



14 October 2020

Bayside Council  
c/o Strategic Planning Team  
PO Box 21, Rockdale NSW 2216

via email [planningourfuture@bayside.nsw.gov.au](mailto:planningourfuture@bayside.nsw.gov.au)

Attachments: UDIA NSW Housing Diversity SEPP EIE Submission September 2020

Dear Strategic Planning Team,

**RE: UDIA NSW Submission on the Bayside Housing Strategy**

UDIA is pleased for the opportunity to make a submission to the Bayside Housing Strategy (the Strategy).

The Urban Development Institute of Australia (UDIA) NSW is the peak body representing the interests of the urban development industry in New South Wales. We represent over 500 member companies that are directly involved in the industry including developers, consultants (engineering, planning, legal, environmental, design) and local government, for the goal of Liveable, Affordable & Connected Smart Cities.

UDIA NSW is a strong advocate of the missing middle and housing diversity initiatives that allow industry to respond to changing demand, and as such it is highly supportive of any new initiatives to support streamlining the delivery of housing to achieve local housing targets.

We support Bayside Council's vision to see positive population growth over the next 15 years and industry welcomes the opportunity to invest in an area which has good transport connectivity and access to planned future transport hubs.

The proposed Strategy contains many good initiatives, however UDIA contends that there are further considerations for generating housing supply which need to be addressed. We have raised a number of areas of concern on the subsequent pages.

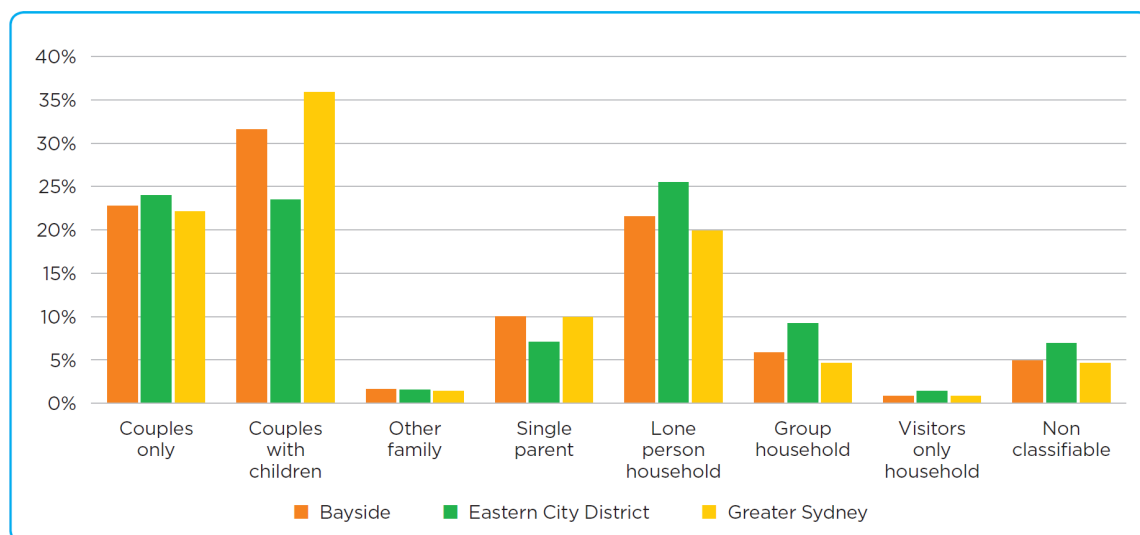
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## 1. Mix of typologies identified and the considered relationship with project feasibility

With over 40% of dwellings containing single person or couple only households, we believe there will be latent demand in apartments and the burgeoning Build-to-Rent sector. Particularly, as the Strategy identifies, since there is a large population of students attracted to and staying in the LGA.

**Figure 8** Overall household composition structure 2016



Source: SGS, ABS 2016.

We believe Council has erred on the side of caution in the Strategy where a very high level of medium density/attached dwelling demand has been identified. This has not been substantiated by feasibility analysis and could result in reduced delivery if the developments are not feasible. Land values and construction costs across the Bayside LGA are relatively high compared to the revenue that could be generated from this typology if delivered on a small scale and in scattered locations. We believe the assumptions are not aligned with industry expectations and feasibility models, particularly those related to low rise medium density. UDIA NSW believes clarification should be given for the anticipated demand for low rise and medium rise medium density dwellings and due consideration given to a more diverse typology mix, including a stronger apartments and Build-to-Rent focus, in line with projected demographics.

A number of our members are active in the Bayside LGA and deeply understand the tipping points required to pursue viable development. If considered appropriate, we would be willing to work with Council staff to formulate a set of consistent assumptions that could inform future viable planning controls.

## 2. Ensure development contribution plans are set and capped to allow for planning in feasibilities, particularly at acquisition, and are reasonable.

UDIA NSW notes that Bayside Council were in the bottom five of the UDIA Infrastructure Funding Performance Rankings for FY19 in Greater Sydney, and have been in the bottom five ranking across

the Sydney Mega-Region (from Hunter to the Illawarra) over the FY17-19 average rankings. Our reports show that Bayside Council has over \$300 million in unspent infrastructure funds being held as a restricted asset. This is far and away one of the highest holdings across LGAs in Greater Sydney, compared with \$141 million in City of Sydney, and \$8 million and \$63 million in neighbouring LGAs of Randwick and Inner West Council, respectively. This track record speaks poorly to local community infrastructure delivery and as a result raises the question of infrastructure contribution plan caps. In the Strategy, Bayside Council has identified the need to revise development contributions plans. UDIA believes that infrastructure contribution plans must be set and capped for planning feasibility and revised in light of the lag in expenditure.

### **3. Housing diversity and flexibility: BtR and Co-Living**

We do not want this Strategy to neglect the scope for emerging housing types which respond to future changes in housing needs and preferences. The introduction of the Build-to-Rent (BtR) sector requires a clearer degree of certainty on Council attitudes towards the BtR sector to ensure the community of Bayside have access to this emerging sector. BtR has the capability to plug the gap on housing affordability and Councils, particularly with large infill land, should be leading the charge on BtR. This requires a 'think outside the box' attitude on the application of height and FSR controls to accommodate project feasibility requirements. UDIA NSW has previously addressed concerns in our submission to the Housing Diversity SEPP EIE and would be pleased to continue this discussion with Council.

### **4. Affordable housing concerns**

UDIA NSW recommends adding to the definition of "Affordable Housing" that rents for housing under this definition are set to no more than 30 per cent of the gross household income to ensure residents are not in housing stress. The Strategy should better recognise affordable and social housing as critical economic and social infrastructure. We also believe there should be a requirement for affordable housing to be affordable into perpetuity to help meet the current *and* future demand for affordable housing.

UDIA believes there should be some clearer strategy to create industry incentives around affordable housing, for example development concessions (such as density bonuses, etc), accelerated approval pathways, or partnerships with CHPs.

The provision of subsidised housing in the Bayside LGA would not be possible without the concessions, subsidies and affordable housing contribution program discussed above. We therefore encourage Bayside Council to investigate opportunities for these incentives and subsidies and consider this as an investment into critical social and economic infrastructure for the benefit of Bayside residents and workers.

UDIA NSW invites further industry consultation on this point to ensure the affordable housing contributions scheme is reasonable, considers development feasibilities and is implemented to allow sufficient planning and understanding of costs, particularly at acquisition stage. UDIA welcomes further collaboration with Bayside Council to understand the impact of the program on the industry and housing delivery.

## **5. Clarification on housing typologies and demand assumptions**

UDIA would like for Bayside Council to bring forward prioritisation of the masterplanning and upzoning of centres, focusing on providing priorities for 2020-2026 and 2026+ implementations. At the moment, the action plan indicates that investigations will be completed over the next two years, along with an overall implementation plan, but there isn't a discussion of when the plans themselves would be implemented. There is demand within the industry to understand which centres will be prioritised.

Furthermore, the Strategy seems to suggest that investigation areas appear to favour 4-6 storey apartments as the dominant focus of uplift. Larger areas of low-rise medium density are identified for slower opportunistic redevelopment. The gap analysis should be revisited based on most up to date housing monitor and DA information, as well as the additional analysis above. Additional detail is required regarding the intent of the apartment/medium density gaps. Dwelling development ranges for each investigation area would help provide an early understanding of Council's vision.

## **6. Review development capacity and take-up rates every three years**

UDIA NSW recommends development capacity and take-up rates are reviewed every three years, not five years as proposed, to ensure any required changes are made in a timely manner and ultimately ensure the Strategy's objectives and goals are met.

## **Conclusion**

UDIA is helping create Liveable, Affordable and Connected Smart Cities in line with the polycentric city model for Greater Sydney. We believe the Eastern City still has much to contribute to the growth of Sydney as a global, future city. But in order for industry to effectively and sustainably support the future housing supply of our cities, we recommend that our concerns are addressed.

Please contact Mr Kit Hale on 02 9262 1214 or [khale@udiansw.com.au](mailto:khale@udiansw.com.au) to arrange a meeting to discuss any further matter related to the Bayside Housing Strategy.

Yours sincerely,



Steve Mann  
Chief Executive Officer  
UDIA NSW