



REINSW

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REAL ESTATE INSTITUTE OF NEW SOUTH WALES REAL SPACE POLICY

01. Real Space Policy

REINSW seeks reform to address the critical shortage of housing stock in New South Wales. Simply put, there are not enough houses being built to sustain New South Wales and in particular Sydney's growing population. An annual production shortfall of more than 10,000 houses (as has occurred in each of the last six years) is unsustainable.

The reform process must involve:

- Producing an effective, co-ordinated strategy to drive land release.
- Increasing the commitment from all levels of government to infrastructure investment.
- Rewriting the complex, cumbersome and counter-productive Environmental, Planning and Assessment Act 1979.

Embracing a comprehensive strategy to facilitate infill development, thereby allowing the construction of high quality higher density housing.

Driving land release

Unlike Melbourne, Perth and to a lesser extent Brisbane, Sydney is constrained by mountains and the sea. These natural barriers to urban growth on the fringes of the city necessitate innovative and urgent approaches to the release of land capable of development. Currently the fragmentation of ownership of land on the fringes and the limitations on financially viable infill development are significant impediments to meeting the supply needs of New South Wales in general and Sydney in particular.

The recently created Sydney Metropolitan Development Authority must be empowered to take all necessary steps to facilitate development in key strategic locations. Those steps should include a comprehensive audit of Government-owned land to evaluate its effective utilisation for urban renewal (for example, by developing airspace over existing and future railway infrastructure) and implementing a deliberate policy of acquiring and disposing of land with high strategic value for redevelopment. Effective partnerships with public and private developers form a key plank in delivering development outcomes.

Increased commitment to infrastructure investment

In Sydney's growth areas an additional \$60,000 (excluding GST) can be added to the cost of a new home to pay for developer charges. These charges represent the cost of community infrastructure and open space lands set aside by the Department of Environment, Climate Change and Water.

New South Wales is one of the only jurisdictions in the world where new home owners pay for all community infrastructure "upfront". The housing release shortfall compels all levels of Government to consider innovative mechanisms to reduce this impost and allow homebuyers to contribute to the cost of community infrastructure over time.

Mechanisms worthy of consideration could include:

- Quarantining a portion of the GST collected on the sale of a new home and allocating that amount to community infrastructure.
- Adoption by the State Government of a system by which it pays for the open space land required for riparian corridors and drainage
- Restructuring Council rating powers to allow for recoupment of its upfront costs through special rate that only apply to release areas.

The key objective must be to reduce the upfront component of home costs. Such a series of reforms would do much to resolve the affordability crisis in the Sydney housing market, as well as accelerating the availability of housing stock.

A rewrite of planning legislation

The principal statute governing the planning system in New South Wales is the Environmental Planning and Assessment Act 1979. The Act is the most complex planning legislation in Australia. It has been amended with alarming regularity.¹

The length and complexity of the Act, the procedures regulated by it, and the planning instruments made under it, all combine to create uncertainty, expense and delay. The framework is so complex that a rewrite of the Environmental Planning and Assessment Regulation 2000 (which was due to occur in the normal course during 2005) has not yet been completed!

The Government must initiate a review and complete a full scale rewrite of the Act in the first 12 months of the life of the next Parliament.

Building higher quality density housing

Governments must facilitate the efficient and innovative development of land in existing suburban areas to maximise the use of infrastructure already in place. Effective implementation of infill strategies can do much to revitalise existing communities and renew and enhance facilities such as public transport, roads and other vital community resources.

Incentives should be provided to those who wish to undertake two-lot subdivisions on existing residential parcels. Consideration ought to be given to developing a streamlined “small-scale strata” subdivision regime (perhaps as a new Division of the existing strata legislation) which could remove many of the complexities associated with existing strata subdivision and management.

The community title legislation is also worthy of review. Community title subdivision is presently underutilised (when compared with strata) and its potential for encouraging rather than impeding infill development should be enhanced.

Many of the buildings constructed in the first wave of strata subdivision are nearing the end of their natural lives. The State Government must develop a strategy which appropriately balances the need for renewal of these sites with the legitimate concerns of owners, financiers and other stakeholders.

1. The following table which sets out the number of statutes which have amended the principal Act since its commencement in September 1980 is instructive.

Period	Amending Acts
1980 to 1984	4
1985 to 1989	13
1990 to 1994	18
1995 to 1999	31
2000 to 2004	26
2005 to 2009	28

To take another measure, in the period from 1 January 2010 to 1 October 2010 there were 11 different “historical versions” of the Act, including one which was in force for only one day (30 September 2010).