



Waverley Draft LSPS

UDIA NSW Response

August 2019

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ABOUT THE UDIA

Established in 1963, the Urban Development Institute of Australia (UDIA NSW) is the leading industry group representing the property development sector. Our 550 member companies include developers, engineers, consultants, local government, and utilities. Our advocacy is focussed on developing liveable, connected, and affordable cities.

INTRODUCTION

The Urban Development Institute of Australia – NSW Division (UDIA NSW) welcomes the opportunity to provide a submission into the exhibition of the Draft Waverley Local Strategic Planning Statement (DLSPS). Our members have been involved in all major urban renewal projects for the past fifteen years in Sydney, including in the Waverley LGA.

We recognise that LSPS provide a welcome high-level vision for Waverley, which seeks to balance existing growth projections, with the already higher density within the Waverley LGA. The area has both natural beauty and close connectivity to the CBD which creates vibrant and sustainable places.

Ongoing collaboration will be needed to implement the vision through LEP updates next year, we look forward to continuing to work with Council on this.

UDIA NSW congratulates council on producing a robust draft Local Strategic Planning Statement (DLSPS) that provides an overarching vision for the next twenty years for the LGA; to further support this document we make the following recommendations:

- 1. The draft LSPS is regularly reviewed to ensure it remains appropriate for Canada Bay.**
- 2. Council review Housing Targets following the finalisation of the other district plans**
- 3. UDIA recommends Council sets out an approach for new sites to be included.**
- 4. Implement an Urban Development Program to deliver and monitoring growth, with clear accountabilities and in partnership with industry.**
- 5. Waverley continue to look at mode shifting to reduce congestion**
- 6. UDIA recommends the Council adopts an incentive-based approach for Affordable Housing in collaboration with industry.**
- 7. Council investigate opportunities for strata renewal**
- 8. UDIA recommends council collaborates closely with industry to create controls that enable vibrant mixed-use precincts that reflect future opportunities and the local flavour.**

DELIVERING THE LSPS

UDIA NSW seeks a greater understanding of the implementation path for the LSPS in the Waverley LGA. We recognise the intent is for the LSPS is to give effect to the regional and district plans in the LGA by guiding updated strategic planning documentation for an updated LEP including meeting any dwelling and jobs targets.

We seek to work collaboratively with Council and Greater Sydney Commission to ensure that there are adequate jobs targets for the entire district, and this is apportioned across local government areas. UDIA is concerned that the strategic collaboration between communities has been missing in the

development of the strategies. Thereby, potentially not leading to adequate rezoning and supply in the LEP review.

Housing Targets

UDIA NSW applauds Council for developing draft housing targets, Waverley is one of the few councils that has so far prepared draft housing targets. We believe the targets for 6-10 year and 11-20 year provide a strong indication of planned future growth for the area and welcome their creation.

Table 4 Draft housing targets.

| Target periods | 2016-2021 | 6-10 year | 11-20 year | 2036 cumulative | Share of District Target |
|------------------------------|-----------|-----------|------------|-----------------|--------------------------|
| Target development | | | | | |
| Implied projections | 700 | 350 | 1,450 | 2500 | 1.6% |
| Constant share of GSC target | 1,250 | 993 | 1,986 | 4229 | 2.7% |
| Historic annual completions | 1,250 | 1,011 | 1,400 | 3661 | 2.3% |
| Capacity sense-check | | | | | |
| Scenario 1 | 1,250 | 734 | 1,467 | 3451 | 2.2% |
| Scenario 2 | 1,250 | 922 | 1,843 | 4015 | 2.5% |
| Scenario 3 (HMST) | 1,250 | 1,325 | 2,649 | 5224 | 3.3% |
| Draft target | | | | | |
| Draft target | 1,250 | 761 | 1,450 | 3461 | 2.2% |

We recognise Waverley is denser than the surrounding LGAs; UDIA will reserve judgement on the housing targets until we have been able to fully review Sydney's housing supply. UDIA seeks greater understanding, not just for Waverley, but across Sydney and we are looking for State Government direction.

Recommendation 2: Council review Housing Targets following the finalisation of the other district plans

Flexibility in Planning System

The planning priorities outlined in the Statement will inform Councils' review of their LEPs and development control plans; planning proposals must indicate whether the proposed LEP will give effect to the Statement. Whether a planning proposal respects the Statement will become a relevant consideration for the Minister in determining if a planning proposal has the strategic merit to proceed past the gateway process. While the Statement does not contain detailed and technical planning controls it will clarify the future character of an area and with it, compatible and incompatible uses.

We recognise that the Department of Planning increased the Strategic Merit Test requiring proposals to be consistent with the regional plans, and any endorsed local strategy.

The DLSPS requires a series of strategies and studies to be completed prior to rezoning sites, UDIA is concerned that this will not result in the timely completion of a rezoning. The DLSPS should include clear timelines for the completion of studies and the rezoning of the site. Otherwise, we believe the

DLSPS will act as a constraint of sensible growth and fail to give effect to the District Plan, and Sydney's overarching dwelling supply baseline of 36,250 dwellings per annum.

Of particular concern is the lack of studies may make it impossible to undertake otherwise meritorious planning proposals that are intended to facilitate outcomes that are consistent with the end result envisioned in the LSPS.

The following provides particular advice on the topics raised in the Waverley DLSPS. The UDIA looks forward to working with council to further the implementation of the LSPS.

Recommendation 3: UDIA recommends Council sets out an approach for new sites to be included.

INFRASTRUCTURE AND COLLABORATION

The Draft LSPS sets a clear vision for infrastructure:

Waverley is well supported by world-class social and cultural infrastructure and is well serviced by user-focused integrated transport options. Waverley Council is a leader in sustainable asset management and our local infrastructure is designed to be connected, adaptive and resilient in a changing climate.

UDIA supports the clear nexus between growth and infrastructure. We recognise that infrastructure requires coordination between local government, state government, and other infrastructure providers.

The UDIA has long advocated for an urban development program across Sydney. The establishment of an Urban Development Program (UDP) was a key recommendation of UDIA NSW's *Making Housing More Affordable* report. The re-establishment of a UDP is urgently required for metropolitan Sydney and would:

- Coordinate and monitor housing supply and targets in urban renewal areas, infill and new communities in land release areas;
- Coordinate and prioritise the delivery of the necessary supporting infrastructure;
- Signal early identification of blockages;
- Integrate social and affordable housing targets and ensure their programming; and
- Involve a transparent annual program enabling monitoring and input back into policy development and housing supply programs.

Since the Department of Planning ceased the Metropolitan Development Program in 2011/12 a void in strategic planning has emerged which has impacted most demonstrably on infrastructure servicing agencies. In the absence of 'one source of truth' various growth forecasts and servicing strategies are being produced with differing base data, different assumptions, differing language and differing time horizons.

UDIA has convened a UDP Taskforce comprised of 20 senior industry and infrastructure agency representatives to help prosecute the case for the return of a UDP. We strongly believe that a robust UDP requires close development sector liaison in order to validate and update annual housing supply timings and yields and accordingly there is a clear facilitation role which UDIA can perform to assist this process.

To help chart the way forward, a UDP Pilot was completed in conjunction with Blacktown Council with Research Partners Urbis and Mott MacDonald in 2018.

The UDP has an important role to play in the prioritisation and coordination of infrastructure funding and delivery. It will identify infrastructure requirements and ensure it is funded. It can also troubleshoot infrastructure bottlenecks, which would support the orderly delivery of housing supply.

Recommendation 4: Waverley advocate for an urban development program as an action in the LSPS.

With one of the highest population densities in Australia, it is critical that Waverley retain a focus on public amenity, much of the infrastructure envisioned, is about better supporting the existing population, rather than accommodating the new population.

Transit in Waverley is centred on Bondi Junction, which has rightly seen development in recent years; however, there needs to be improved connectivity to Waverley across the LGA and neighbouring LGAs to enable a 30-minute city, with an easy commute to the CBD.

We welcome the consideration of new transit options, in particular 'last mile' transit and freight options, Waverley is better placed than many LGAs to take advantage of innovation in transit to make it easier to alternate from private car journeys.

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| Recommendation 5: Waverley continue to look at mode shifting to reduce congestion |
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LIVEABILITY

The Draft LSPS has a clear vision for liveability:

Waverley LGA is a leader in inclusivity and liveability and celebrates the community's rich cultural heritage and diversity. Close to world-class beaches and open spaces, adequate facilities for active and passive recreation, and well supported by social infrastructure, there is a range of well-designed housing to accommodate our whole community.

Our commercial centres are prosperous and a focal point for activity, and our vibrant places and cultural venues are designed to enable easy and safe movement for all, and provide numerous opportunities to participate in arts and culture

UDIA recognises that the DSLPS recognises the need to retain a diversity of housing typologies and a diverse community in Waverley. This has been focussed on implementing social and affordable housing the draft local housing discussion paper.

1. Use an incentive-based approach to deliver affordable housing

The DSLPS looks at SEPP70 mechanisms to deliver affordable housing. UDIA NSW recommends that any affordable housing contribution is provided as an incentive not a penalty, so as not to negatively impact the viability of the development in the area. An affordable housing policy, which makes housing affordability harder to obtain is an irony which must be avoided if we are to provide housing for the Next Generation.

UDIA NSW established in 2018 a taskforce of 20 industry leaders to investigate social and affordable housing including developers, CHPs, legal, and planning experts.

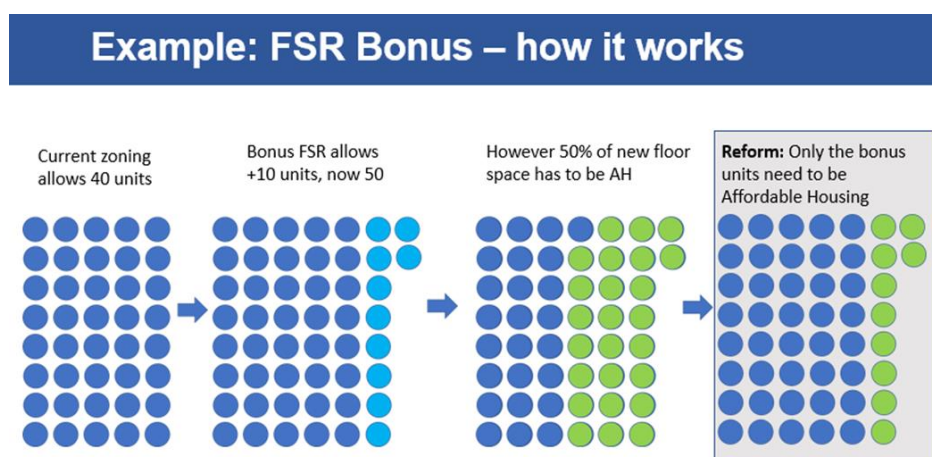
UDIA NSW understands SEPP70 has been seen as the mechanism to implement affordable housing targets; however, the penalty imposed by inclusionary zoning has been empirically shown to increase house prices:

The analysis found that inclusionary zoning policies had measurable effects on housing markets in jurisdictions that adopt them; specifically, the price of single-family houses increase and the size of single-family houses decrease.

Bento et al (2009), 'Housing Market Effects of Inclusionary Zoning' Cityscape: A Journal of Policy and Research 11(2), US Department of Housing and Urban Development.

Bento et al. (2009) found that where inclusionary zoning was adopted, housing prices increased approximately 2 to 3 percent faster than in cities that did not adopt such policies.

The Affordable Rental Housing SEPP attempts to provide affordable housing; however, it does not act as a genuine incentive. The SEPP provides a 0.5 FSR bonus if 50% of dwellings are affordable. The SEPP provides a carrot and a stick bigger than the carrot, that there is a net reduction of market housing in the site, when utilising the ARHSEPP.



UDIA NSW modelling suggests that the approach results in the internal rate of return is reduced by about 5% through the incentives provided by the SEPP. If only the bonus was affordable housing, then the IRR would be reduced by 1.5%, which would mean projects become unviable. If half the bonus was affordable then the IRR would be equivalent, and the market housing would not subsidise affordable housing. UDIA believes a different approach might need to be applied for housing different to that complemented in the ARHSEPP.

Recommendation 6: The council adopts an incentive-based approach in collaboration with industry.

2. Continue the focus on walkability and connectivity with villages

The DLSPS has a strong focus on preserving and enhancing Waverley's unique character through a range of heritage strategies, village strategies, and the preparation of local character statements to identify areas of notable character and design objectives:

Council will also prepare new Local Character Statements to identify areas of notable character and to prescribe additional design objectives in these areas to protect and enhance the character. These Statements are intended to be included in the LEP in the future.

UDIA would reiterate that the character in Waverley is centred around proximity to the beaches in the east and Centennial Park in the West with pedestrian and bike links to a series of village centres. There needs to be a clear strategy to enable these centres to continue to be viable and a pathway to renew older buildings, which will be nearing the end of their life over the period.

The updated LEP will need to consider how to manage older walk-up flats that have been built in the 1970's and 1980's. We believe this will include the use of the strata termination and renewal provisions under the Strata Development Act 2015. This will be critical to ensuring the future vibrancy of the villages in Waverley.

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| Recommendation 7: Council investigate opportunities for strata renewal |
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PRODUCTIVITY

The Draft LSPS vision for productivity in Waverley is focussed on Bondi Junction:

Ideally located between the Eastern Harbour CBD and Bondi Beach, Bondi Junction is a world-class place centred on a heart of retail, health and wellness related businesses, an exciting range of cultural and entertainment opportunities, and growing knowledge and innovation industries. The Transport Interchange easily connects the centre to the rest of the Eastern District, truly making Bondi Junction a key destination in the east.

The local economy is diverse and prosperous, with the village centres providing essential services, exciting retail offerings and employment opportunities. The workforce in Waverley is digitally connected and mobile, with emerging knowledge and innovation businesses supported by flexible and new ways of working in Bondi Junction.

The continual economic growth of Waverley remains a challenge with the connectivity to the CBD, many residents work in the city and live in Waverley.

There are key opportunities to support more flexible working such as co-working and shared office style spaces, that might be able to retain key talent in Waverley.

The continued mixed-use development in Bondi Junction taking advantage of strong public transport connectivity will enable the centre to grow its range of employment uses.

Recommendation 8: Council collaborates closely with industry to create controls that enable vibrant mixed-use precincts that reflect the local flavour.

SUSTAINABILITY

The DLSPS highlights the importance of managing climate change and preserving the Waverley coastline:

The spectacular coastline and natural environment is protected and enhanced for future generations, and visitation is sustainably managed. The Waverley community is resilient, environmentally sustainable and moving towards producing zero waste and carbon emissions.

Through the management of the built environment Waverley is a leader in sustainability demonstrated through the implementation of Bondi Junction as a low-carbon high-performance precinct. Our streetscapes support safe and efficient waste collection, increased biodiversity and opportunities to interact with nature, and water sensitive urban design.

UDIA recognises that there are substantial global megatrends impacting upon the ability to deliver sustainable urban environments. Electric Vehicles, big data, and hydrogen will all influence the capacity to respond to climate change.

The Council needs to be responsive to best practice and changing technology in this space, and not prefer any specific technology or solution to achieve outcomes.

UDIA supports the improvement of open spaces and we consider open space to be part of the supporting social infrastructure for a development. The comments made in infrastructure and collaboration section apply to sustainability.

CONCLUSION

UDIA NSW looks forward to working with Waverley Council collaboratively to progress the DSLPS to the next stage and implementing appropriate LEP controls that will achieve the vision outlined in the DLSPS. Please contact Elliott Hale, General Manager, Policy, Media and Government Relations at ehale@udiansw.com.au or 0478 959 917 to arrange a meeting.

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