



**ANGEL PLACE  
LEVEL 8, 123 PITT STREET  
SYDNEY NSW 2000**

URBIS.COM.AU  
Urbis Pty Ltd  
ABN 50 105 256 228

10 December 2019

Mr Peter Achterstraat Am

NSW Productivity Commission  
ProductivityFeedback@treasury.nsw.gov.au

Dear Peter,

## **SUBMISSION TO 'KICKSTARTING THE PRODUCTIVITY CONVERSATION'**

Thank you for the opportunity to provide feedback to the Productivity Commission's (the Commission) discussion paper *Kickstarting the productivity conversation* on whether the right priorities have been identified and what policy options should be considered.

Urbis is a leading national urban planning and professional services consulting firm with a strong reputation for excellence in relation to major projects and urban policy considerations across NSW and Australia. It is our experience that gives us a depth of understanding of the complexities and inefficiencies in metropolitan and regional planning and the subsequent impacts on productivity.

In this submission, the focus is on the role of the planning system as discussed in Chapter 8 *Planning for the housing we want and the jobs we need*. Urbis has clear insight into how urban planning policy and regulation impacts upon the private sector and productivity. This submission is based on our experience as urban planners as well as our recent national workshops specifically targeted at understanding the economic impacts of the planning system.

## **IMPROVING PRODUCTIVITY THROUGH URBAN PLANNING**

Urbis supports the Commission's understanding that private sector is a driver of productivity and that the Government's role is to ensure policy frameworks and regulation foster that productivity. Our cities and regions are among the most liveable in the world and they are also responsible for a substantial proportion of GDP. However, the rapid pace of change is presenting a vast array of new urban challenges, indicating threats to the quality of our housing, jobs and environment. Developing and promoting productive, sustainable and resilient cities and regions should be a high priority for encouraging productivity. This requires developing new and improved approaches in urban planning to:

- Manage significant population growth for the long-term benefit of cities and regions.
- Integrate ageing and increasingly culturally diverse populations.
- Fund the growing costs of building, maintaining and operating cities and regions.
- Adapt and mitigate the impacts of climate extremes.
- Efficiently manage competing demands on depleted energy and water resources, together with the rising direct and indirect costs associated with waste management.



- Embrace the benefits of digital disruption and technological advances to pilot new approaches.
- Address growing shortfalls in housing supply and declining housing affordability.
- Provide effectively for increasing socio-economic disadvantage.
- Foster inclusion and engagement for vulnerable individuals and groups.
- Create healthy cities and environments

Urbis has been pleased at the advance of strategic planning in NSW through the introduction of Region Plans, Metropolitan Sydney District Plans and Local Strategic Planning Statements. Alignment and collaboration of these vision documents with infrastructure is a welcome and overdue approach. However, through a national lens, NSW continues to have the most complex planning and approvals system in Australia. It is a system plagued by regulatory inefficiencies and delays in the implementation of strategic vision which lead to uncertainty and loss of opportunity for growth and productivity.

To drive the changes required for a more productive outcome, Urbis suggests five immediate improvements to the NSW planning system:

## **1. PRIORITY GROWTH AREA REZONING**

Over the years there has been a plethora of state led planning attempts to activate recognised growth areas and corridors. These have typically been aligned with greenfield development and urban renewal areas adjacent to major transport infrastructure. These priority growth areas are currently referred to as Planned Precincts. There are some 22 Planned Precincts identified for growth and revitalisation in Sydney to fast-track the delivery of housing and jobs.

These precincts were to be accelerated through State-led planning in collaboration with local councils. However, there has been a gradual return of the planning and rezoning for these precincts to local government. This was reinforced only last month with the Minister for Planning and Public Spaces announced a new approach to precinct planning by putting greater responsibility for planning in the hands of councils and local communities.

Rather than being priorities for planning, there are extensive delays in rezoning for many of these areas. These delays have been further exacerbated by local government inaction. An example is the Sydenham to Bankstown Corridor, adjacent to the planned extension of the Sydney Metro from Chatswood to Bankstown.

The State led comprehensive corridor strategy for Sydenham to Bankstown was first exhibited in mid-2015 and has since been revised twice, the subject of extensive consultation, delayed, returned to local government for further planning and then most recently identified as not to be included in the upcoming Local Environmental Plan (LEP) review which the state government has funded as an accelerated review to deliver more housing opportunity.

As part of the new approach to planned precincts the Department has identified it will now 'work closely with Inner West and Canterbury Councils to develop a high-level, principle-based planning strategy for the corridor, which will address the community's aspirations and Council's vision for their areas and an implementation plan for key centres in the relevant part of the corridor to give effect to the strategic principles. The previous draft corridor strategies, which have not been adopted, will not influence planning decisions. This demonstrates some five years of wasted planning, extensive

uncertainty for commercial and residential development and further delays in rezoning likely to be extended. The public cost and productivity loss of this project is astounding. There are other similar examples throughout the metropolitan area.

Possibilities for improvements could include the following:

- That the State government be responsible for the planning and timely rezoning of planned precincts in areas of priority growth.

## **2. COMPLETE THE REVIEW OF LOCAL PLANNING CONTROLS**

Councils throughout Greater Sydney are required to review their planning controls to ensure they reflect the strategic goals of the District Plans and the recently prepared Local Strategic Planning Statements (LSPS). The timeframes for completion of this work are ambitious with 18 accelerated councils being each funded \$250,000 to update LEPs by mid-2020 and the remaining councils by mid-2021. The review of local planning controls to reflect strategy is essential to enable growth outlined in the District Plans, supported by community vision in the LSPS.

However, it appears from a review of council business papers that many of the LEP reviews will be staged to incrementally adopt changes. This is a product of the ambitious time requirements and possibly also by the additional planning placed on councils for priority areas. There is no timing restriction placed on the incremental reviews. There will undoubtedly be further delays and uncertainty in achieving the necessary controls to enable the delivery of housing and jobs. We have experienced this kind of delay previously with the introduction of the standardisation of LEPs in 2006. The roll out of changes took some 11 years to be implemented state-wide. Further delays will certainly negatively impact productivity.

Both the DPIE and the Greater Sydney Commission (GSC) have an important role in guiding and supporting councils to comprehensively review and complete their LEP reviews in a timely and efficient manner.

Possibilities for improvements could include the following:

- That DPIE and the GSC work together to ensure that councils undertake their LEP Reviews in a timely and efficient manner to guarantee certainty for all stakeholders.

## **3. MORE JOBS AND HOUSING THROUGH LESS ZONING PRESCRIPTION**

NSW is known for having overly prescriptive zoning which limits innovation and flexibility. Coupled with this are local and state development 'guidelines' that are routinely applied as inflexible development controls. Significant impacts on housing supply and jobs are evident and discussed below.

### **Employment**

The way in which we do business, manufacture and create has evolved and changed over time. This is particularly the case in NSW where demographic changes are changing our housing needs and where heavy industry has left urban areas to be replaced with industries which are less intrusive and impactful to residential uses. Some increased flexibility in employment zones would be beneficial to not only the economy but also to the vibrancy of a local area.

There has been some momentum in recent years with new definitions and inclusions such as artisan premises, local distribution premises and specialised retail premises. However, the impact of these changes is limited to a small number of businesses and development types. To have meaningful impact throughout NSW, there is a need for greater reform including reducing the quantity of zones and enhancing the opportunity for innovation without diminishing the strategic intent of zones or existing local centres. This could be achieved through principle-based planning.

### **Housing**

The supply of housing diversity is a challenge facing NSW. There is a growing demand for affordable housing that responds to consumer demands. Delivering more diverse and affordable housing not only improves liveability but also the economic benefits for the state.

The crunch of strict regulations, codes and guidelines has a limiting impact on flexible response to housing supply and affordability. New housing models responding to demographic change and affordability such as compact apartments, Build to Rent and shared living are restricted under the NSW approach. While regulations and codes should be adhered to and contribute to better places, it is guidelines where NSW struggles in comparison to other states.

One example, The Apartment Design Guide (ADG) has proved to be one of the most restrictive and controversial of all guidelines in the NSW. Largely adopted by planning authorities as mandatory development control rather than a guideline, it has restricted innovation and design of new apartments. Guidelines should encourage flexible, quality design rather than restrict innovation and sustainable outcomes.

Possibilities for improvements could include the following:

- Work to remove barriers to innovation such as prescriptive zoning and restrictive guidelines which impact on productivity.

## **4. A CLEAR AND CONSISTENT REZONING PROCESS**

Proponent led planning proposals to rezone land have recently been stymied by council LEP review processes and indications from the Minister for Planning and Public Spaces hinting against support for 'spot-rezoning proposals' and acknowledging a need for more collaborative precinct-wide approaches to rezoning.

It is reasonable to assume that there is less likelihood for the need for proponent led rezoning where the LEPs are current. However, they continue to provide an important avenue for development to catch up with broader strategic vision, rather than waiting for local planning controls to be updated. This is particularly important given the staged approach to LEP reviews.

Clear and consistent guidelines for rezoning land must be set as a part of this process including timeframes for approval that planning authorities are held to. An efficient and consistent rezoning process will greatly improve the certainty of outcomes, reduce approval time frames, and help increase overall dwelling supply. This in turn will provide more jobs and greater economic growth.

Two possibilities for improvements could include the following:



- Continue to accept and determine planning proposals where LEPs are not current or merit is evident in the proposal.
- Establish clear and consistent guidelines for rezoning land which include timelines for approval.

## 5. TRANSPARENCY AND EFFICIENCY OF DEVELOPMENT CONTRIBUTIONS

In the past few decades, developer contributions in NSW have grown increasingly complex and we have seen them expand in number and cost. This has not only impacted on developers and homeowners but also on the state as an attractive place to do business. Developer contributions lack transparency and often many of the costs associated with development are tied up in voluntary planning agreements (VPA) which make the system unclear for those within and outside the industry. Increasing the transparency of developer contributions will increase the certainty for developments in the state but also enhance trust in the planning system, something which is lacking in NSW.

Transparency of development contributions will provide certainty on project costs, lower costs on homes and make NSW a more attractive State for investment. Two possibilities for improvements could include the following:

- Publish a Development Contributions Calculator to create efficiencies throughout the planning process through a single point of reference for the multiple parties that contribute to the preparation and assessment of an application.
- Prepare and exhibit Special Infrastructure Contributions tied to a growth area or Planned Precinct at same time as a growth area strategy to ensure development feasibility can be discussed and assessed as part of the strategy.

## CONCLUSION

Commencing the conversation is an important step but we urge the Commission to develop strong, evidence-based recommendations that can easily be implemented in a timely manner. This process must move well beyond conversation.

Urbis looks forward to the contributing further to the discussion, as part of the consultation for the Productivity Green Paper and Productivity White Paper later in 2020. Please don't hesitate to contact me for clarification or input.

Yours sincerely,

