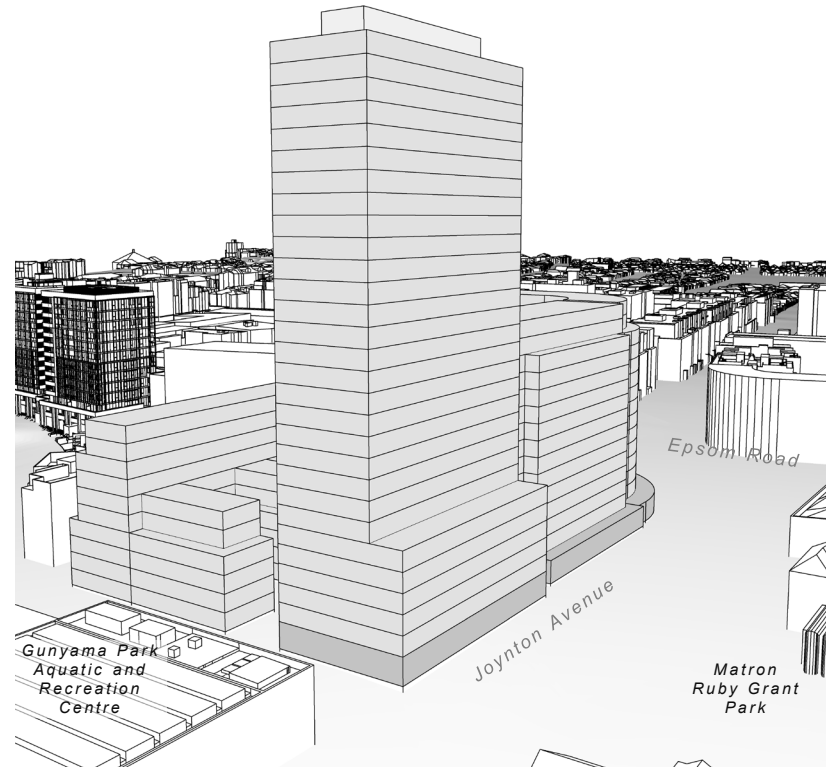
Larke Hoskins, Rosebery

current (example)

- 1.5:1 (S1) base + community + 10% DEX = 2.2:1
- DCP 4 -15 storeys

EIE proposal (example)

- 3:1 base FSR over whole site + community + 10% DEX = 3.85:1 FSR
- 6 - 30 storeys
- more building footprint, less space for trees
- overshadows buildings to south, wind impacts
- outcome unplanned, may delay delivery of housing



Erskineville (unintended consequences)

retain front room – build out the back on two adjoining sites

worst case scenario

conservation area small lots

- 3:1 and 6-8 stories
- overshadow neighbours
- separation + privacy
- compromises heritage values
- more cars, more bins, less trees
- chaotic outcome



EIE proposal key issues

- natural hazards, infrastructure planning, and good design are absent in this proposal
- misalignment between height and floor space – with wildly varying outcomes
- doesn't work as intended in Urban Renewal Area sites that deliver open space and streets; or master planned areas where City and State have backed planning outcomes (Botany Road corridor, Oxford Street – this needs to be acknowledged)
- where affordable housing bonus is on top, development becomes SSD which means our DCPs are switched off (not in areas excluded in our LEP)
- poorly design DAs in conservation areas/heritage items will lead to court appeals and delays

submission draft recommendations

- acknowledge the National Housing Accord – NSW has a goal to deliver 376,000 dwellings between 2024 and 2029 and role of transport to guide density
- the City has a strong housing delivery record and can respond more effectively without this policy and using our renewal and intensification approach and principles
- if the NSW Government introduces this policy in the City of Sydney LGA, it will lead to conflict, appeals and slow down the delivery of housing
- the proposed permissibility will erode Council's policy for permanent AH

submission draft recommendations

If this alternative is not agreed to, then:

- require similar exemptions for planned renewal areas already exempted from the 30/15/15 affordable housing policy as they are planned to the hilt
- mid-rise scale (height in metres) must take precedence over FSR - remove FSR as a non-refusal standard
- remove SP5 zone and 'centres' as a parameter
- remove permissive car parking rates which override the city's rates

submission

key dates

- **councillor briefing – 12 February**
- **report to Council on submission – 16 February**
- **deadline for submission – 23 February**
- **deadline for addenda – 15 March**