

URBAN —LIVING NETWORK



Urban Living Network covers news about new homes and apartment developments, retail trends, job locations, density related to railway stations, urban projects on city fringes, strata and planning reforms. We aim to provide real data on trends, housing supply and demographic change. ULN is essential reading for all those involved in urban living including politicians, councils, planners, architects, developers, financiers, legal firms, real estate agents and strata bodies.

Tom Forrest
CEO - Urban Taskforce Australia

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In this edition ...

1. Minns Government listens to Urban Taskforce and switches to incentives for more affordable housing
2. NSW Government's language around greenfield development is a cause for concern
3. The Times, They Are a-Changin'
4. DPE dashboard - mapping the failure in Sydney's housing supply
5. Inner west madness – heritage listing of substations
6. ABS data shows collapse in housing sales in NSW
7. Greens rent freeze claims don't stack up
8. State led rezoning and assessment planning proposals to be announced in coming weeks
9. The planning system is a spanner in the works – Wingate survey
10. The Australasian Strata Insights 2022
11. Other news
12. UTA in the News
13. Members in the news

1. Minns Government listens to Urban Taskforce and switches to incentives for more affordable housing



This week's announcement of incentivising housing development is a welcomed change of approach when it comes to delivering the housing that Sydney needs.

Housing developments with a CIV over \$75 million, which allocate at least 15% of the total GFA to affordable housing, will be:

- assessed through the State Significant Development pathway, and
- able to access a 30% floor space ratio bonus and a 30% height bonus over existing provision in the relevant LEP.

FSR and height bonuses to support the feasible development of affordable housing, combined with a State Significant Development planning approval pathway, is a policy that Urban Taskforce has been strongly advocating for years.

This week's announcement is a positive step away from "inclusionary zoning", which in effect was a tax on housing and was used by a number of Councils to stymie development.

This is an important move towards addressing the housing supply crisis.

Urban Taskforce is seeking a number of points of clarification, including the circumstances of where a height bonus will and will not be able to be utilised.

The requirement to hold the affordable housing apartments for 15 years will also be a disincentive as it is difficult for the development community to secure finance for such a long term.

The definition of affordable housing as per the EP&A Act is not ideal. It will be important moving forward that there is a clear and reasonable definition as to what qualifies as "affordable". Urban Taskforce maintains that Affordable Housing should be defined as being a 20% discount to market rent – as was used by the Commonwealth for the NRAS scheme, and is consistent with the National Housing Accord.

While wanting to look at the detail, CEO Tom Forrest welcomed the Government's announcement, which heeded our long standing to incentivise the private sector to deliver more housing and more affordable through height and FSR bonuses. This is a smart way of addressing a societal problem.

To read Urban Taskforce's media release welcoming the Minns Government announcement, [click here](#).

Yet today some of the usual suspects came out against the policy. Woollahra and Waverley Councils, who collectively delivered 257 completions and 359 approvals in the last calendar year, complained about being sidelined and seemed to bemoan the fact that the Government was trying to get the private sector to deliver affordable housing.

As to the purported denial of democracy, an alternative view would see fault in the denial of the views of future residents and an entire generation of Millennials, in deciding such matters, and that a rational Planning system must in its very nature seek to cater for these needs. This dichotomy has exposed serious flaws in the NSW Planning System, the legislation, the regulations and the culture that prevails. The opposition to additional housing that some local government NIMBY advocates demand is built on intergenerational inequity, and is one reason why younger generations are starting to speak out against the vested aged interests of many inner city councils and their councillors.

To read more of the coverage, [click here](#). Please note, this article may be paywall protected.



Yes, no one could afford housing. But for a beautiful moment in time we stopped any developers from making profit.

Source: https://twitter.com/peter_tulip/status/1669486344173932544?s=20

2. NSW Government is sending confusing messages on greenfield



Some of the language being used around greenfield development is a cause for concern.

The balanced development of Sydney requires a concerted push on a number of fronts. Greenfield development has historically delivered over a third of new housing within the Sydney basin.

We have a housing supply crisis in all sectors. We can't afford to turn our back on greenfield housing supply – particularly where clear signals have been sent to the private sector that as part of the Western Parkland City, areas with the North West, West and South West will be developed to deliver the third city of Sydney.

What we have seen in recent years is a collapse in infill development. This week's announcement on greater height and FSR and an SSD pathway should start to address this.

But importantly, where Greenfield development is supported by public transport, the bonus provisions associated with affordable housing will also apply, provided the other criteria are met.

It appears that comments by Geoff Roberts, the Chief Commissioner of the Greater Cities Commission, that we must nearly stop greenfield development, published in the SMH this week, may have been taken out of context. To place all hope of addressing the housing supply crisis and meeting the needs of a growing Sydney into one basket will remove choice and a key part of the solution to Sydney's housing supply. Put simply – we need both!

3. The Times They Are a-Changin'



Urban Taskforce CEO Tom Forrest's article for Sourceable this week noted the heavy lifting that will be required should NSW meet the targets set by the National Housing Accord.

NSW's target of 62,800 homes a year for 5 years from July 2024 means a big ramp up in what we are currently achieving – around two thirds of that.

Tom also somewhat ironically noted when NIMBY boomers were in their teens, Bob Dylan was singing about the generational divide in songs like “The Times They are a-Changin”.

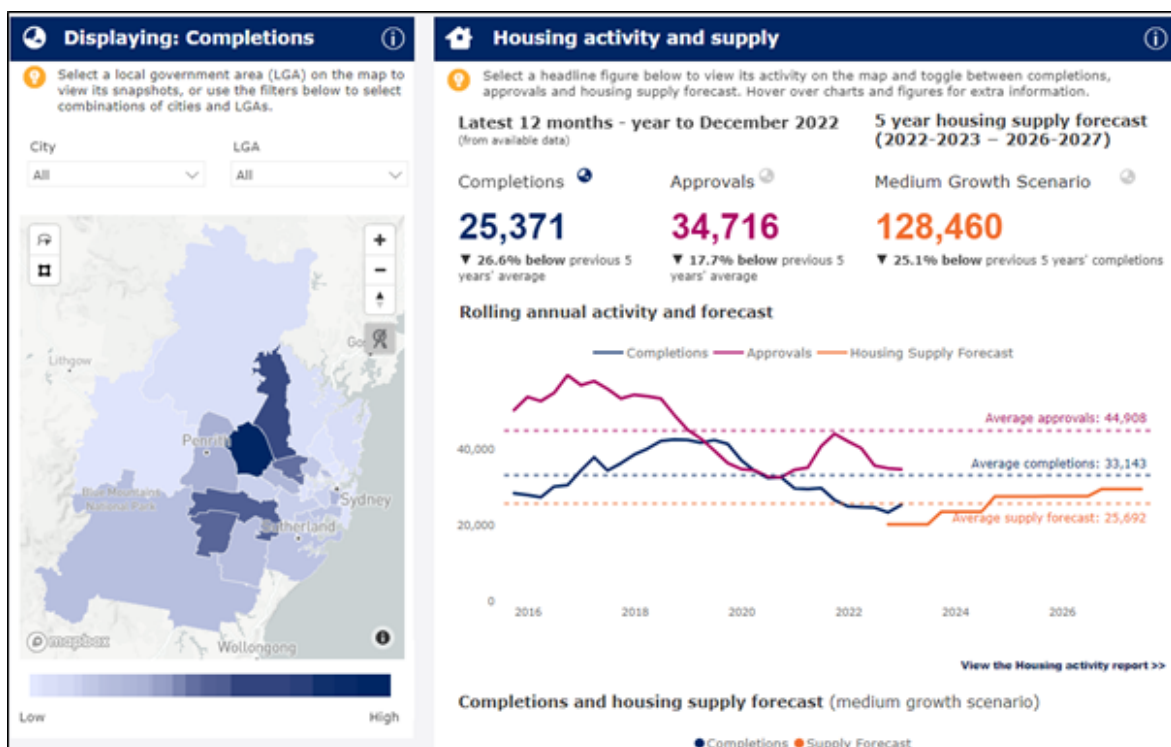
With Boomer NIMBYs effectively seeking to deprive the younger generations of the well located housing that the boomers in their day took for granted, no wonder anger and frustration is rising amongst our younger generations. This is being detected in focus groups run by the likes of Redbridge, which is detecting “white hot anger” in their focus groups from younger people over the state of housing and rentals.

And there's a warning to Labor Governments who have broadly benefitted from the youth vote federally, as well as in the recent NSW election. If the like of the Greens and the Coalition stop listening to the booming voice of the NIMBY boomers and start talking the language that most Millennials want to hear- that vote may be up for grabs.

This is why it is important for the Albanese and Minns Government starts to deliver on housing – not just social housing – but helping deliver the market housing that at the end of the day is the only “Ticket to Ride” for a large majority of our younger generations.

To read Tom's article, [click here](#).

4. DPE dashboard - mapping the failure in Sydney's housing supply



The latest update by the DPE shows the train wreck that is housing supply in NSW.

For the 12 months to December 2022, on any metric, a worrisome picture of housing activity is portrayed:

Completions: 25,371 - 26.6% below from the previous 5 years' average
Approvals: 34,716 - 17.7% below previous 5 years' average
Medium Growth Strategy: 128,460 - 25.1% below previous 5 years' completions

This last figure is telling. DPE is predicting less than 130,000 new homes will be built in Sydney in the five years to 2026-27. This is the sorry legacy of the Berejiklian - Stokes windback of housing approvals.

The ramp up required is immense and given the challenges – the planning system, labour and material costs, through to interest rates and infrastructure – NSW will struggle.

This week's announcement of an SSD pathway and incentives of up to 30% FSR and 30% height bonuses are a positive first step - but much more needs to be addressed if we are to address the backlogs and build the housing that is required to accommodate the State's growing population.

To interrogate the data further, including the break up by LGA, [click here](#).

5. Inner west madness – heritage listing substations



To be heritage listed?

Source: <https://www.sydney.yimby.au/blog/inner-west-goes-heritage-mad>

More concerning news this week that Inner West Council is proposing to heritage list 15 electricity substations at the next Council meeting on 20 June.

To the left is one example of what inner west is trying to protect. While many of these older red brick substations are genuinely worthy of protection, this is going too far!

Council is also looking to expand the number of Heritage Conservation Areas, including the Macarthur Parade bungalows at Dulwich Hill that we reported on a few weeks ago.

For more detail, [click here](#)

6. ABS data shows collapse in housing sales in NSW



ABS data release this week showed the broken state of the Sydney housing market.

In the March quarter, only 8,033 dwellings were transferred. For the rest of NSW, it was 8,592. This is a lower figure than the first full quarter after the outbreak of the COVID pandemic in 2020.

Whilst interest rates are driving this collapse in sales, it is being assisted by a lack of new housing supply and a dysfunctional planning system that discourages investment in new housing.

Last week at an Urban Taskforce morning tea, a leading market analyst said he had never seen a market where the price of housing was going up along with interest rates.

It is symptomatic of a significant level of dysfunctionality within the housing market that is having devastating impacts on the economic and the broader society.

The slow down in housing transactions also has a bottom line impact for the State Government – so reliant on the one off sugar hits of stamp duty. Even more incentive for the Minns Government to turn around housing supply figures as a matter of urgency.

This week's ABS stats give greater weight for planning reform so as to increase new housing supply.

Housing Transfers

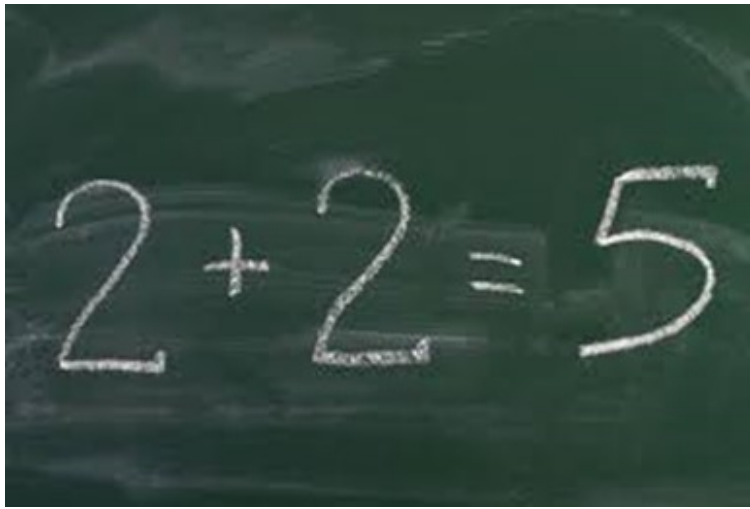
Quarter	Sydney	Rest of NSW	Total
March 2020	10,009	10,137	20,146
June 2020	9,532	9,623	19,155
September 2020	14,050	15,136	29,186
December 2020	16,275	16,545	32,820
March 2021	15,246	15,272	30,518
June 2021	17,308	15,500	32,808
September 2021	14,949	16,106	31,055
December 2021	16,853	16,575	33,428
March 2022	11,852	12,375	24,227
June 2022	11,721	12,270	23,991
September 2022	11,260	11,222	22,482
December 2022	10,779	10,578	21,357
March 2023	8,033	8,592	16,625

Source: ABS, 13 June

To put it simply, the market isn't transacting meaning Stamp Duty receipts are down and Government revenue is struggling. In this context, the last thing we need is extra taxes or charges on housing supply. The proposed new Housing Productivity Contribution tax will be levied on new homes just before construction starts. This is an example of government working against its own interests.



7. Greens rent freeze claims don't stack up



The Greens Party - erroneous with a tinge of Orwellianism

Unsurprisingly, some of the claims being sprouted by the Greens on rent freezes do not stand up to close examination.

Max Chandler-Mather, the Greens Party Housing spokesperson, has been running around citing a New Jersey study as an example where rent controls worked.

Professor of Economics at ANU, Professor Richard Holden, this week mounted a critique of the Greens politicians claims, pointing to a number of studies in the US which drew negative conclusions on the impact of rent controls. These included lower quality stock, disinvestment, with one paper concluding the only measurable evidence of a cap was a reduction in the size of units.

Urban Taskforce noted Professor Holden's conclusion:

“Rather than adopt rent controls – which the best evidence says will have very negative effects– we need to increase housing supply in Australia... Zoning and construction regulations need to be reassessed and land releases need to be increased. That’s the way to fix our housing problems. Not revert to failed policies of the past.”

Professor Richard Holden, AFR June 15

To read Professor's excellent critique of the “zombie idea” of rent controls, [click here](#). Please note, this article may be paywall protected.

This week the Prime Minister echoed these sentiments in addressing Labor Caucus, saying that the Greens' rent cap proposal would effectively nationalise the private housing market and was “absurd and untenable”.

Rent control is a populist line that ultimately harms those it professes to assist. We'll leave the last word on rent caps to a Swedish economist, Assar Lindbeck:

“...rent control appears to be the most efficient technique presently known to destroy a city – except for bombing.”

The Political Economy of the New Left. An Outsider's View, 1971

8. State led rezoning and assessment planning proposals to be announced in coming weeks



NIMBY Councils have mounted a last-ditch push back on the State Government led rezoning and assessment planning proposal pathways.

When announced by the former State Government late last year, Urban Taskforce strongly supported the initiative, which would take on high yield, high value sites, hopefully speed up the approval process, and deliver much needed housing. Councils are often ill-equipped and under resourced to handle the size and complexity of these major projects. Opportunities for housing supply languish in the in-tray of over-worked Council staff all too often.

Now more than six months since the announcement of this new rezoning assessment pathway, many developers are wondering why Christmas leave was cancelled in the rush to submit proposals to DPE by January 2023.

DPE told ABC that it expected to announce successful projects in the “coming weeks”. We welcome this and eagerly await the outcome.

The Minns Government is pointing to the fact that DA’s have blown out from 69 days on average in 2021 to 116 days in March 2023. We agree – so let’s get on with this important initiative. The process, designed and announced by the former Government, is a critical first step in getting housing supply back on track – in greenfield sites as well as infill.

[Click here](#) to read more.

9. The planning system is a spanner in the works – Wingate survey



A survey undertaken by Wingate has identified uncertainty around planning outcomes as the major impediment in producing the new housing the Australia needs.

A survey of 145 developments identified this uncertainty as not just halting acquisition of sites, but also their development.

Almost a third of respondent said securing planning approval was a central impediment to moving forward on projects.

To read more, [click here](#). Please note, this article may be paywall protected.

10. The Australasian Strata Insights 2022



University of NSW's City Futures Research Centre released its latest analysis of Strata in Australia and NEW Zealand. Speaking to the latest report, author Hazel Easthope said looking back on past reports showed the start of a longer-term trend away from purchasers of apartments by investors, increasingly towards owner-occupiers that would likely accelerate with the emergence of Build -to Rent.

“... if build to rent takes off and we see many more purpose-built rental properties enter the market, this may also contribute to a higher proportion of owner-occupiers in strata as more renters move into purpose-built rental.”

Hazel Easthope, AFR, June 14

To read more, [click here](#).

11. Other News

THIS
WEEK...

ABS – NSW population grows 138,000 in 2022

In 2022, the nation’s population grew by 1.9% - at total of 496,800.

The increase was driven by net overseas migration. There were 619,000 overseas migration arrivals and 232,600 departures, resulting in a net growth of 387,000 from overseas migration. The growth was driven by the return of international students.

NSW saw a net addition of 134,602 through overseas migration – meaning that more than 1 in 3 migrants were settling in NSW. It lost 31,560 to other States.

NSW’s population in 2022 grew by 138,000, bringing the State’s overall population to 8.24 million.

To read more, [click here](#).

12. UTA in the news

Urban Taskforce CEO Tom Forrest welcomed the Minns Government’s new planning rules to incentivise more housing and more affordable housing through height and density incentives, but wanted to see further detail:

Urban Taskforce chief executive Tom Forrest said the plan was “simpler, better and substantially more feasible” than existing incentives, although the \$75 million threshold was “very high” and would exclude developments smaller than 150 units. “The devil’s in the detail.”

SMH, June 16

2SM and its regional syndicates sought the views of CEO Tom Forrest on the Minns Government first foray into planning reform through incentivisation of the private market to deliver affordable housing (and more market housing) through height and density bonuses

Urban Task force members are pleased with the change of approach, which recognises that you need a bonus on height and density to make affordable housing feasible and therefore deliverable.

We want to see we want to work with the Government now on the detail of where it's applicable and where it might not be applicable to ensure that we get the maximum benefit out of this new regime.

Tom Forrest 2SM, June 15

Urban Taskforce's annual Development Excellence Awards continues to make the news, with Traders in Purple's award last year Award for Affordable Residential Development, Correa Gardens making the news in this week's edition of Urban.com.au.

[Click here](#) to read more.

URBAN TASKFORCE MEMBER NEWS

**Please note, the links used below may be paywall protected.*

"Dexus and HBB Property have teamed up for the latest commercial development filed for in Ultimo in Sydney's inner city...[read more](#)...

- Urban Developer, 12 June

"CBRE head of residential and build-to-rent research Craig Godber expects rising migration to have an impact right across the property market."...[read more](#)...

-The Urban Developer, June 12

"The Sydney Anglican engagement adds to **Traders In Purple's** extensive portfolio of partnerships where it has established itself as a trusted partner to Government.... [read more](#) ...

-Urban.com.au, June 13

"Walker chief executive David Gallant commended the Minns government for its expediency in announcing housing policies so far. Mr Gallant said the affordable housing announcement would "make a significant contribution to accelerating supply in both greenfield and medium density housing"....[read more](#)...

-AFR June 16

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