

Public Exhibition - Draft Local Strategic Planning Statement and Draft Housing Strategy

File No: X019011

Summary

Changes to planning legislation in 2018 embedded comprehensive strategic planning into the NSW planning system to coordinate and guide long term planning and infrastructure decisions. The Greater Sydney Commission's Region and District Plans provide strategic planning direction from the state. Councils are now required to prepare their own land use planning strategies, known as Local Strategic Planning Statements.

The City of Sydney area attracts people, business, visitors and investment for the amenity and opportunities it provides. It is recognised as Australia's global city and the leading knowledge-based economy in the nation. Our local area generated more than \$130 billion of economic activity (GDP) in 2017/18, over 7 per cent of Australia's economy. The City has had the highest population growth rate in NSW over the last five years and has provided almost 40 per cent of housing in the Eastern District covering nine councils over that time.

The city will continue to grow and change. More people will be living in apartments and higher density precincts. The city's economy will need to continue evolving to stay competitive. More people will be using the city's public domain, parks and facilities.

The City of Sydney's land use planning framework, including the local environmental plans, development control plans, contributions plans and various strategies, plays a critical role in guiding good planning outcomes and achieving the green, global and connected city envisaged by *Sustainable Sydney 2030*. It guides the development of the places where we live, work and play and helps us strengthen the character and amenity of places, wellbeing and resilience of the community, management of the environment and competitiveness of the economy.

City Plan 2036: Draft City of Sydney Local Strategic Planning Statement is the City's first such planning statement. It sets out a 20 year land use vision and the planning priorities and actions to achieve the vision. It links the Greater Sydney Commission's plans and *Sustainable Sydney 2030*, and in the future *Sustainable Sydney 2050*, with the City's planning controls. It guides future changes to planning controls, informs decisions about infrastructure and sets out how we will work with others on planning matters that affect the city.

The planning statement is accompanied by *Housing for All: Draft City of Sydney Local Housing Strategy*. The housing strategy is a requirement of the District Plan. It sets out the number of homes expected to be developed over the next 5, 10 and 20 years and planning priorities and actions to guide diverse, sustainable and well-designed housing to meet community needs. The strategy is informed by the Department of Planning and Environment's guidelines, which prescribe how to develop housing targets with a strong focus on facilitating supply to meet demand.

The planning statement and housing strategy envisage an additional 50,000 private homes, 6,000 non-private homes (boarding and student housing) and 200,000 jobs being delivered by 2036. These new homes can be achieved with little change to the residential densities currently permitted in the planning controls. The additional jobs floor space needed for Sydney to stay competitive will be achieved through a number of measures. The Draft Central Sydney Planning Strategy will need to be implemented to deliver about one quarter of the jobs. Existing capacity for business and enterprise floor space will need to be prioritised in strategic centres including the innovation corridor west of Central Sydney. Parts of Alexandria, the Botany Road corridor and the innovation corridor will also be investigated for potential capacity increases with a priority for business and enterprise floor space.

The NSW Government has required all Sydney councils to exhibit a draft planning statement by 1 October 2019 and adopt by 31 March 2020. Following exhibition, the City will work with the Greater Sydney Commission to seek their support prior to reporting the draft planning statement and housing strategy to Council for adoption. The planning statement and housing strategy will then guide an update to the City's planning controls over 2019 to 2021, as well as becoming a matter for consideration in all planning proposals.

Recommendation

It is resolved that:

- (A) Council support and approve *City Plan 2036: Draft City of Sydney Local Strategic Planning Statement* at Attachments A1-A6, incorporating any amendments made by the Chief Executive Officer under resolution (C), for public exhibition for 42 days.
- (B) Council approve *Housing for All: Draft City of Sydney Local Housing Strategy* at Attachment B, incorporating any amendments made by the Chief Executive Officer under resolution (C), for public exhibition for 42 days.
- (C) authority be delegated to the Chief Executive Officer to make amendments to *City Plan 2036: Draft City of Sydney Local Strategic Planning Statement, Housing for All: Draft City of Sydney Local Strategy, Housing for All: Draft City of Sydney Local Housing Strategy - Technical Paper* and *City of Sydney Capacity Study* prior to public exhibition for correcting errors, updating graphics and editing, provided the intent of the priorities and actions is not changed.

Attachments

Attachment A1. City Plan 2036: Draft City of Sydney Local Strategic Planning Statement

Attachment A2. City Plan 2036: Draft City of Sydney Local Strategic Planning Statement

Attachment A3. City Plan 2036: Draft City of Sydney Local Strategic Planning Statement

Attachment A4. City Plan 2036: Draft City of Sydney Local Strategic Planning Statement

Attachment A5. City Plan 2036: Draft City of Sydney Local Strategic Planning Statement

Attachment A6. City Plan 2036: Draft City of Sydney Local Strategic Planning Statement

Attachment B. Housing for All: Draft City of Sydney Local Housing Strategy

Attachment C. Housing for All: Draft City of Sydney Local Housing Strategy - Technical Paper

Attachment D. City of Sydney Capacity Study

Attachment E. City Plan 2036: Draft City of Sydney Local Strategic Planning Statement Overview

Background

1. In March 2018, the NSW Government introduced changes to the *Environmental Planning and Assessment Act 1979* (the Act) to embed comprehensive strategic planning into the NSW planning framework. A suite of long term strategic plans are required to be prepared and implemented by the NSW Government and local councils. These plans include the region plan and district plans, prepared by the Greater Sydney Commission, and local plans, known as local strategic planning statements (planning statement) prepared by councils. The plans are intended to give direction to and coordinate planning decisions over the longer term and across areas and decision making authorities. The plans inform the planning controls that guide growth and change through development. The plans are implemented, in part, through local planning controls, including local environmental plans (LEP) which are now required by the Act to give effect to the local and state strategic plans.
2. The NSW Government has introduced a program to prepare and implement the planning statements and make subsequent changes to planning controls by mid-2021. Key steps and timeframes in this process include:
 - (a) Undertaking a review of the LEP, which was submitted to the Greater Sydney Commission in November 2018.
 - (b) Preparing and exhibiting a draft planning statement by 1 October 2019. The City must then seek the Greater Sydney Commission's support that the statement is consistent with the region and district plans.
 - (c) Adopting the planning statement by 31 March 2020.
 - (d) Updating the LEP on the basis of the planning statement by March 2021.
3. The planning statement is then required to be reviewed at least every seven years and the LEP must be reviewed every five years. The LEP is also required to be reviewed and updated after a District Plan is made. This new process of strategic planning and more regular reviews of the controls is intended to contain the need for 'spot rezonings'.
4. City Plan 2036: Draft City of Sydney Local Strategic Planning (draft planning statement) at Attachments A1-A6 is a 20 year land use planning vision for the council area. It connects the strategic directions of Greater Sydney Commission's *Greater Sydney Region Plan: A Metropolis of Three Cities* and *Eastern City District Plan* and the City's community strategic plan, *Sustainable Sydney 2030* (and *Sustainable Sydney 2050* in the future), with the City's planning controls. The planning statement sets out the land use planning context, a 20 year vision, planning priorities and actions to achieve the vision and monitoring of the statement. The draft planning statement:
 - (a) explains how the city is expected to change and how the planning system will manage that change to achieve the outcomes desired
 - (b) provides a local response to the NSW Government's planning priorities and actions in the District Plan
 - (c) describes the planning priorities and actions taken to implement the *Sustainable Sydney 2030* (2050) vision

- (d) forms the basis of collaboration and advocacy on planning issues with other councils and the NSW Government and
 - (e) supports existing planning controls that provide strategic outcomes as well as guides future changes to the controls, including those sought by proponents through planning proposals.
5. The District Plan requires all councils to prepare a housing strategy to guide the quantity, location and types of future housing in their local government areas. The housing strategy supports the planning statement.
 6. In October 2018, the Department of Planning and Environment (Department) released its Local Housing Strategy Guideline. This guideline includes a template prescribing how local governments must undertake a housing analysis and develop local housing targets to guide growth to 2036. The requirements have a strong focus on facilitating housing supply to meet projected demand.
 7. Housing for All: Draft City of Sydney Housing Strategy (draft housing strategy) at Attachment B describes how the City will meet the District Plan's liveability priorities as they relate to housing issues. It also establishes the City's priorities, objectives and actions for future housing delivery.
 8. The Housing for All: Technical Paper at Attachment C has been prepared in accordance with the Department's Guideline. The technical report provides a detailed evidence base for the priorities, objectives and actions identified in the draft housing strategy to guide the development of all forms of housing in the local area to 2036.
 9. The process for preparing the draft planning statement and draft housing strategy started between July and September 2018 with the publication of guidance documents and a series of technical working groups hosted by the Department and the Greater Sydney Commission. A further workshop was held by the Department in February 2019 and a health check was conducted with the Greater Sydney Commission at the end of March 2019.
 10. The City's work has included an analysis of the built floor space in the city and preparation of the City of Sydney Capacity Study at Attachment D, research into productive land uses including economic trends and clusters, transport futures and housing demand.
 11. Existing City strategies, such as the draft Central Sydney Planning Strategy, Employment Lands Strategy 2015-2019, Environmental Action 2017-21, A City for All: Social Sustainability Policy and Action Plan and Creative City: Cultural Policy and Action Plan, Adapting for Climate Change – a Long Term Strategy for the City of Sydney: 2015-2070 and Greening Sydney Plan: 2012 have been reviewed and integrated with the planning statement.
 12. The planning statement has been developed alongside the preparation of the City's next community strategic plan, Sustainable Sydney 2050. The planning statement has used, and been tested against, the findings from recent community consultation undertaken to inform Sustainable Sydney 2050. Given the timing, it is anticipated that a further review of the planning statement may be required following the finalisation of Sustainable Sydney 2050 to ensure it aligns with the directions of that plan. It is not possible to defer the preparation of the planning statement until after the completion of Sustainable Sydney 2050 given the NSW Government's timeframes.

13. This report seeks Council's support and approval to exhibit City Plan 2036: Draft City of Sydney Local Strategic Planning Statement at Attachments A1-A6 and Housing for All: Draft City of Sydney Housing Strategy at Attachment B.

Planning context

14. The city is an attractor of people and investment. It has increasing amenity and economic opportunity making it a desirable place to live, work, play and invest. The City of Sydney is the sixth-largest local government area in metropolitan Sydney with a population of over 240,000 people. The city is also home to Australia's largest worker population, with more than 500,000 people working within the area every day. Each day there is an estimated 1.3 million people in the council area.
15. The city's population has grown quickly. In the five years to 2018, annual residential growth averaged 4.12 per cent, compared to 1.91 per cent for Greater Sydney as a whole. This represents an average of 8,782 new residents per year compared to 4,667 per year in the previous five years, showing a significant wave of growth.
16. Capacity and population growth has fuelled demand for housing. Around 30,000 dwellings have been built over the past decade, representing almost 38 per cent of the homes built in the Eastern City District, and over 10 per cent in the Greater Sydney Region.
17. Most of this growth in housing was provided as apartments in major urban renewal sites such as Green Square, Central Park, Harold Park and the Ashmore Precinct which continue to evolve as vibrant, diverse and sustainable communities.
18. The resident population growth has been mirrored by growth in the worker population and jobs. Between 2007 and 2017, the number of persons employed by businesses in the city increased by around 30 per cent from 384,981 to 501,786 workers, signalling a very strong period of economic activity for the city, particularly in Central Sydney where almost 65 per cent of this expansion occurred. Business floor space increased by 4.5 per cent to 17.2 million square metres since the 2012 survey and accounts for 45.3% of the total floor area in the city. There has also been a strong ongoing trend towards less space for each worker, particularly for office based workers, which is expected to continue. Visitor numbers have also continued to increase, rising by approximately 14 per cent in the last five years to 660,000 visitors per day in 2018.
19. Sydney is recognised as Australia's global city and the leading knowledge-based economy in the nation. Our local area generated more than \$130 billion of economic activity (GDP) in 2017/18, representing over 7 per cent of Australia's economy. The average labour productivity of a City of Sydney worker is 27 per cent higher than the Greater Sydney average. While heavily focused on financial and professional services in Central Sydney, employment across the city is spread across all sectors and skill levels which contributes to the diverse socio-economic character and function of Greater Sydney and NSW. The city's economic role is supported by existing and planned transport which serves the wider Sydney region and Central Sydney.

City to 2036

20. The city will continue to be an attractor for residents and workers seeking high amenity and economic opportunity. The growth seen over the past 10 years is set to continue with housing and jobs growth expected to result in up to an estimated 115,000 additional residents and 200,000 additional workers by 2036. This equates to manageable average growth rates of about 2.1 per cent for residents and 2 per cent for workers in the city every year. Altogether, by 2036 there are 1.7 million people expected to be using the city each day accounting for daily and overnight visitors.
21. The population growth will be accommodated in about 50,000 new homes and 6,000 non-private dwellings in the local area to 2036. Nearly all of these new homes will be in medium to high-density apartment buildings, signalling a sustained long-term shift to apartment living. Over one third of this growth will occur in the Green Square Urban Renewal Area, which will grow to about 32,000 total dwellings and 60,000 to 70,000 residents expected by completion in 2036. This is an increase to previous projections that largely results from an increase in average household size (the number of people living in a dwelling), as well as slightly smaller average dwelling sizes.
22. Other areas of notable growth are expected to be in Redfern-Waterloo and on NSW Government controlled urban renewal sites. There will be modest infill growth continuing for the City's historic residential villages.
23. As the population grows and more people than ever live in apartments, shared public spaces such as parks, retail centres, libraries and community facilities will see increased use. This will support more vibrant, diverse, day-round activity in our village centres, and increase the need for expansion and maintenance of the City's facilities.
24. Employment growth is expected to continue in Central Sydney with the intent of the draft Central Sydney Planning Strategy creating additional space for about 47,000 jobs or about one quarter of the total jobs target if taken up. Employment growth in advanced sectors is also expected in Surry Hills, East Sydney, Redfern, Waterloo, Ultimo and Pyrmont around knowledge intensive industry clusters. Workspace ratios are expected to continue contracting and knowledge-intensive industries in connected, vibrant, high amenity precincts will be the focus for competitive city economies that need to attract workforce talent.
25. Changing climate will continue to create risks for our wellbeing, environment, infrastructure and economy, causing us to adapt to be more resilient. Sydney will experience gradual warming with a projected increase of about 3.1°C by 2070 with the hottest days becoming hotter, more frequent and lasting longer. The city will continue to experience variable rainfall with wet and dry periods, increased bushfire risk in the region contributing to air pollution and a long term risk of sea level rise.
26. In the last decade, Sydney's liveability and productivity has been increasingly challenged by cost and affordability issues. Affordability (cost relative to income) plays a crucial role in supporting social cohesion, high economic performance and long-term ability to play an advanced role in the global and national economy. In the City of Sydney home ownership is unaffordable, except for those on high incomes. Despite recent downward price trends, the median property price is almost ten times higher than the median household income (July 2018) and about one in five households are in rental or mortgage stress. The lack of availability of affordable work space also affects the City's productivity with creative sector workers decreasing at a time when the overall workforce has grown considerably.

District plan directions

27. The Sydney region is divided into five districts with the city area located in the Eastern District. The District comprises nine councils from the coast west to Burwood and Canada Bay councils and from the harbour south to Bayside Council. The District Plan sets out planning priorities and actions for councils in the district. The Plan's key priorities for the City include:
- (a) Strengthening the international competitiveness of the Harbour CBD, supported by the Innovation Corridor, health and education precincts and boosting innovation and creative industries alongside knowledge-intensive jobs growth. Actions include clustering advanced businesses to support innovation and ensure it's not compromised by excessive residential development.
 - (b) Retaining industrial and urban services land, particularly in the Green Square - Mascot strategic centre north of Sydney's international airport.
 - (c) Nurturing quality lifestyles through well-designed housing in neighbourhoods close to transport and other infrastructure.
 - (d) Sustaining communities through vibrant public places, walking and cycling, and cultural, artistic and tourism assets.
 - (e) Aligning growth with infrastructure, including transport, social and green infrastructure, and delivering sustainable, smart and adaptable solutions.
 - (f) Being efficient and innovative in providing recreational and open space areas, and increasing urban tree canopy.
 - (g) Transitioning to a low-carbon, high-efficiency District through precinct-scale initiatives.
 - (h) Building effective responses to climate change and natural and urban hazards.

City strategies

28. The City places a high priority on design, quality of life, environment, community and culture. The planning statement and housing strategy have integrated relevant directions and land use planning approaches from the following strategies:
- (a) *Environmental Action 2017-21* has informed the planning priorities and actions related to developing sustainable buildings, adaptation to climate change and greening Sydney including tree canopy and biodiversity.
 - (b) *City for All: Social Suitability Policy and Action Plan* has informed our approach for people focused urban design and planning to support people and communities particularly through infrastructure provision and good design to support health, wellbeing and social connections.
 - (c) *Creative City: Cultural Policy and Action Plan* has guided actions to support the City's cultural and creative life and business sectors primarily by improving regulation and planning controls to support cultural space and activities.

- (d) *Open Space and Recreational Needs Plan* sets out the City's approach to providing and improving open space and recreation facilities including provision through planning controls in urban renewal areas and guidance for future acquisition and improvement through expenditure of development contributions, planning agreements and NSW Government projects.

City Plan 2036: Draft City of Sydney Local Strategic Planning Statement

29. The draft planning statement sets out the City's vision for how the city will change and be managed through the planning framework to achieve a green, global and connected city. It includes a vision and 13 planning priorities organised into the Greater Sydney Commission's themes of infrastructure, liveability, productivity, sustainability and implementation. It incorporates the priorities of the draft housing strategy and the City's other planning strategies, the Draft Central Sydney Planning Strategy and the Employment Lands Strategy. The draft planning statement and draft housing strategy will manage and shape the city as it continues to grow and be a place that's attractive for people and investment.

Vision and priorities

30. The draft planning statement adapts the City's *Sustainable Sydney 2030* vision, to be embedded in the 2050 plan, of green, global and connected in the land use planning context. The City's vision will create a city that is:
- (a) *Green* with trees and open space and high performing buildings and places that support a healthy and resilient community.
 - (b) *Global* with Australia's most significant global city with the evolution of high amenity enterprise precincts and a diverse community supported by a range of housing types.
 - (c) *Connected* with distinctive and accessible local areas, a transitioning high quality movement network and infrastructure that supports strong communities and cultural activity.
31. The infrastructure theme priorities are:
- (a) *Movement for walkable neighbourhoods and a connected city* focuses on improving local neighbourhoods so people have access to daily needs within a five to 15 minute walk, advocating for mass transit and transport services, ensuring land uses match mobility investment and managing roads to reduce impacts and create great places.
 - (b) *Aligning growth with infrastructure* sets out how the City will continue to plan and deliver local infrastructure and collaborate with Government on state level infrastructure focussing on how it can be funded and delivered including through infrastructure compacts.
 - (c) *Meeting the changing needs of the community* describes the types of local and state infrastructure that are needed to support the community and opportunities and constraints for provision.
32. The liveability theme priorities are:

- (a) *A creative and socially connected city* which describes how the City will take a people-focused approach to planning and place making; the role of community infrastructure and improving planning to support cultural activity and spaces.
 - (b) *Creating, renewing and maintaining great places* includes strategies for local centres, conserving heritage, delivering design excellence in public and private spaces and ensuring high amenity.
 - (c) *New homes for a diverse community* integrates the priorities of the draft housing strategy and addresses the need for new homes including diverse, affordable and social housing.
33. The productivity theme priorities are:
- (a) *Growing a stronger, more competitive Central Sydney* focuses on implementing the Draft Central Sydney Planning Strategy, prioritising space for business and enterprise activities while managing housing growth and guiding appropriate built forms to create a world class city centre.
 - (b) *Developing innovative and diverse business clusters in the Sydney Fringe* responds to the evolution of health, education, innovation and creative business clusters in the areas surrounding Central Sydney and seeks to prioritise those strategic land uses and improve connections between business and institutions.
 - (c) *Protecting industrial and urban services lands and evolving businesses in the Green Square-Mascot strategic centre* addresses the city's strategic Southern Enterprise Area and responds to the Greater Sydney Commission's direction to retain these strategic lands while planning for their evolution to accommodate the next generation of business needs.
34. The sustainability theme priorities are:
- (a) *Protecting and enhancing the natural environment for a resilient city* focuses on improving the city's waterways, biodiversity corridors, green spaces and tree canopy to support the environment and a healthy community.
 - (b) *Creating better buildings and places to reduce emissions and waste and use water efficiently* supports our work to guide the development of buildings that will be net zero energy by 2050, use water more efficiently and help us reduce our waste.
 - (c) *Increasing resilience of people and infrastructure against natural and urban hazards* guides planning to manage flooding and stormwater, contaminated land and investigating the longer term implications of sea level rise.

Housing for All: Draft City of Sydney Local Housing Strategy

35. The draft housing strategy at Attachment B articulates the City's vision for housing in the local area to 2036. Its purpose is to provide the strategic framework for where residential growth will occur, establish how much growth will occur, and set out the actions the city will take to facilitate the housing outcomes we want for the community.
36. The draft housing strategy includes seven housing priorities that respond to the City's unique housing challenges, including:

- (a) *Facilitating homes in the right locations* which guides how additional housing will be achieved and ensure that housing is located where it can be supported by infrastructure.
- (b) *Coordinating housing growth with the delivery of infrastructure* which speaks to the need for infrastructure to be provided in time to support new housing growth.
- (c) *Increasing diversity and choice in housing* which is to ensure there is a mix of dwelling types, tenures, sizes and price-points that in turn supports a diverse and resilient community and economy.
- (d) *Increasing the diversity and number of homes available for low-income households* which sets out the actions the City can take to contribute to *Sustainable Sydney 2030's* target of 7.5 per cent of all housing in our area to be affordable rental housing.
- (e) *Increasing the amount of social and supported housing* which sets out the actions the City can take to contribute to *Sustainable Sydney 2030's* target of 7.5 per cent of all housing in our area to be social housing.
- (f) *Improving NSW Government controlled site outcomes* guides how the City will work with the State Government for good urban renewal outcomes.
- (g) *Increasing liveability, sustainability and accessibility through high-quality residential design* describes the actions to create the quality of housing the community needs.

Key Implications

Development capacity and managing change

37. The City's capacity study, provided at Attachment D, aggregates the amount of floor space (capacity) in the city that is available for development. Capacity is determined by measuring the difference between the floor space that is already built and the floor space that could be built under the City's current planning controls, the draft Central Sydney Planning Strategy and on NSW Government sites. Sites with no development capacity or significant constraints are excluded, including parks, heritage items, residential strata, recent developments of less than 25 years, sites with less than 100 square metres of development potential, and other sites that are unlikely to be developed. Once total capacity has been determined, a likely split between residential and non-residential uses is applied based on current trends. This allows forecasting of how much capacity will likely be used for jobs and how much will be used for dwellings.
38. The capacity study counted over 10 million square metres of floor space in the city that is available for future development. Most of the residential capacity is located in the Green Square and City South Village area, with the CBD and Harbour and the Chinatown and CBD South villages containing most of the non-residential commercial enterprise development capacity.
39. Based on current trends, the capacity study forecasts an estimated total of 50,000 private dwellings, 6,000 non-private dwellings and 158,000 jobs can be provided in the local area.

40. The District Plan requires the City to:
 - (a) demonstrate how it will deliver the 0–5 year dwelling target of 18,300 (2016–2021) for the local government area;
 - (b) develop, agree and demonstrate delivery of a 6–10 year dwelling target for the local government area ;
 - (c) identify the capacity to contribute to an 11–20 year dwelling target of 157,500 for the Eastern City District; and
 - (d) plan for and deliver at least 169,260 new jobs by 2036 in the Harbour CBD and Green Square-Mascot strategic centres, with a higher aspirational target of 244,260 by 2036.
41. The City's proposed targets to 2036 are based on the capacity study and technical studies that have informed the preparation of the planning statement and the housing strategy. The proposed targets balance the need for more homes with the need for more jobs, space for infrastructure, sustainable economic growth and the creation of great places. They include:
 - (a) 50,000 additional private dwellings, being private homes owned or rented;
 - (b) 6,000 additional non-private dwellings, being homes that typically comprise shared spaces, such as student housing, boarding houses and group homes; and
 - (c) Floor area for 200,000 additional jobs across a range of uses.
42. Much of the growth in housing will occur in the Green Square Urban Renewal Area as well as on state government controlled urban renewal sites. Areas such as Chinatown and CBD South Village and Redfern Street Village will also see notable development.
43. The above targets constitute around 32 per cent of the 157,000 private dwellings needed across the nine council areas in the Eastern City District to meet the District Plan's 20 year target.
44. *Sustainable Sydney 2030* includes a target that of all housing in the city, 7.5 per cent will be affordable rental housing and 7.5 per cent will be social housing delivered by others. Achieving the target to 2036 requires over 2,200 social housing dwellings and over 11,000 affordable housing dwellings be provided. Notwithstanding the City's target, it is noted the NSW Government is responsible for providing social housing and for introducing policy and programs that increases the supply of affordable housing. The City has limited ability to facilitate affordable housing supply through the planning framework.
45. The capacity study confirms that there is sufficient capacity available under the City's current planning controls to accommodate the potential housing targets. This constitutes about 32 per cent of the projected housing growth in the nine councils of the Eastern City District. Therefore, no changes are required to current densities (floor space ratios) under the LEP to facilitate proposed housing targets.
46. The City's jobs targets can be achieved under the current planning controls together with:

- (a) the capacity intent of the draft Central Sydney Planning Strategy;
 - (b) potential increases in current non-residential densities and prioritising business and enterprise floor space in strategic locations such as parts of Alexandria, Central Sydney South, the Botany Road corridor and the innovation corridor; and
 - (c) increased work–space ratios across all village areas.
47. Although very little change is required to the City's planning controls, it is acknowledged councils are required by planning legislation to accept and assess planning proposals from land owners and proponents seeking changes to the development standards or zoning. In some cases, these planning proposals may have merit and contribute to targets by 'unlocking' existing capacity through a change in the location and building height of development to fit the permissible floor space on the site, particularly where it is for a strategically valuable use.
48. There are also circumstances where planning proposals seek greater densities, and these may also have strategic benefits. Site-specific or precinct planning proposals that allow for more floor space can create opportunities for the delivery of public benefits, such as publicly accessible open space or affordable housing. In other cases, changes to the planning controls will enable an improved built form that responds better to its surrounding context and creates a better urban environment.
49. The draft planning statement includes 'principles for growth' to provide a local merits test to guide the Council in the consideration of, and consistent decision-making about, future planning proposals. The principles provide local considerations that support and are consistent with the merits test included in the Department's guide to preparing local environmental plans.

Prioritising business and enterprise

50. The draft planning statement prioritises the critical economic role the city plays in the Sydney region, NSW and Australia. The Greater Sydney Commission has recognised this role by identifying two productivity focused strategic centres which cover more than 60 per cent of the council area. The Harbour CBD comprises Central Sydney and surrounding mixed use business precincts in East Sydney, Surry Hills, Redfern-Waterloo, Chippendale, Camperdown, Ultimo and Pyrmont. The Green Square-Mascot Centre features valuable business, industrial and enterprise lands strategically located between the ports and Central Sydney.
51. The draft planning statement prioritises increasing capacity for economic and employment uses in Central Sydney by implementing the draft Central Sydney Planning Strategy framework. The strategy foresees additional floor space needed to meet the City's and Greater Sydney Commission's employment targets. This floor space will be realised through planning proposals in accordance with the strategy, which also guides an appropriate built form, protection of public spaces and delivery of infrastructure.

52. In the mixed use business precincts in East Sydney, Surry Hills, Redfern-Waterloo, Chippendale, Camperdown, Ultimo and Pyrmont, the draft planning statement recognises the significant economic opportunity of evolving clusters of related knowledge intensive businesses and institutions. The health, education, technology and creative sectors throughout these areas complement the internationally focused financial and professional services of Central Sydney and take advantage of the high amenity and character of these areas to attract talent at relatively affordable price points. The draft planning statement seeks to provide sufficient floor space for these strategic land uses so that clusters can continue to evolve and create a competitive economic advantage for Sydney. It also includes an action to investigate planning changes to the Botany Road corridor to ensure the development will realise the locational opportunities of Waterloo Metro, Australian Technology Park and the Government's vision for the Sydney Innovation and Technology Precinct. Existing clusters of creative industries and professional services will also be promoted in parts of Surry Hills and East Sydney with a creative cultural precinct to be explored around Taylor Square and Oxford Street leveraging the recently announced long term lease to the National Art School.
53. For the Green Square-Mascot strategic centre, the focus is to continue protecting the important enterprise area in southern part of the city. The area accommodates industries, urban services and businesses that support Central Sydney and international trade gateways of Port Botany and Sydney Airport. The City's Employment Lands Strategy (2015) and the Greater Sydney Commission's Region Plan seek to retain these lands and their productive contribution to the Sydney region. The planning statement continues this approach and also identifies a future review of the City's employment lands strategy and investigation into planning approaches for the business zoned land in North Alexandria to guide its evolution to more jobs-intensive, knowledge driven activities.

Increasing diversity and choice in housing

54. A sustainable global city must offer a mix of housing to meet the needs of a diverse community. This includes housing of different types and tenures that can adapt to a household's changing needs over time. While the city has a rich supply of medium-density, standalone, detached, semi-detached and terrace houses, mostly in its heritage conservation areas, future housing growth will consist almost entirely of apartments in high density developments. By 2036, it is expected that over 80 per cent of people living in the city will live in apartments.
55. The challenge for the City in planning for more housing is to ensure that apartments can meet the diverse needs of people who want to live in the area. This includes people on low incomes, families with children, people with disabilities, older people, long-term renters, students, people living alone, people living with flatmates, cooperative living, extended family groups, and more. All these people should be able to find a suitable home in the city.

56. The City recognises the Aboriginal and Torres Strait Islander peoples as Australia's First Peoples - the original custodians of the land we now call Sydney. Redfern and Waterloo are home to Aboriginal medical, health, employment and legal services, and the National Centre of Indigenous Excellence. However, as a proportion of the city's total population, Aboriginal and Torres Strait Islander population continues to decrease, standing now at 2,412 individuals. The planning statement and the housing strategy is an opportunity to start a process of bringing the people back by working with the NSW Government to advocate for the provision of affordable and social housing dedicated to Aboriginal and Torres Strait Islander people in these key locations in the city.
57. The City already uses planning controls to encourage a mix of housing types and sizes. This ensures an appropriate supply of studios and one, two, three-bedroom apartments is available for different household types.
58. Current planning requirements include 15 per cent of all dwellings in large developments to be adaptable to enable easy modification in the future. Where housing incorporates universal design features that enable accessibility and adaptability without costly alterations, dwellings can be used by people throughout their lifetime and possible variations in their physical capabilities. The opportunity exists for the City to do more to support housing for people of all ages and abilities.
59. Stand-alone, detached, semi-detached and terrace housing are largely contained within the City's heritage conservation areas. These housing types are not only important for their intrinsic heritage value, but also add to the diversity and mix of housing available. It is important to protect the housing stock in these areas as it is compact yet flexible and is adaptable housing for families and other larger household types, particularly as new housing will be smaller apartments. The City will also improve controls to conserve heritage areas while providing housing diversity, including exploring opportunities to support secondary dwellings on blocks with appropriate laneway access.
60. A combination of economic, social and demographic trends are changing traditional attitudes to home ownership in Australia. Australia's high home ownership rate is falling dramatically among younger cohorts: "generation rent" has arrived. While renting may be more affordable than buying in the short term, renters can face longer-term insecurity of tenure and asset growth. Legislative changes and improvements and institutional investment in private rental, including by major employers, has the potential to make long-term renting a more attractive and secure option. A range of rental reforms might be explored to address renter uncertainty, such as permitting longer leases, limiting rental increases and reviews, and better renter-owner mediation processes. This will ensure renting is an attractive option for residents living in the area.
61. Rental accommodation in non-private dwellings, such as purpose-built student accommodation and boarding houses, also provides additional diversity in the rental market. While often absorbing more than 30 per cent of the income of a person with a low income, and therefore not considered an "affordable housing" product, this type of rental continues to meet an important need in the inner city and eases pressure on the wider market. This is particularly prominent given the high proportion of young people living in the city. Further investigation is needed to understand how these housing types can be improved and promoted.

62. The City will continue to encourage and facilitate new ideas to deliver housing that improves diversity while increasing the affordable housing supply. The recent Alternative Housing Ideas Challenge serves as an example for exploring new ideas such as creative tenancy arrangements, like shared cooperative living, and new funding or delivery models.

Increasing affordable and social housing

63. The high cost of housing is an important economic and social issue in Sydney, particularly where housing prices are among the highest in Australia. One of the biggest challenges to maintaining and enhancing socio-economic diversity is the decline in housing affordability, particularly in inner-city areas. Many people are finding that the housing they need is too expensive in the city, pushing many low-income workers out of the area and leaving behind relatively wealthy households and very low-income households in the city's social housing. The majority of low-income households who remain in the private housing market are increasingly in housing stress or crisis and may eventually be forced to move out as housing costs continue to escalate ahead of income growth.
64. In addition to impacting community diversity, the ongoing loss of low-income workers from inner Sydney makes it increasingly difficult for essential employment sectors to fill employment vacancies and staff shifts. This hampers critical services and business productivity and, by extension, the wider economic growth of Sydney
65. While addressing housing affordability requires intervention from the Australian Government to make significant change, increasing the amount of affordable rental housing available for very low to moderate income households, and ensuring an appropriate supply of social and supported housing for vulnerable people is an urgent priority for the City.
66. *Sustainable Sydney 2030* establishes an ambitious target that, in 2030, 7.5 per cent of housing will be social housing and 7.5 per cent will be affordable rental housing delivered by others. These proportions should be retained over time as the total housing supply grows. Given the City's proposed housing targets, this means an increase of over 11,000 affordable housing dwellings and about 2,300 social housing dwellings by 2036.
67. While the City has made significant inroads in its planning framework to facilitate affordable housing. There are existing schemes in Ultimo Pyrmont, Green Square and the Southern Employment lands, preferential zoning in parts of business zoned land and proposed expansion of the levy across the council area and a higher rates for rezoned sites. However, it is not possible for the City to resolve this issue alone. There is no single solution for how its targets can be achieved to 2036 and there is potential for the NSW Government to explore more opportunities in the planning framework, deliver more affordable housing in State Significant projects and support affordable housing through policy action.

68. The NSW Government is directly or indirectly responsible for delivering social housing. This is done either directly as public housing, or through funding, administering and regulating the community housing sector. At 30 June 2018, almost 53,000 people are on the social housing waiting list in New South Wales, with about 2,798 of those in the city. Since the City's target for social housing was established in 2008, the proportion of social housing has decreased from almost 11.7 per cent in 2006 to about 8.5 per cent in 2016, with only a small net increase of dwellings being added to the city's social housing stock since 2007. This proportion will continue to decline as the number of homes in the city increases to over 160,000 dwellings. The NSW Government must do more to increase the supply of social housing in the city.

Movement for walkable neighbourhoods and a connected city

69. The planning statement sets out the City's position on integrating land use planning with transport. It will guide the City's collaboration with the NSW Government on the provision of transport infrastructure. Walkable neighbourhoods are easy to move around by walking or cycling. They are inclusive, healthy and resilient places where daily needs can be met within a five to 15 minute walk. We plan for walkable neighbourhoods by implementing the City's walking, cycling and liveable green network, planning for services, retail and recreation in our village centres with high streets and providing infrastructure in accessible locations. As the city's daily population grows to 1.7 million people in 2036 more space will be needed for people on the street. The planning statement includes an action to work with the NSW State Government to plan for the transition of streets to 'people first' places, as opposed to exclusive vehicular corridors.
70. The draft planning statement also sets out the City's position on new transport infrastructure from the NSW Government. The City will continue to advocate for new Metro West stations at Zetland and Pyrmont to serve existing and forecast populations and to connect valuable employment sectors and their workers.

Infrastructure to meet community needs

71. The draft planning statement provides the opportunity for the City and the NSW Government to align population and worker increases with the delivery of infrastructure to encourage stronger communities, attract investment and talent, and make our city resilient and sustainable. This will be done through the infrastructure compacts envisaged by the Greater Sydney Commission's Region Plan. The southern part of the city will see greater demand for community facilities, cultural, recreation and open space infrastructure towards the end of the planning statement period. The City will use a broad assessment framework to understand demand and supply and guide decisions about existing infrastructure and the provision of future infrastructure to meet the community's needs. This framework will move beyond benchmark assessments to incorporate expressed demand, particular demographic needs, partnerships, asset opportunities and funding mechanisms. The planning statement also sets the expectation that growth above that envisaged in the planning statement will need to deliver the infrastructure to support that additional growth.

72. Funding infrastructure remains a significant challenge for local government with drip-fed development contributions capped and general revenue subject to the rates peg. The City has used innovative planning mechanisms to fund infrastructure such as the deferral process for the Green Square Town Centre and the community floor space scheme in the remainder of the Green Square urban renewal area. The draft Central Sydney Planning Strategy proposes a community infrastructure plan for sites capable of unlocking additional floor space under the strategy. The draft planning statement includes actions to use existing and develop new value sharing schemes and community infrastructure plans where appropriate.

Making great places

73. The draft planning strategy sets out the how the City will continue to improve liveability and make 'great places' through the planning framework. The distinct identity and character of the city's precincts and places draws people to live, work and study, adding to the competitiveness and success of local neighbourhoods and the wellbeing of communities. The City will continue to shape great distinctive places in the public and private domain by enhancing places of heritage value, encouraging re-use of historic buildings and promoting good design and creative and cultural uses. Through these priorities, the great places of the city will be a well-designed mix of new and old, with an integrated public and private domain and a thriving culture. Planning actions to support great places and improve liveability include ensuring centres and high streets provide local services, retail and recreation; improving walking links to centres; implementing good design for healthy apartments; continuing to implement successful competitive design excellence processes; and protecting local character.

Greening the city and pathways to net zero

74. The city is a high density built up area and will continue to develop. As climate changes and population grows, every opportunity to green the city through trees, plantings and open space needs to be taken to support the health and wellbeing of the community and environment. The planning statement includes actions to review canopy targets and controls relevant to development of private land and review controls to identify biodiversity corridors.
75. Energy use in buildings makes the largest contribution to greenhouse gas emissions in the area. Offices, hotels and apartments contribute 68 per cent of building emissions. The City is developing a pathway to net zero energy for new buildings in the local government area by 2050. The draft planning statement includes actions to implement the planning pathway and advocate for improvements to the BASIX energy standards. The City is progressing with these actions and has been hosting forums with a broad range of stakeholders to investigate the barriers and opportunities to implementation.

Collaboration and shared purpose

76. The draft planning statement sets a planning priority for governance and implementation which guides how the City will undertake its planning responsibilities. It addresses consultation and collaboration and calls for a strategic approach to planning. The City will collaborate with others on a range of planning issues including the NSW Government on State Significant Precinct projects, Inner West Council on the Ultimo Camperdown collaboration area, North Sydney Council on the Harbour CBD strategic centre, Bayside Council on the Green Square-Mascot strategic centre, Eastern District councils on housing, sustainability and infrastructure issues and the Eastern Economic Corridor councils to strengthen the contribution of the corridor to the Sydney region.

Strategic Alignment - Sustainable Sydney 2030 Vision

77. *Sustainable Sydney 2030* is a vision for the sustainable development of the city to 2030 and beyond. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. The draft planning statement and draft housing strategy are aligned with the following strategic directions and objectives:
- (a) Direction 1 - A Globally Competitive and Innovative City - The planning statement recognises the economic role of the City and sets a land use planning strategy to meet the employment targets set by the Greater Sydney Commission and grow valuable employment, business and enterprise clusters in key locations.
 - (b) Direction 2 - A Leading Environmental Performer - The planning statement provides a road map of land use planning actions to develop a pathway to net zero energy buildings, review canopy targets for private land and improve biodiversity corridors and waterways.
 - (c) Direction 3 - Integrated Transport for a Connected City - The planning statement integrates land use planning and transport by planning for employment in areas well serviced by the Sydney transport network and setting out advocacy positions for transport to Green Square and Zetland to serve existing and future populations.
 - (d) Direction 4 - A City for Walking and Cycling - The planning statement sets a strategy for creating walkable neighbourhoods by locating local services, shops and recreation options in centres and continuing to roll out the City's liveable green network and reprioritising space for active transport.
 - (e) Direction 5 - A Lively and Engaging City Centre - The planning statement integrates the Draft Central Sydney Planning Strategy which will guide development and land use.
 - (f) Direction 6 - Vibrant Local Communities and Economies - The planning statement identifies centres and activity streets which will be the economic and service focus for each village area. The statement also sets out a people first approach to urban design and place making.
 - (g) Direction 7 - A Cultural and Creative City - The planning statement includes actions to implement the City's proposed Open and Creative planning reforms that support live performance venues, small scale cultural activities and later opening shops.
 - (h) Direction 8 - Housing for a Diverse Population - The housing strategy sets 5, 10 and 20 year housing targets and sets actions to guide a diverse supply of housing to meet the needs of the community including particular groups such as Aboriginal and Torres Strait Islander peoples.
 - (i) Direction 9 - Sustainable Development, Renewal and Design - The planning statement sets a strategy to create great places through design excellence, celebrating local character and protecting heritage.

- (j) Direction 10 - Implementation through Effective Governance and Partnerships - the planning statement and housing strategy set out how the priorities will be monitored and the opportunities for collaboration with neighbouring councils and councils in the Eastern District and Eastern Economic Corridor.

78. The draft planning statement is being prepared alongside Sustainable Sydney 2050, the next iteration of *Sustainable Sydney 2030*. It has integrated the findings of community consultation to date and will inform ongoing consultation and further development of the Sustainable Sydney 2050. The City will consider updates to the planning statement following the adoption of Sustainable Sydney 2050.

Organisational Impact

79. The draft planning statement and draft housing strategy will guide the ongoing land use planning activities of the City Planning, Development, Access and Transport division including the update to the local environmental plan and development controls plan in 2019 to 2021. This is core business of the division and has no significant implications for staffing.

Budget Implications

80. Actions in the draft planning statement and draft housing strategy will be largely resourced from the ongoing operational budgets of the Planning, Development, Access and Transport division.

Relevant Legislation

- 81. Division 3.1 Strategic planning of the Environmental Planning and Assessment Act 1979 (the Act)
- 82. Section 3.9 of the Act sets out the requirement to prepare a planning statement and its content. Under section 3.9(3A), a council must receive advice from the Greater Sydney Commission that the statement is consistent with the regional and district plans prior to adoption.

Critical Dates / Time Frames

83. Environmental Planning and Assessment (Savings, Transitional and Other Provisions) Regulation 2017 clause 11A currently requires the planning statement to be placed on exhibition by 1 October 2019 and adopted by 31 March 2020.

Public Consultation

84. The draft planning statement and draft housing strategy will be placed on public exhibition for 42 days (six weeks), which satisfies the minimum 28 day requirement in the Act. The exhibition will be advertised on the City's website and in the newspaper. Key stakeholders from the community, industry and government will be notified with briefings offered. A deliberative workshop will be held with a representative sample of the community to test the priorities and actions in the planning statement and housing strategy. Submissions will be reviewed and reported to Council for consideration following exhibition.

Next steps

85. Following public exhibition all submissions received will be reviewed and the draft planning statement and draft housing strategy reviewed and amended as appropriate. The City will then engage with the Greater Sydney Commission and seek its support that the statement is consistent with the regional and district plans and may be adopted by Council as required under the Act. Subject to the Commission's support the planning statement and housing strategy will be reported to Council early in 2020.

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