



UDIA NSW Policy Agenda 2009

The Urban Development Institute of Australia NSW



UDIA NSW POLICY AGENDA 2009

introduction

The Urban Development Institute of Australia NSW (UDIA NSW) is the peak industry body representing the interests of the urban development industry in NSW. UDIA NSW aims to secure the viability and sustainability of the urban development industry for the benefit of our members and therefore the communities that we create.

UDIA NSW's advocacy is focussed on three key themes for the development industry:

- affordability;
- investment certainty; and
- sustainability.

UDIA NSW represents the leading participants in the urban development industry with over 550 member companies. A quarter of these members are based in regional NSW.

UDIA NSW members are represented by an elected Council of 13 leading industry practitioners who are responsible for the strategic direction of the Institute. UDIA NSW also has an extensive Committee and Regional Chapter Structure that involves more than 150 of the development industry's key stakeholders in policy formulation. This Committee structure ensures that UDIA NSW's advocacy is realistic, constructive, professional and consultative.

The urban development industry is a major contributor to the NSW economy and its investment decisions are guided by key strategic documents including the State Plan, the Sydney Metropolitan Strategy and various Regional Strategies. The residential sector of the industry alone contributes more than \$15 billion worth of activity to the NSW economy annually and the property industry in general accounts for around 20 per cent of state government revenue through stamp duty.

The NSW residential market has been consistently underperforming that of the other major states. Housing production in NSW has fallen dramatically in the last five years to consecutive levels of 75 per cent of the historical average. The consistent under production of housing has been delivered in a context of record immigration and strong employment, creating significant downward pressure on rental vacancy rates and upward pressure on median weekly rents, particularly in Sydney. The record low production of new housing despite strong population growth and low rental vacancy rates demonstrates that housing in NSW, and Sydney in particular, remains unaffordable for the majority of new purchasers.

Market recovery in NSW will require a coordinated approach to reforming the economic and regulatory framework for urban investment. UDIA NSW emphasises that the road to recovery of the urban development sector will need a sustained, coordinated and consistent strategic approach by Government to attracting investment. This includes providing a competitive cost structure for investment, a commitment to delivering key transport infrastructure to support growth, and a positive approach within all sectors of Government to facilitate the delivery of new housing.

UDIA NSW's Policy Agenda 2009 outlines its key policy priorities for the coming year, and articulates the Institute's position on a number of core issues that impact the development industry. This report contains 10 key advocacy priorities that will assist in the revitalisation of the urban development sector and support growth in the NSW economy.





1. Metro and Regional Strategies

The link between growth, planning, and infrastructure

The development and maintenance of a robust and credible strategic policy framework to secure economic development and support population growth must be the fundamental platform for prosperity in NSW. UDIA NSW strongly advocates the use of the Metropolitan and Regional Strategy framework to guide public infrastructure delivery and investment certainty for the private sector in Sydney and the Regional Centres.

The fundamental underpinnings of the current Metro Strategy in particular are being compromised by stronger than expected population growth, record low dwelling production and consecutive reviews of key transport infrastructure commitments. UDIA NSW advocates a comprehensive update of the Metro Strategy to account for demographic and economic shifts and the delivery of a revitalised strategic vision to articulate the Government's infrastructure priorities and provide a holistic framework for growth. A revised framework must commit to linking key strategic land use decisions to the Treasury budget process and the delivery of capital investment in infrastructure.

2. Commonwealth Engagement in Urban Policy

The importance of major cities in driving national prosperity

UDIA NSW has strongly supported the Commonwealth Government's engagement in urban policy issues with a focus on housing affordability and infrastructure. The industry has welcomed the establishment of Infrastructure Australia, the Major Cities Unit, and the National Housing Supply Council, and the introduction of the Building Australia Fund, the Housing Affordability Fund and the National Rental Affordability Scheme.

Cities are a key driver of economic growth and productivity and as such warrant exposure to significant Commonwealth investment to generate efficiency dividends and stimulate new demand. The lack of housing affordability in most major capital cities is in part a reflection of a prolonged absence of recognition by the Commonwealth Government of the importance of a robust and dynamic property market. UDIA NSW advocates the expansion of Commonwealth involvement in urban policy through the use of specific initiatives to stimulate new development on urban renewal and urban fringe sites.

3. Planning Reform

A simpler system with more certainty

UDIA NSW advocates the simplification of the NSW Planning System. Despite recent reforms, the NSW Planning System remains complex, legalistic, and lacks a consistent and cohesive narrative for the delivery of strategic policy initiatives such as the Metro and Regional Strategies. The process of incremental change has resulted in a departure from the original intent of the Environmental Planning and Assessment Act 1979 and has served only to compound the need for complete reform.

UDIA NSW has commenced the development of a comprehensive policy on reform for the NSW Planning System. The Policy will focus on reducing the legalistic approach of the planning system and will elevate the use of strategic guidance for land use decisions and development control. This policy will address short term and immediate priorities as well as longer term reform to overhaul the planning system.

4. Strata Reform

Unlocking the sustainable future of our cities

UDIA NSW advocates strata reform to assist in the renewal of urban fabric. Major policy initiatives to increase density and infill within the existing urban context will not be delivered without major reform to the dissolution of existing strata schemes in designated strategic locations.

UDIA NSW proposes that when a significant majority of owners agree to terminate a strata scheme then dissenting voters be afforded the opportunity to be heard in an independently convened arbitration panel. The panel could 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.

5. Local Government Reform

More efficient delivery of infrastructure and services

Efficient local government operations are fundamental to the viability of the urban development industry and the provision of housing affordability in NSW. UDIA NSW believes that significant reform is required to deliver a framework that provides greater capacity for councils to meet their capital and operational expenditure obligations in the most efficient fashion.

UDIA NSW advocates reform to the fiscal and structural frameworks for local government including the removal of rate pegging and the consolidation of smaller local government areas to generate greater efficiencies in infrastructure and service provision and greater coordination in implementing state and regional planning policies.

6. Sustainability

A shared responsibility

UDIA NSW advocates the need for development to address genuine sustainability outcomes. The urban development sector has shown leadership in delivering sustainability outcomes through the adoption of new technologies and energy efficiency.

Delivering sustainability must be fundamentally concerned with ensuring intergenerational equity. This includes the preservation of environmental outcomes in balance with social equity by improving access to economic stability. Inherent in this balance is the need to ensure that the cost of delivering genuine sustainability is shared by the broad base of beneficiaries to the outcomes.

UDIA NSW will be developing a comprehensive guide to Sustainability Funding Opportunities to assist members in identifying and accessing funding opportunities for their projects or businesses.

7. Housing Delivery

Strategic infrastructure provision to deliver growth

UDIA NSW advocates that housing delivery in NSW must be a principal focus of all levels Government. A market-driven continuous supply of new housing on both the urban fringe and within the existing urban footprint must be led by a robust and credible strategic framework for growth delivered by the NSW Government.

The delivery of infrastructure to support housing delivery must be coordinated by a transparent and consultative Metropolitan Development Program (MDP) in Sydney or the Urban Development Program (UDP) in major regional centres and linked to the Treasury budget process. Housing delivery on both the urban fringe and in urban renewal must be based on the principles of delivering access and amenity upfront through significant public investment in transport and civic infrastructure.

8. Regional Water Servicing

A transparent model that delivers equitable outcomes

The development levy framework for the provision of water and sewer infrastructure in Regional NSW is compromising the viability of new development in key population centres and remains at odds with the recent reforms to Hunter and Sydney Water's infrastructure financing and delivery models. The current Regional DSP framework is complex, lacks transparency and requires the new homebuyer to fund intergenerational infrastructure upfront.

UDIA NSW calls on the Government to release the IPART Review of Regional DSPs which it has failed to disclose since the completion of the Tribunal's Review in September 2007. UDIA NSW advocates that the Regional DSP methodology be reformed to provide for the funding of water and sewer infrastructure through increased annual charges across every water authority's catchment supported by targeted capital grant support from the Commonwealth or State Government.





9. Property Tax and Levy Reform

A more efficient tax framework to simulate productivity

The application of a regressive property tax regime has compromised the urban development industry's capacity to deliver affordable product to all sectors of the market. This has been particularly pronounced in NSW where dwelling production is at record low levels. UDIA NSW advocates a balanced approach to levies and charges that recognises the important role that some contribution frameworks have in the delivery of baseline infrastructure to support new development.

UDIA NSW recognises the need for Government revenue from development activity but advocates that the most effective framework is one that delivers revenue through efficiently taxing high levels of economic activity. There are underlying constraints with the existing tax and levy framework at Commonwealth, State and Local Government level that must be addressed.

UDIA NSW supports the Henry Review of Australia's Taxation System and advocates as an immediate priority for reform the removal of the application of GST on stamp duty paid during the development process. UDIA NSW advocates as a broader priority the need for the GST framework to provide a more effective nexus between revenue collection from development activity and the provision of urban infrastructure to support growth.

10. Climate Change

Meeting change with certainty

UDIA NSW recognises the challenges presented by accelerated climate change. UDIA NSW will encourage its members in the creation of urban development that is capable of adapting to an evolving physical environment while minimising greenhouse gas emissions through innovation, good design, efficiencies and technological advances. These objectives must be delivered within an economic and regulatory framework that ensures affordability for future generations.

UDIA NSW aims to play an important role in the identification and implementation of best practice by working in close partnership and bringing together various voices to improve our knowledge of the implications of climate change on urban development.

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