



UDIA NSW Policy Agenda 2008

The Urban Development Institute of Australia NSW



UDIA NSW 2008 POLICY AGENDA

The urban development industry is concerned with three major issues:

1. Dwelling and Land Supply
2. Governance; and
3. Taxes and Charges

Inherent in these matters is the consideration of infrastructure provision and financing, employment and social support services in the context of genuine sustainability. UDIA NSW has developed its Policy Agenda for 2008 and provides 21 recommendations that if pursued, will generate a more balanced and equitable regulatory and economic framework for the provision of new communities in this State.



Urban development typically contributes \$15 billion worth of activity to the State economy each year while construction and property and business services combined account for around 20% of NSW employment.

The NSW economy and in particular urban development have been constrained by a complex and inefficient regulatory framework. Unreasonable delays and complex decision making processes have been eroding housing affordability and creating a serious disincentive for investors in this State. BIS Shrapnel reported that dwelling commencements in this State reached a near 50 year low in 2006/07 (29,300). This translates to a significantly reduced demand on the NSW Planning System, yet still the average development application takes 75 days to be assessed. When development projects that contribute to housing supply are considered in isolation, the average assessment timeframe is significantly longer. Even with record low numbers of dwelling starts, the Planning System is overwhelmed.

UDIA NSW advocates a fair and reasonable regulatory environment that is conducive to the creation of new communities. Genuine reform must be concerned principally with providing certainty, transparency and the timeliness necessary to facilitate the delivery of housing to the community at affordable prices.

Urban development creates employment, critical infrastructure and housing. Beyond the social and economic benefits, contemporary estates often rehabilitate contaminated land, protect remnant vegetation and conserve energy and water through strict adherence to BASIX. As a direct result, sustainability is more evident in today's urban developments than ever before.

UDIA NSW represents the industry which develops new communities. It is a proud advocate for the interests of both the developer and the homebuyer. We pursue access to land for development, encourage the creation of a positive regulatory environment, and seek to moderate the burden of taxes and charges on our customers, the people of NSW. We believe in affordable, sustainable, and liveable communities.

UDIA NSW represents the leading industry participants with over 500 corporate members.

This is UDIA NSW's 2008 Policy Agenda.



Governance

- UDIA NSW advocates the **simplification of the NSW Planning System**. UDIA NSW believes this would most effectively be achieved through greater emphasis on the use of strategic planning to inform land use and investment decisions. The current system is complex and confusing for all users and the role of the Metro Strategy and various Regional Strategies is undermined by a myriad of legislation and duplicated assessment regimes. The process of incremental change to the *Environmental Planning and Assessment Act 1979* has served only to increase the complexity of the Planning System and compound the need for complete reform.

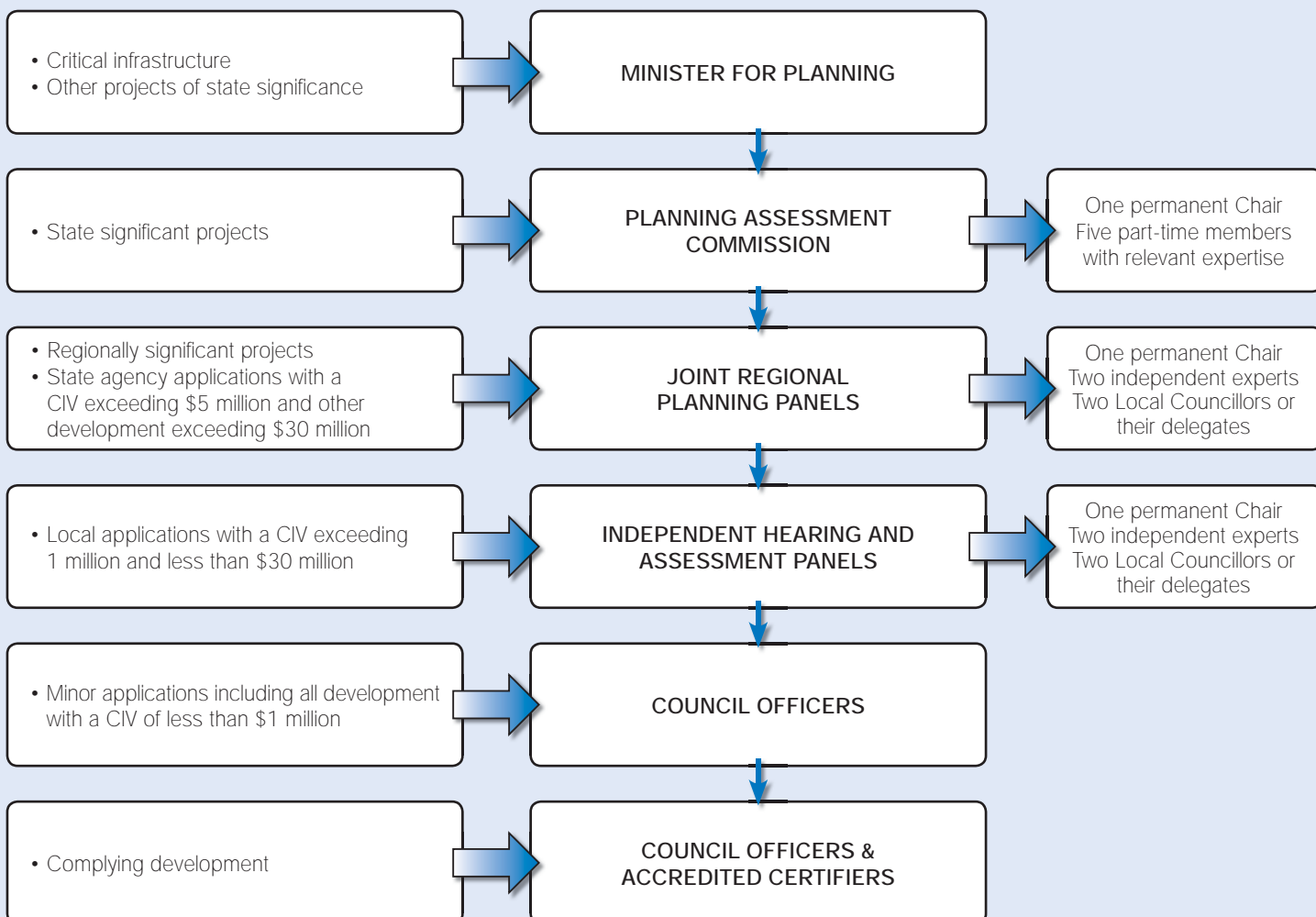
UDIA NSW will develop a comprehensive policy on reform for the NSW Planning System which will focus on rationalising the dependence on legal planning instruments and focus on the use of policy and strategy guidance for land use and planning.

- Within the current framework provided by the *Environmental Planning and Assessment Act 1979*, UDIA NSW proposes a **Development Assessment Hierarchy** that offers a greater degree of transparency, certainty, accountability and consistency in decision making. The proposal provides for the separation of powers at both State and Local Government, ensures clear roles and elected officials, minimises conflicts of interest and matches skills and responsibilities.

The proposed hierarchy is proposed on the basis that the Panels are:

- resourced with the necessary expertise, including professionals with a comprehensive understanding of the economics of investment in development and Local Government Councillors;
- accountable for assessment decisions to all stakeholders; and
- accessible to development proponents – including the opportunity for pre-assessment consultation.

Development Assessment Hierarchy – UDIA NSW Proposal





3. UDIA NSW advocates **strata reform** to assist in the renewal of Sydney's urban fabric. UDIA NSW proposes that where a significant majority is achieved (80%) to terminate the strata scheme that the dissenting voters be afforded the opportunity to be heard in an independently convened arbitration panel that can consider issues of hardship by making a determination on conditions of development or providing a recommendation on the appropriate levels of compensation. This would need to be a judicial panel rather than a political panel.
4. The current integrated development application process is at odds with best practice governance. The need for duplicate consents from a variety of NSW Government Departments is complex, particularly inefficient and does not add value to the assessment process but serves to compromise the primacy of the *Environmental Planning and Assessment Act 1979*. UDIA NSW contends that a single consent, **consolidated development assessment** process under one Act, the *Environmental Planning and Assessment Act 1979*, must be adopted. UDIA NSW recommends that the integrated development application process be removed and replaced with a referral system that provides government agencies a once-only opportunity to comment on development proposals. This needs to be reinforced by a prescribed timeframe of 28 days for response which if not met is taken that the development is 'deemed to comply'.
5. All Local Government Councillors should receive **training in strategic and statutory planning**.
6. UDIA NSW calls on the NSW Government to ensure that **profits generated by utility providers be reinvested in the provision and maintenance of infrastructure provided by the utilities**.
7. UDIA NSW believes that **Landcom** should be retained. Landcom's charter requires that it undertake strategic projects often land with marginal development potential, demonstrate government policies, lead by example and dispose of government assets. These are projects that the private sector will not typically become involved with due to the considerable risk. Landcom is therefore not a competitor but a catalyst in the delivery of new communities.
8. The application of a Regional Levy has been suggested by the NSW Government as a way of financing infrastructure. UDIA NSW is opposed to the introduction of levies and advocates that infrastructure be financed from consolidated revenue, and in particular, the hypothecation of GST revenue collected through the urban development process.

If the application of a Regional Levy is pursued, there must be a suitable governance model for managing and implementing infrastructure contributions. UDIA NSW contends that the **Department of Planning be empowered to take a proactive role in programming and managing the provision of regional and state infrastructure**. This will be reflected in revised and improved Regional Strategies which will

now include infrastructure provision to support regional growth and create certainty for investment.

The Office of the Coordinator General should provide a governance framework that will empower the Department of Planning, through the Regional Planning process, to coordinate the roles of state based agencies to achieve regional outcomes. This is particularly relevant given that each state authority considers their own area of responsibility in isolation of others.

9. UDIA NSW maintains that **s90 of the National Parks and Wildlife Act 1974** was never intended as a development control instrument. When drafted, s90 was concerned primarily with custodial matters for the preservation and exhibition of Aboriginal cultural heritage. Its present application is untenable and incapable of addressing the complexity of the contemporary urban development process. If a developer obtains approval, it is unreasonable for the consent holder to be responsible for activities carried out on land that they no longer own. If the consent is deferred to the homebuyer then a developer cannot guarantee that the buyer will be able to build a house. UDIA NSW demands that s90 be repealed and a **more balanced, strategic approach to the protection of Aboriginal heritage be adopted**.
10. UDIA NSW and its members advocate adherence to genuine **sustainability**. Sustainability as defined by the Productivity Commission is the maintenance of stock capital. Capital consists of human capital (social), man-made capital (economic) and natural capital (water, biodiversity etc). The best mix of capital assets is undefined but implies trade-offs between capital types to achieve goals. Trades in favour of natural capital are made in establishing national parks. It is therefore reasonable that trades in favour of social and economic capital be made when creating new communities. UDIA NSW and its members account for the triple bottom line not just environmental protection.
11. The implications of climate change on urban development have yet to be reflected in planning policy in NSW. Recent landmark decisions Land and Environment Court decisions have demonstrated the need for developers to consider the potential impacts climate change on a development, and the potential for a development to exacerbate the impacts of climate change. UDIA NSW will be **developing a policy position on the implications of climate change on urban development** in consultation with its Sustainability and Planning and Tax Reform Committees.





Taxes and Charges

1. Government investigate and implement alternative infrastructure financing for greenfield development. UDIA NSW advocates the **hypothecation of the GST to directly finance the provision of infrastructure in new greenfield communities.**

In Sydney's Growth Centres the forecast expenditure on state infrastructure is \$7.8 billion over 25 years. Target dwelling production in the Growth Centres is 160,000 dwellings over the same period. The average complete house and land package of \$500,000 will therefore generate \$50,000 in GST. Multiplied by 160,000 new dwellings in the Growth Centres this equates to GST revenue of \$8.0 billion, more than sufficient to cover the state infrastructure costs.

Returning the GST revenue to facilitate the activity which generates the tax is a transparent and equitable method of financing infrastructure. This substantial contribution will both service the new growth and deliver significant benefits to the metropolitan region, its people and economy.

2. The NSW **Government implement alternative infrastructure financing for infrastructure to stimulate urban renewal.** The current model requires a developer to assume the high level of risk inherent in investment in areas where the economic life of the existing building fabric has been exhausted and then demands a levy of up to 4% of the cost of development to fund local and regional infrastructure. This is a serious disincentive to development.

UDIA NSW maintains that a forward investment by government is required to improve public domain to encourage private investment. International best practice typically involves significant public investment to create attractive spaces to appeal to developers, employers and homebuyers.

3. **Long term low interest government borrowings** should be the primary source of infrastructure funding at the state and local government level. These can be repaid over time through differential rating and users pays charges. UDIA NSW advocates that this should be complemented by a regulatory environment that is sympathetic to private equity investment (e.g. by superannuation funds) to finance infrastructure delivery. This may include an expanded bond market.
4. UDIA NSW **supports measures to codify the local infrastructure costs that may be attributable to a development.** This will improve the consistency of Section 94 and 94A Plans across the State and should ensure a more appropriate balance of infrastructure provision between developers and Local Councils.

5. **Consolidated collection of state and local government taxes** on a regional basis is required to offset the present inefficient practice which encourages double counting and reduces accountability. UDIA NSW has evidence of state agencies encouraging local governments to levy for those items of infrastructure that they cannot or choose not to procure through their own budgets and charges.

Dwelling and Land Supply

1. UDIA NSW contends that the NSW Government provide for a **market led continuous dwelling supply** on both the urban fringe and within the existing urban footprint. This should provide for a geographic diversity of markets within and outside the NW and SW Growth Centres and in the Regions.
2. **Public transport** is integral to a successful urban development. Major land releases should ideally be serviced by integrated multi modal public transport. Correct pricing signals are needed to encourage public transport patronage.
3. **Amenity** is vital to encourage investment particularly in urban renewal. Parramatta is the preferred model for implementation. The Civic Place project is a collaboration of local and state government funded through land swaps, public private partnerships and parking fees linked to the reconstruction of Parramatta Railway Station. Parramatta recognises that its future is dependent on attractive, inviting public spaces which demand up-front government investment.
4. That the **Metropolitan Development Programme (MDP)** be published annually to inform infrastructure financing, the supply and provision of employment lands and sequencing of new development. UDIA NSW recommends that the regular consultation process with the urban development industry on the preparation of the MDP be reinitiated to capitalise on the expertise and experience offered by industry participants. The release of the MDP would also assist as a forecasting tool for GST hypothecation.
5. **Demographics** are changing in NSW. By 2016 over 20% of NSW's population will be over 60 years of age. UDIA NSW believes that policies should foster aging in place.

Policies should include incentives that provide for various building typologies to be developed that allow people to move nearby to minimise their domestic responsibilities while maintaining access to their relationship networks and their existing lifestyle. This may include incentives to amalgamate sites typified by small lots and fragmented ownership.

The UDIA NSW Executive and Council 2008



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