



# **Mosman Draft LSPS**

## **UDIA Response**

**August 2019**

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## ABOUT THE UDIA

Established in 1963, the Urban Development Institute of Australia (UDIA) 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) welcomes the opportunity to provide a submission into the exhibition of the Draft Mosman 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 lower north shore.

We recognise that the LSPS provides a high-level vision for Mosman, that is underpinned by attempting to cater for changing demographics and maintaining residential amenity, it is focussed on maintaining heritage and design, with key employment across Military Road, marinas, and tourism including Taronga Zoo and Balmoral Beach.

UDIA has concerns about the planned housing supply and ability to develop housing diversity in the Mosman LGA, we look forward to continuing to discuss the future of Mosman with Council.

UDIA congratulates council on producing a 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 Mosman.**
- 2. Council prepare a local housing strategy that sets housing targets, including typologies.**
- 3. Council review Housing Targets following the finalisation of the other district plans**
- 4. UDIA recommends Council sets out an approach for new sites to be included.**
- 5. Implement an Urban Development Program to deliver and monitoring growth, with clear accountabilities and in partnership with industry.**
- 6. Council adopts an incentive-based approach for affordable housing in collaboration with industry.**
- 7. Council seek to enable new housing typologies**

## DELIVERING THE LSPS

UDIA seeks a greater understanding of the implementation path for the LSPS in the Mosman 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 notes a local housing strategy has not yet been completed, we believe this must be completed as a matter of urgency to determine dwelling supply and typologies appropriate for the demography of Mosman.

**Recommendation 2:** Council prepare a local housing strategy that sets housing targets, including typologies.

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 Mosman, but across Sydney and we are looking for State Government direction.

**Recommendation 3:** 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.

**Recommendation 4:** UDIA recommends Council sets out an approach for new sites to be included.

## INFRASTRUCTURE AND COLLABORATION

The Draft LSPS sets two priorities for infrastructure:

1. Advocate for development to be supported by infrastructure
2. Work together with Government agencies and other stakeholders to promote good outcomes for Mosman

UDIA champions the clear nexus between growth and infrastructure. We recognise that infrastructure requires coordination between local government, stage 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'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 5:** Mosman advocate for an urban development program as an action in the LSPS.

## LIVEABILITY

The Draft LSPS sets five priorities for liveability:

1. Provide a range of facilities and services to meet community needs, and foster a culturally rich, creative and socially connected Mosman Community
2. Provide diverse housing choices and opportunities to meet changing demographics and population needs, with housing growth in the right locations.
3. Ensure that building design and construction is of high quality and maintains resident amenity.
4. Enhance local and neighbourhood centres as great, connected places, whilst maintaining the village atmosphere.
5. Protect and conserve the natural, built and Aboriginal cultural heritage of Mosman.

UDIA recognises that the DSLPS recognises the need to retain a diversity of housing typologies and a diverse community in Mosman.

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

The DSLPS looks at SEPP70 mechanisms to deliver affordable housing. UDIA 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 established in 2018 a taskforce of 20 industry leaders to investigate social and affordable housing including developers, CHPs, legal, and planning experts.

UDIA 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:

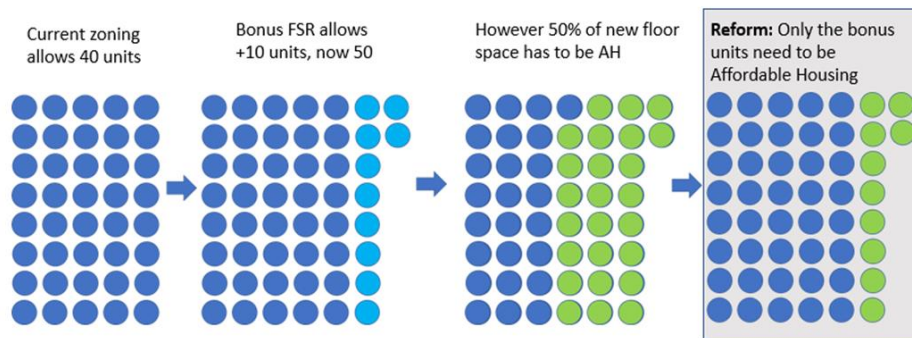
*The analysis found that inclusionary zoning policies had measurable effects on housing markets in jurisdictions that adopt them; specifically, the price of single-family houses increase and the size of single-family houses decrease.*

**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.

## Example: FSR Bonus – how it works



UDIA 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:** Council adopts an incentive-based approach in collaboration with industry.

## 2. Accommodate Ageing Population

The DLSPS has a strong focus on accommodating new demographics, this is through universal design focussed on choice, and amenity. With an ageing population it is critical that new typologies are considered to enable ageing in place. UDIA believes there is a role for low-rise medium density housing such as manor homes to enable ageing in place consistent with local character.

We have grave concerns about any plan to remove the flexibility to deliver these new typologies within the Mosman LGA and seek to work with council to promote new forms of development that will support an ageing population.

**Recommendation 7:** Council seek to enable new housing typologies

## PRODUCTIVITY

The Draft LSPS sets two priorities for productivity:

1. Improve access to, from and within Mosman, and encourage active transport.
2. Provide for opportunities for local employment.

UDIA recognises that Mosman has limited employment centres; however, has ongoing challenges with congestion. We welcome the focus on improving access and active transport in the LSPS.

## SUSTAINABILITY

The Draft LSPS sets five priorities for sustainability:

1. Protect, conserve and enhance Mosman's urban tree canopy, landform, waterways and bushland.
2. Protect, conserve and enhance the natural, visual, environmental and heritage qualities of Mosman's foreshore scenic area, and significant views to and from foreshore slopes.
3. Provide recreational opportunities to meet the needs of residents of, and visitors to, Mosman.
4. Manage energy, water and waste efficiently to ensure a sustainable urban environment.
5. Adapt to the impacts of hazards and climate change

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 looks forward to working with Mosman 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](mailto:ehale@udiansw.com.au) or 0478 959 917 to arrange a meeting.



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