

12 December 2016

Director, Codes and Approval Pathways  
NSW Department of Planning & Environment  
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Dear Sir / Madam

**Re: Draft Medium Density Design Guide and Explanation of Intended Effect for the new Medium Density Housing Code**

Thank you for providing an opportunity to comment on the *Draft Medium Density Design Guide and Explanation of Intended Effect for the new Medium Density Housing Code* exhibited by the Department of Planning & Environment. Our comments are provided below for your consideration.

**1. The Urban Taskforce supports extending complying development to include options for medium density housing**

The 'Great Australian Dream' of a new detached house on a block of land is still an aspiration of many Australians, however there is a definite trend towards different types of dwellings, particularly at certain stages of life. Given the constraints in housing supply, particularly within the Sydney metropolitan area, an excess of demand in the housing market is driving up prices. Now more than ever there is a need for greater diversity in housing stock. The Urban Taskforce strongly supports the extension of the complying development code to include medium density housing. This will:

- Increase affordability for young people and first home buyers
- Allows retirees to downsize to a smaller home and unlock equity in the family home
- Provide additional housing choice for residents at different stages in their lives.

**2. The cost of land will impact take-up rates**

The promotion of smaller dwelling forms has the potential to unlock development in a number of existing areas and in growing greenfield regions. However, this move should not be seen as a cure for Sydney's housing supply problems. Underlying land values in the vast majority of the inner city and even outer suburbs often render affordable terrace-style redevelopment unfeasible. This is likely to impact upon take up rates. Density increases around key transport nodes and strategic and district centres still needs to be sought.

Generally, it is not economically viable to replace 2 free-standing homes with 3 or 4 townhouses. Economic redevelopment principles dictate that generally the cost of the land, demolishing existing structures and constructing new dwellings would need 3-4 times the density of units / floor area at a minimum to trigger a feasible redevelopment of the property.

The Urban Taskforce published *Urban Ideas – Faster Approvals for Mid-Rise Apartments* in December 2014 (attached) which sought to encourage mid-rise apartment buildings that 'fitted within the tree tops'.

The publication encapsulates the idea of a simple code and presents examples of mid-rise apartment buildings from a number of Urban Taskforce members. We have also extended this idea further by proposing that the code could reinvigorate and renew areas of Sydney that have large numbers of 1960s and 1970s walk up flats that are ripe for renewal. The proposed Code includes suggested development controls for built form and scale, landscape, density amenity and other key controls. These development controls would increase the financial feasibility of code-compliant medium density development, and we encourage the Department to adopt these.

### **3. The Draft Medium Density Design Guide must not be applied inflexibly by planning authorities**

The Draft Medium Density Design Guide is intended to be guide and hard and fast application of these standards is not necessary. Page 4 of the Draft Design Guide states that the objectives of the Design Guide are to:

*'...deliver design guidance and assist in providing a diverse housing mix and choice, and support councils in developing planning controls and master plans through improved guidance.'*

However, decision makers will often apply the rules in these documents in a rigid and inflexible manner, and in so doing either preclude development which otherwise might proceed. The Draft Medium Density Design Guide, if strictly applied could significantly reduce the development capacity of key and strategic redevelopment sites within inner urban and established areas.

The Draft Medium Density Design Guide has the potential to alter development yield and the willingness of financiers such as banks and other lenders to fund the construction of new housing projects. If applied strictly, even developers who bought land on the assumption of yields that could be achieved whilst still achieving generous internal amenity, guided by industry practice to date, could find that those investment decisions have been adversely affected by the strict application of the Draft Guide.

The Department must be careful to ensure that the Design Guide is not used by planning authorities in an inappropriate and inflexible manner.

### **4. Changes to the controls in the Medium Density Housing Code would support other NSW government programs and objectives**

The NSW government has recently enacted the *Strata Schemes Development Act 2015*, which allows a strata scheme to be terminated should 75% (as opposed to 100%) of owners in the scheme are in agreement to end the strata plan. This policy will encourage redevelopment of ageing apartment blocks in order to renew these sites and increase housing supply.

Extending the Medium Density Code to include buildings up to 6 storeys (as outlined in the Urban Taskforce publication attached) with appropriate adjustments to Floor Space Ratio and other relevant controls, would support NSW government policy of increasing housing supply by encouraging urban consolidation and renewal.

The Urban Taskforce would be interested in working with the NSW Government on the *Medium Density Design Guide and Explanation of Intended Effects for the New Medium Density Housing Code*. With our membership of financiers, developers, planners and architects we are in a good position to contribute to policy discussions. If you want to follow up please feel free to contact me on telephone number 9238 3955 to discuss this further.

Yours sincerely,

  
Chris Johnson AM

Chief Executive Officer

**Urban Taskforce Australia**