

### **8.3. MM03: Correspondence from the Hon. Paul Scully, MP Minister for Planning re housing density and the housing crisis**

The North Sydney Local Government Area is one of the three most dense LGAs in the State (the others are the City of Sydney and Waverley Council). At 10.9km<sup>2</sup> with 67,558 residents, the density is 6,150 persons/km<sup>2</sup>. For context, compare that to the Blacktown LGA with an area of 247 km<sup>2</sup> and a population of 336,962 or a density of 1,364 persons/km<sup>2</sup>.

Within the North Sydney LGA, Milsons Point has a population density of 9,549 persons/km<sup>2</sup> and Crows Nest/St Leonards is currently at 8,858 persons/km<sup>2</sup>. The population density planned just for Crows Nest/St Leonards under the 2036 Plan is 26,000 or 14,400 persons/km<sup>2</sup>.

Council has consistently planned for and is meeting the housing density and employment targets provided by a succession of State Governments. Targets that recognise the proximity to excellent public transport and employment centres, including the North Sydney CBD and St Leonards.

Indeed, Council's Local Housing Strategy provides for sufficient land zoned to accommodate the required number of dwellings set by the State Government under the District North Plan and Crows Nest/St Leonards 2036 Plan.

The current national housing crisis is many decades in the making and the causes are complex and will require a nuanced and collaborative response from all levels of government and the private sector.

The Minister for Planning and the Premier's recent public statements, as reported by the media, seek to blame local government for the failures of successive State governments, over many decades, to provide sufficient social housing stock and to mandate affordable housing targets to accompany re-zonings (aka Planning Proposals) that have given windfall profits to the private development sector without delivering new affordable housing or sufficient social infrastructure such as open space and sporting facilities to accompany the increased population.

It is a combative narrative that dwells only on supply of new housing by the private sector and does not touch on other underlying and associated issues around the taxation system, the current high cost of financing for new development nor the fragile position of the construction industry post-pandemic.

For example, over the past decade, more than 2,000 private dwellings have been constructed along the Pacific Highway between Berry Street and Oxley Street. Far from reducing the prices of apartments, the prices in that corridor are at an all-time high, with no noticeable effect on the price of other housing stock.

It also fails to recognise that development approvals do not equate to completed dwellings.

For example, as at May 2023, Council had completed seven rezoning applications allowing for 887 new apartments just in the Crows Nest/St Leonards precinct alone. Of these, only one is under construction (for 120 units). Three had development applications being assessed and the remaining three had taken no action to seek consent for construction.

Since then, a site on the Pacific Highway at St Leonards that was rezoned in 2019, only just submitted the subsequent development application for 195 units in October 2023. That is, the rezoning took place nearly four years before the application for the building was lodged. Once approved, there is no requirement to commence construction and the development consent is valid for a further five years.

The reality is that rezoning and approvals alone are not the answer – councils cannot mandate commencement of construction nor completion of works.

On 31 October 2023 the Minister for Planning wrote to councils throughout the State and requested that the letter be tabled at the next ordinary Council meeting.

I **attach** a copy of the Minister’s letter dated 31 October 2023.

It is of grave concern that the Government this week announced that it intends to abolish the Greater Cities Commission at a time that they had prepared draft housing and employment targets to be consulted with communities, councils, and all relevant stakeholders.

Instead of an independent body determining targets, decision-making on density and housing targets will be concentrated with the Minister and the Department of Planning reducing transparency and undermining faith in the planning process.

The Greater Cities Commission (and the predecessor Greater Sydney Commission) produced ambitious targets that were not always agreed but were accepted because the process was transparent, rigorous, evidence-based and the subject of real consultation/collaboration with communities and councils.

The fact is that “density done well” starts and ends with trust. Communities will accept significant increases in housing density if they can trust that the that essential infrastructure such as open space, schools, hospitals, upgrades to sewer and water, will be delivered to meet the new population.

It is vital that the State Government stop the “blame game” combative rhetoric and work with councils, including ours, on these issues. There is enormous experience, expertise, and creativity in local government that the Minister should draw on, if only the Government would commit to meeting with LGNSW and councils such as ours.

Nevertheless, Council continues to seek to collaborate with the State Government to meet housing and employment targets.

**In the spirit of collaboration and in response to the Minister’s letter, I therefore recommend:**

- 1. THAT** Council write to the Minister for Planning seeking an urgent meeting to discuss housing density and the provision of vital social infrastructure.
- 2. THAT** Council undertake an urgent review of DA assessment/determination times with reference to the model put forward by Newcastle City Council at the recent Local Government Conference and collaborate with other councils to adopt best practice;
- 3. THAT** Council urge the State Government to improve DA assessment/determination times within their control by funding and requiring State Planning Panels to meet more frequently (for example, the Sydney North Planning Panel average assessment times for 2022/23 is 237 days);
- 4. THAT** Council urge the State Government to retain the valuable Greater Cities Commission and, in the event that it is abolished, immediately release the draft housing targets prepared by the Greater Cities Commission and commence community consultation;
- 5. THAT** Council urge the State Government to use the levers within its control to promote construction and completion of housing projects, including:
  - (a) introducing a “use it or lose it” provision for development consents, reducing the lapsing provisions from five years to two years from determination;
  - (b) immediately mandating inclusionary zoning for affordable housing in new residential development;
  - (c) establishment of a funding model (such as the establishment of a State Housing Development Bank) to give certainty to the development/construction industry during this crisis by underwriting finance for residential construction in return for the transfer of permanent affordable/social housing or community facilities to the State and providing finance for “rent to own” projects;
  - (d) advocating for changes to Commonwealth taxation policy to exempt the provision of employee housing from Fringe Benefits Tax to encourage the construction and provision of employee housing for schools and universities (both public and private), hospitals, fire service, even councils, so that key workers can live where they work;
  - (e) focussing on and promote the construction of “rent to own” models.
  - (f) Development of financial disincentives to halt the practice of land banking and unoccupied housing and
  - (g) the exploration and funding of creative pilot projects to address immediate housing need, such as Scandinavian housing models (like including housing for tertiary students as part of aged care facilities in return for volunteer hours that both provides housing and combats social isolation).

**COUNCILLOR ZOË BAKER  
MAYOR**

**The Hon Paul Scully MP**  
Minister for Planning and Public Spaces



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Dear Clr Baker,

I write to you regarding the need to allow for more housing in our low and medium density zones across New South Wales to help increase supply and diversity of homes we are delivering in our suburbs.

New South Wales is in a housing crisis. Through the National Housing Accord, councils and the NSW Government are committed to working together to look at every opportunity to address this crisis.

Our shared task is to approve and encourage the necessary investment and commencements for 377,000 homes by 2029.

The land use planning and assessment functions of councils and the Department will need to quickly adjust towards approaches that lead to more homes in well-located areas.

As a way to increase our housing numbers in NSW, the NSW Government has identified a number of limitations across the residential zones constraining our ability to deliver this diverse housing in our low and medium density areas. In Greater Sydney these include:

- Terraces, townhouses and 2 storey residential flat buildings (i.e. manor houses) are only permitted in the R2 low density residential zone in 2 of 35 Local Environmental Plans (LEPs) in Greater Sydney – just six per cent. This is despite 77 per cent of residential land being zoned R2. Even though the R3 medium density zones do allow terraces, they only make up 13% of residential land; and
- Residential flat buildings (RFBs) are only permitted in the R3 medium density zone in 47% of LEPs. Even though the R4 high density residential zones do allow RFBs, they only make up 3% of residential land.

The story is more mixed outside of our major cities but there are still opportunities available for the planning system to priorities low and mid-rise housing types in our main residential zones.

We are asking councils to review their local policy settings and approaches in the interests of housing supply. I ask you to identify existing well-located areas where terraces, small unit blocks or well-designed mid-rise apartments can be permitted.

Research consistently shows that there is unmet demand for additional small apartment and low-rise multi-dwelling housing options as well as purpose-built rental and affordable and social housing.

With this in mind, the Department will be realigning its resources to support councils in these initiatives and is developing a tool kit to help councils and state agencies deliver the outcomes we need. Councils shouldn't wait for this work to happen, rather I am asking you to begin work identifying locations and permitting more low and mid-rise homes immediately.

This urgency for all of us to play our part to approve and deliver housing in all parts of New South Wales brings me to my final point. The upcoming 2024 NSW local government elections are scheduled to be held on Saturday 14 September 2024. The caretaker period will begin 4 weeks before on 16 August 2024.

The NSW local government elections may have an impact on some policy and program timeframes and exhibition dates and may impact on planning assessment timeframe targets.

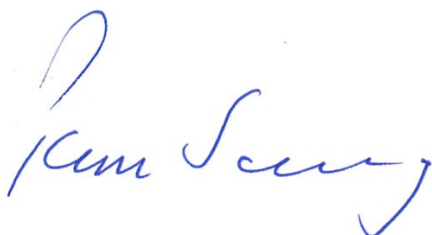
All planning assessments and other council responsibilities and operations should continue as normal until the start of the caretaker period. It is my express view that councils should continue to undertake their legal responsibilities under local government and planning legislation to make sure that we keep up the momentum on delivering the approvals for housing developments across New South Wales.

I would also request that this letter be tabled at your next council meeting so that councillors are clear about the State government's intentions on behalf of the people of NSW to deliver more low and mid-rise homes, while reminding them of their duty during election periods.

We all have a part to play in delivering on the National Housing Accord and a role in helping the next generation into home ownership or long-term rental. I urge you to look at your policy settings with the aim of expanding the number of homes in your LGA.

Should you have any questions regarding the housing reform work or to caretaker conventions for local government elections, please contact the Department at [stakeholder.engagement@dpie.nsw.gov.au](mailto:stakeholder.engagement@dpie.nsw.gov.au).

Yours sincerely



**Paul Scully MP**  
Minister for Planning and Public Spaces

20/10/23