

UDIA Speech
Tony Kelly, Minister for Planning
17 February 2010

Thank you for this opportunity to talk with you today about some issues of significance for NSW.

Before I start ...I would like to acknowledge the Gadigal Clan of the Eora Nation who are the Traditional Custodians of this Land.

I would also like to pay respect to the Elders both past and present and extend that respect to other Aboriginals present.

Now...I'd like to spend some time with you today talking about the planning and delivery of development in NSW.

In particular...I want to talk about:

- **delivering better planning in NSW...**
- **...everything you ever wanted to know about land supply in NSW...**
- **housing affordability. And...**
- **the strategic imperatives of urban infill...**

First...**Better Planning**

Planning in NSW is changing...and changing quite dramatically

...there have been problems in the past....concerns from industry about the assessment process.

We acknowledge this.

The previous Planning Minister implemented far reaching reforms....

We are continuing that aggressive agenda of change....

In their first seven months of operation Joint Regional Planning Panels determined a total of 26 DAs in an average of 98 days.

Before this initiative... the 2008/09 State-wide average for DAs over \$5 million ... was 249 days!

Since September 2008, the NSW Government has approved 595 major projects ...

...supporting over 71,500 jobs and

...\$24 billion worth of investment in NSW.

In the last two months of 2009, 69 major projects worth \$1.4 billion ... and supporting more than 5,300 jobs were approved.

What else is happening?

For single dwellings on lots greater than 450 square metres we have a new Housing Code that provides quicker and cheaper housing approvals for complying developments... usually in 10 days...

...saving thousands of dollars, and a great deal of valuable time when compared to the traditional method of lodging a development application with council.

A gateway reform for new local plans has seen LEP timeframes reduced.

In addition...we've tackled factors affecting the cost of development through the reductions in State infrastructure levies and section 94 contributions

...and just last month the Premier announced funding of \$179 million in interest free loans to councils from the new Local Infrastructure Fund for 37 key projects in 33 Councils...

...this key financial assistance for councils in growth areas will ensure that local infrastructure projects such as roads, water, sewerage and drainage are brought forward.

I am also pleased to let you know that, despite reports to the contrary in some sections of the media... the Metropolitan Strategy is alive and well...

...and we continue to review its effectiveness regularly...that is what good Government does when you have a major metropolitan area which is constantly evolving.

As you are no doubt aware, the Strategy supports the State's ongoing economic growth, while balancing social and economic considerations. It sets the guiding principles for Sydney to develop in a sustainable way.

The Strategy sets a target of 640,000 new homes in Sydney by 2031.

70% of this total is expected to be in existing urban areas...

More on this later...

Let me turn now to the Growth Centres ... the biggest and best coordinated land release in the state's history.

Once developed, the Centres will minimise travel times ...and reduce congestion for residents...

... because we will have ensured that a range of education... employment... business... and leisure choices will be available... close to where people live.

Land in the Growth Centres is being rezoned for development ... on average ... within two (2) years of being released.

That's down from 7-10 years previously, due to a streamlined process called Precinct Planning.

As Minister for Planning, my message to you is that I am committed to continuing the drive to improve NSW's planning system.

So...I am VERY pleased to be able to report that your industry has acknowledged that our 18 months of reform should place NSW well ahead as having the premier planning system in Australia.

I'd like to turn now to the issue of **land supply in NSW**

Let me make myself completely clear on this...and I intend to present you with the data to support what I am about to say...

... Land supply **is** there It exceeds the requirements for forecast population growth.

... We have land ready right **now** with capacity to meet 8 years of the Greenfield housing target under the Metropolitan Strategy.

Across the Sydney metropolitan area, land for approximately 131,000 homes has been released in greenfield areas.

So...everything you ever wanted to know about land supply in NSW...

- Land for 30,000 new homes in greenfield or new release areas in greater Metropolitan Sydney is ready for subdivision. This is land that is zoned for building and has access to lead-in infrastructure for water and sewerage.

The private sector can move forward on this land immediately.

- Land for another 26,000 homes has been rezoned for building and is within a Precinct serviced by trunk infrastructure ... that which services a catchment, rather than individual developments or users

- In addition...land for 12,000 homes has been rezoned for building ... and planning is proceeding to ensure appropriate infrastructure is delivered
- Land for a further...63,000 homes has been released ... and planning is underway to have it rezoned.

As these sites are used up by the building industry ... we have earmarked additional land in the North West and South West Growth Centres for a further 110,000 new homes to be progressively released to maintain stocks.

Altogether ... including North Wyong ... this means that the Government has clearly identified greenfield land for 250,000 dwellings.

It is simply incorrect to say that a lack of land supply is the reason for low construction rates for new housing.

The Government's land supply measures mean that since 2004 total Metropolitan Development Program greenfield stock has increased by almost 80% and is at

the highest level since the land release program commenced in 1981.

And zoned stock has more than doubled since 2004 and is at the highest level since detailed records began in 1997.

This will increase further with the rapid rezoning of the precincts in the Growth Centres that have already been released.

Let me say it again... current stock levels exceed by a long margin the demand currently out there for greenfield sites.

Of course... there is a difference between land supply and dwelling supply.

And...dwelling supply is in the hands of the private sector...it is up to them to decide where they will invest.

However ...demand ... the other key factor... impacted by broader economic factors ...is beyond the control of either developers or the State Government.

Which brings me to the issue of **housing affordability**

Recently, an international survey claimed Sydney had the second most expensive housing of any city in the world.

That survey, by *Demographia*, was taken in September 2009 ... after house prices collapsed ...in particular, in US cities... because of the sub-prime lending crisis.

Australian lending practices were more robust and therefore our house prices did not suffer the falls experienced elsewhere.

This was acknowledged in the survey, but not widely reported.

Real estate is a good investment in Sydney and market forces are playing their part in making it one of the best investments around.

NSW dwelling approvals increased by 42% between the first half of 2009 and the second half of 2009.

....compared with a 24% increase nationally

Nonetheless ... I remain concerned about housing affordability in Sydney

...and we have taken steps to make home buying more affordable.

As I have said..., the supply of ready-to-build land in greenfield areas exceeds demand and is therefore not adding to price pressures on the city's outskirts.

However, the cost of delivering new infrastructure to those areas is a factor, and this is an area where the Government has acted.

All governments face the challenge of balancing housing affordability in new release areas... with the need to deliver public infrastructure such as roads... water.... drainage... sewerage... power... schools... and parks.

By working with the industry and local councils, we slashed State infrastructure contributions in December 2008 by up to \$27,000 per lot.

In the South West and North West Growth Centres, infrastructure contributions will be as low as \$11,000 per lot until mid-2011.

We achieved these reductions by:

- Removing water and wastewater contributions in Sydney, the Illawarra and Hunter, saving up to \$15,000 per lot;
- Increasing the Government's contribution to State infrastructure works. In the Growth Centres,

for example, we've doubled our share to 50%
... saving developers \$6,000 per lot until 30
June 2011;

Because of the broader community benefits we've:

- Removed the costs of rail infrastructure and bus subsidies from State infrastructure levies – saving another \$6,000 per lot in the Growth Centres; and
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To ensure that Council contributions reasonably reflect their costs, we've also:

- Introduced a \$20,000 threshold on Section 94 infrastructure contributions payable to councils.

Which brings me to the role of urban infill

As I have said ... the Government has provided sufficient greenfield land.

However...as I have also indicated...the bulk of demand for new housing in NSW today is in established urban areas ... not as some sections of the media would have you believe ... in greenfield areas

Indeed...for several decades now, around 70% of Sydney's new homes have been built in established suburbs.

More recently, it's been above 80%.

Last financial year, almost 15,000 new homes were built in Sydney ... the overwhelming majority of them in established suburbs.

It is becoming increasingly apparent that people are unwilling to travel long distances from their homes to work... they want to remain close to family and friends and ... the cosmopolitan lifestyle of inner city living is becoming more and more desirable.

Therefore, releasing even more greenfield land will do little to ease price pressure across Sydney ... the

majority of new homebuyers are looking to live in established areas.

It is expected that dwelling production will continue to occur in existing urban areas

Importantly... this trend is also the fastest way to deliver more homes because... it maximises the benefits of existing infrastructure and... promotes a higher degree of sustainability.

This urban renewal focus ...along with the planned Growth Centres...is also reducing the pressure on valued rural and resource lands and

...ensuring that we balance the need for housing against environmental considerations and the sustainability of the Cumberland Basin.

Conclusion:

The NSW Government has set the Department of Planning the goal of creating Australia's best planning system.

To date, this process has better positioned Government, industry and the community to respond to the social, economic and environmental challenges we are experiencing through a number of measures... including:

...reducing red tape

...streamlining approvals,

...reducing development levies and charges and

...simplifying the plan making process.

Our reforms mean we are delivering to communities... enhancing the quality of life in NSW and ...most importantly... creating an enduring and positive legacy for future generations.

Well thought out and well delivered planning strategies allow us to respond effectively to the challenges of an increasing population, the need for sustainable

economic growth, and the potential impacts of climate change...

Good planning also creates vibrant, functional and physically attractive community settings that nurture and support their residents.

It provides us with *generational sustainability*.