

RENEWING NEWCASTLE



**Urban Development Institute of Australia NSW
Response to the Newcastle Urban Renewal
Strategy 2012**

March, 2013

1. Introduction

UDIA NSW is the leading industry organisation for the property development sector of NSW. We represent over 500 organisations and our members include developers, regulators, and leading professional advisors. A quarter of these are based in regional NSW. Our extensive Committee and Regional Chapter structure involves more than 150 of the development industry's key stakeholders in policy formulation.

The importance of preparing a strategic plan for the urban renewal of the Newcastle central business district (CBD) that can guide public and private sector investment in infrastructure, services, homes and employment cannot be understated.

Where robust strategic planning has been consistently implemented over time, it can be demonstrated that residents enjoy a better quality of life, higher amenity and more convenient access to homes, services, transport and employment. Importantly, local and State Governments in these cities are able to provide efficient delivery of, and cost effective investment in, public services and infrastructure.

The future growth of the Newcastle CBD is critical in ensuring the economic, social and environmental vitality of the Hunter region. UDIA NSW believes that the *Newcastle Urban Renewal Strategy 2012 (NURS 2012)* will allow the Newcastle CBD to become a hub for recreational, employment and leisure activities as well as to cater for a growing population.

UDIA NSW welcomes the opportunity to provide constructive feedback on what the industry believes is a positive step forward for the future of the Newcastle CBD.

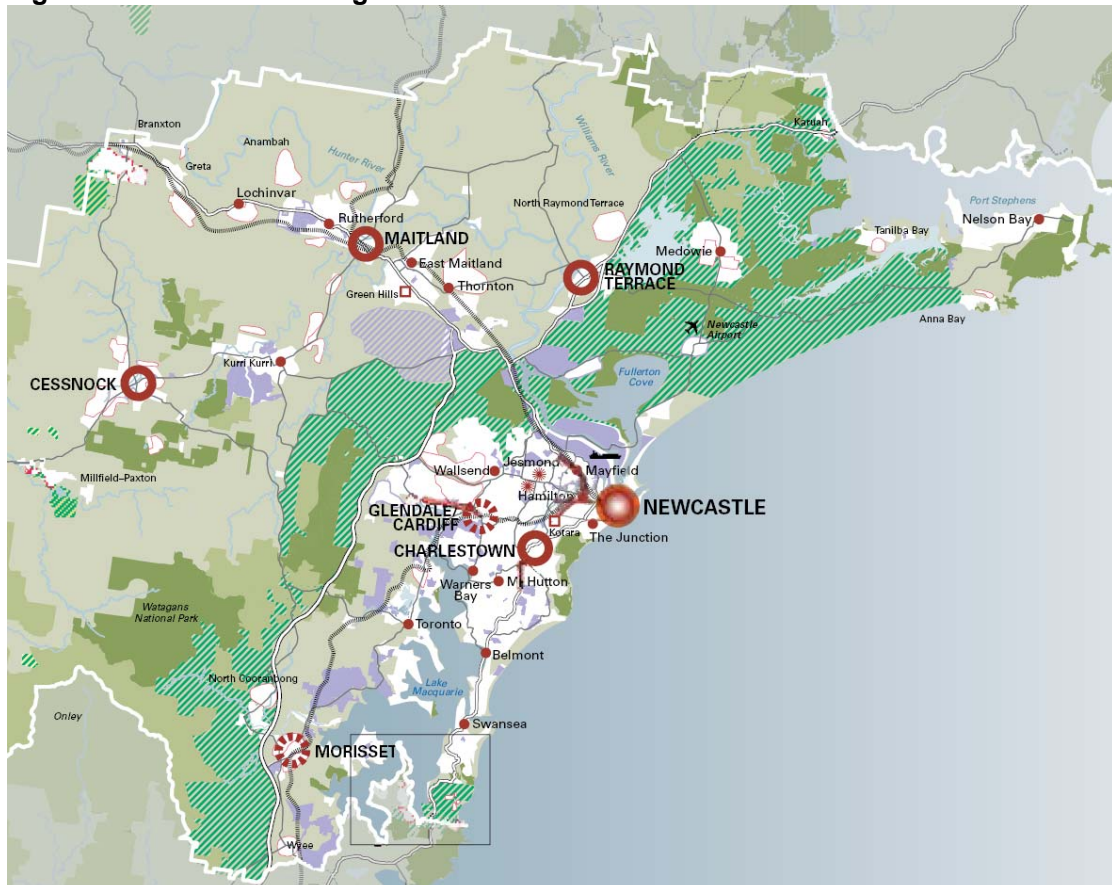
UDIA NSW generally supports the initiatives identified in the strategy, and believes that the Department has created an appropriate array of initiatives, both short and long term, to ensure the success of the renewal process.

2. A Capital City for the Hunter

The *NURS* identifies the Newcastle CBD as the second largest city in NSW and the 'capital city' of the Lower Hunter Region (see Figure 1). Given its importance in a regional context, UDIA NSW believes it is critical that the initiatives within the *NURS* are reflected in the Lower Hunter Regional Strategy. Positive initiatives such as the removal of the rail line into the CBD must be supported by a regional transport plan, which is then reflected in local plans.

UDIA NSW believes that the *NURS 2012*, regional strategy and local plans are interdependent, with the initiatives identified supported through the regional strategies and local plans.

Figure 1: Lower Hunter Region



(Source: Newcastle Urban Renewal Strategy 2012, Department of Planning and Infrastructure, Dec. 2012)

3. Housing a Growing Population

The *NURS* has a particular focus on increasing the supply of housing within the Newcastle city centre. The current Lower Hunter Regional Strategy estimates that an additional 10,000 jobs and 4,000 new dwellings will be created in the city centre by 2031. The *NURS 2012* also recognises the need for jobs and housing in the city centre, however the estimates quoted in the *NURS 2012* (10,000 jobs and 6,000 homes) are for a timeframe up until 2036. UDIA NSW contends that the regional strategy identifies the future direction of the region, including the Newcastle city centre. As such, the government should maintain consistency in the timeframe of the *NURS 2012* in line with the regional strategy.

At the 2006 Census, approximately 6,000 people resided in the city centre. Currently there are significant clusters of residential development near waterside locations towards the east end of the city and in some areas of the Honeysuckle precinct. The renewal strategy correctly builds on these pre-established clusters, nominating the East End as a primarily residential focused precinct. Introducing new areas of higher density residential-zoned land at the edge of the city centre, and encouraging the identity of the city's East End as a residential, retail, leisure and entertainment precinct, will increase the resident population of the city, which in turn, will increase demand for local services, retail, social infrastructure and facilities.

The *NURS* suggests that new mixed use developments with residential components are more viable for the Newcastle city centre, compared to solely commercial development. UDIA NSW supports this strategic mix of residential and commercial development.

The *NURS* states that there are a number of specific factors which will influence housing demand and growth into the Newcastle city centre. These include strong demand by students associated with the relocation of parts of the University of Newcastle to the Newcastle CBD, demand by professionals who work in the city, first home buyers who are attracted to the affordability of city apartments, and investor demand for smaller, more affordable units.

UDIA NSW supports the key initiatives for attracting more residents into the city, in order to support and build a more vibrant and viable city centre. UDIA NSW believes that strong strategic planning that maintains the Newcastle CBD as the regions employment hub will encourage the construction of more residential developments in the city centre. It is critical that residential development is intertwined within the CBD to enhance the vibrancy of the centre and increase day and night activity.

A range of housing types for a variety of markets, including students and seniors housing is encouraged through the *NURS*. UDIA NSW supports this initiative as there is a significant need for diversified housing choice in the Lower Hunter, particularly close to amenities such as transport infrastructure, leisure activities and social infrastructure. Diversified housing choice also supports the delivery of urgently needed affordable accommodation.

In order to deliver on the housing needed within the CBD, the alignment of all government agency and service provider delivery timetables is critical. A whole of government approach will be necessary in delivering this project and the forecasted housing targets, and will need to be in conjunction with existing and future greenfield development.

4. Transport

Physical and visual connections are important for the safe and efficient movement of people within a city. Currently, Newcastle is split by the Newcastle train line that runs right through the centre of the CBD. This limits north-south access to the Hunter Street retail precinct and access to the waterfront.

In 2012, UDIA NSW formed a policy position that supported the removal of the inner-city rail line as it would enhance connectivity across the city and allow for a better urban design outcome. This is a fundamental initiative that UDIA NSW believes will significantly improve the amenity of residents, workers and visitors. While the removal of the train line is important to pedestrian connectivity, public transport within the centre will need to be greatly improved.

The commitment to remove the rail line back to Wickham and replace it with a major bus interchange that will service the CBD and the greater city area is strongly supported by UDIA NSW. The modified routes that will run parallel to the soon to be discontinued Newcastle inner-city rail line have the potential to adequately replace the train service as the primary public transport access to Newcastle's East End. UDIA NSW believes that in order for this to materialise, a coordinated rail and bus strategy will be key to the efficient movement of people in and around the city. This will require a regional approach to encourage public transport use.

UDIA NSW supports this key objective and believes that it will support greater patronage of public transport, create a connected pedestrian and cyclist network, improve the efficiency of the road network for all users, and improve connections for all transport modes across the re-adapted rail corridor.

In order to influence and encourage a shift in modal use to public transport, the removal of the rail line and operation of an integrated transport system from Wickham will need to be implemented in the short term. UDIA NSW believes that the removal of the rail line in the short-term will instil confidence in the community and private industry. It will also act as a catalyst for investment and kick start the renewal of Newcastle.

5. Strengthening the Civic Precinct

UDIA NSW supports the *NURS* initiatives which strengthen the civic precinct as the main city centre for Newcastle. We welcome the planned physical improvements to Wheeler Place, support the role of the University of Newcastle City Campus, and support the establishment of a justice precinct in the city centre, creating an educational and cultural hub for Newcastle city.

Relocation of the law courts to the Civic Precinct will have a major positive impact on the future character and activity within this precinct, and will support the redevelopment of smaller commercial buildings in and around the Civic Precinct to accommodate legal support services. This legal hub will generate demand for local housing in the city centre, as legal professionals move into the city, choosing a close live-work lifestyle.

The increased presence of the University of Newcastle in the Civic Precinct is strongly supported by UDIA NSW. Introduction of new activities, such as additional educational facilities and support services associated with the University of Newcastle, will potentially stimulate rapid urban renewal in the Civic Precinct. The potential location of a significantly increased student body and increased wider population will create flow-on demand for housing, retail, leisure and recreational activities and services within the city centre, all of which will stimulate further activity within the Civic Precinct.

6. Financing Infrastructure

UDIA NSW strongly supports the *NURS* initiative that encourages the deferment of the payment of development contributions to council until the issuing of an Occupation Certificate. Deferring payment of development contributions would reduce the burden on the developer in having to finance the cost of contributions and allow for greater certainty in the delivery of the development.

UDIA NSW contends that an alternative to the current infrastructure financing framework is needed. The framework for the funding of infrastructure through development levies needs to be simple and raise sufficient funds to meet infrastructure needs. It should also be broad based and be able to aid the delivery of new and improved infrastructure to areas that accommodate growth.

At present, development charges are levied through Section 94, Section 94A, Voluntary Planning Agreements and Special Infrastructure Contributions. They are levied on a particularly narrow base (that being the developer who then passes them onto the home buyer). In addition they are separately administered by Councils.

The prevailing system fails to meet reasonable public policy tests for how taxes/levies should operate and are falling short on delivering the infrastructure required with growth. UDIA NSW has conducted research with the industry and believes a much simpler way to fund infrastructure is needed. UDIA NSW research shows that by applying a 2.5% levy on all development, including 'knock-down/re-builds' and renovations, over \$50,000 would spread the burden of financing infrastructure to a greater portion of the population. Not only is this a much simpler system than the current levy framework, it is also significantly more equitable.

7. Consultation

Education of and consensus building within communities is required, so that Newcastle's residents can gain a sense of ownership of the strategy and an appreciation of the challenges and conflicts it seeks to balance. This ownership and recognition is vital if the strategy is to succeed in renewing the Newcastle CBD.

The finalisation of the *NURS* must involve comprehensive consultation with both the community and government agencies and the private sector. It must canvass and discuss challenges and conflicts, and investigate the various opportunities and impacts of adopting particular directions.

The aim of the consultation process must either be ownership by the community and government agencies, or at the very least the creation of an understanding by these parties of the trade-offs that may be required to achieve a balance of housing growth, infrastructure provision, employment opportunities, amenity and environmental protection, with an overall objective to the renewal of the Newcastle CBD.

8. Mine Subsidence

Mine subsidence is a key constraint to the renewal of the Newcastle CBD. Due to historical underground mining, much of Newcastle is affected by mine subsidence. Subsidence in affected areas of the CBD requires remediation work and this can contribute significantly to construction costs, depending on the extent of mining under individual sites. Any considerable increase to construction cost will inevitably cast doubt over a project's inherent financial feasibility and stifle the renewal of Newcastle.

The work of the Mine Subsidence Board Newcastle and the preparation of the Newcastle City Subsidence Mapping Project has enabled the development of the *NURS* based on the mapping of mine subsidence. The greater understanding of Newcastle's mine subsidence will assist prospective developers to make informed investment decisions and seek appropriate advice from geotechnical specialists.

UDIA NSW supports the place-making approach to the future development of the city, based on the fundamental understanding of the importance of subsidence, and the part it plays as a major constraint to built form and project feasibility. The *NURS* correctly states that the west end is the least affected by mine subsidence, whilst parts of Civic and the east end are heavily affected. Due to this, the west end of the city centre has been designated most suitable for the construction of larger and taller buildings, such as those typically preferred for commercial development, and confirms the strategy's nominated location for an emerging CBD in the West End.

The concept of a targeted grouting strategy for the Newcastle CBD is strongly supported. For some time, there has been the potential for a strategic selection of key development sites to have remediation work completed onsite to rectify their subsidence constraints. A targeted grouting strategy, could effectively resolve subsidence constraints for key sites with high strategic value.

The renewal strategy states:

“As the costs associated with this are likely to be significant, the State Government could champion and seek funding for this work through grants or other special infrastructure funding.”

UDIA NSW urges the State government to work closely with industry and local government to establish a Targeted Grouting Strategy. Without such a strategy, the constraint of subsidence will render development in parts of the city centre unviable and stifle the renewal of Newcastle.

9. An implementation plan

One of the principal challenges of NURS will come with its implementation. The implementation of the *NURS* will need to be backed by institutional support within government for the delivery of the desired outcomes. The renewal process will rely on the co-operation of a range of stakeholders including state government, local government, the private sector and the wider community of the Lower Hunter.

While UDIA NSW recognises that funding commitments have been made in relation to the NURS and development in the Hunter in general, the strategy must identify where funding will be spent.

With such complexity in implementation, UDIA NSW strongly recommends that the government delegate the responsibility of delivering the renewal of Newcastle to one single lead agency that has the ability to oversee the work of individual agencies and departments, and has legislated powers to hold them accountable for action in line with this framework.

The Agency would be responsible for preparing delivery plans including milestones and actions and matching funding to project delivery. The plans should be publically available and reviewed on an annual basis.

10. Conclusion

The delivery of this renewal strategy and its initiatives will occur through a highly orchestrated collaborative partnership of many stakeholders, including local and state government, the private sector and the community.

An effective urban renewal strategy for Newcastle will support the success of the city's renewal, and result in a significant improvement in lifestyle and working environment of those who live and work in the Newcastle City Centre.

UDIA NSW strongly supports this renewal strategy, and supports what we believe to be progressive and positive initiatives for the renewal of Newcastle. UDIA NSW and its members, therefore look forward to an ongoing role in the debate as the *Newcastle Urban Renewal Strategy 2012* is finalised. We urge the Government to closely consider the above discussion and recognise the critical role the urban development industry plays in supporting the Government's objectives to make NSW 'number one' again.

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