

Item 3.2

Housing Delivery Authority

File No: S051491

Minute by the Lord Mayor

To Council:

With little warning and no consultation, in December 2024, the NSW Government established the Housing Delivery Authority (HDA) which commenced in January 2025. Applicants can submit an Expression of Interest (EOI) to the HDA for medium and major housing developments above approximately \$60 million in Greater Sydney to be assessed as State Significant Development (SSD).

Our Development Control Plans do not apply to State Significant Developments and through the Housing Delivery Authority, large residential developments can be subject to a concurrent rezoning and development approval process which will override the agreed long-term plans for our area and may jeopardise requirements to provide in-perpetuity affordable housing contributions. The Housing Delivery Authority process may well mean that issues of amenity, design and community infrastructure won't be resolved for occupants or neighbours during the concurrent rezoning process.

We know Sydney is facing a housing affordability crisis, and we are working hard to deliver on our housing targets, but the Housing Delivery Authority is a step backwards. Housing production cannot be at any cost. We must maintain liveability standards for homes and neighbourhoods in a more compact city, not end up with poor quality homes that will blight Sydney for generations to come.

The Housing Delivery Authority is a panel of bureaucrats, not accountable to the community.

Despite only being announced in December last year, in its first 3 weeks, the Housing Delivery Authority received nearly 100 Expressions of Interest, 85 in metropolitan areas and 11 in regional NSW. To date, the Minister for Planning and Public Spaces has declared 29 housing proposals State Significant Development following recommendations from the Housing Delivery Authority including at least 3 in our area that we are aware of.

The process lacks transparency. We are not made aware of applications the Housing Delivery Authority is considering until after the meeting minutes are published. Decisions are made behind closed doors and without consideration of councils' planning policies, strategic land use plans or existing development approvals.

Housing targets

Our local area is already home to the densest communities in Australia.

As of June 2024, we met 71% of our long-term housing target of 56,000 homes by 2036 within just 7 years of our 20-year goal. We have over 21,000 dwellings built and almost 19,000 in the pipeline.

In May 2024, the NSW Government allocated new 5-year short-term housing targets to 43 councils to meet its commitment of delivering 377,000 new homes under the National Housing Accord. The City's short-term target is 18,900 new private homes to be completed by July 2029.

We stand ready to deliver on those targets, but it must be done with responsible planning and infrastructure delivery.

Risks to long-term vision and planning

The Housing Delivery Authority provides new pathways for development approval that effectively reinstate Part 3A approvals which were so unpopular, the former Liberal Government abolished them at its first cabinet meeting in 2011.

The City is continually, but strategically, planning for growth in our area. For example, the City has drafted planning controls to increase housing density in Pyrmont and Ultimo. Along with the NSW Government's planning controls, development in Pyrmont and Ultimo could deliver 27,000 jobs and 4,100 homes. Meanwhile, the NSW Government has quietly shelved its long-term growth strategy, seemingly to be replaced by ad-hoc changes without consideration of consequences or long-term needs.

For the past 20 years, the City has strategically planned for a range of uses to keep our city running. This includes housing, but we also need to plan for education, health, employment and innovation space, retail needs, creative and cultural space, economic and nightlife activity and the infrastructure to support development like parks, community facilities, pedestrian links, public transport and childcare.

Importantly, this work has been supported by community engagement every step of the way.

The Housing Delivery Authority provides new pathways for development approval that set aside long-term strategic planning, robust design excellence, good planning outcomes and community input. It can jeopardise our social license to plan well and deliver housing that is in response to market and societal needs.

Of the sites already recommended as State Significant Development in our area by the Housing Delivery Authority, many already have development approval through the City following a transparent and collaborative planning process. It is clear the NSW Government is providing a fast-track process with increased incentives for developers to override existing council plans and approvals as well as community and landowner expectations, all so they can get a second bite at increased density on sites which are often already maxed out on development potential.

Green Square Urban Renewal Area

The City has carefully planned for growth in Green Square. It is Australia's largest urban renewal project with one of the highest densities in Australia at an estimated cost of \$22 billion at completion. The 63,000 residents in this precinct will need services and infrastructure like supermarkets, restaurants, medical and day surgery centres, childcare centres, education and entertainment facilities and other employment generating spaces. Our long-term plans for the area always envisioned this need and are embedded into the planning controls when sites are developed.

The Housing Delivery Authority risks overriding the requirements for services and infrastructure and replacing them with more and more homes – meaning residents will have to travel further for work and essential services.

Development in Green Square renewal moves rapidly with an average 50 apartments completed every week. Green Square is currently home to around 41,900 residents. By the time it is complete in 2041, it will have approximately 33,000 dwellings, 63,000 residents and capacity of up to 22,000 workers.

One of the applications recommended by the Housing Delivery Authority for the State Significant Development pathway covers several sites in the Green Square Town Centre directly facing the public plaza and library at 377- 495 Botany Road and 960A Bourke Street, Zetland.

For over a decade, the City worked with the development consortium and developers to change the planning controls several times. The City supported various Development Applications to enable flexible entertainment uses and adapted apartment sizes to respond to the market need. Three of the sites have had development approval since 2019, including for about 740 apartments and about 11,000sqm of space for shops, businesses and entertainment uses in buildings up to 24 storeys.

Details about the application to the Housing Delivery Authority for 1,200 dwellings have not been made public, but I am extremely concerned we will likely see the loss of everyday retail and services, businesses, entertainment and genuine affordable housing as well as higher buildings that could make the Green Square plaza overshadowed and unattractive.

Oxford Street Precinct

Oxford Street's cultural and creative precinct is also at risk under the Housing Delivery Authority.

In 2022, new planning controls came into force that incentivise owners with increased height and floor space if they invest in their properties and promote cultural and creative uses and protect heritage. Plus, extra floor space is awarded for performance venues in basements.

If taken up, the City's new controls could create over 33,000sqm of new floor space including 11,000sqm of cultural and creative employment space.

In 2023, the City approved redevelopment of the former Verona cinema site at 17 Oxford Street, Paddington. The approved application took advantage of the City's controls and importantly it retained the cinema – an important community need.

Unfortunately, an Expression of Interest was submitted to the Housing Delivery Authority to consider redevelopment of this site as well as the adjoining residential development. I am concerned that the Housing Delivery Authority did not disallow this application despite it only delivering a net increase of 23 dwellings.

We know culture and nightlife are a priority for the NSW Government, but this risks being overridden by these ad-hoc planning changes. This could tear up our agreed long-term planning efforts to support cultural and creative industries on Oxford Street, that are crucial to revitalising Oxford Street.

Affordable Housing

Currently, the City captures between 16 and 21% of newly created residential floor space as an affordable housing contribution when sites are rezoned. We are also the first Council to collect a low-rate Local Government Area wide affordable housing contribution through Development Applications.

The City uses every lever available to us to maximise the amount of Affordable Housing across our local area. Affordable housing provided through our schemes is provided in-perpetuity.

We are on track to deliver more than 5,338 new affordable rental homes in-perpetuity by 2036. Already we have 3,388 affordable homes – either built, in the pipeline or expected. Further, the City's contribution scheme, which has covered the whole local government area since July 2021, is expected to deliver a further 1,950 affordable dwellings.

We are extremely concerned that by concurrently assessing rezonings and development applications, the Housing Delivery Authority and State Significant Development pathway will enable development to bypass some or all our affordable housing contributions, particularly those that capture residential uplift.

Density can be done well

Last month, the NSW Government introduced a Bill in Parliament proposing more planning changes that could further diminish councils' planning authority, reduce community participation and enable more planning bodies like the Housing Delivery Authority.

Sydney is in the grip of a post-Covid housing affordability crisis, which is making owning or renting difficult for many. Denser cities can be the healthiest, greenest, and most stimulating places for people to live with the least environmental impact – but only if we ensure it is well-designed, liveable, and people have access to essential services. Otherwise, we will build a city of unliveable slums.

For 2 decades the City has understood this and been at the forefront of providing the highest residential densities, including Potts Point, Haymarket, Pyrmont/Ultimo and the Green Square Urban Renewal Area.

These communities are successful because development has been managed carefully, alongside commensurate infrastructure and with increased height and density allocated to appropriate sites. For growth to be accepted and successful, it must be done so with community consultation and community buy-in.

After successive governments neglected the warning signs of this housing crisis, I commend the Premier for making it a priority. However, this Housing Delivery Authority process has been rushed through without enough consideration of the consequences. The Premier needs to work with councils to ensure this Housing Delivery Authority process does not undermine existing planning controls and development applications, improve transparency and community engagement, and protect affordable housing contributions.

Recommendation

It is resolved that:

(A) Council note:

- (i) the City of Sydney has met 71% of its 20-year housing target in just 7 years with over 21,000 dwellings built and almost 19,000 in the pipeline;
- (ii) the City of Sydney stands ready to deliver on the NSW Government's new short-term housing targets, but it must be done with responsible planning and infrastructure delivery; and
- (iii) the current processes of the Housing Delivery Authority are a threat to the City of Sydney's long-term vision and planning for our area, particularly in areas like Green Square, Oxford Street and Pyrmont/Ultimo; and

(B) the Lord Mayor be requested to write to the NSW Premier and the NSW Minister for Planning and Public Spaces to request a meeting with them to:

- (i) raise the City's concerns about the Housing Delivery Authority and the impacts its decisions could have on our long-term vision and planning for our area;
- (ii) ask the Housing Delivery Authority to consult with councils on applications in their local area and require them to consider existing planning controls and development approvals;
- (iii) urge the Housing Delivery Authority to ensure any council's Affordable Housing contributions schemes apply to any application; and
- (iv) improve transparency of the Housing Delivery Authority's processes by:
 - (a) publicly releasing application details before meetings are held;
 - (b) holding public meetings;
 - (c) publishing application reports and details with minutes; and
 - (d) consulting with councils and their policies at every stage of the process.

COUNCILLOR CLOVER MOORE AO

Lord Mayor