

Presentation to CEDA Symposium: Managing Sydney's Growth

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Many thanks to the Committee for inviting me to address such a high profile audience and to be asked to join these two most distinguished speakers – I'm not sure of what I've done to deserve the honour of this invitation, but an honour it most certainly is. And as two of the most accomplished performers in the planning space in Australia, these are two very hard acts to follow!

In the next few minutes I want to offer my thoughts as to what will be needed to make the step change in the way we deliver a city fit for 6m people in 2036, let alone 8m by 2056.

Most significantly, we are at a crossroads (maybe cross-rails?) in the planning of Sydney. Put bluntly, a "Business-as-Usual" planning system will simply not be good enough to take us to 8m.

The new Metro Strategy to be developed in the next 12 months will need to be a real game changer. It has to literally change the way we *think* about Sydney's growth and how we plan and deliver it across the city as a whole.

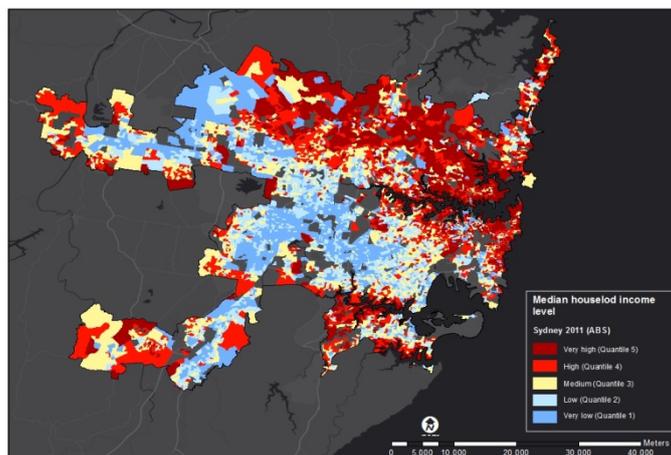
Incomes – the driver of the city

Firstly, whatever we plan for the next 20 years has to be based on a real understanding of how the city is changing and what the drivers of that change are.



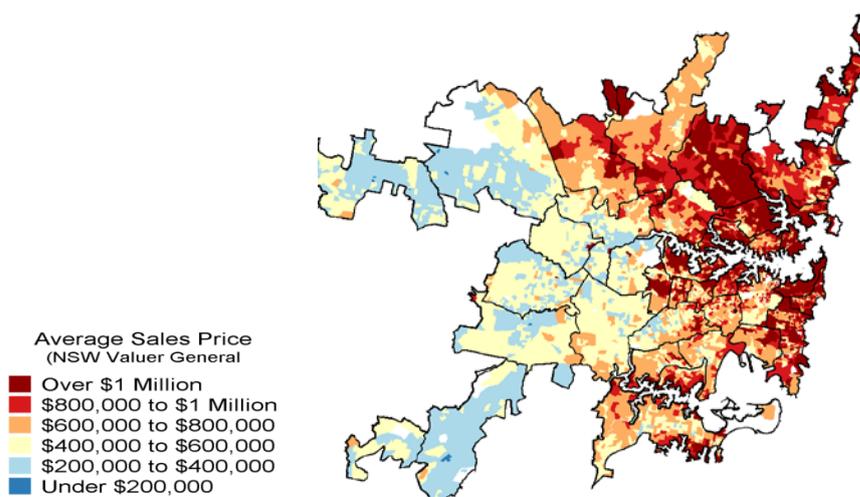
So how do we start to understand what going on in our city. A fundamental starting point is this map.

Figure 1: The Great Divide #1: Average household incomes 2011, Sydney



Why is this important – because it largely determines under what conditions development can or cannot take place. Clearly, household income is a primary driver of housing market capacity. And it maps straight across to the pattern of property values that underpin any development activity.

Figure 2: The Great Divide #2: Average sales prices 2011 Sydney

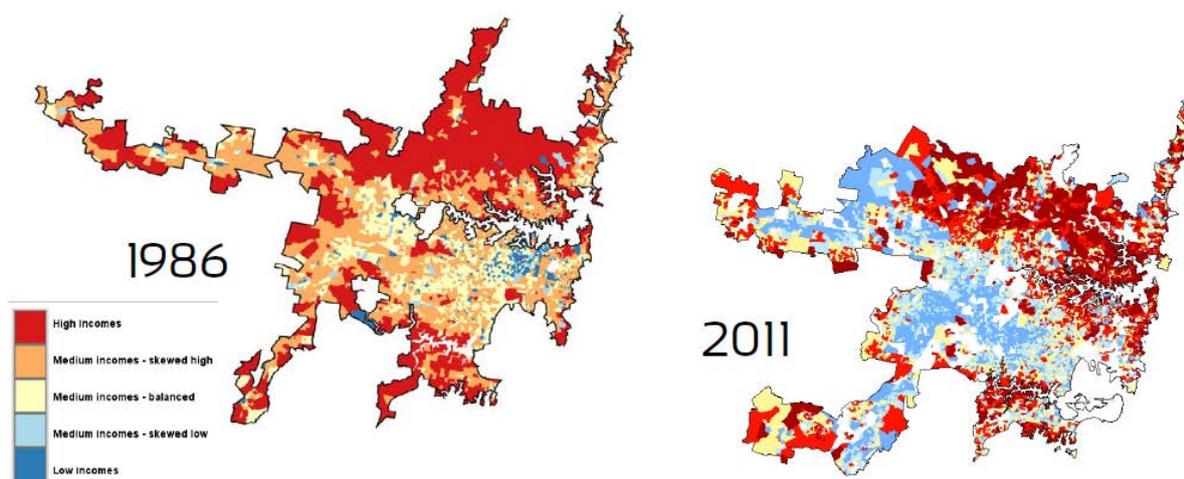


And household income depends, primarily, on the distribution and quality of job opportunities and the ability of people to get to those jobs. Homes – Jobs, Transport – the drivers of city change.

But this isn't a static map. Sydney is changing. The great "urban inversion", as it's been called in the US, has also played out here. Driven in part by the concentration of new knowledge-based economy jobs into central and inner areas, the turnaround of the inner city in the last 2-3 decades has almost entirely emptied these places of the lower income working people. The rise of the "precariat", in part-time, temporary or just low paid and insecure work, has been the flip side of the new economy. These people have been pushed out to the middle and outer suburbs.

So we have a polarising city. We need a new Metro Plan that puts this process at the centre of its focus.

Figure 3: The Other "Missing Middle": Income change Sydney 1986 - 2011



The explicit recognition in the 3 Cities proposal is that we have to shift the economic epicentre of the whole city westwards to address this polarisation process. The previous focus on the Global Arc is simply no longer adequate.

But while the three city plan is an important game changer in itself, it will need to be backed by a significant shift in how we integrate our major infrastructure planning with the overarching spatial plan.

We can no longer afford the luxury of unsolicited and uncoordinated infrastructure proposals or a rag bag of legacy projects divorced from a long term spatial planning strategy. We need to plan the city first, work out the infrastructure that will deliver the plan, and then fund it and built it, not the other way round.

The importance of getting urban renewal right

A critical issue is how we deal with urban renewal, which will drive change for the next 40 years. The advent of urban renewal has changed the whole planning game.

Rather than getting simpler, the process of planning our city has just got a whole lot more complicated.

Once upon a time urban planning was largely concerned with managing incremental growth on the urban fringe – essentially turning paddocks into housing estates. All you had to shift out of the way were the cows.

Urban renewal presents a very different prospect. Our planning system has got to adapt to the fact that it will have to engage with the communities who already populate the spaces that it wants to change. We are no longer moving cows aside, but people's homes, their businesses, their jobs and their life styles. No wonder people are worried.



The traditional approach to land use planning – simply produce a zoning map and stand well back – is no longer fit for purpose.

We need a planning system that actively engages with local communities, not treats them as a barrier to be overcome or bribes them to get out of the way.

So again, business-as-usual will no longer do. “Zone it and they will come” will no longer do. Ignoring the community will no longer do.

Let’s look at a case in point.

The Sydenham to Bankstown Rail Corridor

While it is only a draft strategy, the Government’s intentions for the **Sydenham to Bankstown Rail Corridor** seem pretty clear – this area of Sydney is about to change dramatically. From a city-building point of view, this could be a very good thing. There will be more people housed near a rapid transport link, making the daily commute into town easier. This in turn brings productivity benefits. The influx of new residents and the building activity will also create more local activity and jobs.

But unlike the more affluent parts of Sydney this corridor offers a much harder renewal task. Why? Because it is one of the more socially and economically disadvantaged places in the city.

Going back to the income map, the key characteristic of this corridor is that its home to a large population of ethnically-diverse families, three-quarters of whom survive on incomes below the Sydney median. In fact, these suburbs form one of the last concentrations of more affordable housing near to the centre of Sydney.



Figure 4: Draft zoning map of the Sydenham to Bankstown Rail Corridor



What we do along this corridor will be a major test of the government’s intentions to plan for the whole of Sydney. Most importantly, the draft plan for this corridor cannot simply be left as a glorified “**developers’ treasure map**” – which is all we have to go on at present.

What are the options? First, do we really need the “TOD-on-Steroids” approach favoured by some? In fact, these areas offer a great chance for the Minister’s “Missing Middle” to feature strongly in the renewal process. For example, making more effective use of small clusters of public housing stock and smaller infill and strata redevelopments. Coupled with some moderate density around the stations and a locally focused public transport system feeding the rail stations, a more **dispersed densification** could deliver the numbers in a much more appropriate way that will not garner community backlash.

Getting real with Affordable Housing

But that raises the critical issue of what proportion of the intended 36,000 new homes slated for the Corridor will be affordable – and to whom? Without a significant affordable housing component, the essential workers who live in the area now – the mechanics, care workers, shop workers, van drivers and hospitality workers – are likely to be priced out.

We now have something of a breakthrough. The inclusion of **Inclusionary Zoning** in the draft District Plans at last signals a grown-up approach to planning for our city's housing needs. The **Affordable Rental Housing Targets** must be a cornerstone of the next 20 years of planning. As we have already heard today, simplistic talk about more supply as the answer to housing affordability was never going to wash.

And contrary to some recent commentary, the way to pay for this is not for even more density, but in land valuations. From now on, land owners hoping to redevelop a site will be under no illusion about how much affordable housing will need to be factored into site acquisition valuations to achieve these targets.

We can no longer afford the sort of “casino culture”, “winner takes all” approach that has typified the land rezoning and redevelopment process in recent years.

Value Capture

The issue of Inclusionary Zoning also raises the wider question as to who will benefit from the substantial value uplift this new infrastructure, rezoning and amenity upgrades will generate. There is no mention in the Metro Corridor plan of how much this value uplift might be, or how some might be captured to either help pay for the Metro itself or for other key infrastructure needed to turn these new precincts into the vibrant places depicted in the brochure – let alone provide for any affordable housing.

But the cat's out of the bag on this one.



There is an unanswerable case for the fair and reasonable distribution of the value generated from renewal that will both encourage the development process, but also benefit the community.

To aid the transparency of this process, we need to upskill our local planning staff to fully understand the value they are creating in their zoning and development decisions. Here we could look to the example of the new Mayor for London who has set up a '**Homes for Londoners**' team to oversee homebuilding. This will include experts who will be employed to scrutinise developers' 'viability assessments' to ensure new developments include the maximum amount of affordable housing.

We need a similar approach here.

New vehicles to coordinate renewal

And finally, once the rezoning is in place, will it simply become another development free-for-all, or will the public sector take a stake in the process?

Arguably, the public sector needs to take a lead to manage the transition that will be happening. This calls for significant innovation in public leadership.

The key here will be the word inclusion – ***Inclusive Renewal*** will mean a *real* engagement with the communities involved.

Importantly, our approach to renewal should be established with the principle of **subsidiarity** to the fore – i.e. devolving planning decisions to the most appropriate level (something that Minister Stokes also champions).

The Commission now has the opportunity to work with the new amalgamated local councils across the city to up-grade the local planning system. Preparing



new **Local Housing Strategies** will require a much more sophisticated understanding of local development dynamics. Implementing the **District Plans** will require a very different, more interventionist and better resourced approach than has been the case to date.

We also need to use cutting edge, data-driven planning **decision support methods** to involve stakeholders in the collaborative planning process. Its time planning caught up with 21st century technology.

So who might do the coordination and renewal planning?

We need something new to achieve this. The proposed **Collaboration Areas** flagged in the District Plans, point the way. We need to reframe these in terms of Inclusive Renewal for our urban centres and corridors.

We need to task the new improved local councils working with the Commission to develop approaches for implementing integrated renewal strategies.

There is a real opportunity to establish a new model of publically accountable **Local Renewal Consortia** that would bring together local councils, public land holders, other local land owners and businesses, the community, the development sector and community housing providers in joint ventures to re-vision and renew these town centres.

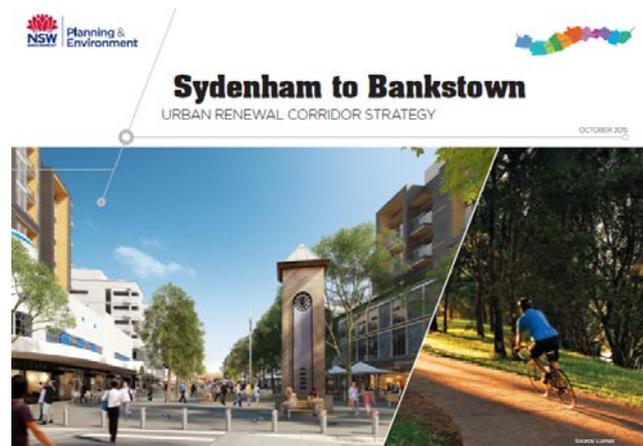
Innovative funding for new infrastructure would come through hypothecated value capture mechanisms, both in the form of up-front contributions from the development process and longer term borrowing supported by the increased local rates that will be collected – for example in the form of a general **Community Investment Charge**. The models are out there. We know they work. We need them here.



Since we will eventually need such a workable governance model in order to coordinate and manage the process of inclusive renewal, let's start thinking about it now. It could set a precedent for more widespread renewal activity.

So, how do we get to this.....

Figure 5: Sydenham to Bankstown Rail Corridor: The Future Vision



from this.....?

Figure 5: Sydenham to Bankstown Rail Corridor: The Current Reality



Conclusion

In moving towards a city of 8 m, Business as Usual – rezone and walk away planning, casino development culture, unaffordable development, ad hoc

infrastructure roll out, incoherent urban financing models, and poorly integrated urban governance arrangements – will no longer do.

A truly 21ST Century Greater Sydney needs a 21st Century planning and governance system to deliver integrated outcomes on the ground.

The 8 m in 2056 will not thank us for failing to get with this particular program. There will be a range of interests – from various sides – who will resist progress on this. There will be battles over who and how we will pay for it.

But that shouldn't mean we can't develop an inclusive and responsive planning system fit for a 21st century city that benefits the whole community, as well as driving a productive, liveable and sustainable city over the next 40 years.

Thank you.

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