



The Chief Executive Officer
Wollongong City Council
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Attention: City Strategy – City Centre Revitalisation

Wollongong City Centre Plan – UDIA NSW Submission

The Urban Development Institute of Australia (UDIA) appreciates the opportunity to comment on the Wollongong City Centre Plan and commends Council and the Department for preparing a long awaited plan for the revitalisation of the Wollongong CBD.

As the leading industry body for all sectors of the development industry, UDIA NSW believes that it can offer practical and insightful observations and solutions to assist the Council and the Department of Planning in realising a suitably ambitious plan for the Wollongong CBD. While some of the comments included in this submission are critical, they should be interpreted as contributing to a robust debate in the interests of achieving optimum outcomes including a balanced realisation of environmental, social and economic objectives.

Development Levies

Private industry investment is an essential part of the urban revitalisation package. To bring this powerful and critical force to bear, public and private sectors must recognise their complementary abilities and know the different frameworks within which each makes decisions. In preparing the Wollongong City Centre Plan, it is critical that Council and the Department of Planning work with development industry stakeholders to correctly identify and implement a regulatory framework that attracts private investment that is needed to realise the revitalisation vision.

Council and the Department of Planning have prepared an ambitious plan for the Wollongong CBD that will rely heavily on private investment and business attraction to fund civic infrastructure believed necessary to support the growth and development of the city centre. Through the Civic Improvement Plan, Council and DoP have identified public domain projects and special city centre projects to be partly funded through development contributions. Throughout the entire study area Council and DoP are seeking the expansion of the provisions of Section 94A of the Environmental Planning and Assessment Act 1979 to levy developers 2% of the cost of new development. Further, in the *Commercial Core Zone*, developers will be forced to pay a Section 94EE Levy, an additional 1% of the cost of development, towards State projects.

The City of Sydney established the precedent for s94A levies with a levy of 1%. It is disingenuous to suggest that development feasibilities in a regional city can reasonably sustain levies at three times that of Australia's only global city centre.

The development industry is prepared to make an equitable contribution to funding the cost of new infrastructure where a nexus between the levy, the new development, and the provision of new infrastructure is clearly demonstrated. It is recognised that industry consultation has occurred with regard to the proposed quantum and that some development can be accommodated in this tax environment. Nevertheless, these levies represent a series of disincentives that are unlikely to encourage extensive, innovative construction.

The proposed levies as a percentage charge in the *Commercial Core Zone* are three times higher than Sydney's Central City area. UDIA NSW believes that the magnitude and timing of the levies will serve as a significant disincentive in an area seeking to attract employment.

Recommendation

1. *UDIA NSW recommends that Council and the Department of Planning introduce a Section 94A Levy for a maximum of 1% of the cost of new development consistent with Sydney Central City Contributions Plan.*

Design Competitions and FSR & Height Bonuses

Architectural design excellence is vital to creating an attractive and liveable city. Seeking to improve design of new development in the Wollongong city centre should therefore be a key concern for Council and the Department. The introduction of SEPP 65 provided a solid platform for improving the design of urban development on which Councils can improve through more locally specific controls to provide desirable flexibility.

The draft Wollongong City Centre Local Environmental Plan 2006 requires that any new development greater than 35 metres 9 storeys (or both) in height or identified as a key site must be subject to a design competition that is consistent with the City Centre DCP. UDIA NSW contends that this is an onerous requirement for developers and a further disincentive for developers to invest in the Wollongong CBD.

UDIA NSW strongly advocates design excellence and provides industry recognition for design leaders through an annual awards process however contends that forcing developers to fund design competitions for every DA over 9 storeys is a costly impost that will not guarantee superior design outcomes but will slow the development process.

The draft City Centre LEP provides for FSR or height bonuses of up to 10% for proposed developments that have been subject to a design competition and the concurrence of the Director-General has been obtained to the DA. Whilst FSR and height bonuses are proposed in the draft LEP as an incentive for developers, they do not provide any real benefit for developers as they are negated by vendor expectations.

Such 'bonuses' are usually automatically taken up as increased land value and as such are priced into the value of the land as a right, not as a bonus. Furthermore, they often aggravate existing community prejudices against higher densities causing delays and increases in holding costs.

UDIA NSW further contends that development controls, whilst retaining an appropriate level of flexibility should seek to achieve desirable heights and densities in the first place and combine best practice urban design principles within existing community expectations.

UDIA NSW recommends that if FSR bonuses are offered that an alternative approach be adopted to the blanket application proposed. UDIA NSW suggests that the Council identify the total FSR across a development area based on market depth; design [3D building envelopes] and amenity.

The FSR would then be allocated against the above criteria and assigned to those developers that consolidate their lands or first seek to develop. Unused FSR for early developers could be traded to later developers. This creates a bonus" based on merits as an incentive to develop early with later developments receiving less incentive or no bonus.

It should be acknowledged that incentives are tools to encourage development and cannot overcome weaknesses in the fundamentals of a site such as high vendor expectations, high taxes and low sale prices.

Recommendation

2. *UDIA NSW recommends that compulsory design competitions for DAs over 9 storeys be removed from the LEP.*
3. *UDIA NSW recommends that Council and the Department of Planning pursue a more sophisticated use of FSR bonuses to stimulate early development rather than compensate for onerous taxes and charges.*

Investor Confidence

Critical to the task of achieving the revitalisation vision is first creating and fostering investor confidence in Wollongong. UDIA NSW interests the excessive s94A charges, the state infrastructure levy and design competitions as a series of disincentives.

UDIA NSW contends that the creation of amenity is central to the viability of urban renewal and urban renewal is arguably the most pressing challenge of Wollongong's revitalisation. Place making including the creation of an attractive, memorable environment which emphasises high quality civic spaces and quality of life is critical to urban renewal.

The Civic Improvement Plan demonstrates that Council and the Department have identified key public domain infrastructure that will contribute to creating and improving amenity in the city centre. UDIA NSW maintains that government funding is required to improve public domain to encourage private investment. Rather this plan asks developers to assume all the risk then pay for the public domain. The Wollongong proposal is entirely contrary to international experience where significant public investment has been used to create attractive spaces to appeal to developers, employers and homebuyers.

Parramatta's Civic Centre project offers a good model for urban renewal stimulated by improved public amenity. Parramatta Council has been central to the planning and financing of the Civic Centre project which seeks to create amenity and a sense of place using civic structures and public land.

The NSW State Government has assisted in this process through the redesign and reconstruction of the Parramatta Railway Station. The response has been favourable with considerable residential and commercial activity planned in response to the favourable signals received from government and the market. Parramatta is becoming a destination with a real sense of place and dynamism.

Recommendation

4. *Council and the State Government consult with key industry stakeholders to investigate alternative measures to fund the provision of major public infrastructure.*

Conclusion

Council with the Department of Planning have released a plan for the Wollongong CBD that represents a significant milestone in the City's growth as a major regional centre and provides an ambitious framework for the future. As Wollongong strengthens its role as a major regional centre in greater metropolitan region of Sydney, business attraction and major commercial investment will be increasingly important and ensuring that urban planning policy is sympathetic to these objectives just as important.

UDIA NSW contends that what development industry needs is a greater demonstration of confidence from Council in the future of the Wollongong CBD. The development industry had hoped that Wollongong Council would lead the future development of the CBD with innovative investment in the public domain. Instead the Wollongong City Centre Plan places an undue emphasis on the development industry to fund community infrastructure and does not provide the incentives that will attract business and commercial investment to the City.

Whilst some of the comments in this submission seem critical, they are intended to provide insight from the development industry, the industry that will be responsible for realising the objectives of the plan, and should be viewed as contributing to a robust debate. UDIA NSW has offered a number of recommendations on the plan and looks forward to contributing further to planning the revitalisation of the Wollongong CBD.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Poole', written in a cursive style.

Dr David Poole
UDIA NSW Chief Executive Officer