

development site. In light of other objectives to seek active frontages to streets, UDIA NSW suggest that all energy should be expended on achieving this goal first.

Paradoxically certain controls in the Draft DCP seek to defeat the vision for laneways. For example Clause 3.6 which restricts vehicle crossings to streets and Clause 4.3, which permits ground level parking to the rear of buildings, actively contribute to hindering active retail frontages in laneways.

Instead UDIA NSW recommends that the laneways be viewed in the context of their existing opportunities, which are enhanced flexibility in building design and amenity (particularly for residential use due to reduced block depth, increased aspect and improved solar and vehicular access), increased casual surveillance of rear building areas and convenient car parking, access and loading areas to commercial buildings without impinging on street frontage activity and character.

5.1.4 Design Control

Building Heights

The building height controls appear to be somewhat arbitrary and unnecessarily complex. It is also unrealistic to expect buildings to achieve heights of 80 to 100 metres in precincts with narrow fragmented lots with rear lanes, which often preclude the achievement of large towers due to insufficient depth.

The need to specify eight different height controls, with the variation between many being only three metres is questionable. We believe that eight different height controls in the City Centre is unnecessarily cumbersome and complex and only frustrates the land amalgamation, building design and development application process. Greater legibility and is needed if the design controls are to be successfully implemented.

UDIA NSW contends that to attract investment height controls should be simple and reward lot amalgamation while having, as their primary purpose, the protection of solar access to the public domain and amenity.

Floorspace Ratio

Similar comments to those raised with regard to height apply to the FSR controls. UDIA NSW considers the FSR controls to be unnecessarily complex with little gain, and only frustrate the development process. FSR controls should not be necessary. Built form should be guided by setback and other design controls.

Heritage

UDIA NSW notes that the precincts in the Draft LEP maps with greatest height and FSR also contain the largest concentration of heritage buildings, which reinforces our comments above that height and FSR should be performance based that reflect good site amalgamation and opportunities, urban design, architecture, response to surrounding buildings and context and not merely a line on a plan.

User Friendliness of Planning Documents

The first and biggest impression of the suite of documents comprising the City of Cities Plan for Liverpool is its excessive large and cumbersome nature. There is a lot of duplication and material that will very quickly become superfluous as background information. A serious review and edit to provide a user friendly guide to development is recommended.

5.2 Liverpool Feasibility

A development feasibility was prepared using the construction costs for The Riviera and accounts for local developer contributions as part of the s94 plan. Otherwise they same assumptions used for the Penrith case study apply.

Assumptions	100 Apartments 42 Town Houses	245 Apartments	472 Apartments
Staging	One stage	Two Stages	Four Stages
Land value per dwelling	\$19,000	\$19,000	\$19,000
Construction costs	-	-	\$160,000
1 bed (55m²)	\$205,000	\$205,000	\$205,000
2 bed (90m²)	\$250,000	\$250,000	\$250,000
3 bed (105m²)	\$255,000	-	-
Townhouse (140m²)			
Section 94 per dwelling	\$5,400	\$4,900	\$4,800
Revenue			
1 bed	-	-	\$250,000
2 bed	\$290,000	\$290,000	\$290,000
3 bed	\$340,000	\$340,000	\$340,000
Townhouse	\$330,000	-	-
Interest	8%	8%	8%
Equity	\$5.6M (15% of total project costs)	\$9.3M (15% of total project costs)	\$17.0M (15% of total project costs)
Margin (15% industry min.)	0%	0.8.1%	-1.1%
Profit per dwelling	\$100	\$2,700	-\$3,400
Project IRR (25% industry min.)	-----	-----	-----

Other than large parcels of land on the eastern side of the Georges River opposite the City Centre, that are currently zoned and used for industrial purposes, there are not any large landholdings in the city centre that could support a development of this size. A more likely scenario is the purchase and consolidation of three small residential lots by a local developer to form a smaller scale tower development.

There are several examples of this within the Liverpool City centre and the attached table demonstrates the cashflow for this scale of project. In the example the land value component is based upon a recent mortgagee in possession sale, and reflects current market condition. One bedroom apartments are not being developed in the city centre due to poor public amenity driving down demand.

For the purpose of the Liverpool City Centre an alternative development scenario was examined that employs a model based on a 64 apartment building.

Assumptions	64 Apartments
Staging	Two stages
Land value per dwelling	\$32,000
Construction costs	
1 bed (55m ²)	-
2 bed (90m ²)	\$205,000
3 bed (105m ²)	\$250,000
Townhouse (140m ²)	
Section 94 per dwelling	\$5,200
Revenue	
1 bed	-
2 bed	\$290,000
3 bed	\$340,000
Townhouse	-
Interest	8%
Equity	\$2.5M (15% of total project costs)
Margin (15% industry min.)	-3.1%
Profit per dwelling	-\$3,100
Project IRR (25% industry min.)	-----

Both test cases demonstrate that development of an apartment building would fail to meet requisite hurdle rates. Accordingly, apartments in the Liverpool City Centre are presently not feasible under the present design rules, tax environment and market conditions.

The Riviera Mid Density Scenario



5.3 Liverpool Market


To establish a picture of the current Liverpool residential market a review was undertaken and found the following values for new product compared to house prices.

Type of Product	No. of Bedrooms	Price (\$)
Apartments	1	230,000 – 250,000
	2	280,000 – 300,000
	3	330,000 – 350,000
Townhouses	3	320,000 – 340,000
	4	370,000 – 400,000
Existing House Market	3	350,000 – 420,000

Note: there are no townhouse developments in the Liverpool CBD – prices are from surrounding suburbs within 5km of CBD

The analysis demonstrates that there is no significant price difference between detached houses and apartments/townhouses. Again Liverpool as a price sensitive market would have difficulty supporting the sale of apartments which approach the cost of a detached house. High density housing would clearly need to offer different lifestyle and amenity alternatives to compete with nearby low density housing.

LIVERPOOL
2 1




WISEBERRY
LIVERPOOL CITY

Wiseberry Acclaim - Liverpool
59 Scott Street
LIVERPOOL 2170
Tel: 02 9601 4811
Fax: 02 9601 4911

Sales Person:
Troy Wray

Property Summary:

Category: Unit
Bedrooms: 2
Bathrooms: 1
Close to: Sydney: 26km (direct line)



Peaceful yet only minutes walk to the buzz of shopping
\$280,000 - \$300,000
LIVERPOOL
 Fantastic units with your choice of carpet, split system air conditioning, selected light fittings, polyurethane kitchen, landscaped native gardens, external waste collection area including garbage chute, fly screens to all windows and doors, light fittings

There currently exists for sale over 200 recently completed units in the Liverpool City Centre (survey of local real estate agents and searches on various web based databases). Several developers have leased new units to minimise holding costs given the difficulty in selling at a reasonable price in the current market.

As a result of the existing oversupply there are several DA approved development sites for sale or on hold pending an improvement in market conditions. It is estimated the volume of stock DA approved is in excess of 700 units and is unlikely to commence for at least two-three years.



This site is located at No. 87-91 Campbell Street Liverpool and received development consent from Liverpool Council in December 2004 for 64 units. It pre dates BASIX. The development has not proceeded at this time as negative market conditions preclude its construction. A number of examples of this type of development exist in Liverpool all with current development consents.

Discussions with two prominent local developers regarding their plans for future residential developments in the Liverpool CBD indicate that they are opting out of residential development in Liverpool with a preference for industrial or commercial projects where possible in the Liverpool region. Their reasoning is simply the fact that this kind of product is uncompetitive.

Several developers have indicated that they in fact have incurred significant losses on recent residential projects and they believe the desire for people to live in the CBD with the current infrastructure and amenity offered is questionable. Until such time as there is significant improvement in amenity, carparking and traffic movement it is unlikely that buyers will perceive value in purchasing residential property within the CBD.

5.4 Liverpool Conclusion

Liverpool as a functional CBD is split by the rail and river. Greater connectivity between these elements is therefore needed to improve the city's ability to grow. Sites like the Commonwealth land at Moorebank offer considerable potential for employment.

This would enable expansion of the commercial core without displacing existing residential areas. It is important to reinforce the employment centre of the CBD to improve the cities attractiveness as a destination.

A long term design improvement which should be investigated is the feasibility of lowering Liverpool Station and its immediate approaches, allowing the merging of the east and west sides of the centre and giving credence to Liverpool as a "River City". This would improve the visual and physical connection between these elements.

From a feasibility perspective, the s94 charges, present land values, higher construction costs (SEPP 65, BASIX) and a constrained market ceiling preclude the construction of apartments in the Liverpool City Centre for the short to medium term. The models for the four building scenarios unequivocally demonstrate that apartments cannot yield a viable financial return. Furthermore, apartments remain uncompetitive with nearby detached housing product.

Liverpool requires considerable forward investment in its urban design to lift amenity and create greater linkages with the Georges River, transit and potential employment centres. The developer contributions are insufficient for this purpose and create a real disincentive to urban development. Forward investment by rail authorities to provide better connections to the Sydney CBD and airport may provide the necessary stimulus to overcome these issues.

6. Parramatta

6.1 Parramatta in Context

UDIA NSW supports the Parramatta City Centre Plan's commercial and residential targets. Since the first Parramatta Centre plan was completed in 1975, employment has grown from 5,000 to 40,000 jobs, creating a secure foundation for the next 35,000 jobs by 2031. However, to ensure that Parramatta Centre meets its targets and achieves the design qualities proposed in the Task Force's Plans, there are some fundamental steps missing which need to be taken into account if Parramatta is to fulfil the role of Sydney's second CBD serving a region of two million people.

Achieving Parramatta Centre's employment targets of 70,000 by 2031 and 100,000 by 2051 is one of the Metro Strategy's most important challenges. The successful implementation of Parramatta, as Sydney's second CBD, will have major benefits to all government departments particularly the transport agencies, the western Sydney councils and particularly the two million people of Greater Western Sydney.

Parramatta as the most mature regional centre will be an indicator of the city centre plan's success. If Parramatta fails to independently succeed in attracting private investment then the remaining five regional city centres are unlikely to move to the next level.

UDIA NSW contends that a major transport study is urgently required to examine Parramatta's wider catchment its links to Greater Western Sydney. The commercial and residential targets will be compromised without increased public transport access to the City Centre. The sub-regional study addressing traffic and transit is essential prior to the adoption of the Parramatta City Centre plan and particularly before it is given statutory status.



6.1.1 The Region

The concept of a 'multi-centred' or 'polycentric' metropolitan region has been pursued in every Metropolitan Strategy since the 1948 County of Cumberland Plan. This concept requires consideration at three levels; the macro or regional level, the meso (middle) or sub-regional level and the micro, the local level. The macro (regional) scale has been provided by the 2005 Metropolitan Strategy which has nominated the 27 centres to provide 44% of all jobs in the Sydney Region by 2031. The Cities Taskforce has concentrated on the micro (local) scale, focusing on urban design at the level of public domain, built form, the character of the centre, distribution of floor space and the density of development.

The six regional centres differ from the remaining 27 centres nominated in the Metro Strategy in that apart from the Sydney-North Sydney global centre, they each serve a sub-region of the GMR. Newcastle, Wollongong and Gosford serve the sub-regions outside of

the Sydney Metropolitan Area, Lower Hunter, Illawarra and Central Coast respectively. Parramatta serves Sydney's western suburbs whilst Liverpool and Penrith serve sub-sets of Western Sydney, the South West and North West respectively. It is therefore critical that any planning for the city centre account for demands and linkages to the sub-region as this is what defines a regional city.

6.1.2 The sub region

UDIA NSW understands that work is progressing on the sub-regional plans or the meso level. However, there is no evidence that this work is informing the design of the City Centres. The three levels (macro, meso, micro) need to be considered iteratively, allowing each to be adjusted depending on the outcomes of the others.

The problem seems to arise from confusion regarding the definition of the sub-regions to be served by each of the sub-regional centres. It is not assisted by the counter-intuitive sub-regions proposed in the Metropolitan Strategy (p65) and a different series of catchments with ambiguous boundaries shown in figure 1 (p8) of the Strategy. There is no doubt that the Global City Centre serves the GMR and in fact the whole State and indeed Australia in many regards. There is no question regarding the GMR's sub-regions or catchments of Newcastle, Gosford or Wollongong centres.

However, there is considerable confusion with the centres of Parramatta, Liverpool, and Penrith, all being placed in the same category of regional cities, despite the fact that Parramatta Centre is constantly referred to as Sydney's second CBD and in the introduction to the Parramatta City centre plan the Minister refers to Parramatta as the "*major business hub for Western Sydney*" and the Lord Mayor "*as the economic and cultural hub of Western Sydney*". The Regional Context section gives the only clue when it refers to a population of 1.7 million.

What then is Western Sydney? What is Parramatta's catchment? There is an official designation termed Greater Western Sydney (GWS) and administered by the Department of State and Regional Development which, not surprisingly, has its main promotional office for GWS Economic Development Board in Parramatta Centre. If Parramatta is the centre of GWS, then where does that leave Liverpool and Penrith?

Liverpool is clearly the centre that serves South West Sydney which, if one ignores the irrational boundaries as proposed in the Metro Strategy, it would serve the LGA's of Liverpool, Fairfield, Bankstown, Campbelltown, Camden and Wollondilly.

In contrast Penrith is not such an obvious centre for its sub-region, the North West. Penrith is certainly the centre of Sydney's Outer West, comprising Penrith, parts of Blacktown and the Blue Mountains, however the LGAs of Hawkesbury and Baulkham Hills and the Northern parts of Blacktown are integral parts of a North West sub-region. This obvious sub-region which was first identified in the 1968 Sydney Region Outline Plan, has not been recognised by the Metro Strategy. Few people would consider Penrith as the centre of the North West.

As the South West and North West are sub-sets of Greater Western Sydney, it follows that Parramatta is a higher order centre than Liverpool and Penrith, just as the Global Centre, Sydney - North Sydney is of a higher order again. This distinction needs to be recognised so as to ensure that sub-regional transport planning facilitates the delivery of population and workforce of each sub-region to its appropriate centre, especially by public transport.

6.1.3 Transport – Modal Share

Apart from the Global Centre of Sydney-North Sydney, Parramatta is certainly the most important centre because of its special role to serve Greater Western Sydney (GWS). With a current population (2004) of just over 1.8 million people and in the future over 2.0 million¹, this will make Parramatta the centre of a catchment larger than that of the whole Metropolitan areas of Adelaide, Brisbane or Perth.

When Parramatta's special role is recognised, the term, Sydney's second CBD becomes particularly significant. Parramatta Centre has achieved a status and employment size beyond the other metropolitan regional city centres in that it has reached a critical mass of over 40,000 jobs and is targeted to reach 70,000 jobs by 2031 and 100,000 by 2051.

The centre's sub-region is not recognised in the Plan. The Economic Development Section compares the social and economic profile of Parramatta Centre with that of the GMR and with Parramatta LGA but not its real catchment, GWS or even Central West or SW/NW combined.

Accordingly, conclusions on the distribution of floor space or densities need to be informed by the city's location in the catchment. The DCP therefore should be reviewed pending a sub-regional analysis. In particular, the sub-regional analysis would quantify access journeys to work and modal splits.



Parramatta River

If a centre becomes inaccessible due to real or even perceived traffic congestion, it will not achieve its employment targets. The Parramatta City Centre plan should be a product of the established the capacity of the Parramatta Centre to accommodate the level of employment, housing, retail and community facilities and consequent potential traffic congestion.

¹ GWS contains the LGA's which are contained in the North West, South West and Central West sub-regions of the Metro Strategy

The acceptable level of congestion or level of service can be prescribed. This will in turn require a number of essential conditions, principally;

- sufficient road capacity leading to the centre and within the centre
- sufficient and well located long stay parking

Achieving a specific modal share for transit access to the centre, particularly for the journey to work, is vital and achieved by ensuring the people of the catchment have attractive and easily accessible public transport. While a proportion of Parramatta Centre's catchment has access by heavy rail station, T-way, express and local buses, a large proportion of the current and future catchment does not have easy access to public transport and will be compelled to drive.

The current proportion of Parramatta centre's workers who use public transport is 30% which needs to be substantially increased if the centre's employment and housing targets are to be met. Sydney CBD with an employment of around 250,000 is served by seven railway stations with two more proposed as well as four bus terminal interchanges and a ferry terminal. The question is can an employment level of 70,000 be served by one railway station in 2031 let alone 100,000 by 2051?



Church Street

Given that the Sydney CBD, with its seven railway stations, four bus rail interchanges, a ferry terminal and a sizeable inner suburbs population, enjoys a 70% public transport share for the journey to work, then a target of 50% for Parramatta centre would be highly ambitious albeit achievable.

That would leave 50% of the workforce required to access the centre by car, forcing the existing and any future planned roads to accommodate the additional traffic, as well as a dramatic increase in the number of buses required to achieve the 50:50 modal split. The Plan (p67) suggests the buses accessing Parramatta Centre during the morning peak will increase from 76 to 183 by 2021.

The location of long stay car parks should be at the periphery of the centre with access off a ring road and access to the core by say a free bus, similar to Perth's Central Area Transport (CAT) bus which links the peripheral car parks and railway stations with the commercial core of the city centre. These are alluded to in The Plan but no locations or routes are shown.

It is the capacity of the current and proposed road network which will determine the capacity of the centre. It seems that the FSRs nominated in the plan are arbitrary and their cumulative impact in the context of network capacity has not been considered.

If a 50% public transport share is to be achieved, the area of the city centre for intensive employment should be determined by the ability to easily access work places by public transport, which is within 500m of the rail/bus interchange. The required employment and residential floorspace for the centre needs to be calculated, recognising that a resident takes up two to three times the space of a worker.

The total commercial floor area needs to be divided by the available developable site area, giving an average FSR. This can then be distributed so as to reinforce the target of a high public transport share with the highest FSRs within the railway station catchment and the lowest at the periphery of the predominantly commercial core of the centre to coincide with the peripheral carparks. This provides a rationale for the distribution of floor space.

It is only by such an exercise that the distribution of floor space, densities (FSR), heights and designation of predominant uses in any precinct can be proposed. If such an exercise is not undertaken and densities / heights are nominated without an appreciation of the congestion consequences, the whole plan could be compromised.

UDIA NSW therefore recommends that the following actions be adopted to ensure that the City Centre Plan achieves its commercial and dwelling targets:

- i. Lift the share of public transport usage from a low of 30% to at least 50%. This requires an analysis of the opportunities to provide acceptable transit links between Parramatta Centre and its catchment. At least 90% of the catchment needs to be within 5 minutes walk of a bus route or 10 minutes walk of a railway station.
- ii. Ensure priority bus links feeding into the centre and well located bus terminals within the centre.
- iii. Ensure sufficient road capacity exists for the 50% of those not using public transport and that long stay parking is confined to the periphery of the commercial core.
- iv. The free bus circulating within the centre, announced by the Lord Mayor, is a good idea and vital to raising the share of transit and yet it is not referenced in the plan.
- v. Investigate whether another railway station at North Parramatta say at the corner of Victoria and Church Street, is feasible as part of the postponed line from Epping.

6.1.4 Mixed Use

Apart from just 12% of the centre being declared the “commercial core”, the majority of the city centre is zoned “mixed use”. As a comparison the commercial core is equivalent, in area, to the heart of the financial core of the Sydney CBD, the area bounded by George Street, Hunter Street, Macquarie Street and Bridge Street. This area employed just over 20,000 people in 2001 and represents the largest concentration of higher order jobs within the CBD.

The allowable FSR in this precinct would average between 10:1 to 12:1, and the area is almost fully developed. The precinct is served by three railway stations, Wynyard, Martin Place and Circular Quay, two bus terminals at Wynyard and Circular Quay, which is also Sydney’s ferry terminal. The comparison is to show that for Parramatta Centre to achieve its targets of 70,000 by 2031 and 100,000 by 2051 it cannot afford to allow residential

development to intrude into what should be the commercial hub of a centre to serve a future city of 2 million people.

For Parramatta to become a serious higher order centre, all the land within a five minute walk of the rail / bus interchange should be intensive employment with little intrusion of residential.

The argument for mixed use is to give a centre 24 hour life and not have the centre deserted after working hours. This is a superficial theory and there is no proof that those who live in the heart of the centre wander around the street, Paris style. Paris averages 1.5 million visitors a week which gives the centre much of its life.

The counter argument is that the paramount objective of a regional centre is to reach its employment target and to have as many of those jobs as possible within an acceptable walking distance from the Rail / Bus Interchange. The stronger the centre and the more higher order jobs there are in the centre, the more attractive it will be to live in the surrounding inner suburbs, not necessarily in the centre. The lower the employment numbers, the less attractive the centre is for "A" grade offices, the less attractive it will be to live adjacent to a commercial centre, defeating the purpose of having a substantial number living adjacent to a centre. Chatswood is an example where residential is displacing commercial, while Milsons Point a one time integral component of The North Sydney CBD has almost completely switched from commercial to residential.

It is recommended that the commercial core area is extended to both sides of the railway station and that residential is discouraged within the five minutes walking distance of the station. Housing should be encouraged between the five minute and 10 minute band. This allows fringe city centre residents to have good access to a high concentration of jobs. It also provides financial support for restaurants, cafés and bars which thrive on a strong day time working population and will be supported by the permanent residents from the fringe of the city centre and the surrounding inner suburbs.

There are currently sites immediately adjacent to the Parramatta station yet zoned mixed use and have current proposals for blocks of apartments. This is a squandering of sites directly served by the State's infrastructure which could be far better used to give direct access to the workforce of Sydney's Greater West and other parts of the Metropolitan Area.

Other constraints to achieving the target employment figures in the commercial core are overshadowing of heritage items and public open spaces including the retail section of Church Street. Possibly the biggest constraint to achieving employment targets is to allow mixed use in 88% of the centre given that only 12% of the centre's area is proposed to make up the commercial zone.

If, for example, 50% of the mixed use zones are developed with strata titled residential development then not only would these be impediments to A grade buildings but precludes redevelopment of these strata titled flat buildings when Parramatta's employment target of 100,000 workers is to be achieved within 44 years. If Parramatta Centre is to reach the scale and status of the CBDs of say Brisbane and Perth when Sydney's population is expected to reach 6 million people, then a long term vision and an appropriate plan needs to be adopted now.

6.1.5 Auto Alley

The car dealerships clustered along Church Street between Parkes Street and the M4 has become well known in Sydney as Auto Alley. Today, new car dealerships consist of highly sophisticated showrooms linked to labour intensive workshops for servicing. This represents

a rare combination of retail (for expensive goods) and labour intensive maintenance and servicing.

The Parramatta Road cluster has evolved over a period of decades and Auto Alley has become a Sydney Institution. There have, in recent years, been moves to give notice to the car dealers with the proposal that in the longer term the Church Street north area will be needed for commercial office expansion (the current REP, the Lord Mayor's Statement – SMH May 24 2006).

This policy is questioned. Firstly, a cluster of showrooms and car servicing is not an easy land use to achieve and should be valued, with the level of sales and size of employment being probably as high as anywhere in the centre, apart from Westfield. Why dissipate such an asset? A car servicing cluster at the edge of the Parramatta CBD must be an attraction for those who work there, getting cars serviced within walking distance of their jobs.

It is instructive to consider what happened to Sydney Centre's "Auto Alley" in William Street, once the home of the most luxurious car showrooms in Sydney. When the City Council in the 1980's announced that William Street was to be widened, a la Parisian Boulevard, the car dealers moved out and have now regrouped at Rushcutters Bay, leaving William Street, which incidentally was not redeveloped, to be occupied by car rental outlets and tattoo parlours.

Parramatta should celebrate its Auto Alley, encourage the dealers to stay and possibly expand their servicing and mechanical operations. Those uses are not compatible with "mixed use" housing and offices. This retains one of Sydney's most successful sales outlets (cars) and labour intensive employment. Moreover, auto related services such as a RTA motor registry and insurance companies could be encouraged to locate in the precinct.

If auto alley disperses; it is likely that a "motor park" such as those in the US with ready access and exposure to motorways would emerge to serve western Sydney. An obvious location is the industrial lands at Eastern Creek near the intersection of the M4 and M7. This would be a great loss for Parramatta and an asset which is unlikely to regroup anywhere in the LGA.

By relying on Auto Alley for future commercial expansion to reach its long term employment targets, highlights the misguided proposal to allow mixed use in 88% of the city centre hoping that auto alley provides the sites necessary for long term commercial expansion, to reach the centre's long term employment targets.

6.2 Lessons of San Sebastian

Plans prepared in 1969 for the redevelopment of Woolloomooloo and the resultant San Sebastian court cases between 1976 and 1986 provide an important lesson for the Parramatta City Centre.

The plan offered a base FSR of 5:1 and bonuses of 3:1 and 2:1 for site amalgamation. A developer that successfully amalgamated a large number of sites would be entitled to develop at the FSR which reflected the maximum allowable bonuses.

As the allowable floor space would have resulted in a working and residential population which far exceeded the traffic and transport capacity of Woolloomooloo and its surroundings, the State Government, when advised by its transport agencies, revised the allowable floor space. As a consequence the developers who bought and amalgamated land in accordance with the published plans took the State government and the Sydney City Council to court claiming damages.

Relevant Notes from the Original Case

The learned trial judge, Ash J, accepted the evidence of experienced and expert planners that, when a plan for a significant urban area is proposed, it is necessary that there be satisfactory relationship between planning proposals and the transport system that is or will be available. Feasibility in the planning sense therefore encompasses a correspondence between the transport system which serves or will serve the relevant area. In preparing the Study documents, however, no adequate research into or analysis of the capacity of the transport system was undertaken or commissioned by the Authority. There was evidence, given by a transport engineer, that the rail and road traffic generated by a workforce of even 35,000 would have caused unacceptable congestion at the Town hall underground station and on the roadways leading to Woolloomooloo. That opinion was a matter of controversy at the trial and there is no finding that the transport system would not have been capable of meeting the demands of a workforce of 35,000. However, his Honour found that there was a significant error in estimating what the size of the workforce would be if the Study were implemented. The calculations on which the estimate of 35,000 was based were not given in evidence. Obviously the size of the workforce depended on a number of factors: the extent of site amalgamation, for that determined the maximum floor space ratio which might be permitted; on the floor space ratio actually approved for particular sites; on the proportion of space in the new development allocated to particular uses, for office use attracts the highest number of workers per unit of floor space Ash J. found that the Authority's "envisaged" workforce figure was very wrong and resulted from very inadequate work including the items of research, investigation and calculation in the preparation of the Study" Whether or not the transport capacity was adequate for a workforce of 35,000. it was clearly insufficient to support a redevelopment which would, on his Honour's finding, "involve a workforce well in excess of 35,000".

However, let it be assumed that the plan was not feasible in the planning sense, because redevelopment along the lines proposed would have generated a workforce – whether 35,000 or more – in excess of the capacity of the transport system to cope. (City of Sydney Archives 2005)

While the original court found in favour for the plaintiff, this was overturned by the Court of Appeal with further appeals to the High Court proving unsuccessful. The Government won the court cases but in reality failed as the plan was never implemented.

6.3 Parramatta Feasibility

The development feasibility for The Riviera was applied to Parramatta and accounts for local government developer contributions and the current market. Building costs have been increased over the Penrith, Liverpool and Gosford models to account for a higher level of internal finishes and amenities consistent with the Parramatta market.

Assumptions	100 Apartments 42 Townhouses	245 Apartments	472 Apartments
Staging	One stage	Two stages	Four stages
Land value per dwelling	\$80,000	\$65,000	\$65,000
Construction cost			
1 bed (55m ²)	-	-	\$190,000
2 bed (90m ²)	\$235,000	\$235,000	\$235,000
3 bed (105m ²)	\$280,000	\$280,000	\$280,000
Townhouse (140m ²)	\$270,000		
Section 94 per dwelling	\$9,900	\$9,900	\$9,900
Revenue			
1 bed	-	-	\$325,000
2 bed	\$425,000	\$425,000	\$425,000
3 bed	\$475,000	\$475,000	\$475,000
Townhouse	\$525,000	-	-
Interest	8%	8%	8%
Equity	\$7.1M (15% of total project costs)	\$11.65M (15% of total project costs)	\$21.5M (15% of total project costs)
Margin (15% industry min.)	12.72%	9.97%	12.32%
Profit per dwelling	\$47,548	\$36,730	\$40,972
Project IRR (25% industry min.)	15.52%	12.58%	9.55%

The feasibility demonstrates that the project is still not feasible but this building is certainly more viable in Parramatta than Penrith. Again the model indicates that even if assumptions such as low labour costs, low construction costs, expedited approvals and no site constraints are maintained the project still does not meet industry's minimum returns.



6.4 Parramatta Market

A market analyst has examined the Parramatta market. The analysis revealed that the current value for new product corresponding to the following building typologies is:


Townhouses:

- 2 BR - \$475,000
- 3 BR - \$525,000

Units:

- 1 BR - \$325,000
- 2 BR - \$425,000
- 3 BR - \$475,000


PARRAMATTA Mid \$300,000
🏠 2 🛒 2 🚗 1



ONLY A COUPLE LEFT BE FAST!!!!
Mid \$300,000
14 HASSALL STREET PARRAMATTA
 CHI CHING. THAT'S THE SOUND OF OUR VENDOR LOSING MONEY AS HE SLASHES THE PRICE ON THESE QUALITY APARTMENT'S TO HAVE IT SOLD!

ic property
Sales & Management

IC Property Sales & Management - Parramatta
 Shop 2, 33-35 Cowper Street
 PARRAMATTA 2150
 Tel: 02 9687 3999
 Fax: 02 9687 3900



Sales Person:
 Eddy Haddad
Mobile:
 9687 3999

Property Summary:

Category: Apartment
Bedrooms: 2
Bathrooms: 2
Garage: Single
Municipality: Parramatta
Close to: Sydney: 19km (direct line)
Features: Ensuite, Intercom, A/C

The application of the model in Parramatta is the first case study as part of this submission to produce unit and townhouse prices consistent with the current premium Parramatta products. For example the cost of a two bedroom unit in The Riviera would be a minimum of \$425,000 which is also the current average price for such product in the area.

While the outcome is comparatively more promising than the other regions it does belie the evidence that such a building remains unfeasible, as it does not generate a competitive return to the investor. The benchmark internal rate of return is 25% and yet the model demonstrates that each scenario can only yield 9% to 15%.

PARRAMATTA \$299,000
🏠 2 🛒 1 🚗 1



RIVERBANK LOCATION!
\$299,000
116/18 SORRELL ST PARRAMATTA
 Stunning 2 bedroom apartment positioned within 100 metres from Parramatta River.



This therefore decreases the attractiveness of Parramatta to major developers. The result is that apartment construction rates are unlikely to meet dwelling targets. Although this should be viewed within the context that UDIA NSW favours commercial development over residential for the city core to enable the plan to achieve its employment targets.

6.5 Parramatta Conclusions

Parramatta, more than the other regional cities needs to be viewed with its sub-regional context as the capital of Western Sydney. This dwelling and employment targets while suitable will create considerable traffic congestion unless greater emphasis is given transit solutions. Failure to anticipate traffic growth in the planning will create a disincentive for visitors by reducing the CBD's attractiveness as a destination.

This regional city also reinforces the need give precedence to employment uses in the core business district. The employment target for Parramatta is 100,000 workers by 2051. The commercial core allowed for in the plan is equivalent, in area, to the heart of the financial core of the Sydney CBD, the area bounded by George Street, Hunter Street, Macquarie Street and Bridge Street. This Sydney financial district employed just over 20,000 people in 2001 and represents the largest concentration of higher order jobs within the CBD.

Parramatta will not be able to meet its employment targets if commercial activities are displaced through residential uses. It is therefore critical that mixed use be limited.

The commercial core should principally be reserved for employment purposes if the employment target is to be achieved. This will typically cover an area capable of a five minute walk from the train station (500m). The area surrounding the intensive employment core should be zoned for high density housing (500m – 1,000m).

Notwithstanding, Parramatta is the most mature of the six regional cities and therefore most likely to generate the residential and employment densities envisioned by the city centre plan sooner than later. Ironically, the principle reason for Parramatta's comparative success is its proximity to the Sydney CBD.

Parramatta's location in the greater metropolitan region makes it a more attractive destination. Real estate values are 35% higher whereas the land value has not increased in proportion.

Higher sales values improve the feasibility by allowing the project to better absorb the taxes and charges as well as other risks and contingencies. This though has considerable implications for housing affordability.

A second reason for Parramatta's increased attractiveness is planned improvements to the cities public amenity. The use of public private partnerships to revitalise the civic place and railway interchange are creating greater demand.

Parramatta is an example where a forward investment has been made by government in partnership with the private sector to lift amenity and generate increased commercial and residential demand. Ideally this would be complemented by timely planning determinations and lower taxes and charges to further simulate investment without fuelling price escalations which detract from the area's affordability.

7. Gosford

7.1 Gosford in Context

7.1.1 Central Coast Competition

The Gosford City Centre Plan and the Wollongong City Centre Plan each has been the subject of separate UDIA NSW submissions. The relationship of the Gosford City Centre Plan to the Draft Central Coast Regional Strategy needs to be considered on a number of levels. The relative competitiveness of Gosford CBD for investment given that there has been a shift to non CBD locations such as Erina and Tuggerah which will not be subject the same levy structure as the CBD.

In addition these centres have in the past enjoyed the advantage of lower development costs, fewer site constraints and greater parking availability, and in the case of Tuggerah, easier access to the Freeway. Considering Gosford City as the Centre of a triangle bounded by East Gosford, North Gosford and West Gosford has a number of advantages.

Firstly it provides a larger and immediate catchment to the CBD which can add to the support and vitality of the CBD if these surrounding areas are made easily accessible. In conventional retail planning these surrounding neighbourhoods or villages would be seen to be the primary catchment. In the case of Gosford CBD these villages offer another level of diversity of housing employment and lifestyle opportunities which can enhance the attractiveness of the CBD.

Public transit systems such as “The CAT” operating in Perth provide a real opportunity to link the CBD to its immediate primary catchment by an efficient transport service which would dramatically increase mobility in and around the City and its immediate surrounds. This could be seen as a first step in developing a series of urban corridors and nodes suggested by the UDIA NSW in its conceptual “Central Coast Structure Plan”

In this respect Gosford City Centre and its surrounding villages could become the demonstration model for urban renewal throughout the Central Coast.



Similarly there will be competition amongst the six centres for infrastructure funding, these major investment drivers do not appear to have been clearly resolved in the exhibited documents. For example, the infrastructure required to enable Gosford City Centre to achieve its potential goes well beyond that proposed under the Civic Improvement Plan.

7.1.2 Retail

UDIA NSW contends that the demand for the proposed floor space needs to be analysed. It is maintained that the proposed additional floor space is well in excess of demand and falsely raises expectations. This particularly applies to the limitation on the City Core which allows commercial and retail but prohibits residential. Achieving the upper limits in relation to height and FSR is therefore unlikely.

7.1.3 Stimulating Renewal

It is questionable whether incremental small scale investment by individual developers will bring about the conditions for urban renewal envisaged in the plan. Identification of key public lands which can be packaged and put to the market as public, private partnerships (PPPs) through expressions of interest (EOI) or competition processes could provide revenue to help fund strategic infrastructure, and provide substantial projects drivers for investment.

The UDIA NSW concept of a new multi-strand education campus combining the University, TAFE, existing primary school and possibly parts of the high school linked with the cultural and entertainment precinct at the waterfront provides an example of such possibilities. This area could include student accommodation mixed with permanent residences, home offices etc to provide an exciting and vibrant place to drive the revitalisation program for Gosford.



UDIA NSW Central Coast Chapter and the Department of Planning have been liaising with the Vice Chancellor of the Ourimbah Campus and Gosford TAFE with respect to the establishment of a university campus in the CBD. This could be a significant driver if it is broadened to include redevelopment of substantial area of publicly owned land effectively linking Kibble Park to the waterfront in a way which would create revenues for public infrastructure in the City. At the same time this would create diversity, new jobs, encourage more investment and start to lead a path towards an exciting, vibrant Regional City.

7.2 Gosford Feasibility

The Gosford feasibility includes provision for water and sewer headworks in addition to the to s.94 developer contributions. Revenue is assumed that a premium is not achieved above the current Gosford City Centre market and any infrastructure improvements would have been contributed by an external financier.

The selling period has been reduced to nine months from completion based on higher take up rate due to improved infrastructure and amenity. In the Gosford market current selling could take in excess of 18 months without further discounting of sales price.

The build cost in Gosford would be higher due to sloping ground, sandstone excavation through most of city. Lower areas are most likely subject to issues concerning high groundwater tables which precludes excavation or significantly increased costs for basement parking.

Assumptions	100 Apartments 42 Townhouses	245 Apartments	472 Apartments
Staging	One stage	Two stages	Four stages
Land value per dwelling	\$30,000	\$27,000	\$25,000
Construction cost			
1 bed (55m ²)	-	-	-
2 bed (90m ²)	\$205,000	\$205,000	\$205,000
3 bed (105m ²)	\$250,000	\$250,000	\$250,000
Section 94 per dwelling + W+S headworks	\$12,000	\$12,000	\$12,000
Revenue			
1 bed	-	-	-
2 bed	\$250,000	\$250,000	\$250,000
3 bed	\$325,000	\$300,000	\$300,000
		-	-
Interest	8%	8%	8%
Equity	\$5.6M (15% of total project costs)	\$9.8M(15% of total project costs)	\$16.7M (15% of total project costs)
Margin (15% industry min.)	6.72%	1.38%	8.03%
Profit per dwelling	\$19,550	\$4,039	\$20,560
Project IRR (25% industry min.)	11.72%	5.78%	8.03%

It is evident from the feasibility that under the rules presented under the Gosford City Centre Plan that a two bedroom apartment cannot be delivered to the market for less than \$250,000. Furthermore, a three bedroom in this scenario cannot be offered to the market for less than \$300,000 without the developer making a loss.

The following section therefore examines the Gosford real estate market to determine what similar (pre city centre plan) building typologies are presently on the market for and identify what a buyer in Penrith can presently obtain for around \$300,000.

7.3 Gosford Market

A market analyst has examined the Gosford market. The analysis revealed that the current value for new product corresponding to the following building typologies is:

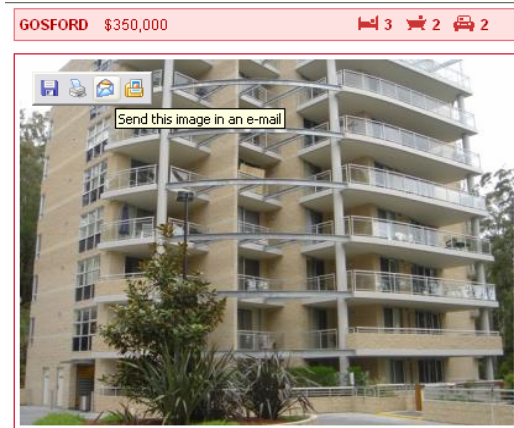
Townhouses

Two bedroom - \$300,000
Three bedroom - \$350,000

Units

One bedroom - \$225,000
Two bedroom - \$275,000
Three Bedroom - \$325,000

The Gosford market is very soft and prices vary dramatically depending on views and location. The feasibility therefore demonstrates that to approach the market ceiling of the Gosford market under the present rules offered by the City Centre Plan, a developer would have to adopt an unrealistic Internal Rate of Return and adopt highly optimistic construction costs.



Great Deal for the astute Buyer/ Investor

\$350,000

422/80 JOHN WHITEWAY DRIVE GOSFORD

This contemporary 3 year old apartment has three good size bedrooms with built-ins. main has walk-

7.4 Gosford Conclusions

The Riviera would be a very large project for the Gosford market. As a comparison, the Estate Mortgage project "the Sanctuary" was about 180 apartments. After five years there are still 80 apartments that remain on the market. Given the collapse of Estate Mortgage, and the extent of unsold new apartments, there is likely to be a surplus of product for some years.

Gosford traditionally has a very short peak market of approximately 18 months with four-five year gap between each peak. The land values adopted for Gosford are similar to those adopted for Penrith because of the size of the development. Two years ago unit sites were up to \$90,000 – \$100,000. For smaller scale project than the one modelled (say 70 apartments) land values may be \$40,000-\$50,000/site. Selling prices and selling period would be improved by smaller developments.

Accordingly, apartment developments are presently unfeasible in the current market under the rules and levy structure presented by the Gosford City Centre Plan. This will, in the short to medium term, place more pressure on greenfield developments in Wyong and the character of the existing Gosford suburbs through greater dispersed infill.

The infrastructure financing method therefore subverts the objectives of the plan. By examining the model for The Riviera, the only variables are the section 94 charges and the sales price. The sales price can be lifted by increasing amenity through a forward investment in infrastructure and civic spaces to create demand. This though cannot be achieved through s94 as such costs are detrimental to the feasibility and the improvements occur subsequent to development and therefore fail to influence demand.

8. Lessons from The Riviera

The submission demonstrates unequivocally that regulatory and market conditions are presently unsympathetic to apartment construction in the four city centres examined as part of this submission. It is acknowledged that the lifespan of the respective plans is 25 years yet the Metropolitan Development Programme (MDP) and sub-regional planning targets are effectively an extrapolation of trends requiring increasing apartment construction. The MDP's polycentric model requires apartment construction now not in 25 years.

UDIA NSW contends that two levers are available to remove impediments to supply in these city centres:

1. Timing and funding of amenity – Lift amenity lift sale price
2. Reduction in taxes and charges

Urban renewal by definition is dependent on the revitalisation of depressed areas or areas where the building fabric and civic spaces have deteriorated. Renewal of these areas is therefore dependant on reconstruction or restoration of private and public buildings and investment in public amenity.

UDIA NSW contends that developer contributions (s94 levies) paid in advance of sales are not a viable method of funding urban renewal. Urban development is driven by demand.

	sqm	Ha
Site Area	25,500	2.5
Apartment Mix		
	%	Total Apts
2 Bedroom (100sqm)	60	147
3 Bedroom (110sqm)	40	88
TOTAL	100	245
Car Parking		
	Rate	Total Spaces
Visitors	1/5 apt	49
Residents 2BR	1.2	176
Residents 3BR	2.0	196
TOTAL		421
Surface		49
Basement		372



Urban renewal occurs where demand has been exhausted due to deterioration in the urban landscape. It is therefore logical that forward investment is required to lift the local amenity and create demand for dwellings in the locale. Private investment and urban development is therefore dependant on the revitalisation of civic spaces and this requires innovate financing and forward investment either by Government or private equity partners.

It is unrealistic to expect demand to be stimulated by an isolated development which if feasible will fund improvements to public amenity to be delivered some time later. Forward investment creates demand, lifts the sale price for the area therein improving the feasibility for developments.

Section 94 contributions are not suitable for urban renewal and present a very real disincentive for development. UDIA NSW will examine infrastructure investment alternatives as part of a separate study to be presented in late 2007.

9. Conclusions and Recommendations

UDIA NSW supports the objectives of the Metropolitan Strategy in creating a polycentric city. This represents a logical and efficient use of existing infrastructure while maintaining the character of the existing suburbs.

UDIA NSW concurs with the dwelling and employment targets for the respective City Centres but recognises that failure to deliver these production rates will place more pressure on the suburbs through infill and increase demand in Greenfield areas.

This submission therefore articulates what it believes that government must now do to support the centres and realise the vision.

- i. this initiative if pursued in isolation to the sub-regional plans will not work. The case studies demonstrate that a greater appreciation of the transport and employment implications of the broader centre catchment is required to adequately address demand;
- ii. all land including Commonwealth, State and Local Government land must be accounted for to create a functioning city centre (e.g. Penrith and Liverpool);
- iii. commercial development should be favoured in the city core surrounded by medium to high density residential, if the employment targets are to be met. Mixed use will compromise this objective;
- iv. greater connectivity is needed between attractors in the city centre through improved local transit and infrastructure to bridge railway lines and rivers; and a
- v. coordinated response from government agencies including transport is needed deliver necessary infrastructure.

UDIA NSW emphasises that the commercial core of each regional city should principally be reserved for employment purposes. This will typically cover an area capable of a five minute walk from the train station (500m). The area surrounding the intensive employment core should be zoned for high density housing (500m – 1,000m).



The polycentric model presented by the City Centres Plans was informed by the European experience. It has the advantage of increased sustainability and comparatively lower infrastructure costs than greenfield developments in the short term.

Nevertheless, the concentration of employment and dwellings in these city centres does not appear to be matched by a corresponding investment in public transport. Parramatta has a forecast CBD employment target 100,000 workers by 2051. This represents 40% of Sydney's present CBD employment population. Yet the Sydney CBD has seven railway stations while Parramatta has only one. If the NSW Government is sincere about adopting a European settlement pattern then it must be matched by an increased commitment to rapid, safe and reliable public transport.

Finally, the fundamental conclusion of the development feasibility analysis is that apartment developments are currently unfeasible under present market conditions and the existing rules and levy structure established by the City Centre Plans. The feasibility study clearly demonstrates that such apartments will remain uncompetitive in these markets for the short to medium term.

It is therefore vital that more affordable housing forms are developed. Market conditions will invariably favour low rise attached dwellings that can be built for around \$1,000 a square metre, rather than lifted mid to high rise dwellings at \$2,500 - \$3,000 a square metre. These rates should be compared to the cost of a detached dwelling of around \$700 a square metre.

Allowing the market to find its own level however, will compromise the dwelling targets with opportunities lost to higher densities. The plan should therefore provide a sympathetic regulatory and financial environment to facilitate an appropriate mix of low to high rise development.

UDIA NSW offers the following recommendations:

- 1. Conceive innovative infrastructure financing methods to fund forward investment by government and private equity in local amenity to create demand;**
- 2. Reduce s94 charges consistent with the forward investment;**
- 3. Increase incentives to amalgamate sites typified by small lots and fragmented ownership;**
- 4. Encourage partnerships between industry and government agencies such as Landcom to stimulate activity;**
- 5. Remove the necessity for design competitions as they increase costs and duplicate the SEPP 65 provisions where such provisions apply. Appoint design panels to assist using SEPP 65 Guidelines;**
- 6. Expedite development application processing as holding costs are critical to development feasibilities;**
- 7. Direct the coordinator general to facilitate the provision of adequate, integrated multi-modal transport for the city centres to meet the demand created by the dwelling and employment targets;**
- 8. Focus on commercial development in the city centre core surrounded by residential development to meet employment targets. Plans for mixed use in these areas should be limited;**
- 9. Engage with the Commonwealth Government to realise the potential of their landholdings such as those present at Moorebank and Penrith and include these lands in the plan;**
- 10. Create improved connectivity between activity centres in the city centre through enhanced local transit and infrastructure to bridge railways lines and rivers; and**
- 11. Nominate an urban renewal coordination agency to facilitate the delivery of these projects consistent with the role of the Growth Centres Commission and the former Building Better Cities Program.**

GLOSSARY

Land Value per dwelling – The residual value paid to the vendor after all construction costs and taxes and charges are deducted. Expressed in the model as a proportion of the total yield.

Construction costs – The costs in bricks and mortar to build the development including labour costs.

Equity – Amount of investment by the developer in project that is not reliant on borrowings.

Holding Costs – Charges absorbed by the developer and may include interest on borrowings and rates. Holding costs are critical to a feasibility as these costs increase over time and therefore delays will compromise a development.

Internal Rate of Return (IRR) – The profit expressed as a function of time. For example a profit of \$20,000 yielded after 2 years means that there was a profit of only \$10,000/year.

Technically it is the discount rate at which the sum of the discounted negative cash flows equals the discounted positive cash flow. When the Net Present Value (NPV) equals zero. It is expressed as percentage.

The IRR on a project must be competitive with other forms of investments such as the stock market. Accordingly, the industry typically uses a 25% minimum internal rate of return. None of the models used in this report approached that benchmark.

Interest – Interest payable to a lending institution (e.g. bank) which finances the development. A significant contributor to holding costs.

Margin – A return on investment that includes profit and risk contingencies.

Profit per dwelling – The raw return per dwelling expressed as revenue minus costs. This though is eroded over time with IRR considered to be a better measure of profit.

Revenue – The minimum sale price expressed for the purposes of this study as the sum of land value, constructions costs, interest, profit margin and taxes and charges.

Section 94 per dwelling – Developer contributions paid to the Local Government to finance local infrastructure such as parks, landscaping, libraries, footpaths, parking and transit. Expressed as a proportion of the total dwelling yield.