

# Media Release

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## AIN'T NOTHING GOING UP BUT THE RENT

Sydney now has a residential tenancy vacancy rate of just 1.6% and rents are set to escalate.

Scott Woodcock, A/Executive Director of the Urban Development Institute of Australia (UDIA NSW) said that "the present residential rental squeeze in Sydney is a by-product of a lack of investor confidence in the market. The state of the market and delays in planning determinations is directly precluding construction in Sydney. With very few new apartments approved there ain't nothing going up but the rent."

Mr Woodcock said that, "the UDIA NSW 2007 Policy Agenda shows how the rental squeeze can be alleviated if more housing was being delivered at a more affordable price point. This is a function of the charges applied. What is needed is a separation of powers at the local government level with most planning applications delegated to officer level and complex projects determined by an independent hearing and assessment panel. This will allow elected councillors to focus on strategic matters. The NSW medical board would no sooner accept the nomination of hairdressers and yet applications collectively worth billions of dollars are being determined by councillors with a limited understanding of planning and demands of urban development."

Earlier this month the Department of Local Government released a comparative assessment of NSW councils for 2004/05. It showed that many councils were determining development applications well in excess of the 40 day limit (60 days for designated development). Strathfield Council's mean processing time was almost three times the prescribed limit at 119 days with Leichhardt and Lane Cove at 106 and 103 days respectively. These are just averages with the statistics skewed by a multitude of garage and minor renovation applications. It belies the fact that complex urban renewal apartment projects are taking well in excess of these times.

Mr Woodcock said that "Sydney needs to provide an incentive for developers to undertake urban renewal. The apartment sector in particular is driven by the investment market. Yet the stock market and superannuation are proving more attractive. In some ways, a better return on rents will increase the attractiveness of the property investment at the expense of affordability. The NSW Government has set a target of providing 445,000 new dwellings in existing areas over 25 years. This is unlikely to be achieved unless greater incentives are provided and development application processing times are significantly reduced."

Ross Blancato, President of UDIA NSW said "urgently needed medium and high density projects were not proceeding in Sydney, as the risk to developers was often too high. Holding costs on loans are critical to success. The viability of a medium density project in one of Sydney's Growth Centres would be greatly improved if a determination was forthcoming in 60 days rather than 150 days which appears to be the norm."

Mr Blancato concluded that "while the Minister for Planning recognises that there is a shortage of planners in local government and has identified measures to address this need, these measures need to be complemented by a competitive stamp duty rate (with other states), land tax concessions, up-front government investment in amenity, improved public transport and codified development contribution plans. Sydney needs less risk. As a global city it needs to act locally and cut processing times."

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