

29 October 2022

Greater Cities Commission
PO Box 257
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Electronic submission

To whom it may concern

Greater Cities Commission Discussion Paper

NSW is gripped by a housing supply crisis. If NSW is to fulfil its mandate and deliver global competitiveness and local liveability, addressing this crisis and establishing policies and strategies aimed at meeting growing demand for housing is the critical task for the newly established Greater Cities Commission. Please see at the end of this submission (page 15) a summary of recommendations made.

The “Metropolis of Three Cities” Regional Plan usefully embedded the concept of the three cities of Sydney. But the dreams for realisation of the plan have been blighted by the manifest failure to establish and enforce sufficient housing targets.

The newly formed GCC now covers a part of NSW with 6.27 million residents. Approximately three out of four NSW residents live in the region, and it is one in which one in four Australians reside. The success of the GCC is critical to the economic growth of our nation and it is economics that must be central to its future plans.

The housing crisis was initially denied by senior planning public servants who were appallingly out of touch with the critical concepts including rezoning, serviced land, and project feasibility. Rather than step in and point out the need for revised housing targets and increased density and height, the GCC (as the GSC) re-focussed instead on employment opportunities. This was an error.

The Regional and District Plans underpinning the Six Cities need to include clear housing supply targets which take into account the restrictions associated with CPMP, infrastructure funding and delivery constraints, recent flood and natural disaster events, while still delivering a diverse range of

housing in all areas, taking particular advantage of recent infrastructure investment and infrastructure with available capacity.

Urban Taskforce notes that The Six Cities Region Discussion Paper acknowledges the existence of a **housing supply crisis**, and that supply is simply failing to meet demand. This acknowledgement is a welcome shift in tone and exposes the need for dramatic change.

Urban Taskforce supports the sentiments expressed in the Next steps/Getting it done section of the Discussion Paper which states that:

“incremental improvement will not achieve benefits at the scale envisaged in this paper. This will require a significant change in the approach to both strategic planning and delivery. It will require a paradigm shift”.¹

This frank admission of policy and practical failure needs to be matched with an appropriate response to address the failures.

The Plan outlines the intention to establish 5,10 and 20 year targets for additional dwelling.

It is critical that the housing supply crisis is addressed urgently, which means that the 5-year plan needs to determine how the State gets “best bang for its buck” when it comes to housing supply.

Urban Taskforce supports this and welcomes the work that has already begun in GCC to set these targets.

The first 5-year plan (2016-2021) saw low targets applied and GSC/Councils celebrate their success in going close (in aggregate) to achieving those targets. The problem is the targets were set too low and that is why we have a housing supply and affordability crisis today.

Urban Taskforce encourages the Greater Cities Commission to commit to strategies and solutions that will address the housing supply crisis and ensure the Six Cities Region has the appropriate diversity of housing mix.

The GSC's policies on affordable housing have failed. It took the Commonwealth to step in and develop a scheme that contemplated the need for a project to be feasible if it is to deliver market or affordable housing.

¹ GCC, The Six Cities Region Discussion Paper, 2022, p. 65

Housing targets

Presently, housing approvals and delivery is largely the responsibility of local government. As such, the third tier of Government plays a critical role in delivering the housing that NSW needs. Data produced by DPE on the UDP site shows that most Councils in NSW are falling well short of their minimum housing supply targets:

Council	DPE Projected 5 year housing supply (published in the UDP) *	Minimum GCC housing supply target 2021-2026	GCC Target range	DPE assessment of the gap over the 5 years (Column c minus Column B)	Actual new home supply July 2021- end June 2022 published by DPE in the UDP*
Bayside	7,355	7,720	8,500 – 10,500	365	544
Blacktown	16,700	16,500	16,500 – 18,500	- 200	4,553
Blue Mountains	370	550	550 - 600	180	52
Burwood	2,900	2,030	2,200 – 2,500	- 870	337
Camden	9,990	10,000	10,000 – 12,500	10	1,952
Campbelltown	4,975	7,100	7,100 - 7,500	2,125	781
Canada Bay	2,425	3,800	3,800 – 4,000	1,375	114
Canterbury- Bankstown	7,190	12,500	10,500 – 12,500	5,310	446
City of Ryde	5,755	8,400	8,400 – 8,900	2,645	511
City of Sydney	8,625	17033	14,000 – 15,000	8,408	1130
Cumberland	8,905	7,000	10,000 – 12,500	- 1,905	931
Fairfield	2,090	3,760	3,000 – 3,800	1,670	427
Georges River	4,220	3,450	3,450 – 4,250	- 770	597
Hawkesbury	580	1,100	1,100 – 1,300	520	181
Hornsby	1,490	3,800	3,800 – 4,200	2,310	173
Hunters Hill	65	150	150 - 200	85	2
Inner West	3,360	5,000	5,000 – 5,700	1,640	559
Ku-ring-gai	2,590	3,000	3,000 – 3,600	410	109

Council	DPE Projected 5 year housing supply (published in the UDP) *	Minimum GCC housing supply target 2021-2026	GCC Target range	DPE assessment of the gap over the 5 years (Column c minus Column B)	Actual new home supply July 2021- end June 2022 published by DPE in the UDP*
Lane Cove	2,435	3,000	3,000 – 3,500	565	715
Liverpool	9,060	8,500	8500-12,000	- 560	2,050
Mosman	110	300	250 - 300	190	9
North Sydney	2,415	3,000	3,000 – 3,500	585	209
Northern Beaches	1,665	3,500	3,500 – 4,000	1,835	176
Parramatta	11,495	23,660	22,500 – 25,000	12,165	2,654
Penrith	5,330	6,500	6,500 – 10,000	1,170	776
Randwick	1,470	4,300	4,000 – 4,300	2,830	82
Strathfield	2,505	3,800	3,500 - 3,800	1,295	48
Sutherland	5,125	3,800	3,800 - 5,100	- 1,325	509
The Hills	14,375	9,000	9,500 – 11,500	- 5,375	3,021
Waverley	1,290	761	1,250 – 1,350	- 529	343
Willoughby	1,265	1,600	1,600 – 1,800	335	40
Wollondilly	2,735	2,224	1,800 – 2,300	- 511	588
Woollahra	640	500	500 - 600	- 140	82
				-	
Total	151,500	187,338		35,838	24,641

* Published by DPE - see link below

[Microsoft Power BI](#)

Shows Councils that have fallen way short of their target in 2021-2022

Urban Taskforce notes that over the past several years, a housing supply crisis has emerged in Greater Sydney. This has been compounded by a reluctance of the Government to take steps to address the inadequacy of housing targets or the non-compliance of some Councils.

The most recent figures from the Department of Planning and Environment's Urban Development Program dashboards demonstrates the depth and severity of the crisis. In the 12 months to June 2022, shown in the table above, new housing supply plummeted to 24,641 homes – almost 30% below the previous 5-year average when the supply crisis first emerged.

Unless this performance is dramatically turned around – NSW is on a projection (according to DPE's own data) to only deliver less than 150,000 new homes in the five years to mid-2026. To make matters urgent, the Federal Government recently announced the permanent immigration intake would be increased to 195,000 per annum – and it is expected that a significant proportion of this intake will settle within the Six Cities region.

NSW is gripped by a crisis which will only deteriorate if the current approach to housing approval remains.

The Six Cities Plan must include targets for each Council, and also establish or recommend a set of options for when there are instances of Councils not delivering on their agreed targets.

Urban Taskforce notes the Discussion Paper acknowledges that a change of approach is required. The former CEO of the GCC, Elizabeth Mildwater, stated in the “Getting It Done” section of the online discussion paper:

“we need to change the approach to both strategic planning and delivery”².

The section goes on to discuss Governance, collaboration and whole of Government approaches. Situations where Councils do not deliver their housing targets must not be ignored. Targets are meaningless if there are no consequences for a stakeholder if they fail to meet these commitments.

If, as is the case in the current NSW planning system, Councils are essentially responsible for the assessment of DAs and zoning for housing supply, it is critical that they be held to account in fulfilling such critical responsibilities.

Further, the targets themselves have been too low, reflecting possible political interference in the setting of Council LGA targets.

² <https://greatercities.au/six-cities-region/getting-it-done>

What we know is the next five years will see a dramatic decline in housing approval and delivery numbers and it took the Commonwealth to recognise the extent of the problem and take action. More important, however, is the need to address the complexity of the processes that Councils must go through to produce a compliant assessment report. GCC (as GSC) has, in most cases, added to this complexity, not reduced it.

The Six Cities Plan needs to set ambitious and measurable targets for each City, each district and each LGA. Importantly, GCC (or someone on the NSW government) must hold them to account and have remedies at hand where underperformance is identified.

Recommendation 1: that the Six Cities Regional Plan should contain housing targets for each City, local district and LGA, with a plan for remedy or enforcements options where targets are not being met.

Affordable Housing Targets

Urban Taskforce does not support the GCC's position as stated in Clause 3.6 of Discussion Paper. Affordable Housing must be supported with bonus FSR/GFA, over and above that which would otherwise be approved.

The problem with the GCC approach is it does not allow for consideration of feasibility. Further, once it gets into the hands of some Councils, they take this as a given for all rezonings, and as a result not only is there no affordable housing supply produced, but there is also no housing supply at all. This failed approach is at the very heart of the current housing supply crisis.

The recent Budget signified a renewed interest by the Federal Government in the housing space, and it is critical that the GCC actively engage with the Federal Government to see how their involvement can assist with housing supply and infrastructure. The Housing Accord saw a targeted and financially supported approach to affordable housing supply.

Planning for the existing and future needs of 25% of the national population (the 6.27 million Australians living within the Six Cities region) provides the GCC with a strong mandate and opportunity to take up the Commonwealth Budget opportunities presented through the Housing Accord.

For NSW to benefit from these new Commonwealth affordable housing Accord provisions, the quagmire that is the NSW planning system needs

urgent and radical attention. This was explicitly recognised by the Treasurer on Federal Budget night. This can be led by the GCC's Six Cities Region Plan. Density and height are the only ways to increase affordable housing in areas where people want to live, in areas where key workers can live close to their places of work.

However, Clause 3.6 on page 42 of the Discussion Paper (released for exhibition well before the Commonwealth Budget) seeks to charge new home buyers.

The NSW Productivity Commission Infrastructure Contributions Final Report examined infrastructure contributions and on affordable housing, found that:

“Local contributions should be used to fund development-contingent costs; that is costs that would be avoided if a development did not go ahead. Affordable housing does not fall within this definition... The limited uptake of affordable housing schemes by councils suggests the contributions system plays a minor role in affordable housing supply. Moreover, it is not clear that housing is being made more affordable as a result of these schemes, as some stakeholders noted: the creation of a small quantity of “affordable housing”, may be at the cost of making other housing more expensive.”³

Affordable housing contributions impact the ability of the planning system to increase housing supply in general. The GCC position as proposed in the Six Cities Region Discussion Paper is simply a tax on re-zoning.

We acknowledge that the Discussion Paper does mention examining “new financing mechanisms”, but this is vague and the detail on such matters is all important.

Blunt affordable housing targets affect project feasibility and this has a direct impact on supply when projects do not go ahead. Affordable housing contributions actually push up the price of new homes as the price of ‘market’ homes is increased to off-set the cost of the affordable housing, unless they are supported with bonus FSR of GFA.

The GCC proposal is value capture by stealth.

³ NSW Productivity Commission, “Review of Infrastructure Contributions in NSW – Final Report”, NSW Treasury, November 2020

Affordable housing is produced by more approvals and faster re-zonings of land to boost supply, not the application of affordable housing levies or targets without any mechanism to pay for them.

Increased supply will result in the slowing of price escalation – not a new tax that produces only a miniscule number of new dwellings.

The affordable housing levies which spread across Sydney following the publication of the Metropolis of Three Cities Regional Plan in 2017 are akin to placing a tax on bakers to solve a shortage in bread supply. It is similar to placing a tax of farmers because of a food shortage.

The proposition in clause 3.6 of page 42 of the Discussion Paper will increase the price of the very commodity (housing) you are seeking to make more affordable in most cases unless bonuses are available (over and above the greater height and FSR that had been anticipated when the land was purchased).

In terms of outcomes, the GCC Affordable Housing policy has been a disaster for Housing Supply to date. Very little affordable housing has been produced unless there has been bonus height (or density) applied or in cases where the land was owned by Council or the State of NSW. Worse, it has worked to reduce market housing supply and now we have a housing supply crisis.

By contrast, a successful initiative introduced by the Turnbull Government was making access to low-cost capital available to Community Housing Providers and the not-for-profit sector through the National Housing Finance and Investment Corporation (NHFIC) bond aggregator funding model. The Commonwealth Budget 2022 has built on this approach through the Housing Accord. The Commonwealth have recognised the hand brake effect that State regulations have had on affordable housing supply. Use “carrots” to encourage the production of housing supply not more fees, taxes, charges or value capture.

Further, at the conclusion of the Jobs Summit, the Treasurer, Jim Chalmers, announced an expansion of private funding access the NHFIC “bond aggregator” funding scheme to deliver affordable housing. This is another case of a reward for the provision of more affordable housing rather than a tax.

The GCC should set ambitious LGA and District housing targets to drive up housing supply generally. Any reference to affordable housing must be supported by additional yield to ensure project feasibility.

Recommendation 2: the GCC publish ambitious housing targets and regularly report on performance to assist Federal and State Governments to make informed decisions to incentivise Councils in the delivery of the housing to meet demand and improve affordability. Any Affordable Housing Target must be flexible and be supported by new financial arrangements plus additional GFA or FSR to ensure project feasibility.

Deliver well connected housing where there is transport capacity

Recommendation 8.1 of the NSW Productivity Commission's 2021 White Paper called on the Government to deliver housing where there is transport capacity.⁴

Urban Taskforce notes that the discussion paper seeks to progress this matter by ensuring the City Plans set a minimum target of only 25% for the proportion of the total LGA housing target to be delivered through higher density housing types in locations within 800 metres of a strategic centre or transport hub.⁵

This is a good approach, but the target is way too low. In effect, it is a dressed-up plan to deliver the status quo. Many Sydney Councils are already delivering high proportions of their specific housing growth targets as apartments and townhouse stock, within these locations close to strategic centres and/or transport hubs.

The Six Cities Region Plans need to be ambitious in this regard and set a high bar for Councils which are strategically placed, are close transport hubs and jobs, and are high in amenity. Such an approach will boost productivity, enhance the liveability of our cities and suburbs, as well as improving environmental outcomes and

Given the constraints around new infrastructure that is likely to continue in the years and decades ahead, it is critical that the city plans identify strategic centres where there is clear capacity for densification above and beyond the 25% minimum and hold those Councils to account when it comes to delivering on the housing stock required.

Recommendation 3: that the 25% minimum target for growth targets be significantly increased in areas where transport and infrastructure capacity is newly provided or is under-utilised.

⁴ NSW Productivity Commission, Rebooting the Economy, 2021, p. 311

⁵ GCC, The Six Cities Region Discussion Paper, 2022, p. 42

Along with transport capacity, it is unacceptable that housing is pushed onto areas where there are infrastructure constraints such as water, sewerage. This only leads to delays, adds to the costs of housing, and places even greater pressure on stretched Government budgets.

The GSC did not pay sufficient attention to the fine grain infrastructure (sewer, water, and roads) that brought land to the market in their land use planning.

It is of concern that no agency within the NSW Government is undertaking such work. No agency is singularly responsible for doing this. There is no overarching state agency strategy to get the most land to the market in the fastest time at the least cost to the whole of government. It is left to the infrastructure agencies to stumble about with competing objectives and priorities.

In terms of future infrastructure to support housing, there is an urgent need for a state-wide Government agency strategy.

Recommendation 4 – that the GCC/NSW Government audit existing infrastructure (transport, roads, water, sewerage and storm water), and increase targets for those districts and Councils where there is identified capacity to support more housing, and develop an overarching state agency strategy with respect to infrastructure delivery. This audit should also consider changes in travel behaviour post COVID.

Prioritise large scale sites and precinct-based approach can be applied

The severity of the housing crisis, together with the state-wide shortage of planners to plan for the orderly supply of housing to meet demand, requires a more strategic approach where we maximise the outcomes given the limited resources at hand.

The Six Cities Plan need to prioritise large scale sites with high values and high yields -which lend themselves a precinct-based approach. This enables scarce planning resources, to deliver optimal housing outcomes to address the supply crisis. It will also ensure more orderly, high-quality outcomes that better align growth with infrastructure.

Recommendation 5: that the Six Cities Plan identifies and prioritises large scale sites where a precinct-based approach can be applied

Identify opportunities in industrial lands

The Urban Taskforce believes that there are opportunities to accommodate more housing in strategic industrial lands across the Greater Sydney GMA. We are disappointed that the current “retain and manage” approach of the GCC to industrial and urban services land fails to deliver a flexible and pragmatic approach to tackling the housing crisis. The Discussion Paper’s reference to “significant change” and “paradigm shift” demands an overhaul of the current policy.

It is critical that the GCC change its approach in this matter without fear or favour when it comes to political considerations. It must revisit the recommendations contained with the NSW Productivity Commission’s White Paper which called for a more flexible and merit-based approach to industrial and urban services land.

Recommendation 6: that the Six Cities Plan adopts a flexible and merit-based approach to industrial and urban services land which considers the specific circumstances of sites – such as access to major transport nodes and freight links, existing employment and the success or otherwise of the relevant Council in delivering rezonings and approvals in line with their GCC-set housing targets.

Metropolitan Rural Areas (MRAs)

Metropolitan Rural Areas (MRAs) that have been mapped across parts of Sydney. Some of these locations that fall under the MRA are unviable for agribusiness and are better suited to urban development. i.e., sites that adjoin residential subdivisions and existing housing.

The MRA’s have created difficulties in initiating discussion with DPE and Council in relation to sensible planning proposals for the rezoning of the land. The GCC should oversee an urgent review with a view to identifying land suitable for the delivery of housing supply.

Land fragmentation

GCC should map growth areas with the clear intent of identifying fragmented land ownership. There is enormous potential in for housing growth to be delivered through the consolidation of fragmented land.

The experience of development of fragmented land in Blacktown and Liverpool LGA’s was the mainstay of land release in the mid 1990’s. These lessons should not be ignored.

Recommendation 7 – that the GCC should oversee an urgent review of the MRA maps within the Six Cities Region along with the identification of fragmented land with a view to identifying land suitable for the delivery of housing supply.

Timeframes – need for early direction in terms of principles and an action plan

NSW is experiencing a housing supply crisis now and solutions to meeting demand for housing is an urgent matter.

The Discussion Paper is too vague on timeframes, which adds to scepticism that the Plan is a place marker which will not address thorny issues around housing supply before the next State election.

The Commonwealth has stepped in with reform, targets, funding and intent. It is time that the organisation responsible for the development of this State's premier "Six Cities," stepped up.

There needs to be an initial commitment in terms of principles underpinning the Plan, equipped with a set of actions that will chart how the Plan will deliver on key aspects such as housing supply and affordability.

- Accept that meeting demand requires a re-think on allowable heights and densities in existing built-up urban areas
- Targets must deliver outcomes and where they don't, there must be serious consequences
- GCC must lead the discussion on the need to change the built character of suburbs – and not just hold a mirror up to NIMBY dominated local communities and Councils
- Infrastructure agencies, statutory authorities, government trading enterprises must provide a clear picture of available infrastructure capacity rather than refusing to hand data over to the GCC, which has to date rendered its job virtually impossible
- All new Metro stations and significant infrastructure investments must involve significant re-appraisal of height and density in the surrounding 1km radius and beyond
- Growth must be spread across all areas of Sydney to ensure that the cost of new infrastructure is affordable for the State and does not push up prices of new housing stock further.

Recommendation 8 – that the GCC commit to a bold set of principles which will drive cultural change in the planning system and make housing supply and employment their top priorities.

Conclusion

Disappointingly, the *Six Cities Region Discussion Paper* is simply a magazine style document, full of utopian clichés and glossy pictograms and illustrations.

This approach to planning is inadequate to address the real issues being faced by the Region, particularly the supply of new housing, which fell 30% this year compared with the last 5-year average.

DPE currently predicts that in the 5 years till mid-2026, only 150,000 will be produced. Even this medium growth scenario looks unlikely given the performance of the planning system over the first year (July 2021 – end June 2022).

The Six Cities Region makes a substantial contribution to Australia's economic strength and is the pre-eminent urban area.

The Region houses 6.27 million people, 75% of NSW's residents, and 25% of all Australians, and will be a highly desirable housing destination for the 195,000 new Australians that will be arriving every year under Federal Government policy.

An adequate supply of new housing over coming decades will be critical to maintaining and expanding the Region's role within Australia's economy.

The delivery of new housing supply must be the **central goal** of the Six Cities Region Plan.

To achieve this goal, it is imperative that housing targets are formulated for the Region's Local Government Areas (LGAs).

The targets should reflect each LGA's unique opportunities, including strategic or accessible locations, new transport infrastructure and available sites, while pragmatically addressing its constraints, for example, flooding, bushfire and natural areas.

Targets should also ensure a diversity of new homes are delivered to suit the needs, budgets and geographic preferences of home buyers. This includes high density apartments and medium density in existing urban areas and new houses in greenfield areas.

Councils and state agencies can then confidently plan for supporting infrastructure, and the Department will be able to monitor housing delivery against the targets to identify where remedial action is required.

Embedding objectively formulated targets in the Region Plan, combined with regular monitoring, will obligate Councils to initiate LEP amendments that facilitate housing projects and assess development applications in a timely and positive manner.

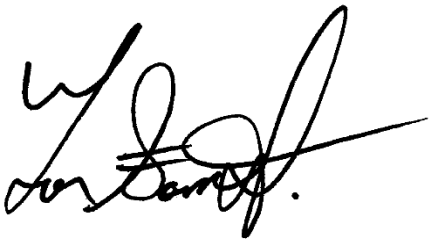
Finally, formulating and meeting housing targets depends on collaboration and information exchange between the development industry and state, local and federal government.

The City Plans must also provide a clear structure for collaboration between all stakeholders to achieve the goal of delivering the amount of new housing.

The Urban Taskforce is ready to work with the GCC on the formulation of targets and a collaboration structure. There is an opportunity for the GCC to embrace the paradigm shift referred to in the new Discussion Paper and re-establish the Greater Cities Commission as an independent data-driven policy advocate.

Should you wish to discuss this matter further, please call our Head of Policy, Planning and Research, Stephen Fenn on 9238 3969 or via email stephen@urbantaskforce.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tom Forrest', with a stylized flourish extending to the right.

Tom Forrest
Chief Executive Officer

Urban Taskforce recommendations

Recommendation 1: that the Six Cities Regional Plan contains not just housing targets for each City, local district and LGA, with a plan for remedy or enforcements where targets are not being met.

Recommendation 2: the GCC publish ambitious housing targets and regularly report on performance to assist Federal and State Governments to make informed decisions to incentivise Councils in the delivery of the housing to meet demand and improve affordability. Any Affordable Housing Target must be flexible and be supported by new financial arrangements plus additional GFA or FSR to ensure project feasibility.

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Recommendation 5: that the Six Cities Plan identifies and prioritises large scale sites where a precinct-based approach can be applied.

Recommendation 6: that the Six Cities Plan adopts a flexible and merit-based approach to industrial and urban services land which considers the specific circumstances of sites – such as access to major transport nodes and freight links, existing employment and the success or otherwise of the relevant Council in delivering rezonings and approvals in line with their GCC-set housing targets.

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