

8.3. MM03: Transport Oriented Development Inquiry

On 15 December 2024 the State Government announced the establishment of the Transport Oriented Development (TOD) program as part of planning reforms to address the housing crisis.

The TOD program consists of two streams:

- Tier 1 relates to 8 accelerated precincts to create infrastructure and capacity for 47,800 new homes over 15 years. Land within 1,200 metres of 8 rail and metro stations is to be rezoned by the NSW Government to allow for more new and affordable homes. The 8 stations are: Bankstown, Bays West, Bella Vista, Crows Nest, Homebush Hornsby, Kellyville and Macquarie Park.
- Tier 2 relates to precincts that have existing infrastructure and are located within 400 metres of (now) over 33 stations to create capacity for 138,000 new homes over 15 years.

The Crows Nest Metro Station is one of the eight Tier 1 accelerated TOD precincts. The North Sydney LGA is not part of the Tier 2 TOD program. At the time that the TOD program was announced, the State Government proposed that the rezoning of the eight Accelerated TOD Precincts would be finalised by November 2024, with exhibition of draft planning instruments around April 2024. The Department of Planning, Housing, and Infrastructure has been tasked with master planning each Precinct to determine the extent of rezoning required. The rezonings will mandate the provision of 15% of affordable housing in each new development, to be provided in perpetuity. The State Government announced that there would be \$520M allocated for infrastructure improvements including critical road upgrades, active transport links, and provisions of parks and walkways for the eight Accelerated TOD Precincts.

On 23 February 2024 the Upper House Portfolio Committee No. 7 – Planning and Environment published Terms of Reference for an Inquiry into the development of the Transport Oriented Development Program. A copy of the Terms of Reference is attached.

On 7 June 2024 I attended the Upper House Inquiry and gave evidence on behalf of Council and our community. I attach a copy of my opening statement to the Inquiry together with transcript of the evidence before the Inquiry on 7 June 2024. In summary, I submitted:

The fact is that the limited capacity of utilities such as wastewater are reflected in the densities adopted under the existing 2036 Plan. The TOD program has not adequately addressed delivery of capacity upgrades in the precinct.

The Minister announced \$520m for the eight Tier 1 Accelerated TOD Precincts for the provision of infrastructure to accompany additional density – open space, school places, road upgrades etc. There is no detail as to how that amount will be divided and the differences in the cost of delivery between the eight precincts.

The proposed infrastructure funding will not touch the sides of the need or deliver for the additional density in the Accelerated TOD precincts.

We already have an existing infrastructure deficit for those living in the Crows Nest TOD Precinct now. That deficit is intensified for the planned 2036 population and this TOD program will add to that again without any plan or certainty about the delivery of the essential open space, school places, recreational facilities and hospital beds.

*Adequate, realistic funding and delivery of infrastructure and capacity upgrades to accompany any new development is required **now** – history and experience with the SIC shows that if it is not provided up front it may never eventuate.*

Planning ultimately is not about theoretical dwelling numbers, it's about people and shaping where and how we live.

The failure to fund and deliver for open space, school places, hospital beds, road upgrades will have direct and devastating negative impacts on the existing and future residents of these precincts.

I therefore recommend:

- 1. THAT** Council note the attached evidence to the Upper House Inquiry into the impacts of the Transport Oriented Development.
- 2. THAT** Council call on the State Government to provide a special infrastructure contribution for the Crows Nest Accelerated TOD Precinct to fund and deliver essential community infrastructure for the existing, planned and additional planned population including open space, road upgrades, community facilities etc.
- 3. THAT** a copy of this resolution and Minute be provided to the Upper House Inquiry.

**COUNCILLOR ZOË BAKER
MAYOR**



LEGISLATIVE COUNCIL

PORTFOLIO COMMITTEE NO. 7 – PLANNING AND ENVIRONMENT

Inquiry into the development of the Transport Oriented Development Program

TERMS OF REFERENCE

1. That Portfolio Committee No. 7 – Planning and Environment inquire into and report on the development of the Transport Oriented Development Program (TOD), and in particular:
 - (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:
 - (i) the eight Transport Oriented Development Program accelerated precincts
 - (ii) the 31 Transport Oriented Development Program precincts where the Transport Oriented Development Program State Environmental Planning Policy (SEPP) applies
 - (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.
 - (b) the probity measures put in place by the Government, the Premier's Department, The Cabinet Office and the Department
 - (c) the development of the Transport Oriented Development Program policy approach by the Government
 - (d) consultations undertaken with councils, joint regional organisations and communities during the preparation of the Transport Oriented Development Program State Environmental Planning Policy
 - (e) ongoing opportunities for review and input by councils, joint regional organisations and communities, including consultations with renters, key workers and young people needing affordable housing in relation to the Transport Oriented Development Program State Environmental Planning Policy
 - (f) information control protocols relating to the Transport Oriented Development Program policy
 - (g) property disclosure requirements and management
 - (h) the release of information prior to the official publication of the Transport Oriented Development Program policy
 - (i) the heritage concerns with the Transport Oriented Development Program including but not limited to the concerns of the Heritage Council

- (j) the enabling infrastructure capacity for every station selected or considered as part of the Transport Oriented Development Program
 - (k) the impact on localised environment and amenity values caused by the Transport Oriented Development Program
 - (l) 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
 - (m) the ten measures outlined in the National Cabinet's National Planning Reform Blueprint
 - (n) the development of Transport Oriented Development Program planning policies in other Australian state and territory and international jurisdictions
 - (o) the impacts of the proposed Diverse and Well-Located Homes process and program
 - (p) the capability of Greater Sydney to provide for increased residential dwelling where the existing capacity has been diminished due to the effects of climate change
 - (q) the adequacy of measures to deter and punish the misuse of confidential market sensitive government information and the future processes that should be put in place
 - (r) any other related matters.
2. That the committee report by 27 September 2024.

The terms of reference for the inquiry were self-referred by the committee on 23 February 2024.

Committee membership

Ms Sue Higginson MLC	The Greens	<i>Chair</i>
Hon John Ruddick MLC	Liberal Democratic Party	<i>Deputy Chair</i>
Hon Mark Buttigieg MLC	Australian Labor Party	
Hon Anthony D'Adam MLC	Australian Labor Party	
Hon Scott Farlow MLC	Liberal Party	
Hon Jacqui Munco MLC	Liberal Party	
Hon Peter Primrose MLC	Australian Labor Party	

Madam Chair, Deputy Chair and Honourable Members.

I, too, acknowledge that we meet today on Gadigal land and pay my respects to elders past, present and emerging.

Thank you for the invitation to give evidence today. I thought it would be useful to begin by providing you with some context and history in relation to the planning in the St Leonards/Crows Nest precinct.

The North Sydney LGA is 10.49km² and one of the three most densely populated LGAs in NSW. 89% of dwellings are medium and high density. Minister Scully, cites Waverton and Wollstonecraft as examples of “density done well”. That is no accident, North Sydney is the “poster child” for “up not out”. We are an inner urban council, not the “leafy upper North Shore”. We have the lowest levels of open space and recreational facilities in northern Sydney and lower even than that in the City of Sydney.

North Sydney Council and our community recognise the urgency of the housing crisis, the complexity of the causes and solutions and we are committed to prioritising affordable housing and planning for growth.

Our experience, is the more dwellings built in North Sydney, the higher the prices are. They are at historic highs now and climbing. Private supply alone is not going to make any material difference to affordability in inner urban areas like ours.

Under Council’s existing plans, the residential population of North Sydney is expected to increase by 19,500 people (or 27% above the existing population) by 2036. Jobs targets for our area are to provide capacity for up to 37,400 by 2036 which recognises our place in the Eastern Economic Corridor.

The TOD Program is totally silent on employment targets.

Following the announcement of the metro project, in July 2016 the State Government announced a Planned Precinct for Crows Nest/St Leonards. The St Leonards/Crows Nest 2036 Plan was made in August 2020 and states that it “will facilitate the urban renewal of St Leonards and Crows Nest for an expanding employment centre and growing residential community”.

The 2036 Plan requires the precinct to absorb significant additional residential and commercial density, with 6,683 new dwellings, and provides for the provision of regional open space and facilities through a Special Infrastructure Contribution (SIC).

The SIC had a list of infrastructure open space, school places and road improvements to be delivered to serve the planned new population totalling \$116.581million.

Unfortunately, the SIC was recently abolished, as a result of the Housing and Productivity Contributions Order, and funding for the vital community infrastructure under the 2036 Plan remains extremely uncertain. Community scepticism about the State Government delivering infrastructure is high and justified.

As of today, 10 rezoned sites in the 2036 Plan area in our LGA alone will produce 1078 new dwellings – of those, only two sites with 174 dwellings between them have an approval and are under construction.

No doubt you have heard other evidence in relation to the lag between rezoning, approvals and construction, the reality of land banking and the fragility of the construction sector.

Meanwhile, Sydney Water capacity in the St Leonards Growth Precinct is limited. The 2024 Growth Servicing Plan from Sydney Water recognises limited trunk capacity for wastewater in the St Leonards area –that’s part of the Crows Nest Accelerated TOD precinct area.

It is in this context that the Accelerated TOD precinct was announced. The fact is that the limited capacity of utilities such as wastewater are reflected in the densities adopted under the existing 2036 Plan. The TOD program has not adequately addressed delivery of capacity upgrades in the precinct.

The Minister announced \$520m for the eight Tier 1 Accelerated TOD Precincts for the provision of infrastructure to accompany additional density – open space, school places, road upgrades etc. There is no detail as to how that amount will be divided and the differences in the cost of delivery between the eight precincts.

The proposed infrastructure funding will not touch the sides of the need or deliver for the additional density in the Accelerated TOD precincts.

We already have an existing infrastructure deficit for those living in the Crows Nest TOD Precinct now. That deficit is intensified for the planned 2036 population and this TOD program will add to that again without any plan or certainty about the delivery of the essential open space, school places, recreational facilities and hospital beds.

Adequate, realistic funding and delivery of infrastructure and capacity upgrades to accompany any new development is required **now** – history and experience with the SIC shows that if it is not provided up front it may never eventuate.

Planning ultimately is not about theoretical dwelling numbers, it’s about people and shaping where and how we live.

The failure to fund and deliver for open space, school places, hospital beds, road upgrades will have direct and devastating negative impacts on the existing and future residents of these precincts.

Thank you.

REPORT ON PROCEEDINGS BEFORE

**PORTFOLIO COMMITTEE NO. 7 - PLANNING AND
ENVIRONMENT**

**DEVELOPMENT OF THE TRANSPORT ORIENTED DEVELOPMENT
PROGRAM**

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At Jubilee Room, Parliament House, Sydney, on Friday 7 June 2024

The Committee met at 9:15.

PRESENT

Ms Sue Higginson (Chair)

The Hon. Scott Farlow

The Hon. Jacqui Munro

The Hon. Peter Primrose

PRESENT VIA VIDEOCONFERENCE

The Hon. Mark Buttigieg

The Hon. Bob Nanva

The Hon. John Ruddick (Deputy Chair)

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The CHAIR: Welcome to the second hearing of the Portfolio Committee No. 7 – Planning and Environment inquiry into the development of the Transport Oriented Development Program. I acknowledge the Gadigal people of the Eora nation, the traditional custodians of the lands on which we are meeting today. I pay my respects to Elders past and present, and celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to the lands and waters of New South Wales. I also acknowledge and pay my respect to any Aboriginal and Torres Strait Islander people joining us today. My name is Sue Higginson and I am the Chair of the Committee.

I ask everyone in the room to please turn their mobile phones to silent. Parliamentary privilege applies to witnesses in relation to the evidence they give today. However, it does not apply to what witnesses say outside of their evidence at the hearing. I urge witnesses to be careful about making comments to the media or to others after completing their evidence. In addition, the Legislative Council has adopted rules to provide procedural fairness for inquiry participants. I encourage Committee members and witnesses to be mindful of these procedures.

PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

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Ms ZOË BAKER, Mayor, North Sydney Council, affirmed and examined

Mr SCOTT DUNCAN, Section Manager, Local Planning and Policy, Central Coast Council, sworn and examined

Mrs SARAH HARTLEY, Senior Strategic Planner, Local Planning and Policy, Central Coast Council, sworn and examined

The CHAIR: Welcome, and thank you for making the time to give evidence today. Would each of you like to start by making an opening statement?

ZOË BAKER: Yes. Thank you, Madam Chair and honourable members. I, too, acknowledge that we meet here today on Gadigal land, and pay my respects to Elders past, present and emerging. Thank you for your invitation to give evidence today. I thought it would be useful to begin by providing you with some context and history in relation to the planning in the St Leonards-Crows Nest precinct. As you know, North Sydney Council is a tier 1, one of the eight TOD precincts, at Crows Nest metro station. The North Sydney local government area is 10.49 square kilometres and one of the three most densely populated local government areas in New South Wales. Eighty-nine per cent of dwellings in our local government area are medium or high density.

Minister Scully often cites Waverton and Wollstonecraft as examples of density done well. That is no accident. North Sydney is, I would say, the poster child for "up, not out". We are an inner urban council; we are not the leafy upper North Shore. We have the lowest levels of open space and recreational facilities in the whole of northern Sydney—even less than that in the City of Sydney. North Sydney Council and our community recognise the urgency of the housing crisis and the complexity of the causes and solutions. We are committed to prioritising affordable housing and planning for growth.

Our experience is the more dwellings that are built in North Sydney, the higher the prices are. They are at historic highs now and they are climbing. Private supply alone is not going to make any material difference to affordability in inner urban areas such as ours. Under council's existing plans, the residential population of North Sydney is expected to increase by 19,500 people, or a 27 per cent increase above the existing population, by 2036. Jobs targets for our area are to provide capacity for up to 37,400 jobs by 2036, which recognises our place in the Eastern Economic Corridor. The TOD program is, unfortunately, totally silent on employment targets.

Following the announcement of the metro project, in July 2016 the State Government announced a planned precinct for Crows Nest-St Leonards. Ultimately, the St Leonards and Crows Nest 2036 Plan was made in August 2020 after really rigorous community consultation. That plan states that it "will facilitate the urban renewal of St Leonards and Crows Nest for an expanding employment centre and growing residential community". The 2036 plan requires the precinct to absorb significant additional residential and commercial density with 6,683 new dwellings, and provides for the provision of regional open space and facilities through a Special Infrastructure Contribution, or SIC.

The SIC had, when the plan was made, a list of infrastructure, open space, school places and road improvements to be delivered to serve the planned new population. Those works totalled \$116.581 million. Unfortunately, the SIC was recently abolished as a result of the housing and productivity contribution order, and so funding for the vital community infrastructure under the existing 2036 plan remains extremely uncertain. Community scepticism about the State Government delivering infrastructure is high and, I think, justified. As of today, 10 rezoned sites in the 2036 plan area in our local government area alone will produce 1,078 new dwellings. Of those, only two sites with 174 dwellings between them have an approval and are under construction.

No doubt you have heard other evidence in relation to the lag between rezoning, approvals and construction, the reality of land banking and, I would say, the extreme fragility of the construction sector currently. Meanwhile, Sydney Water capacity in the St Leonards growth precinct is limited. The Sydney Water *Growth Servicing Plan 2024-2029* recognises that there is limited trunk capacity for wastewater in the St Leonards area, which is right in the middle of the TOD precinct. It is in this context that the accelerated TOD precinct was announced. The limited capacity of utilities such as wastewater are reflected in the densities that were adopted under the existing 2036 plan. The TOD program has not adequately addressed delivery of capacity upgrades in the precinct.

The Minister also announced \$520 million for the eight tier 1 accelerated TOD precincts for the provision of infrastructure to accompany additional density, open space, school places, road upgrades et cetera, but there is no detail as to how that amount will be divided between the eight precincts and the differences in the cost of delivery between those precincts. The proposed infrastructure funding will not touch the sides of the need or deliver for the additional density in the accelerated TOD precincts. We, at North Sydney, already have an infrastructure deficit for those living in the Crows Nest TOD precinct now. That deficit is intensified for the

 PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

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planned 2036 population, and this TOD program will add to that again without any plan or certainty about the delivery of the essential open space, school places, recreational facilities and hospital beds.

Adequate, realistic funding and delivery of infrastructure and capacity upgrades to accompany any new development is required now. History and experience with the SIC shows that if it is not provided up-front, it may never eventuate. Planning, ultimately, is not about theoretical dwelling numbers; it is about people and shaping where and how we live. The failure to fund and deliver for open space, school places, hospital beds and road upgrades will have direct and devastating negative impacts on the existing and future residents of these precincts.

The CHAIR: Would either of the witnesses from the Central Coast like to make an opening statement?

SCOTT DUNCAN: Yes, I have a short opening statement to make on behalf of the Central Coast Council. Thanks for the opportunity you've given us today to address and talk about the issues associated with the Transport Oriented Development SEPP. The Central Coast Council supports the desire for increasing the diversity of housing and the density of housing in well-targeted locations, particularly where these areas have the capacity to support additional housing. Council has the vision to create a more diverse housing supply where people want to live. I guess that concept is articulated in council's recently adopted local housing strategy. That aligns with the vision which is established by the Central Coast regional plan.

However, we consider that the TOD SEPP changes are unnecessary. They create an unnecessary layer of planning assessment where we've already conducted quite a lot of detailed planning. There are a lot of detailed master plans and development control plans that already apply to these TOD centres, and there are already complex planning controls which achieve comparable densities and heights when considering the lot amalgamation bonuses that are given in many of these TOD centres.

In the council's submission, we raised concerns about the expedited nature of the consultation, the lack of information presented in the consultation materials and the one-size-fits-all approach that was taken. There are some points in our submission which have been superseded, because more information has come to light with the advent of the TOD SEPP maps and the TOD SEPP instrument. I wanted to make sure you keep that in mind when you read our submission. The other point we'd like to make is that whilst we commend the principle of mandatory affordable housing, it's been suggested through our consultation with local community housing providers that the 2 per cent target and the markets for Woy Woy, Gosford, Tuggerah and Wyong will result in an affordable housing product that is unviable for any community housing provider.

There is also a lack of detail in the TOD SEPP on how the community housing will be transferred to other providers and how that will be delivered. There are other models that could be used to better achieve community housing, such as the creation of contribution schemes to fund community housing more broadly. It's also complicated, in terms of conducting smaller scale residential flat developments, if one unit out of every 50 has to be set aside for community housing. It's not that practical for a lot of community housing providers to manage just a single unit in a complex. There are probably more efficient models that could be looked at, so that's one of the points we'd like to make.

Our submission recommended the exclusion of the TOD SEPP locations. We've currently got four TOD applications nominated on the Central Coast: Wyong, Tuggerah, Gosford and Woy Woy. The main reason for that really relates to the low opportunity for housing yield, the limited application which the TOD SEPP provisions would actually apply to within the 400 metre walking zones, and the existing controls that already apply to our centre which offer comparable heights and density to those that are proposed in the TOD SEPP. The fact that a lot of our own DCP and LEP controls in these centres have been developed over time in consultation with the community, and are informed by considerations like view-sharing, an analysis of height and overshadowing, car parking, traffic and infrastructure-servicing capacities—that's particularly the case for Gosford, Wyong and Woy Woy. I don't think I've got any other points, but we're happy to share and to take any questions on our submission.

The CHAIR: Thank you very much for those very helpful opening statements and your very useful submission. We have a few questions and will flow freely through those.

The Hon. SCOTT FARLOW: Thank you very much, all of you, for being here today. I might start off with the Central Coast Council because I've had the benefit of being able to read your submission. You make many salient points throughout that submission, one of them being in terms of the actual yield you will get in some of these sites. This Committee has recently visited Gosford for another inquiry and I'm a regular visitor to Gosford on the Central Coast. You see the cranes in the sky and very large buildings coming up. What is the actual yield that you think, or that you've estimated, will be achieved from the TOD SEPP increasing what's already available in Gosford at the moment through your master planning process?

SCOTT DUNCAN: In terms of the actual zones that the TOD SEPP applies to, it will only apply to relatively small area within the Gosford area. The Gosford area's already subject to—

 PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

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The Hon. SCOTT FARLOW: That's on the western side of the station?

SCOTT DUNCAN: The western side, yes. We mapped the area that it would apply to. We may have to take the actual increase—do you have the figures on the actual increase on that small area on the western side?

SARAH HARTLEY: No, we don't have the numbers.

The Hon. SCOTT FARLOW: Would you be able to take that on notice?

SCOTT DUNCAN: Yes.

SARAH HARTLEY: Yes, we can take that on notice.

The Hon. SCOTT FARLOW: From my reading of it, Gosford is a very small application. What's the highest building you have zoned in Gosford at the moment?

SARAH HARTLEY: I don't have that available and can provide that information.

The Hon. SCOTT FARLOW: We're looking at substantially more than six storeys, potentially even 30 storeys or so in Gosford?

SARAH HARTLEY: It is above 30 storeys. That comes about through a different zoning category than is available in the TOD SEPPs. We have their former zoning descriptions that were superseded potentially 12 months ago. We've got commercial core—

The Hon. SCOTT FARLOW: You also talk about the lot amalgamation bonuses that are available to you under that master plan. You have a proposal at the moment to be able to consolidate lots and, now we've seen some revisions to the TOD SEPP, I think it's a minimum lot width of 21 metres. But there is no proposal to consolidate lots to be able to achieve those larger bonuses that might have less impact, so to speak, on some of the other concerns like overshadowing or the like.

SARAH HARTLEY: Yes, that's correct. Particularly Woy Woy, the standards are quite comparable there. There are the LEP provisions that allow for amalgamation, and then we'll deliver those comparable scales and heights that the TOD—

The Hon. PETER PRIMROSE: You've mentioned Woy Woy. There was a suggestion in the media that council's administrator had suggested that Woy Woy station be included. Is that the case?

SCOTT DUNCAN: That's correct. Our administrator did suggest the inclusion of Woy Woy as an additional TOD site.

The Hon. SCOTT FARLOW: Why was that the case?

SARAH HARTLEY: That was a direct communication between the administrator and the Minister, so I'm not aware of the—

The Hon. SCOTT FARLOW: Did that come from advice that you had provided at all?

SARAH HARTLEY: Our submission had already been tabled, I understand, prior to that communication.

The Hon. SCOTT FARLOW: Looking at Woy Woy, because, as you say, it's largely picked up. When you draw the 400-metre radius around Woy Woy, about two-thirds of it is in the water, so it seems a little bizarre to me as a site when there seem to be the relevant controls there already, and drawing a 400-metre radius gets you water which you can't rezone.

SCOTT DUNCAN: The TOD SEPP provisions do apply to some residential land and some other business-zoned land at Woy Woy. If you look at our site consolidation provisions, clause 4.3 of the CCLEP would allow the site to be developed up to 19.75 metres using those bonuses if you could get a site area above 1,000 square metres.

The Hon. SCOTT FARLOW: So you get slightly more with the TOD SEPP?

SCOTT DUNCAN: You get slightly more. You would also get an FSR bonus between 2.1 and 2.3, depending on what site. So you get slightly more FSR and slightly more height, but not substantially more.

The Hon. SCOTT FARLOW: Going to the other sites, Tuggerah is a small portion of the land that's picked up in terms of the TOD SEPP radius. From my reckoning, when it comes to Tuggerah, you've got Hillview Crescent, Yaldeeme Close, Tambelin Street, Arunta Road and maybe a couple of properties on the Pacific Highway that are picked up. Is that your assessment as well?

 PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

SCOTT DUNCAN: That's correct.

SARAH HARTLEY: It's a small segment. A lot of them have significant biodiversity issues—flooding—and are not the correct zoning category that is applying in the TOD SEPP.

The Hon. SCOTT FARLOW: It sounds like a completely inappropriate place to be able to pick up for high-density. Has that been councils assessment in the past?

SCOTT DUNCAN: That was our conclusion, that the Tuggerah site, given the significant flooding constraints that exist around Tuggerah—there are also topographic and ecological constraints. There are only very small areas that would be activated by the TOD SEPP provision and some of those residential areas are very fragmented. They're already in very small lots, so they'd be difficult to consolidate and achieve the TOD objectives. In saying that, there is already a very large planning proposal—

The Hon. SCOTT FARLOW: The Tuggerah Gateway precinct.

SCOTT DUNCAN: Yes.

The Hon. SCOTT FARLOW: That's 2,200 properties, is it?

SCOTT DUNCAN: That's the maximum yield proposed.

The Hon. SCOTT FARLOW: Why did council identify the Tuggerah Gateway site rather than that small portion that's picked up by the TOD SEPP? What was your reasoning behind doing that?

SCOTT DUNCAN: The Tuggerah Gateway site is still approximate to the station and it's a very large site adjoining the Westfield shopping centre.

The Hon. SCOTT FARLOW: So you're centrally located to what is essentially the centre of Tuggerah, in many ways? It congregates around the shopping centre rather than around the train station, which has a homemaker centre on one side and McDonalds on the other, and very little connectivity—roads that are built up and suspended—and a station which doesn't really have a street precinct leading to it?

SCOTT DUNCAN: That's correct. It was more of a linear activation strategy where it was more feasible to activate land alongside the Westfield shopping centre and the gateway site because the Tuggerah site is basically constrained by flooding and other ecological issues, and steep slopes. It's only got limited opportunities to activate it.

The Hon. SCOTT FARLOW: Have you had development interest in terms of that Tuggerah Gateway precinct? Are there developers who are ready to move in there and start building those homes?

SCOTT DUNCAN: We have a rezoning proposal that's under assessment.

The Hon. SCOTT FARLOW: Yes, but have you sensed a lot of interest from the development community on the Central Coast for that project?

SCOTT DUNCAN: I haven't been subject to any sort of inquiries from the development industry on that site.

The Hon. SCOTT FARLOW: With respect to Tuggerah, do you have an estimate in terms of the number of dwellings that TOD could yield in those five or six streets?

SCOTT DUNCAN: We'd have to take that on notice. It would probably be a theoretical yield—very difficult to achieve with ownership that fragmented.

The Hon. SCOTT FARLOW: Thank you, if you could take that on notice. Moving on to Wyong, it has a town centre there. It does make a bit more sense than some of the other sites. You've outlined in your submission that you've had similar controls in place in Wyong, but you haven't had any interest in that density so far. Do you want to outline what some of those challenges have been and why no-one has taken those up in Wyong so far?

SCOTT DUNCAN: My impression would be it probably relates to the cost of development and the feasibility of development. Obviously, there are different feasibilities that apply in different property markets across the Greater Sydney area on these different TOD sites. You've got the suburban TOD sites in Sydney, the Sydney-based TOD sites. I guess it comes down to can an apartment building be developed and constructed, and can they still sell the product, and would people still pay for that. I guess there are other competing demands in the northern part of the Central Coast. You would be competing with house and land packages. So it comes to the question: Would somebody rather live at and buy a house and land package at Warner Vale or Wadalba, or would

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they rather live in an apartment for a comparable price in Wyong? That would be my—it would come down to the economics of development, and demand.

The Hon. SCOTT FARLOW: From memory, those controls are for 25-metre height, three-to-one FSR, so, greater than what the final TOD proposal ended up being?

SCOTT DUNCAN: In some sites within Wyong. In some places they're lower. But, in saying that, our planning controls, or LEP and DCP controls, they're based on a detailed assessment of Wyong. So they're not like a blanket control; there are different heights and FSRs on different sites.

The Hon. SCOTT FARLOW: In Wyong you also have some heritage considerations as well—heritage-listed properties and heritage conservation areas. In terms of your reading of the final TOD SEPP and then the associated guidance to transport-oriented development, do you or does the planning section of Central Coast Council have a clear understanding of how the TOD will interact with heritage, or do you need more guidance on that aspect?

SARAH HARTLEY: No, my understanding is heritage sites have been included from the TOD SEPP mapping.

The Hon. SCOTT FARLOW: Yes, but in terms of how you assess heritage in line with your DCP and, I think, the 5.10 controls, are you clear in terms of that assessment process?

SARAH HARTLEY: That would be a merit assessment within the existing planning framework, yes.

The Hon. SCOTT FARLOW: Do you see much change, then, to the current arrangements when it comes to heritage at all and how you would assess things?

SARAH HARTLEY: Well, obviously, as Mr Duncan has spoken to, the controls that exist in Wyong have been strategically developed and allowed for those heritage items that exist. In there, there are varying heights that step away from Wyong train station out to the outskirts of the city centre. Height and density obviously decrease away from the railway line. Our heritage items are interspersed throughout the city centre and so those controls have adapted and been designed to—

The Hon. SCOTT FARLOW: Respect that heritage.

SARAH HARTLEY: Thank you—respect the heritage value of those sites. I think, within the existing planning framework, those assessments can be made. But I think what the difference would be is, obviously, having a TOD site sitting next to a heritage property—sorry, I'd have to take on notice the height to compare it to under the current controls. It might be significantly less, maybe three storeys, four storeys, sitting next to a heritage property than your six storeys sitting next to it.

The Hon. SCOTT FARLOW: So less of an impact.

SARAH HARTLEY: There are obviously those differences in the TOD.

The Hon. SCOTT FARLOW: One final question from me. It is about the affordable housing provision that you raised. I had the fortune of meeting with Pacific Link Housing a couple of weeks ago. They raised a similar issue. I think they have the opening of their Canton Beach development today, so good luck to them with that. They're a great outfit. They raised with me a similar concern with the provision in terms of viability for them. You've now seen the guidance where sites over 2,000 square metres must provide the 2 per cent affordable housing onsite. Is that something you think would work? Or would you prefer to see that in another arrangement, potentially a financial contribution to enable a council or a community housing provider to provide affordable housing maybe in a better-managed system on one site or in partnership with a developer on one site, where it might be 15 per cent rather than 2 per cent?

SCOTT DUNCAN: I think there is the option to consider other alternatives. It would be good to have that option, especially for a lot of the smaller-scale residential apartments that might be approved through the TOD SEPP provisions. I think you could create a more streamlined system and better manage the affordable housing provision through some sort of affordable housing contribution scheme.

The Hon. PETER PRIMROSE: Will Central Coast Council deliver on the housing targets the Government sets for the next five years?

SCOTT DUNCAN: I certainly hope so, but I'm not in a position to answer that question. In terms of the approvals, the approval targets seem quite realistic, but council often doesn't have any control over what's actually built at the end of the day. We don't have control over that process. It's linked to interest rates and the broader economy.

 PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

The Hon. PETER PRIMROSE: I'll change it slightly, then: Is council committed to delivering on those targets?

SARAH HARTLEY: Council has those commitments through our local housing strategy that we recently adopted. What Mr Duncan was articulating is that the areas that we have control over in terms of assessment and certification, we are already delivering—I don't have the specific numbers. I can take that on notice. But we are already delivering within those targets in terms of development approvals. So the areas that we do have control over, we are demonstrating already that we can achieve those targets. The area of completion funding—those areas that we don't have control over—we can't speak to.

The Hon. PETER PRIMROSE: Thank you. That's quite reasonable. If you could take that on notice, that would be wonderful.

SARAH HARTLEY: Sure.

The Hon. PETER PRIMROSE: Mayor Baker, can I ask you the same thing in relation to North Sydney Council, please?

ZOË BAKER: Yes, we're committed to achieving our targets. Like Central Coast, we adopted a local housing strategy in 2019 and a local strategic planning statement in 2020. Under both of those, those figures that I quoted to you about the 19,500, we're well on the way to delivering and part of that was not only in the planned precinct—or it had various names before it became the 2036 Plan, but it was an urban activation precinct. That was an important part of it. Like other councils—and I sort of talked about it a little bit in our opening statement—we have not only planned via our zoning capacity but there is this big gap between planning proposals and rezonings and then the time period in which development applications are submitted to council, and then, even once they're approved, an even longer gap between whether they're then activated. Even with the best will in the world and a commitment to the delivery of housing, the council's role is we can't force people to put in DAs and we can't force them to build them.

The Hon. PETER PRIMROSE: Can I ask both of you then—and this is in relation to another inquiry—how big of an issue are zombie DAs in your areas?

SARAH HARTLEY: I think the cranes that are in the sky in Gosford speak to that. Some of those approvals were around 15 years ago prior to CCLEP 2022. Some of those provisions were when GLEP 2014 came into place; it's now 2024 and we've got cranes in the sky. So I think that speaks to the delivery.

ZOË BAKER: In North Sydney, I don't know that we could call it zombies. It's more land banking. Because of the profitability and the cost of land in our area, there is definitely a land banking issue. For example, there's a property at 617-621 Pacific Highway which is very close to St Leonards station. It's in between the metro and St Leonards station that was rezoned for, effectively, a capacity of 195 dwellings in 2019. The DA wasn't lodged until October of last year. So that is a four- or five-year lag between the capacity having been increased and the application being submitted. Once that's approved, it could be five years, but they could do a physical commencement and it could be a very long time. That's a reflection of some real structural issues about the cost of finance and the fragility of the construction sector itself that is well beyond local government to address.

The CHAIR: The Central Coast Council has referred to the flooding and the biodiversity areas. Do you anticipate that those areas may be adjusted or changed, given the announcement of the Government that development in floods is not a good idea? Have you had communication around that? What is your anticipation around that?

SCOTT DUNCAN: In terms of the Tuggerah site, there's quite a lot of flood-prone land that was never included within the TOD SEPP application area. I was just making a comment about some of the topographic and flooding constraints around Tuggerah which mean that it's quite difficult to activate that as a TOD site around the station. Pretty well a lot of those other smaller residential boxes near the Tuggerah station are mostly flood free. There is also a larger site which has got endangered ecological communities over it which might pose some issues in the future in terms of realising development.

The CHAIR: This is to both councils: How would you identify and articulate any negative consequences of the TOD SEPP at this point in time? You spoke around those issues, but what do they look and sound like from a mayor or a councillor's perspective and also from a strategic planning perspective. Councillor Baker, do you have some views on that?

ZOË BAKER: We're one of the eight accelerated. It's in a precinct that we've already identified and worked extensively and carefully with the State Government to increase residential and employment targets to meet the metro. I suppose there are two things. One is the process is so expedited that we're not going to be able to have the careful analysis that was part of the preparation of the 2036 plan. The Crows Nest and St Leonards

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sites are surrounded by heritage conservation areas. The heights that are there under the 2036 plan were designed in order to minimise overshadowing on the heritage conservation areas but there are only two small pieces of public open space serving that dense precinct already.

One of the concern is the physical impacts of additional yield because it will come as height. Another relates to certainty in terms of what those heights might be once the TOD for Crows Nest is made. There are bonuses under clause 16 of the Housing SEPP that allow for an additional 30 per cent increase in height and FSR. Are we looking at those continuing to apply in those eight TOD precincts? If that's the case, we then have real impacts in terms of additional population and the obvious of sunlight, views, privacy—the trinity of amenity impacts—on what is already a dense precinct.

Finally, it's that scepticism I talked to you about, which is that there's an important social contract with community when you're doing careful planning about increasing density. Crows Nest and St Leonards is an example of where our community have engaged and accepted amenity impacts that are devastating to some but they've done it on the understanding that there would be delivery of a better public domain, some additional open space and the social and community infrastructure to meet the new population. If you haven't got a pathway to ensure that that will be delivered—and not delivered in 10 or 15 years, but to meet the time that the buildings are being built. It's that uncertainty. If that doesn't happen, then you're dealing with a new population who won't have enough school places that were identified in the 2036 plan—overcrowded schools. The one thing we know about high-density living is that open space is even more important than anywhere else because for families—and that's what the majority of people in North Sydney are; they're raising their families or living in flats—the public domain and public open space is vital because it becomes an extension of where you live.

The CHAIR: And for the Central Coast? In terms of those tangible negative consequences, how do you view that?

SARAH HARTLEY: Fundamentally, as we've put in our submission in terms of the controls, they're on comparison with what we already have in place across our planning framework. The significant difference is that we're introducing land uses into zones that we had not intended to be there and, under the planning framework, there are objectives for each zone to clearly understand what the vision for that zone is. When you introduce land uses across a State policy that undermine those definitions and undermine those land uses, you are challenging the nature of what those zones are to be. While the TOD SEPP has come out with controls that still uphold our flooding, biodiversity and amenity considerations—while that will be complicated because they will be interspersed with other buildings—the fundamental issue is that it's undermining what planning is when you distinguish land according to its zone.

For example, there is an intention with an R2 zone and what the objectives are on that zone. When you take that to a court case, you can argue the very fine-grain detail of the planning controls on the merits of things like overshadowing, biodiversity and those sorts of things. But when you come back to the fundamentals of what an R2 zone is, often court cases are won and lost because you're not meeting the objectives of the zone. With a State policy coming in and overriding those, you can end up in a court case where you have a State policy dictating what a land use can be that's in direct conflict with what the objective of the zone is. So that's a very difficult position to argue as a town planner in a court case.

The CHAIR: With where you sit and what you've seen over time, do you anticipate that the council will face these kinds of challenges—as in, the court cases—and the pushback and the relationship with proponents? Do you anticipate that that may eventuate from this planning control?

SARAH HARTLEY: Our expectation is that there will be limited yield that will come from the TOD. But there's always the opportunity where applicants test these new provisions. They are new provisions and often the new provisions are tested in the court. You have definitions that are tested in the court; we get good case law that then upholds what the intentions are. But I think where you have a conflict between a policy that clearly identifies height, parking and scale, and those standards have flow-on effects on amenity, open space, liveability and desirability of a building, that is in direct conflict with what the zone then says. The zoning objective is your high-order merit assessment when you come to a planning assessment. That's the first thing that you review: What is the zone and what are the objectives on the zone? So there is a direct conflict between what these development standards are allowing and the zoning objectives in the areas that they're putting these land uses in. I am not sure if I've made that clear.

The CHAIR: I think it makes sense. So, in essence though, if there's the situation that eventuates that you have an opportunistic proponent that is looking at one end of the controls in the TOD SEPP and you're trying to implement and enforce a good merit decision relying on your DCP, there would be some challenge in that kind of zone, and that is quite likely to occur. I'd be curious about North Sydney as well.

SARAH HARTLEY: Absolutely.

ZOË BAKER: Because we have a 2036 plan and the TOD will effectively—the way that I see it happening is that the 2036 plan provides for a huge amount of density. The TOD and the work that the department will be doing and then ultimately adopting will then translate the base of the 2036 plan into a SEPP, with some additional yield. I think there are a couple of concerns. One is what will it really mean in terms of delivery of affordable housing in the precinct and what cost in terms of amenity impacts for the additional height in order to deliver that? Then the other concern that we have is, because there's no mention about employment targets, our precinct is part of that eastern economic corridor and you can't just do it in isolation—this big additional potential yield for housing—without understanding what that's going to mean and how we're going to be able to accommodate the job targets. It's important at Crows Nest because that metro was there to serve both housing and employment and the reason it's there at Crows Nest is because it's in a hospital precinct, it's in a very dense education precinct.

I suppose it's those matters of uncertainty that I think need to be addressed up-front and that other layer of how the existing current bonuses of 30 per cent increase in efforts are applied, because what we're seeing now is there are at least two State significant development applications that have been amended and that got big uplifts under the 2036 plan in terms of height and FSR and are now amending with the 30 per cent additional height. So that then does have an impact on the ground. It has an impact on traffic congestion on the Pacific Highway and surrounding streets, which are at capacity, and it has an impact in that you've got additional population without the additional open space and social infrastructure to serve it.

The CHAIR: Just on that, I think that is encapsulated in your statement at the beginning, and I didn't quite capture it but it was that planning is not about theoretical housing numbers; it's about people. On that, in that vein, how do you think you will deal with the challenge of making sure there is enough green space and enough wellness space? We've heard, again, in another inquiry that in terms of density, one of the most fundamental things in terms of how the planning system interacts with climate change and heat impacts of dense urban areas is about deep soil, tree cover and green space. How do you think your council will be dealing with that, particularly in North Sydney?

ZOË BAKER: We are strongly putting to the department and to the Minister that that has to be part of what goes on exhibition as part of this TOD precinct. We're already challenged in North Sydney. We've lost more than 3,000 mature trees over the last two years as a result of the Western Harbour Tunnel and Warringah Freeway upgrade works. We already had some decline in canopy because of the impact mostly from private land and the impacts of development. It is really important that those measures are part of any consideration under the work that the department is doing with council on the TOD.

So I suppose there are those issues about environmental sustainability. But wellbeing—and not just the overused phrase of liveability but it's genuine—is that high density requires some decent open space to make these spaces liveable. One of the things that I am sure we will be putting to the department of planning is that there may need to be a special contribution for this TOD precinct in order to deliver it over and above the \$520 million, and a contribution that comes back to the council areas to ensure that it's not just collected and delivered within the whole of the region, that it's delivered where the building is going to be and where the population will be living.

The CHAIR: Is your indication at this point that the department of planning and the Minister for planning will be open? Have you got that kind of indication that that is a dialogue that is something that is invited to work out how to do this?

ZOË BAKER: My understanding from council staff who are dealing directly with the departmental staff—and really I'll start by saying there's an advantage at Crows Nest in that we have done master planning work already in that we've got the 2036 plan. The timing and the expedition of adopting these changes by the end of the year puts enormous pressure on the department as well as on councils and communities. I don't know why it's so rushed because we are in those eight TOD precincts already delivering and the market is not taking up what is already zoned. So there is time to be able to extend it to do some more detailed work and some better community consultation about a final version of the accelerated TOD precinct plan. I think that would allow some of the more nuanced good planning to happen.

What I will say is I wrote to the Minister last week and asked for an urgent meeting to discuss this and also the recently announced housing targets. I have a meeting date affirmed with him. In terms of that, I think that is probably an indication that they're prepared to talk. It's really important that they're prepared to deliver on some amendments and modifications because, as Central Coast said and pretty much every council who is impacted by either of the TOD programs, a one-size-fits-all approach is just poor planning. We need to have a response to the particular place and the particular context and the planning that has already been done in order to get the best outcomes.

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The Hon. SCOTT FARLOW: Mayor Baker, is it still your expectation this will go on public exhibition in quarter two of this year?

ZOË BAKER: My understanding is the last confirmation we have had from the department is that it's likely to be going on exhibition in July. I have no specific knowledge of this but I would think it would be late July. The work involved just to do a rush job is substantial.

The CHAIR: Thank you. I know a couple of matters were taken on notice. The secretariat will be in contact with you about those. Thank you very much for your time and your incredibly helpful evidence.

(The witnesses withdrew.)

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Mr MICHAEL CARNUCCIO, Policy Manager, Community Housing Industry Association NSW, affirmed and examined

Mr JOHN BROCKHOFF, National Policy Director, Planning Institute Australia, affirmed and examined

Ms SUE WEATHERLEY, NSW Division President, Planning Institute Australia, sworn and examined

The CHAIR: Welcome, and thank you for making the time to come today and give evidence. Would anyone like to start by making a short opening statement?

MICHAEL CARNUCCIO: Yes. Thank you to the Committee for your invitation to appear here today. CHIA NSW represents not-for-profit community housing providers. Our members provide homes for individuals and families who cannot afford to rent or purchase on the private market. Sadly, as the housing crisis worsens, an increasing number of people are finding themselves in that position. Without urgent, ambitious action, this dire situation will only get worse.

Transport-oriented development represents an opportunity to address the housing crisis by delivering more homes in areas with good access to transport and services. This is a sound and well-established concept, but to be effective the focus needs to be on more than just overall supply numbers. It's not as easy as increasing the total number of homes on the market. Even with the most ambitious of supply targets, it will not reduce housing costs sufficiently for those on the lowest of incomes. So we need to ensure that a range of housing products are delivered to address the full range of housing needs and to ensure that low-income households are not shut out of these communities due to a lack of housing options. This includes essential workers in low-paying jobs that are critical to our productivity and wellbeing—for example, healthcare and childcare workers, and retail and hospitality staff. Securing affordable rental housing within these precincts is essential to the success of the TOD program and doing density well.

CHIA NSW strongly welcomes and supports the inclusion in the TOD program of mandatory affordable housing requirements. Of course, we would welcome higher contribution requirements, but the 2 per cent rate that has been introduced is a welcome starting point. If gradually phased in, there is no reason why the rates couldn't be feasibly increased over time, and we welcome the New South Wales Government's commitment to doing just that. But in order to do that effectively, it's critical that a clear trajectory and timeframe for increases is specified up-front to ensure that developers can factor that into their feasibility and into future land purchases. I will leave my statement there but I obviously welcome any questions.

The CHAIR: Would either of the other witnesses like to make an opening statement?

SUE WEATHERLEY: I would. I'll begin by saying that I've been here before for other matters and I always make the introduction that the Planning Institute represents planning and planners. We don't represent particular developers, councils or local government. We are a very broad church. We represent planners who work in lots of different fields, including the community housing sector. We have made a written submission. I will take the opportunity to emphasise a couple of points in that submission. We do support the intent of the TOD program to increase housing density in places well served by public transport. We support transit-oriented development that promotes more inclusive renewal and fulfils the spatial outcomes of an adopted regional strategy. Our key point is probably that both lots of TODs, and even the housing targets, have come out without a new adopted regional plan for Sydney or a plan for Newcastle and Wollongong, to which the TOD SEPP applies.

The planning system primarily controls the location, ultimate capacity and scale of development and not speed. While the TOD program can enable the right housing in the right places, it cannot get more housing constructed. Ensuring that the built forms and neighbourhoods meet the long-term community needs is critical for this policy to be successful. The TOD program should be complemented by initiatives that promote sustainable design and amenity, as well as delivering affordable housing and supporting infrastructure. Fundamentally, the TOD program should be led by a sound strategic plan, with published supporting evidence to explain why the planning decisions were made. It's important to note that the first phase of the TOD program has been released without an EIE—which in layman's terms is a narrative that explains the intended impact of the planning rules—and without consultation as well. We think it may have been a better program if that work had been done.

Merely zoning land for higher density will not create successful TODs. It's also about place making, mixed use and being walkable, bike friendly and closely integrated with mass transit by clustering housing, jobs, services and amenities around public transport stations. This is why PIA has proposed integrating a master planning element into the TOD SEPP, which removes the one-size-fits-all rezoning approach where the work can be progressed rapidly. To some extent the changes that have been put in place that defer some of the TODs to enable the councils to do additional work reflect that intent. Of course, I make the point that the eight accelerated precincts all include a master planning program as well.

 PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

There also needs to be public investment in place making and the necessary infrastructure to support vibrant communities, where there needs to be higher standard public domain and upgraded public facilities and services. There is currently little detail about how this will be funded via the TOD program, and the current developer contribution schemes under the Act are inadequate. For example, you can collect money to purchase the land for a community facility but you can't collect money to build it. That is one of those odd provisions of the Act. Where TOD controls apply to heritage conservation areas, the issue of how the two controls work together needs greater clarity. Perhaps with some up-front master planning, some decisions could have been made earlier around that.

We do make the point that that up-front master planning may have ensured greater trust and transparency and accountability in the process so people understand. It also enables you to make decisions about where you are going to put open space and where you are going to put schools or, if you do need to do that, you have capacity within the existing facilities and services. From a PIA point of view, we would always say that good planning is about both the process and the outcome. We would support the Government continuing to monitor the impact of the first round of TODs and make adjustments where necessary and, where possible, take an opportunity to still do some additional master planning in those precincts and certainly support the councils to do so.

We made a number of recommendations and some have actually already occurred. The ones that would still be worth considering are identifying the stations included in the TOD programs in an updated regional and city plan. Also, what's the next phase of development? What has come out is a program to deliver on five-year housing targets. What happens after that? We need to be thinking about that beyond this initial five years. An updated regional plan could help us do that across the community as well as build confidence and certainty for the development sector. It also would be worth considering greater clarity about how local plans could be exempt from the TOD SEPP; clarifying the weight placed on existing merit controls and LEPs and DCPs, and the apparent inconsistencies with some SEPPs; and introducing a pattern book to help in speeding up the process and improving the quality of design.

We also made a submission around specifying minimum lot size to encourage amalgamation of lots to get a better outcome on individual sites. Again, that would be supported by detailed master planning. Master planning not only tells you what additional facilities and services you need and how to deliver on that but it also ensures you maximise development potential in an area by ensuring every site can be developed to its maximum potential by thinking about what is the best amalgamation of lots.

We support the community housing sector in their desire to ensure that we actually have a sustainable, affordable rental housing scheme out of this that doesn't just think about the initial 2 per cent but allows for an ongoing increase in that affordable housing provision. As we've said, building homes will not necessarily make them affordable for people who currently are in rental stress in the private market. We can't build enough homes to change that situation unless we're also building affordable rental homes. We would encourage the Government to consider how we can actually have an affordable rental housing target built into these schemes as well.

The CHAIR: Thank you for your submissions. They are very helpful. While we are on affordable housing, I will start questions there. I think it's fairly broad criticism and quite accepted that the 2 per cent or the mandated and not necessarily in perpetuity is a problem in terms of the genuine capacity to deliver. We also just heard evidence from the North Sydney mayor. She said in her statement that the experience there is actually that the more houses they deliver and that come online, the higher the price. That is happening right now. Is that a phenomenon that you take for granted in the work that you do? What is your suggestion about what this Government should be doing right now in terms of affordable housing?

MICHAEL CARNUCCIO: There is certainly a lot that the Government could be doing. As I said in my opening statement, this is a welcome start. We haven't really had these sorts of requirements put in place over such a broad area before, so it's great to see that that has been put into place. The evidence that we've included in our submission shows that, when you start low and gradually build up over time, that is how you can get the best, most effective outcomes and you don't impact the development viability. Certainly new development can displace existing low-cost housing, particularly for infill developments. If you're building on redeveloping an existing housing site and you're putting in place new apartments, then it's likely that those new apartments will be sold at a premium.

As I said in my opening statement, there are a lot of tensions here. Obviously we need to see more homes being built. For the households that our members house—the very low-income households—you really need that dedicated product. You can flood the market with new supply, but that's not really going to reduce the prices enough for those households. We've done some analysis and for about 90 per cent of local government areas in New South Wales their housing is not affordable to very low-income households. In 80 per cent, it's not affordable to low-income households. We would need to see drops of 50 per cent or more in house prices in order for them

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to be affordable. You are just not going to be able to achieve that, even with the most ambitious of targets. That is why we really need to see those dedicated products built.

As well as those planning levers, the Government also obviously has fiscal levers. They can put funding towards more social and affordable housing and we have been calling on the Government to put forward a significant contribution. We have seen the Federal Government make some steps forward in that respect. We're hoping now that the State Government can also step up and, in the forthcoming budget, put a sizeable funding package together for new, social and affordable housing.

The CHAIR: Your submission supports the implementation of a requirement for 15 per cent of affordable housing in the TOD accelerated precincts and we have got 2 per cent. What is the reason the Government has given you for not following you guys, who are the experts in understanding what we would need to be delivering something that would work for communities? What reasons have you been given?

MICHAEL CARNUCCIO: The concern, I understand, is essentially not wanting to impact development feasibility, so to be able to do this in a pragmatic way so that you start somewhere and gradually build up over time.

The Hon. JACQUI MUNRO: On that, we have heard from other people who have appeared at the hearings that it will be very difficult to comply with 15 per cent and that 2 per cent is possibly meaningless when you have a number of apartments that aren't even going to allow even a single affordable apartment to be built as part of that development. I presume that is why you are saying that you actually need dedicated builds and dedicated sites for this. How do you see the 2 per cent being overcome from a numerical point of view? What do you do? You can't have half of a house or one-third of a house. In addition, if 15 per cent is not going to be financially feasible and does stop development, what is your read on both of those situations?

MICHAEL CARNUCCIO: To explain a couple of things, firstly, the 15 per cent is for those eight higher growth precincts. The theory is that, because they are going to see a lot more uplift, they will be able to support a higher percentage. From a practical point of view, we were never going to get 15 per cent in the 30 or so tier 2 precincts. There are a number of ways that you can deliver that contribution. Currently in the reforms in the SEPP that has been put in place, it has to be onsite provision. That's where you get that complication, where it is such a low requirement. That was an issue that we have raised with the Government.

My understanding is that they didn't have another mechanism to be able to get a cash contribution in lieu of onsite provision. I am hoping now, through working with councils, that they can put in place local schemes that would allow a cash contribution so that you don't have those complexities that you referred to. It's not just a complexity around how do you configure that floor space to actually get meaningful dwellings out of it. There are a whole range of other complexities from the management side and ongoing costs when you have a lot of strata fees and when you're having to manage one home across multiple buildings. It's not very efficient and you do then erode the benefits of that affordable housing. Certainly dedicated builds in the same areas will provide more benefits.

The Hon. JACQUI MUNRO: Just to clarify, your understanding is that the department or the Government will be looking to work with individual councils to develop individual schemes that relate to their provision?

MICHAEL CARNUCCIO: That is my understanding, yes. We are hoping the Government will really help speed that process, because it can be quite a time-consuming process. You have to amend your LEP as well as get together your administration processes to manage all those contributions. We're hoping that there will be a lot of work to streamline that process. But, yes, it's my understanding that the councils will be able to introduce their own schemes.

The Hon. PETER PRIMROSE: Just so I'm clear, the 2 per cent, as I understand it, was for smaller sites with smaller densities. The understanding is that that would increase over time. Is that correct?

MICHAEL CARNUCCIO: Yes, the 2 per cent is for the tier 2 precincts that would have up to six-storey apartments. Yes, the intention is that that will increase over time.

SUE WEATHERLEY: Just to add on that point, I know John wanted to add something on that. I think, together with a number of interested peak bodies in this matter, we've suggested that the intention is good. Could it be embedded in the SEPP itself? That's a clear signal to the development sector that if you do your development now, it's 2 per cent, but if you do your development in, say, five years, it's going to be 5 per cent and it could be 10 per cent in 10 years or something. That signal to the development sector may very well help ensure that people make, simply—

The Hon. JACQUI MUNRO: Unless it means they don't start at all.

 PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

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The Hon. SCOTT FARLOW: Use it or lose it, effectively.

SUE WEATHERLEY: Or they pay the right price for the land because it's now built-in cost. If you only set it at 2 per cent and people start only allowing for a 2 per cent whenever they buy land then that won't become feasible. But if you get some longer term market signal, that would help.

The Hon. PETER PRIMROSE: Because it's in perpetuity.

SUE WEATHERLEY: Yes, that's right.

The Hon. JACQUI MUNRO: But it's not at the moment.

The Hon. SCOTT FARLOW: No, it is. It's 2 per cent in perpetuity and 15 per cent for the tier 1s.

The Hon. JACQUI MUNRO: But no growth embedded.

The Hon. SCOTT FARLOW: There's nothing that's been formalised in that sense.

MICHAEL CARNUCCIO: There's nothing that has been published. We're hopeful that will happen in the near future—but we need to see that, for the reasons Sue has pointed out. It needs to be embedded in the plan now.

The Hon. SCOTT FARLOW: To your point, that's of advantage to you, but it's also of advantage to the development sector to be able to price it properly and to be encouraged, potentially, as well to actually activate these precincts quicker if they can get the feasibility to work on 2 per cent but might not be able to on 5 per cent, for instance.

MICHAEL CARNUCCIO: That's right.

JOHN BROCKHOFF: The reason why we're talking about this is because we don't have the confidence that there's going to be a trickle down from private supply to properties that are affordable on the private rental market. The notion is that we all want to increase supply in accessible places to provide homes for changing and future populations and provide that diversity of accommodation to meet everyone's needs. But the other reason that's understood around the expansion of supply is that if there's enough of it, and if enough of it is put on fast enough, there will be a suppression of the price of land to buy and the price of rents in the private market.

Unfortunately, the research that the Planning Institute has looked into is that that's a very slow and uncertain process, that trickle down of new supply or, more importantly, the rate at which new supply comes on into the pricing of property. We can't rely on more supply—particularly more supply if it comes on slowly—to really substantially reduce the price of housing to live in. That's why we're having this discussion around the inclusionary zoning, or also the public's delivery of social housing. Demand is so overheated that more supply can't come on fast enough, or at scales enough that will suppress the price of housing in the private market to the point that it addresses the social concerns that Michael has been talking about.

That brings us to the discussion about what we can do as a society—certainly more social housing but also, as private development takes place, we need to put a signal in there that there's an obligation to provide below-market housing available to low and moderate income earners. Is it 2 per cent in perpetuity? Does it grow to 15 per cent? These are all important questions. PIA strongly supports the growth of the private industry's obligation to provide more housing that's available to rent for low and moderate income earners.

The question is are those costs included in the price of housing and do they affect viability calculations now? Yes, they do. Right now, developers have already made a call on how much they're going to buy their raw sites for. If you add 2 per cent cost, something's got to give. They either walk away from their options or they take a 2 per cent hit on their margins. But if it's signalled, and signalled progressively over time, both the raw landowners and the developers have a market signal that in five years it might be 10 per cent or whatever. They will price that in to the negotiations as it takes place. Presumably they want to keep their development margin of whatever it is—18 per cent, 20 per cent—and they'll only buy the raw land for the price that they can make the development happen.

That being the case, 2 per cent is probably something that can be absorbed just in current negotiations, but over time you would be able to absorb a higher inclusionary zoning percentage if it was broadcast to the market—and if raw landowners were able to accept that, due to the certainty and the understanding that the world has changed and that the obligations for the delivery of low- and moderate-priced rental housing is an obligation that does fall on the private sector as well. That's just a background. Fundamentally, we're having this conversation because of the lack of trickle down from new development in the private market to low- and moderate-priced housing.

 PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

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The Hon. JACQUI MUNRO: Would you accept that, even in pricing into land acquisition and development, the greater number of affordable housing dwellings you have, the more costly the non-affordable dwellings are going to be?

MICHAEL CARNUCCIO: I would say no, because the price that you pay to buy or rent is set by the broader market. It's set by what people are willing to pay in that particular location. Often that's set based on the sale of second-hand stock, old stock. A lot of the evidence says that those costs will be factored into the purchase price of the land, not added onto the purchase price for the finished product.

SUE WEATHERLEY: Just to emphasise that, I think it works out the numbers are that 95 per cent of all property sales—people buying homes—are existing stock. Less than 5 per cent is new stock. Even if new stock was a lot cheaper than the current market, it's not going to have much effect on the general market price. The times where you see it does effect is when you have a lot of new stock in a particular precinct. That may affect price in that precinct. But it doesn't have an impact over the total price people are going to pay in the market for a home.

JOHN BROCKHOFF: That's right. It's like the tail wagging the dog.

SUE WEATHERLEY: Yes.

The Hon. JACQUI MUNRO: But we are talking about specific precincts here.

SUE WEATHERLEY: Yes, but again, in terms of that total market—I hate speaking for a developer. I'm not a developer, but I've had some experience. Developers sell it for what the market of the area is. That's what they sell it for. If you looked at the analysis from the UDIA, which came out yesterday—I haven't read the full report; I did read the summary in *The Sydney Morning Herald*—it was showing that in some places the sites will redevelop relatively quickly, because the cost of construction, the cost of the land, plus all the government charges still produces an adequate profit margin to deliver at the price people are willing to pay for that precinct. In other places, the price people are willing to pay to live in that precinct is a bit lower than all those things combined. They're going to take a lot longer, perhaps, to come on board than some of those other precincts. I thought it was a really good analysis of that issue. To get costs down, the biggest areas to tackle would be land costs and construction costs. They were the two overwhelmingly large components of delivery.

The Hon. JACQUI MUNRO: Can I just ask one final question, Mr Carnuccio, about your mention of management of social and affordable housing and what is the best way to do that? I want to corroborate evidence we have heard previously—I think it was from Mr Forrest—about the preferred management of social and affordable housing and of it being more helpful to have it in one area.

The Hon. SCOTT FARLOW: We heard the same from Central Coast Council today as well, on the basis of Pacific Link Housing.

The Hon. JACQUI MUNRO: I just want to understand if that actually is the case, from your membership point of view.

MICHAEL CARNUCCIO: That would be the preference. Our members will make it work regardless of what the circumstances are, but the preference is to be able to have a sufficient number of properties to get those economies of scale and to get that efficiency in how those properties are managed. Certainly, it's not very efficient when you only have one property in one building and another one in the building next door. There are a lot of complexities. You're dealing with different strata schemes and all those associated costs; whereas, if it's a purpose-built building, the CHP will be able to design that from scratch. They will take into account all their ongoing maintenance requirements and design it accordingly, but they will, obviously, have full control of that building, so that creates a lot more efficiencies.

That also brings me on to the other issue that we would have liked to have seen in the SEPP, that wasn't reflected, around ownership of those affordable homes. The current requirement is that the properties need to be managed by a CHP. We would like to see that ownership is transferred to the CHP. It is typical in local government schemes that, where there is a mandatory affordable housing requirement in perpetuity, ownership is transferred to either the CHP or the council. The reason for that is it then creates an opportunity to leverage more homes in the future. We've done some work. We had Paxon Group do some work for us. They modelled what additional amount of homes can be leveraged, and it was something in the order of an additional 27 per cent could be leveraged because they have got that asset that they could use the equity of to help debt-fund future affordable housing. So there are a lot of advantage in transferring that ownership.

The Hon. PETER PRIMROSE: I understand that the department has recently introduced a concierge service for community housing providers. Can you tell us how that works? Is it of value to you?

 PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

 UNCORRECTED

MICHAEL CARNUCCIO: I think it's of value to some of our members. They've got about 20 CHPs signed up. I don't know the ins and outs of how it works. That would probably be a question for the department, but my understanding is that it will help the CHPs navigate the planning system. CHP is quite a broad church. There are those who develop quite regularly and there are those who do it less often. I think the concierge would really help those who are not as familiar with the planning process and help them step through that process. I also understand that, if there is a planning development application in the system and, for whatever reason, it gets stuck or there's an issue that arises, they will help mediate that issue. I think that would also be advantageous, but it's not a fast-track approval process. We would certainly welcome measures to be able to approve those affordable homes faster so they can get on to the ground faster.

The Hon. SCOTT FARLOW: I think we all agree with transport-oriented development; it's just how we get there effectively. I think that the Planning Institute makes some very good points in its submission about how to make this program better, and I do thank you for your positive recommendations in that regard. One of the comments you make in your submission is:

There is a real risk that individual site conformance with SEPP controls would actually lead to lower density and yield, less coordinated growth and poorer design than via a coordinated precinct plan.

Could you outline why that is the case and whether you think the SEPP, in its final form, overcomes some of these problems or what you think we could do to overcome those challenges?

SUE WEATHERLEY: I suppose I was alluding to this challenge that the accelerated precincts—so the big ones, the 1,200-metre precincts—actually take that precinct master plan approach, because that is the best way to maximise development. I'm a resident of Hornsby, so I'm a little aware of what Hornsby Council—they've been working on their master plan around the station for some time. They are quite keen to leverage off what the assistance of the Government can, effectively, fast-track what they've been working on for some time. They would say that process ensures that they can identify how to maximise the yield on individual sites. If you ever look at a map of Sydney and look at the property boundaries—who the hell drew that up? Because they're all sorts of shapes and sizes and with odd configurations. They are not all perfect for a six-storey—or, in the case of the small-scale TODs, they're not all perfect for a small-scale project such as six storeys.

Therefore, in a master planning approach, rather than saying the minimum lot size for development is 2,000 square metres, which is a specified standard in the TOD, you might say that for this area, if these two lots consolidate with this lot here of a different size, it will maximise the density for that precinct because of the setbacks required. When you take into account the setbacks and other constraints of a particular site, you might want a larger site here and a smaller site works here. That is the advantage of that sort of master planning approach. I am fairly confident that is, effectively, what Hornsby Council has done in looking at its master plan around its station. That is why we support that. We would say that opportunity is not lost in these precincts. Some of that master planning work can still be the done and, of course, the State Government has taken the opportunity to defer some of the introduction of the TODs—the small-scale TODs, six-storey TODs—until 2025.

The Hon. SCOTT FARLOW: There is a gradient. There are some that are July, there are some that are September, there are some that are December and there are some that are out to 2025.

SUE WEATHERLEY: That's right, and that is an opportunity to do that master planning to say that perhaps it shouldn't be six storeys here. It could be eight storeys here and five storeys here, and that would get a better outcome in terms of urban form but also maximise development opportunity. That's why we are keen for that sort of precinct master planning, because this is a place-based response. TODs are, by their definition, place-based. It's the right response for that location. There are still plenty of opportunities for doing that, and we would certainly encourage the councils to continue to look at that planning for their local area and encourage the Government to support the councils who want to do some more work. That is why sometimes you get a better yield when you look at the total precinct and how you are going to put those sites together.

The Hon. SCOTT FARLOW: In its submission for the low- and mid-rise changes, Canterbury-Bankstown council did a very good description of that and showing on an example of a site how that worked. I found that very helpful in my understanding.

SUE WEATHERLEY: Like you say, no-one would subdivide Sydney the way we've been subdividing it, but that's what we've got.

The Hon. SCOTT FARLOW: Just to pick up on that and one of your recommendations, which was including a minimum lot size to encourage site amalgamation, the Government, of course, in their revision, have put down a minimum lot width but not a minimum lot size. Do you think that goes far enough, or do you think there still needs to be a minimum lot size in place to encourage that consolidation and the maximisation of that yield?

 PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

 UNCORRECTED

SUE WEATHERLEY: This is where I go, "I haven't looked at all 35 station sites", so it would be impossible for me to say there would have been a better response to every one of those 35 precincts. We proposed a minimum lot size because when you consolidate lots you can deal with site setbacks, in particular, better. Larger sites can deal with site setbacks better. The urban designers go in and they work out how we get that, because that is actually one of those things that is important for local amenity and the amenity of the people living in the apartments in the future. A fallback position in the past has been to say it has to be a minimum lot frontage; they should be able to get a building on that. I assume the department has tested this, and that is the basis for their—

The CHAIR: Assume nothing, we say.

SUE WEATHERLEY: Therefore, they've worked that out. From a planning point of view, I think it's better as a minimum lot size. Others may think you can manage it perfectly with a minimum lot width. You have to be clear about what you are trying to achieve on the site, and six storeys is a reasonable—

The Hon. SCOTT FARLOW: From memory, the minimum lot width is 21 metres. Would you think that would be sufficient to be able to achieve those goals?

SUE WEATHERLEY: In some cases it may. But how big is the lot?

The Hon. SCOTT FARLOW: Depending on the sites, indeed.

SUE WEATHERLEY: Yes, what if it gets very narrow at the back?

The Hon. SCOTT FARLOW: Indeed, yes.

SUE WEATHERLEY: As I say, look at a subdivision plan for Sydney. No-one would ever do that— but that's what we've got.

The CHAIR: In terms of that, is that where deep soil and canopy come into it?

SUE WEATHERLEY: Yes.

The CHAIR: That's where we kind of fail to deliver if we're not getting that right.

SUE WEATHERLEY: Yes, that's right. Most councils have also DCP controls, which will still apply in these circumstances.

The CHAIR: Will they? Sorry, I didn't mean it like that. We keep hearing that, yes, they'll apply but there are going to be challenges.

SUE WEATHERLEY: I think, of recent times, the secretary of the department has talked about the need to continue to monitor impacts and outcomes. We would certainly encourage that as an outcome as well.

The CHAIR: In terms of that, though, we just heard evidence from the council strategic planners from, say, Central Coast, and we've heard this in previous hearings. At the end of the day, if you've got a litigious, opportunistic, motivated developer who is going to test the upper ends, let's call them, of the TOD SEPP versus a DCP, it's likely the developer will prevail or there will just be lengthy litigation to test that. That burden will fall on councils.

SUE WEATHERLEY: The short answer to that is yes, but the Government should be monitoring that. If that's the case, and we're ending up with the outcome not intended, there are opportunities to update the SEPP and how it operates.

The CHAIR: But at the end of the day, though, it's not the practice to retrospectively amend SEPPs to then apply to developments—and that's what we call "runaway consequences".

SUE WEATHERLEY: Yes, that's right. It can't deal with the stuff that's already been approved. But I could wander around Sydney and I could say, "Mmm."

The Hon. SCOTT FARLOW: As we all do.

SUE WEATHERLEY: It's the same issue. In terms of development, you'd say, "Mmm, the planning rule's there but..." Yes, it would be better—and that's the advantage of the master planning: looking at these areas as a place-based solution. There's time to do some of that in some of these precincts. The other day the Planning Institute ran a living in denser housing lived experience. One of the feedbacks we got from that is that some of these precincts will take a long time to get going, simply because of current conditions for those areas. It is time to do some of that master planning. We would certainly encourage both the councils and the State Government to support each other to try and get some of the master planning happening.

 PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

 UNCORRECTED

The CHAIR: With your reference to that that you did, whatever that was, it sounds very interesting—the lived experience of living in density. Are the results publicly available?

JOHN BROCKHOFF: There will be a recording available.

SUE WEATHERLEY: There will be a recording available. We looked at things such as the design of denser housing to suit families—the move away from simply two-bedroom apartments. We need to think about that. We also looked at the problems with the strata title laws and how difficult that is. It also disadvantages, sometimes, community housing providers when they're a single owner in an apartment building. We looked at other factors, and the fact that all these TOD sites are quite different. That's where the master planning or the precinct-based approach is a good way to go. It was one of the developers who did make the point that there's probably time to do it because some of these precincts will take a little while to get going.

JOHN BROCKHOFF: Chair, can I make a comment? Scott Farlow asked the question about whether you can achieve similar yields with master planning. I just want to make the point, using a really simple example around overshadowing and also, possibly, privacy. If you have taller buildings at the northern end of a block, they're going to successively overshadow buildings further away, whereas if you have taller buildings on the southern end of the block, everyone could conceivably meet their overshadowing requirements. With good design and sufficient lot area, you could deal with privacy issues. The simple advantage of master planning is that you can maximise the density where there's the least overshadowing and you can orientate and work around some of the privacy issues. It gives you more flexibility to avoid some of the litigious concerns that you raise. If you have the master planning on a precinct basis, you could probably have taller buildings in some parts of the precinct and maybe shorter ones at the northern end. Manipulate and optimise your site amalgamation planning and optimise the location of your building footprints to get a better result for everyone—and probably get more density.

The Hon. SCOTT FARLOW: Rather than having six storeys across the floor, you've got maybe 10 and four—

JOHN BROCKHOFF: Exactly.

SUE WEATHERLEY: Yes, exactly.

JOHN BROCKHOFF: If you have six storeys across the board, somewhere along the line someone is going to miss out because they're going to be the ones that are overshadowed. If you're the second one behind the six-storey building and you're on the south side, you're going to be struggling—and potentially in court—over how you address the DCP requirements or the guidance, the ADG.

SUE WEATHERLEY: And it's the last person who would create the overshadowing who may very well miss out; or they have to have a much lower development to deal with the overshadowing issues; or they have to increase setbacks, which reduces yield. That's why looking at a total precinct has that advantage, from a yield point of view, but also has the advantages for all the other infrastructure we need to support, some of which will be trees, for example.

JOHN BROCKHOFF: Indeed. There might be a park at one end of the block. You might want more density up that end of the block to exploit that advantage.

The CHAIR: This has been a very helpful session. Thank you very much. We are out of time. If anything was taken on notice, the secretariat will be in contact with you. Thank you all very much for your time giving evidence today. We will take a short break and be back at 11.00 a.m.

(The witnesses withdrew.)

(Short adjournment)

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Mr SAM MORETON, General Manager, Government and Corporate Affairs, Business NSW, affirmed and examined

Mr MUSTAFA AGHA, Executive Manager, Policy, Business NSW, affirmed and examined

Mr BRENDAN COATES, Economic Policy Program Director, Grattan Institute, affirmed and examined

Dr PETER TULIP, Chief Economist, Centre for Independent Studies, affirmed and examined

The CHAIR: I welcome our next witnesses and thank them for making time to give evidence today. Would anyone like to start by making an opening statement?

MUSTAFA AGHA: Sure, I'm happy to kick off. Good morning, Chair. I begin by acknowledging the traditional owners of the land on which we meet, the Gadigal people of the Eora nation. Thank you for having Business NSW here today to talk about housing and transport-orientated development. Business NSW represents almost 50,000 members across New South Wales, businesses of all sizes in every region. Our organisation is one of the lead organisations of Housing Now! as well, an alliance under the guidance of one of our executive directors, David Borger. The alliance put in submission 60 to this inquiry. That alliance has brought together business, civil society and unions to work on an issue. It's not often that you see a group like that, which really stresses the importance of this.

Our members have continually told us that communities are struggling with the affordability of housing and, as a result, they are often unable to find the appropriate workforce due to house prices. In our latest Business Conditions survey released just last week—a survey checking on the operating environment in New South Wales—our members ranked housing as the second most important investment priority for the Government, right after energy reliability and costs. This is ahead of transport, education and a range of other issues. The lack of affordable housing and insufficient supply of housing, respectively, have been one of the biggest reasons driving skill shortages in our regions as well. We've all heard about the cleaners who have to traverse the city for a job and the teachers who are living further away than ever from their schools. This is not what a strong, functioning economy has.

PETER TULIP: Sydney has a housing affordability crisis, for which the solution is increased density. That's the central finding of a whole series of official reports backed up by a large quantity of good evidence. As just one example of this, the NSW Productivity Commission estimated that planning restrictions increased the cost of the average Sydney apartment by 59 per cent. There are lots of other studies showing very similar effects, some of which I am actually responsible for. We're here today to discuss the Transport Oriented Development Program, which effectively helps to address this problem, so it should be supported. But what I have just been saying about housing supply having big effects on affordability, I have to acknowledge that is not well understood by the general public, and those misunderstandings are a serious obstacle to better housing policy. I think inquiries like this can and should do a very valuable role in correcting some of those misunderstandings, which I hope you do in your final report.

The affordability crisis is urgent. Families are sleeping in tents and cars, so I think it is understandable—desirable, even—that policy has been hurried and we haven't had as much consultation as ordinarily we'd like. The TOD is necessary because past policy was failing. That is the central point that really needs emphasis. The previous policy of letting councils decide on new housing was leading to growing shortages and increasing prices. The State Government needs to tell councils what housing to approve, and the TOD does that while setting out a clear and detailed alternative to the status quo. I think there is room for disagreement about precise details, but in my view the thrust of the New South Wales Government's housing reforms, of which the TOD is a central part, is what we need to make housing affordable. I am happy to answer questions.

BRENDAN COATES: I will actually eschew the opportunity to make an opening statement because Peter has summarised that very well and it is probably better to use the time for questions.

The Hon. SCOTT FARLOW: Mr Tulip, you talk about the challenge in terms of the public understanding of affordability and how supply impacts affordability. What would you like to demystify, so to speak, in this process?

PETER TULIP: I think it just needs to be said clearly that increased supply reduces the cost of housing. The frequent arguments to the contrary that I think you heard in your first day of hearings—

The CHAIR: We did. That's right, Mr Tulip, that's exactly what we heard, and we heard that this morning.

 PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

 UNCORRECTED

PETER TULIP: I didn't hear this morning's session, but I did hear the first day session from the Friends of Ku-ring-gai Environment and the Haberfield residents basically saying that supply and demand doesn't work in the housing market, that you can increase supply without it reducing the cost of housing. There is just an enormous amount of evidence to the contrary of that. I don't think that you can get any respectable economist that will agree with the Friends of Ku-ring-gai Environment or the Haberfield residents. There are errors out there that need to be dispelled.

The CHAIR: Mr Tulip, how does that work in the current context? We have heard so much evidence that no matter what we do now in terms of increasing density through the planning system and changing zoning that the delivery won't come online in real terms, given the real circumstances we are experiencing. This is not a theoretical exercise. We have heard that supply in any form will not likely come on for another 10 or so years, in terms of the actual delivery. How do you grapple with that in this framework?

PETER TULIP: There are certainly some pockets of the housing market—a few in Sydney, and more numerous in other States—where constraints other than planning matter. Without those planning constraints, they have much more affordable housing, and prices are close to cost, so costs matter. It was just in Channel Nine news yesterday—a report in Roseville, just a few blocks from where I live. A real estate agent was saying that developers are going to be offering \$12 million for each house that they can buy near Roseville Station. Why are they paying such huge amounts of money? It is only because they want to build housing on it. It doesn't make sense to pay \$12 million for a block of land and just keep it the way it is. They have plans to change it.

The Hon. JACQUI MUNRO: I would like to drill down on that a little more. We heard in the last session that actually the rate of increase in dwellings will not match the need. Actually, the demand and supply curve isn't getting any better because, despite the possibility of having more dwellings, which I think we all want, there will simply not be enough to give the market more than it needs or to at least rebalance the equilibrium point.

PETER TULIP: There are other constraints in the housing market. Finance is one; labour is another. I think the clearest indication we can have of what will happen if we do a city-wide up-zoning is what has happened in New Zealand, where they have allowed medium-density housing in most of Auckland. Lower Hutt, which is just outside of Wellington, also de-liberalised its housing restrictions a few years ago, and construction has exploded in both cities. It has gone up incredibly quickly. Construction doubled in Auckland, and more than that in Lower Hutt. The experience we have is relaxation of zoning restrictions leads to a boom in construction followed soon after by substantial reductions in housing costs. That's the experience.

The Hon. JACQUI MUNRO: There are criticisms of that—

The CHAIR: Yes, there are some pretty wide criticisms coming online now with the experience of New Zealand.

PETER TULIP: I am going to push back on that. The criticisms that I have read, in particular by—

The Hon. JACQUI MUNRO: Cameron Murray.

PETER TULIP: —Cameron Murray and Tim Helm, have been pretty thoroughly rebutted.

The Hon. SCOTT FARLOW: Dr Coates might want to pick up on this one.

PETER TULIP: If you talk to experts from New Zealand, the overwhelming consensus of New Zealand economists and New Zealand planners, from all different parties, is that what is happening in Auckland is a huge increase in construction and very large reductions in housing costs. Those bloggers that you referred to before, their views have been seriously challenged, to which they haven't responded. Serious errors in their analysis have been pointed out by numbers of economists and they are not defending their original objections. I don't think weight should be placed on that blog.

BRENDAN COATES: If I could jump in then, since you've mentioned—

The Hon. SCOTT FARLOW: I have invited you to do so.

BRENDAN COATES: Thank you. I want to take this from first principles first, before we get to the specifics of the tit-for-tat in the academic literature. We all agree we want more housing. We all agree Sydney has a housing crisis where rents are skyrocketing and vacancy rates are at record lows. It is having all these effects that many people have talked about the impacts of: a city without grandchildren, people in their thirties and forties leaving Sydney for elsewhere, reducing economic dynamism, and rising homelessness. I think the basic principle is if the Government has signed up to targets to build 377,000 new homes over five years through the National Cabinet housing plan, they are ambitious targets and they will be difficult to meet. If you don't up-zone to allow more housing to be built, then you've got no chance of meeting them. If you do up-zone to allow more housing to

 PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

be built, then you've got some chance of meeting them and certainly you will get closer to them than where you otherwise would be.

The experience we see is that if you allow more opportunities for housing construction—so you need zone capacity to be much larger than what you expect population growth to be, and housing demand, because it allows opportunities for different groups in the community to go and build housing, and new developers to come in, and expansion of the development sector. That is how you'll get expansion in the construction workforce and construction capacity. Without that, you are really going to struggle. It seems to me it is a choice between we can do the thing that looks like it's going to shift the needle to get us closer to the outcome, preventing people from ending up being homeless—even if we don't hit the full target, we reduce rents and prices compared to what they otherwise would be—or we can continue with the status quo, which, as I think Peter summarised really well, has not been effective in meeting the housing needs of Sydney.

On the specifics, there is a debate about the counterfactual world in which some of those New Zealand studies—like, what was the appropriate counterfactual to estimate the impact of the up-zoning that has taken place there? That is going back and forth. I think most economists would certainly still subscribe to the idea that up-zoning has led to more housing in New Zealand, because the original authors have responded. Other housing economists which I greatly respect have come in and suggested that what we have seen in the response from the original authors addresses a lot of those concerns. I think *prima facie* if you are asking, "Where does the weight of opinion sit? What is going to lead to more housing?", then it's up-zoning. Without it, you're just going to struggle to get anywhere near what we need as far as housing goes in Sydney.

The Hon. PETER PRIMROSE: In the same vein, in relation to the TOD program, can I ask Business NSW if you have any views on whether or not that policy will help achieve some of the objectives that we've just been talking about?

SAM MORETON: As a general point, before we jump straight back in to the TOD, the line of questioning itself highlights decades of incremental policy failure. We have a housing market that is in raw crisis, particularly for people who are unable to access the capital to get into it, let alone the renting end of the spectrum. We are really talking about 30, 40 years of incremental issues that have finally arrived, needing to be addressed desperately. These targets haven't come out of nowhere. We can't unravel the banking reforms in the early 80s that unleashed property prices skyrocketing in this country. We can't undo a number of things that have left the demand side running so hot.

But we have this gaping supply side problem on the housing front that we just need to address. This is where, from our perspective—which we will unpack, and Mr Agha will get right down to the detail as much as you like today—we have a once-in-a-generation problem that has arrived. Every major housing market in Australia is the least affordable in the history of the country. We are so far from that 1950s Menzian dream. We are a million miles from the public housing schemes of the 60s or the boom in apartment buildings that happened Sydney in the 30s and 70s. All of these things have arrived before, but they are so much more acute now. That's the context in which all solutions are on the table, from how you manufacture housing, to how you finance it, to whether it's public housing.

MUSTAFA AGHA: We definitely do agree this program will have a significant impact on rent and cost of purchasing an apartment. However, you are building a metro system in every part of Sydney at the moment. Those are well-located places that can get people to jobs quickly. Metro West, once it's open, will expand the job catchment by 600,000 jobs in Olympic Park. That means people will be able to get to their jobs quicker. They will have well-located houses for that, so yes, we definitely agree. The program has a limitation at the moment, but we think every station has some capacity for up-zoning, no matter where they are. Heavy-rail metros all work well to get people back to the CBDs and where the jobs are, so we definitely agree with the program. It was one of the elements that we put into the Housing Alliance when it was first launched a year ago.

The Hon. JACQUI MUNRO: I want to ask about Housing Now! and the activities you have been undertaking to engage with the community. Obviously, you've got a number of different organisations that have different expertise and connections. Can you talk through some of that, if you can, in relation to the TOD, if you've had much engagement specifically through Housing Now!

MUSTAFA AGHA: I'm not here as official Housing Now! spokesperson, just as one of the lead organisations on that.

The Hon. JACQUI MUNRO: I understand.

MUSTAFA AGHA: In terms of activities, we haven't undertaken anything specific around transport-oriented development recently. But it was one of those ones that, through different surveys, everything else that we've done, was an easy win. We've seen the Productivity Commissioner's report around where to build

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housing cheaply. As a Western Sydney resident, we've seen many estates that are built out very far. Those are long commutes to jobs. Everything that we saw from our surveys from talking to members, transport-oriented development makes sense. The flip side is business districts. Having well-located houses on these transport nodes means that the business districts will also thrive as well. We've approached it from a few angles, but there are no recent activities that we've specifically taken around it.

The Hon. SCOTT FARLOW: To pick up on that point on business districts, we heard from North Sydney Council this morning about Crows Nest and the importance of business being there as well, and having a jobs target as well as a housing target. In our last section, we heard from Macquarie Park and City of Ryde in terms of that innovation district. What's your view in terms of how we co-locate jobs and housing together but that we don't throw the baby out with the bath water, so to speak, so that we don't have them in competition with each other?

MUSTAFA AGHA: That is a complex question—probably beyond what we've done work wise. But what we can say is there is space for both, and well-located jobs close to these nodes are what's important. Our previous thought leadership looking at closer to homes and closer to talent called for hubs in these areas, so there is space for both. Increasing the height limits of these buildings means there's probably capacity for both. A lot of these train stations at the moment were zoned around B4 zonings and there's other capacity to have both. Other work that we've done around revaluing the CBD called for mixed-use buildings, which is a building that can hold commercial and residential at the same time. There's capacity for that with the right zonings. There is a mix for both. Both will thrive at the same time, and both can feed each other.

PETER TULIP: Can I add a thought to that?

The Hon. SCOTT FARLOW: Yes.

PETER TULIP: The overwhelming excess demand for floor space in Sydney is for residential. People pay a huge amount for residential floor space whereas office floor space is going cheaply. The price of it is actually falling at the moment, whereas residential is going way up. That's because there's a big excess demand for housing. Particularly because of the pandemic, it is much less so for office space.

The Hon. SCOTT FARLOW: Working from home and changing arrangements.

PETER TULIP: There is a shortage of both, but it's much worse. The other problem, a huge problem that we have in Sydney is a lot of the housing is going on the outskirts. People are living a two- or three-hour commute to jobs in the centre. Good planning would bring them close together. That means stopping putting all the offices in the inner suburbs, allow some of the commercial space to go out to the suburbs where people live, and shorten the commutes. It doesn't make sense to have so much housing going so far away from where the work is.

The Hon. SCOTT FARLOW: But, in a sense, isn't that what's happened in some of these precincts? For instance, Macquarie Park is out further in the suburbs. If you look at the Norwest, you've got Norwest Business Park and co-locations, so that is sort of happening in terms of planning design.

PETER TULIP: Exactly. That's what we should be encouraging, and the more with leave it to the market, the more that will be happening. But I do want to push back on the idea of requiring the space in Crows Nest and inner-located spaces like that.

The Hon. JACQUI MUNRO: I was going to ask about the Macquarie Park Innovation District as well. I was at a report launch a couple of weeks ago that Business NSW was involved in about innovation districts. I think you've already answered that to an extent to say that you think they should be co-located. Does that mean that you increase density further? When you say they can be co-located or they work together, is it actually about increasing even more density? Say you have even more density in the Sydney CBD or Parramatta CBD, for example, and are actually just really concentrating density in highly urbanised areas.

MUSTAFA AGHA: As a broad principle, yes. We would call for greater density. Other work that we've done across the organisation has called for greater residential activity in the Sydney CBD as well.

The Hon. JACQUI MUNRO: Hear, hear!

MUSTAFA AGHA: As part of our election platform, Business Sydney put out a target for doubling the CBD population over the next decade as well—so, completely. There is space for greater density on most of our nodes. So, as a broad principle, yes. Westmead, Liverpool and Macquarie Park are all great innovation districts that will thrive by having people living in that community as well so that they can then have what we call the interactions that then spark innovation. There is capacity for both.

 PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

The Hon. SCOTT FARLOW: When we talk TODs there are two tiers: tier 1 and tier 2. Do you have, across all of the panel, any preference in terms of the programs and what you think would actually deliver more housing and greater yield?

PETER TULIP: The tier 1 clearly delivers more. It's much higher density. It does require more infrastructure and my understanding is the Government would have declared more tier 1 areas if they had more money. This is one area where Federal Government support would help. A bit more help from the Federal Government in terms of infrastructure would facilitate building a lot more housing in Sydney through more tier 1s. I think people talk about Edgecliff and Bondi Junction being two of the leading sites—

The Hon. SCOTT FARLOW: You made a comment about the water infrastructure capacity in your submission.

PETER TULIP: Yes. A lot of it is an infrastructure problem which should be solvable with a bit of money. I can talk more about water, if you want.

The Hon. SCOTT FARLOW: I would maybe invite you in the next question, but I'll let the rest of the panel respond. Mr Coates, do you have a view on that at all?

BRENDAN COATES: No. I think what we need is more housing, as much as we can get it. Both those programs are going to deliver more housing close to where people want to live, consistent with what we see in the survey evidence when you ask people where they would like to be. More people would choose to live in an apartment or a townhouse if it meant being closer to their place of their employment and being able to afford that instead of being on the suburban fringe, which is otherwise the option. But, no, I don't have a view as to which of those two parts of the program is better. But, essentially, we support any attempt that moves us closer to getting the benefits of density both for affordability and the substantial other benefits that arise from density. It's not just about cheaper housing. There is going to be a lower carbon footprint in the long run if you do it this way. It's going to probably lead to better social outcomes because you will have less social isolation on the urban fringe. It allows those communities to grow. We don't find in the research that density, in fact, diminishes community—rather, the opposite.

The Hon. SCOTT FARLOW: And from Business NSW's perspective?

MUSTAFA AGHA: Tier 1 makes sense. There is a greater capacity for development of those. I think what we need to look at is where else they can go. Metro stations make sense; they're quick, they're world-class. There are not enough TODs on those stations, as well. So that's kind of our long-term view.

SAM MORETON: I might just add, you mentioned North Sydney Council and Crows Nest earlier, and as a local resident who a few decades ago—I'm showing my age—went to school in the local area, it is a world apart, the development of that particular area. It might be a bit visually challenging as you drive west down Holtermann Street looking at St Leonards, but the vibrancy of the community, the retail precinct, the services, the medical services, the schools that have opened under the previous Government—it was only 20 years ago that schools were closing, that retail was stagnating. The general quality of life, if there hadn't been development, may well have struggled, to be honest. It is a really good lived and breathed example of what's coming, but also what needs to be done well.

The Hon. PETER PRIMROSE: Can I jump in? Mr Coates, in your submission you make a number of recommendations about other things the Government could do. Could you briefly elaborate on those for us?

BRENDAN COATES: Certainly. Obviously, building more and up-zoning is the number one priority as far as getting more housing built, because that's where we see the biggest constraint being at the moment. But it's not the only thing you might want to do. There are other complementary measures that would also improve affordability. In the process of building more, we need to make sure that what gets built is of good quality. So if you are in a world where development is a one-shot game—once it's built it stays there for decades—you want to make sure that what gets built is good. That's why things like the pattern book being put forward by the New South Wales Government are potentially very valuable, because they ensure that we get better quality design, because that does have impacts on neighbours alongside—not just how tall a building is but what it looks like and how well it's built. So that's certainly one.

In the process of allowing greater density, there is the prospect, as Victoria has done, to use windfall gains taxes as a way of capturing more of the zoning uplift. That is something that we certainly support. The evidence on those suggests that it doesn't tend to reduce the amount of development you get. In fact, it's reducing any potential windfall gain to the existing landowner and it makes sure that it is a source of revenue that, frankly, as a tax economist as well, I think is amongst the most efficient that you could secure to be able to fund the kinds

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of changes to infrastructure that we will need to support more growth in those communities—in the same way as the ACT Government has had a lease variation charge of 75 per cent of the land value uplift for three decades.

At the moment we're in a world where, obviously, there are three big constraints: there are financing frictions, as interest rates have risen; there are material shortages or price spikes; and there are labour issues. It's very hard to deal with material price spikes without just slowing down the pace of alternative demands for those resources, such as by slowing the pace of future infrastructure, as the Victorian Government has started to do, thankfully. When it comes to financing frictions, though, there is a role for getting more social housing built now. It would be a way of trying to bring forward, overcome, some of those financing frictions by getting government to build more housing itself or to fund and finance the construction of housing. We obviously have a shortage of social housing in the community right now where people who do need that support, who otherwise are at severe risk of homelessness, can't get that benefit.

Finally, there is, I think, a conversation to have about whether a public developer can play more of a counter-cyclical role in housing policy. Landcom exists but it doesn't do all that much at the moment. One thing I would observe is that construction is a very risky business. There are cascading arrangements of subcontractors and the like, essentially to avoid being caught holding the can if things go south in the development. The risks on the balance sheets of these businesses can be quite big, so one role a government developer could play is to smooth out that construction cycle, de-risking development. And one of the big benefits is, in the situation where you have a recession or a downturn, instead of giving first home buyer grants to people to build kitchens or swimming pools or anything else, as we've done recently, you could in fact ramp-up the pipeline for that public developer. It could buy out sites from developers that are struggling with finance and you would get more housing, smoothed over the construction cycle, in the long run.

The Hon. PETER PRIMROSE: Can I ask the same question to the other witnesses, please?

The CHAIR: Yes, please. Mr Tulip, what is your view on that?

PETER TULIP: I can think of 100 things I would like to do with housing policy, but I completely agree with Brendan. Zoning restrictions are by far the biggest one. I think I mentioned earlier that planning restrictions increase the cost of an average apartment in Sydney by 60 per cent. A lot of these other things that Brendan is talking about I agree with, but they're worth 1 per cent, or 2 per cent or 4 per cent to the cost of housing. It is just tiny relative to the effect of planning restrictions. And so while I admire the length of the Grattan Institute reports, there is a danger of losing focus on what is the central issue. It's in the papers at the moment, so I will mention it. Superannuation for housing, I think, is a very good idea. It satisfies a lot of the objectives of our current superannuation scheme but also it solves a lot of obstacles to housing affordability. But you can't do it until and after you have solved the supply problems, otherwise it just increases demand and puts up prices. So it's a very good idea, but you need to get the sequencing right, and the sequencing is fix planning restrictions.

BRENDAN COATES: We should catch up for a coffee after this.

The Hon. SCOTT FARLOW: We conveniently finish just before lunch.

The CHAIR: Yes, you can do that today.

The Hon. PETER PRIMROSE: Business NSW?

MUSTAFA AGHA: The Housing Now! platform goes into a few of those things. The design pattern book, much like Brendan said, is a great thing. It allows that medium density, the missing middle, to get up really quickly. Much of the greatest parts of Sydney that we appreciate and love now are old pattern books, so we'd really back that in. There is some work that we understand is taking place at the moment. Anything to speed that up, any investment that can take place in that space, would be really welcomed. The other one is just looking at clearing the backlog, investing in the planning system to ensure that there are enough planners to process all these things.

We can have as many aspirations in the world as we want but if there aren't the appropriate people in planning to approve these in local councils, in the department, we're not going to get anywhere near where we need to be. I might leave it there. I'm happy to also just mention having the appropriate council incentives for the local infrastructure as well. Many councils are bleeding out at the moment. They are not in a financial position to invest in appropriate social infrastructure, and so we have a tale of a few different councils that have very different experiences, from libraries, pools, school halls. It is important to have those good, thriving, local communities as well.

SAM MORETON: Chair, I think what we're describing is very much on the supply side. With great respect to the super suggestion, we have had 30 years of basically putting petrol on the fire of house prices through

 PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

 UNCORRECTED

first home buyer grants, and things like letting people access their super would diminish the super pool and crank up house prices even further, unless, as our colleagues said, we address the supply side issues.

The CHAIR: Some things are very hard to reconcile. We have heard evidence in this particular hearing, and in others held in the past few months, from councils who say that they are absolutely on track in terms of their approvals, there are many ready-to-go developments for housing sitting in their LGAs and people just aren't building. Absolutely, there are certain councils that might be slower than others, but across the board all of the councils that we have heard evidence from are saying if you go to their books and open them up they will show you that they have DAs approved all over the shop, ready to go, and they're just not coming online. That is in direct conflict with some of the suggestions you're making here. How do you want us to reconcile that, Mr Coates?

BRENDAN COATES: I think that's a great question. I don't think that they're in contradiction at all. I think, clearly, in the development process you see strategic behaviour. You see developments that don't go ahead because the development approval might stack up but the developer can't actually make that project work at the prevailing price of materials and everything else. That's certainly what's happening right now. But the question I think you need to ask is all else equal, does up-zoning more land for more housing give you a greater flow of housing in the long term? I think the answer to that is, very clearly, yes.

If you think of Auckland before the up-zoning in 2016, it had zone capacity of about 1.5 times of what was expected to be the demand for housing over the following couple of decades. In the process of doing that, they increased it to something like 2½ to three times zone capacity, and they saw the boost in housing—that certainly we see and are convinced by—did happen. So if you want to see more housing arising from this process, allowing more zone capacity is the best way to do it. It de-risks and diversifies the development process. You will see an expansion in the number of developers, who's doing it. Mums and dads can do more of it in a world where you don't need to have expertise on how to get the thing through the council in the same way. So, Chair, I don't think those two things are in conflict.

The CHAIR: But the context of the conflict is much deeper than just that analysis. Those who are providing this evidence are explaining that those development approvals have come at great depth, great strategic planning, lots of consideration for all of the things—I'm trying to think of the words that were given this morning so they're not my words—going to the liveability criteria. This is not just a theoretical exercise about housing numbers. This is actually about people and places that are healthy and places where people want to live. The evidence comes with more breadth and context than just delivering more houses. I understand that if that's what we're doing, perhaps you're right, in that context. But I don't think anybody that we've heard from wants to just deliver more housing, and I don't think that you do either. Everybody who has come before this Committee wants more than just houses and housing numbers. We want houses that are well located, well designed and really liveable with all of the things that we need. It's that context which I am trying to cavil with in terms of that submission or that evidence.

SAM MORETON: One thing is, and Mr Agha might expand on this one, we are at a time with high inflation and massive cost. If ever there was a moment in time for innovation in how we build dwellings and bring that innovation to market, that is very much now. If we want to have those amazing modern designs, you don't necessarily want to be building everything the same way they did in the 1930s or the 1950s, and taking full advantage—for anyone who has tried to get a renovation done lately, it's pretty intimidating.

The Hon. SCOTT FARLOW: Got one going on at the moment—a leaking roof.

SAM MORETON: In all seriousness, though, whether it's manufactured housing, whether it's at the design phase or whether it's the pattern book that we've been speaking about—all of those design issues that bring cheaper unit cost to bear—it's tough right now.

The CHAIR: Yes, it's impossible.

SAM MORETON: The borrowing cost for an average home owner has gone up 172 per cent since the lows of the pandemic. So we're crying out for innovation. We have very full employment. We have a skills shortage. It's pretty challenging building things the old way. It's definitely timely to have a look at a new way of doing it.

MUSTAFA AGHA: On the council question as well, financing is always a hurdle to getting some of these developments going. Inflation being what it was and the cost of construction going up, even a 1½-year delay in approving a DA means the cost of construction has significantly changed. Timeliness is important. We see other States do it really well and quickly. Getting that lodgement to approval down to as quick as possible will help get more of those DAs built. Not every DA is going to get built, no matter what you do in the system. That's just a part of the system. Developers will often get land rezoned and then just want to sell it. They've made their money, and they're happy to move on. However, timeliness is important to getting that going. Also there's an issue

 PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT

UNCORRECTED

with financing at the moment where some developments require 50 to 70 per cent of the development to be sold first before you can get any money from the financing. So there are some innovations taking place in there. There might be a greater role for the Federal Government to play in that space. There are a few hurdles. This is a complex problem, but you put the mosaic together and hopefully you can have a beautiful glass solution.

The CHAIR: A beautiful what, sorry?

MUSTAFA AGHA: A beautiful glass-window solution to everything. It is a tough thing. It's a mosaic and you put it together.

BRENDAN COATES: Chair, if I could respond briefly, because this is going to the crux of the debate around what we're trying to achieve. We're trying to achieve communities in which people can have shelter, where they can have somewhere to live that are also vibrant, fun, exciting, interesting and cohesive places to live. It's no coincidence that when you look around the world Australian cities are not very dense. Melbourne and Sydney, for cities of their size, are amongst some of the least dense in the world. That is a result of a process of planning that has led us to this particular point. We need planners, we need the planning system to mediate land uses; that's really important.

We haven't got the balance right. When you look around the world at cities like Vancouver, Toronto and Vienna that have higher density than Sydney or Melbourne, they outrank Sydney on quality-of-life measures. So it's certainly not the case that housing should come at the expense of those things. We think they go together. We have a pretty strong evidence base that over the last 20, 30 years, the system that we have had—which has represented the interests of, often, a minority of residents in the local community in particular councils—has not led to what's in the public interest, which would be more housing. Is there a nirvana where we see high-quality planning leading to a great master plan, leading to the extra housing that we need? Perhaps. But I think we shouldn't have a high hope that the existing processes, if we allowed them to continue to run, are going to lead to a different outcome to what we've seen in the last couple of decades.

The CHAIR: I have two more things. I'd be interested in your views. In Sydney we have—and increasingly so—heat as a primary consideration in all planning, development, housing and liveability factors. In terms of heat, we've heard good, strong evidence that canopy cover is essential. How do you get that if you don't have land use and planning controls? That is something I would love to hear about from you. Yes, Mr Tulip?

PETER TULIP: The biggest enemy of tree canopy in my area—Roseville is my suburb—is overhead wires. There are zoning controls relating to deep soil which are fairly small and minor relative to the problem of wires. It means that for most of my suburb I am taller than a lot of the trees. The solution is to bury the wires, but that's costly and it's very costly to do as a one-off project. But if you're essentially demolishing an old block of houses to put in new apartments, then you're digging everything up anyway. You're reconnecting all of the utilities anyway. The marginal cost of burying the wires is quite small. So the way you get extra tree canopy is through this extra density. Through the development, it becomes relatively low cost to plant tall trees. The two can coexist easily. If you look at Artarmon or Kings Cross, we have many suburbs with medium to high density. They've got trees that go up four or five storeys high.

The CHAIR: The assumption therefore though is that existing tree canopy doesn't have to also be ripped up and disappear in order to start again because I think it is the timeliness now and the fact that temperatures are warming and we are already in a zone where we can't afford to lose any tree canopy. Again, what I question is where does that fit? How do you deal with that if you don't have good, strong land use planning controls?

PETER TULIP: That can coexist with transport-oriented development easily. If my council, Ku-ring-gai Council, was interested in a cooperative outcome, then they could have negotiated with the State Government, saying, "Yes, we'll have your extra density but we want it as long as we can preserve the tree canopy", and you could have had a negotiated outcome that would have been mutually beneficial and that would've achieved both the State and the local council objections. But instead we got this uncompromising opposition with worse outcomes.

The Hon. SCOTT FARLOW: Dr Tulip, doesn't that come somewhat to the point in terms of a master planning process though? You have a TOD SEPP at the moment where you have a minimum lot width of 21 metres, so you are not necessarily promoting, as you say, that active redevelopment of a whole street or a whole precinct or a consolidation where you can get these additional benefits out of the program. What we might see occur in your suburb of Roseville is you have one apartment block of six storeys that pops up on one 21-metre block and then you have somewhere next door where it is not activated so to speak and you don't get that broader community benefit.

PETER TULIP: I agree. A negotiated outcome with the council and State Government talking together would have been better.

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The CHAIR: I just wanted to put something to you that was put to us during a hearing, and I am not sure if you are familiar with it—I am sure you are—but Docklands in Melbourne as a density development. I am just curious about what your views are. Done well? Done badly? How do you see that particular development? Somebody put a very convincing argument to me that has stuck with me and I am really curious about whether you have views on Docklands in Melbourne.

BRENDAN COATES: I think the views on Docklands are a bit outdated. Could that development have been done better? Could it have succeeded more in its first 10, 15 years, 20 years of existence? Yes, but it is now a pretty vibrant community. What you see there from friends who live there is that it's a place where you can have access to comparatively cheaper housing, frankly, that is townhouses or particularly sort of apartments where people have got the city on their doorstep and you see people who choose to live in that location for that reason. If the alternative location for them was to live in Broadmeadows, I think they have clearly chosen the former because it is more suitable to their preferences than the alternative. I think what we need to be weighing up here, Chair, is we shouldn't let the perfect be the enemy of the good when the risk is that you end up with just more of the status quo. I think that is the biggest risk.

The CHAIR: To be frank, I don't think anybody is talking about status quo.

PETER TULIP: No, on the first day you had the Friends of Ku-ring-gai Environment and the Haberfield residents that explicitly wanted maintenance of the status quo, and they are the decisive political force opposing what we are suggesting. The politicians will be able to speak to this better, but they are an extremely powerful political group. They have large support within all three political parties. Defence of status quo is in fact the main opposition to what we are saying. I disagree.

The CHAIR: Sorry. I hear what you're saying.

PETER TULIP: I think you are right that no experts want defence of the status quo but the public is on a different planet.

BRENDAN COATES: Some members of the public.

PETER TULIP: This is why I think your inquiry can do an awful lot of good by relating expert opinion that the status quo is indefensible. That does need to be explained to the public.

The Hon. PETER PRIMROSE: Some politicians want to disallow the TOD SEPP. How do you feel about that?

The Hon. SCOTT FARLOW: I'm right here. I think we're getting more evidence as to why.

SAM MORETON: I'm just amused at the Docklands reference.

The CHAIR: I must admit I feel I need to qualify it a bit. It was something that I had never come across; that is why I was raising it.

SAM MORETON: As chance happens, I was there on Wednesday night and surprised at how lovely and busy that part of Melbourne was and how, as our colleague said, it used to be a part of Melbourne that was difficult to get to. It wasn't properly anchored to the rest of the city, and we managed to negotiate returning from that busy part of the city on a Wednesday night on a very chilly, grey, typical Melbourne bleak city evening—sorry, Sydney bias—and then on foot back into town and there were people of all ages in the town, which is something that would be fantastic to have with our lord mayor and our City of Sydney frankly, that kind of activation of the CBD. Obviously they had their challenges in COVID. Aesthetically it isn't everybody's cup of tea but they have improved it vastly.

The CHAIR: Just on that, Dr Coates, I know you said it could have been done better, the Docklands thing. What were you referring to? Because, as I say, I'm unfamiliar with it.

BRENDAN COATES: A couple of things. Thank you for calling me doctor, but I am not in fact a doctor.

The Hon. SCOTT FARLOW: No, I think I might have misspoken, apologies.

BRENDAN COATES: If a PHD was that easy to come by, I would have one by now. There are just a couple of stats that are worth keeping in mind. The average age of people living in Docklands is 32 compared to the average age across Victoria of 38. Who is living in this location now? It is younger people, almost half of whom have a tertiary qualification. It is younger professionals who want to be close to the city. That is the benefit; that is who is using that facility. It has a lot of young families, and I can say that because there are places in Docklands that I go with my children that are fun, exciting places that have been set up down there that otherwise wouldn't exist as close to the city.

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When I say what could have been done better, I think for a period there the area didn't have as much green space as it needed to have that went with that, and I think that is probably one of the things that you could have seen happen. It didn't have the transport link straightaway that it now has. The tram wasn't going straight down there originally, and they are going to have challenges there and in Fishermans Bend about how you get that large number of people into the city, which will require probably additional infrastructure. And, finally, they put a whopping big stadium that is sitting between the edge of the Melbourne CBD and most of Docklands, and frankly as a use of land that probably didn't help the community develop because it had this sort of dead space between where the community was and where the CBD was. It broke that connection in a way that probably wasn't helpful.

The CHAIR: Thanks for the indulgence; now I know. We have come to time. Thank you so much, all of you, for your time and evidence. If there was anything taken on notice, the secretariat will be in contact. Thank you. It has been very helpful.

(The witnesses withdrew.)

The Committee adjourned at 11:50.

PORTFOLIO COMMITTEE NO. 7 - PLANNING AND ENVIRONMENT