The Planning Institute of Australia, NSW Division welcomes the opportunity to make this submission on the Draft Parramatta Road Urban Transformation Strategy.

**Executive Summary**

There is no doubt Parramatta Road and adjacent land is in need of renewal. As a major arterial road route from Sydney CBD to Parramatta, which is its historical function, it is inefficient due to traffic congestion and has largely been replaced (between Parramatta and Concord) by the M4. The balance of the road from Concord to Sydney City will have its major road transport function progressively transferred to the Westconnex over the next several years.

Parramatta Road’s function as the “High Street” has been lost over the years due to the noise, dirt and congestion associated with constant heavy traffic and the loss of kerb side parking to facilitate moving traffic.

A number of renewal projects have been attempted and failed over the last 10 to 20 years and the current Transformation Strategy being managed by Urban Growth is the best resourced and most integrated in terms of collaboration between responsible planning authorities to date. As such, it has the best chance of success, however the draft strategy has flaws, some serious, which must be addressed to give the strategy its greatest chance of success.

A strategy is of course, a means of achieving a desired outcome. The draft transformation strategy is one of the means of achieving the desired housing and employment outcomes of “A Plan for Growing Sydney”. A strategy does not have to be detail specific in the way that a plan needs to be, but it needs to be rigorous enough to pass some obvious tests of logic.
example, while it is not hard to convince developers to build new residential flat buildings in Sydney in the current economic climate, it is difficult to convince developers to minimise or eliminate on-site private parking in the absence of an efficient and accessible public transport system. An excess of private parking has two major issues. It is expensive, which affects the cost of housing, and it attracts cars. There is no serious evidence available that Parramatta Rd, even after Westconnex becomes operative will be able to manage a new car fleet associated with 40,000 new dwellings. The Draft Transformation Strategy implies a transport modal shift for the future, but is not convincing and could well fail on this point alone.

Other significant issues identified in this submission focus on governance, value capture, provision of essential services and facilities and Affordable Housing. These are all issues that warrant serious consideration and the application of novel and innovative solutions if required. PIA members and Urban Growth staff are familiar with mechanisms generated in Australia and overseas that deal with matters of this nature. The evidence suggests that Sydney is leading Australia in urban renewal, but not the world. Other jurisdictions have identified solutions to reenergise their cities by developing mechanisms that can be adapted to the Sydney environment. The key message here is that while the Draft Transformation Strategy is a bold and innovative approach to the renewal of Parramatta Rd and its environs, innovative approaches/strategies are required to ensure the Transformation Strategy has the best chance of success. Fortunately the innovative approaches/strategies are available to be borrowed and adapted to the Sydney context.

Outline of Project

The Parramatta Road Transformation project complements the Westconnex Project, the aim of which is to develop a motorway tunnel system connecting the M4 to the M5 with connections to the Port Botany transport hub and the City West Link and Anzac Bridge. That Motorway development will remove an undetermined number of vehicles per day from the Parramatta Road surface transport network. Parramatta Rd between the M4 at Concord and the City currently carries in excess of 100,000 vehicles per day (VPD) in a fairly inefficient fashion due to the variable alignment, and road width, numerous traffic signals and intersections as well as a high number of direct vehicular access points to properties.

The projected reduction in surface traffic has created the opportunity to identify opportunities for Urban Renewal along the route of Parramatta Road with special focus being given to areas identified as “precincts”. The Transformation Project is projected to generate 40,000 new homes over 30 years. The precincts will form local service centres containing public transport hubs, a local shopping/commercial centre and connections to local existing major centres. Areas between precincts are identified as “frame” areas which will essentially comprise medium to high density residential development with minor mixed use elements. Generally speaking the frame areas extend to one block back from Parramatta Road, whereas the precincts extend further.

Challenges for the Parramatta Road Transformation Project include:
• Multiple local government authorities (10 between Parramatta and Sydney) and the possible need for a delivery authority to be created over the 30 year life of the project;

• The need for an adequate funding source to provide enhanced services and utilities to accommodate the projected growth;

• The need for enhanced services and facilities to meet the needs of the anticipated 70,000 population growth.

• Management of the transport infrastructure required to ensure that an efficient public transport system is developed as an alternative to private transport which would inevitably return to pre-transformation levels without intervention.

• Provision of Affordable Housing.

The Parramatta Road Transformation Strategy comprises an important component of the Plan for Growing Sydney. It is however complex for the reasons stated above and it is possible to see various scenarios emerging, some more attractive than others in terms of quality of outcome, depending on how well the Strategy develops into successful, forward thinking Plans.

**Key Issues**

**Multiple local government authorities**

Along the route of Parramatta Road there are 10 local government authorities comprising:

• Parramatta
• Holroyd
• Auburn
• Strathfield
• Canada Bay
• Burwood
• Ashfield
• Marrickville
• Leichhardt
• Sydney
To implement the Parramatta Road transformation Strategy, Urban Growth has prepared a Memorandum of Understanding (MoU) which most of the affected Councils have entered into. The purpose of the MoU is to generate a genuinely collaborative partnership for the purpose of utilisation of resources, sharing of information, reducing the politics and aiming for a consensus approach to the major planning issues. The MoU approach appears to have been successful to date and while the final strategy has not been produced, it appears likely to be successful in producing a comprehensive, integrated Strategy. In addition to local councils working collaboratively on the Strategy, State Government agencies have been required to actively participate in the project with the aim of projecting service needs for the new communities and delivery of identified infrastructure or services.

Assuming success is achieved, the result will be a Strategy which will form an overarching or framework set of controls that can be implemented in segments depending on housing demands. The ultimate delivery Plans may be via Local Environmental Plans (LEPs) or via a SEPP. Local Councils are tending to favour the SEPP approach because it is a simpler mechanism with fewer steps to achieve development on the ground.

The approach taken to generate the Strategy appears to have been successful as it has co-opted resources from council and government authorities and applied the expertise of Urban Growth to manage the process over a relatively short period of time. For the longer term delivery of growth under a plan or series of plans a different model may be required with the ability to influence outcomes which would normally come from local government and state government authorities. A growth centres corporation or similar may need to be established. Alternatively, the proposed amalgamations of Councils along Parramatta Road may lead to the reduction in Councils from 9 to 3 or 4. Provided the new “Super Councils” are reasonably able to influence the service and infrastructure delivery required for the new growth areas, this may be the preferable solution.

**The need for an adequate funding mechanism**

The Draft Strategy references S94, State Infrastructure Contributions (SICs), and Voluntary Planning Agreements (VPAs) as funding mechanisms, which with the exception of SICs are currently employed by local government to deliver essential public infrastructure. S94 contributions are likely to be inadequate because they have been capped for years, and bear little relation to the cost of new facilities, especially where land acquisition is required. In addition, they are paid relatively late in the development cycle on a site by site basis which discourages provision of facilities ahead of need. VPAs when applied at the LEP stage are more strategic and focused, but are complex, expensive to create and implement, and given the nature of land fragmentation along Parramatta Road will not be the most efficient means of funding infrastructure on the scale required.

A general Value Capture methodology is required which is scoped to encompass costs of governance, administration, infrastructure provision and possibly some operational costs for the life of the project (30 years). Value capture methodologies employed in the US (reference Future Cities Communique 2015) demonstrate that value capture need not be inflationary in terms of cost of the final product (especially housing), and because of its
inherent qualities (quantified, long term, focused on the project site or precinct) actually generates more economic benefit and value than would occur in its absence.

In summary, the scale of development proposed by this urban renewal project warrants the development of new (for NSW) infrastructure mechanisms which are adequate to meet the demands of the future. High density developments of the nature proposed deliver new populations in high volumes in a short period of time. Witness Rhodes West which has delivered a population of approximately 9000 persons in a very compact area (20 hectares) over 15 years. Value capture presents a one-off opportunity to a) identify the projected population growth within the projected life of the strategy, b) identify facilities required to service the population, c) design the value capture mechanism appropriate to the situation, d) apply the value capture mechanism from the start to pay for services and facilities within the study area.

Experiences from the US suggest that Tax Increment Funding (TIF) can be an appropriate, non-inflationary mechanism. Application of TIF requires cooperation between the various taxing authorities (primarily state and local in this situation) and a commitment to deliver the facilities.

The need for enhanced services and facilities to meet the needs of the anticipated 70,000 population growth

The Strategy acknowledges the need for active and passive recreational facilities, connections, child care, and quality local amenity. It also acknowledges that this is a challenge given the cost of land, the current high levels of use of existing facilities and amenities, and the somewhat degraded environment created by the heavy traffic usage, and years of industrial usage. Parramatta Road is the border of many local government areas along its length, and given the factors mentioned above, most local community facilities are located away from the road within the heartland of their communities. As an example there are no libraries, swimming pools, art galleries, cultural centres etc. located along the road.

The Strategy identifies the opportunity to reengineer existing open space resources to support the needs of the new adjacent community and recommends the acquisition of additional areas of open space to provide parks within walking distance of the new developments. The land identified for additional open space is minimal however, and the strategy does not meet the normal standards of provision of open space to meet the needs of the future population. This is a serious failure in the strategy, and considerably more work is required to identify additional lands for acquisition as well as conversion of underutilized open space areas to meet future needs. Inevitably there will emerge a strategy to generate higher use of these existing under-utilized facilities, which will come at substantial expense. The future strategy for upgrading of existing facilities and provision of new facilities will require a value capture mechanism and Implementation Plan as existing sources of funding to provide open space, associated recreation facilities and other community facilities are clearly inadequate.
Management of the transport infrastructure

The transportation strategy accompanying the main land use strategy fails to adequately recommend a comprehensive and convincing strategy to efficiently manage the future transportation needs of the new communities. Rather the Transport Strategy details existing infrastructure commitments and offers some commentary regarding possible future transport infrastructure/solutions without making any commitment to their provision. It is understood this approach is consistent with NSW Cabinet policy of making no commitment to future expenditures without Treasury sign-off. This approach while being conservative and within government approved guidelines effectively undermines the credibility of the overall strategy. It implies that a planning strategy can exist independently of a transportation strategy which is clearly incorrect in this situation. The reality of the transformation strategy is that there is an implied modal shift from private transport to public transport. This implied shift needs to be developed to make implementation steps explicit and to identify the interventions required from transport and infrastructure providers to make it become a reality.

The draft Strategy is based on a renewed linear surface transportation route, with a very strong connection to a related but separate major infrastructure project (Westconnex). The Transformation strategy which acknowledges the need to reduce private transport and increase public transport usage, is non-comital about how and when new public transport infrastructure will occur. The Transport strategy reiterates existing infrastructure commitments for Sydney but only speculates on future provision and does not even go to quantifying transportation needs for the 30 year life of the strategy. It is possible that in the absence of this vital strategic element, the future responsible planning authority/ies, will object to any approvals for substantial new development without the guarantee of an effective, implementable transport strategy. Issues related to this issue are: cost of the infrastructure, timing of its provision, level of funding from SICs or other sources, rates of off street private car parking for new developments, and possible integration of transport infrastructure into new developments. Whilst it is acknowledged that the project is currently a Strategy and not a Plan, the fundamentals are seriously lacking.

Provision of Affordable Housing

The Strategy identifies areas of innovation in housing to create diversity, sustainability and affordability. The work is commendable, and to some degree is the direction being taken by inner city Councils, notably City of Sydney. Recent research (Future Cities Communique) identifies that urban renewal does not equate to housing affordability. To the contrary it demonstrates that urban renewal has displaced older housing stock and replaced it with new owner occupied or market rental housing.

Major urban renewal precincts should be considered as areas for

a) Value capture to provide essential property and social infrastructure; and

b) Affordable Housing (AH) via Inclusionary Housing controls, or suitable alternative which will generate an agreed percentage of housing for persons who meet acceptable criteria. Evidence to date suggests that urban renewal actually replaces affordable housing stock with new houses that do not meet AH criteria. Secondly, the market appears unable or unwilling
to supply Affordable Housing without some form of intervention (e.g. NSW SEPP Affordable Rental 2009; Inclusionary Housing provisions in LEPs). The US experience is that promoting the development of AH in cities has a strong economic as well as social benefit. This benefit is recognised in the US by local, state and federal authorities who collaboratively work at integrating AH into urban renewal projects. The use of Tax Increment Funding (TIF) is one such collaboration which needs to be investigated in the Australian context. The argument is that TIF is not an “add-on” or inflationary but rather a pre-commitment of future tax revenues to achieve certain outcomes. It generates an income stream, certainty of delivery of infrastructure and as a result actually promotes or incentivises the growth which provides the tax stream.

**List of Recommendations**

1. A growth centres corporation or similar may need to be established. Alternatively, the proposed amalgamations of Councils along Parramatta Road may lead to the reduction in Councils from 9 to 3 or 4. Provided the new “Super Councils” are reasonably able to influence the service and infrastructure delivery required for the new growth areas, this may be the preferable solution.

2. A general Value Capture methodology is required which is scoped to encompass costs of governance, administration, infrastructure provision and possibly some operational costs for the life of the project (30 years)

3. Enhanced services and facilities to meet the needs of the anticipated 70,000 population growth must be recognised, quantified and provided for via an implementation strategy which includes a value capture mechanism.

4. The guarantee of an effective, implementable transport strategy.

5. Provision of Affordable Housing (AH) via Inclusionary Housing controls or suitable alternative, which will generate an agreed percentage of housing for persons who meet acceptable criteria.

**Conclusion**

The Planning Institute of Australia supports the work of Urban Growth and the general thrust of the Draft Transformation Strategy for Parramatta Road. It is acknowledged that the document is a Strategy and not a Plan, thus implementation of the strategy requires work on mechanisms to be included into plans that will unlock the development potential of the study area. The Institute is concerned however that certain elements of the Strategy are undeveloped with the concern that implementation plans may emerge in the rush to get development occurring on the ground, prior to all of the fundamental issues being developed and resolved.
Included in the unresolved issues area are: Governance mechanisms, Value Capture mechanisms, Transportation Strategies, adequate levels of service and facilities to meet the needs of future communities, and provision of Affordable Housing. These issues are distinct issues as well as being connected, for example Value Capture is the likely solution to transport strategy implementation and provision of adequate services and facilities.

It is understood that the major work of Urban Growth will be complete in March 2016. The Institute strongly recommends that the issues listed in this submission continue to be investigated and resolved prior to adoption of the final Strategy.

PIA NSW would be pleased to discuss any aspect of the points raised in the Submission with the relevant agencies. Please do not hesitate to contact the Institute via the NSW Executive Officer at nswmanager@planning.org.au or phone 02 8904 1011 if you have any questions regarding this submission.