

MM43/24 STATE GOVERNMENT REZONING OF MACQUARIE PARK INNOVATION DISTRICT (ACCELERATED TRANSPORT ORIENTED DEVELOPMENT) - Mayor, Councillor Trenton Brown

File Number: CLM/24/1/1/8 - BP24/940

EXECUTIVE SUMMARY

This Mayoral Minute outlines the latest development in the NSW Government's rezoning of the Macquarie Park Innovation District (**MPID**), specifically the completion of the master plan alongside a new streamlined pathway for planning assessments.

The NSW Government's master plan proposes several key changes to MPID via amendments to the *Ryde Local Environmental Plan 2014*, including:

- Capacity for 9,600 new Build-to-Sell (**BTS**) homes
- Capacity for 100,000+ jobs*
- Affordable housing mandates between 3% to 10% for key sites
- Banning of data centres in the E2 employment zone, and
- Changes to heights and floor-space ratios.

While there is capacity for 100,000+ jobs, the master plan has a strong focus on Build-to-Rent (BTR**) housing due to various financial incentives offered by the Australian and NSW Governments. The focus on BTR reduces the capacity for 33,813 jobs, replacing this space with 11,271 BTR homes.*

The City of Ryde Council is not a NIMBY Council – we have never been opposed to delivering more housing in and around MPID, and indeed across our City. What we've been opposed to is the delivery of housing at the cost of jobs and the delivery of housing without proportionate investment in critical infrastructure and services.

Some positive outcomes of the new master plan include:

- Greater recognition of the need for new infrastructure in and around MPID
- Protection of innovation spaces, such as laboratories, from residential development
- Banning of data centres from E2 zones, including transitional arrangements for existing data centre proposals currently being assessed, and
- The commitment to expand and embellish TG Millner for recreation use.

However, the master plan has many flaws, including:

- Inconsistent housing and employment figures
- Insufficient provision of funding for infrastructure

MM43/24 (continued)

- A reduction in affordable housing contributions from the planned 10-15% to between 3-10%
- A lack of strategic planning for BTR leading to financial stress for the City of Ryde Council and its ratepayers, and
- Undersupply and misalignment in the provision of passive and active public open space and tree canopy.

While the master plan has its pros and cons, Council's greatest concern is the potential diminishing of the economic role MPID plays to the NSW and Australian economies. For nearly 60 years, all tiers of Government have invested heavily in MPID – Australia's original innovation district – making it an Australian leader in innovation, research and development (**R&D**) investment, education, and employment.

MPID's strengths are centred on an enterprise culture featuring partnerships between diverse organisations. Multinational and emerging organisations across high-growth sectors are located alongside world-class research and knowledge institutions. Over \$700 million is invested into R&D in MPID each year, translating to \$2.6 billion in benefits to the Australian economy.

MPID is already a globally competitive innovation district, contributing \$13.6 billion annually to the NSW economy, representing more than 3% of the Greater Sydney Statistical Area's economic output.

Balancing the need for housing and the need for employment in MPID is of critical importance to the NSW and Australian economies. However, the Department of Planning, Housing and Infrastructure's (the **Department**) sole focus on housing will effectively diminish the economic importance of MPID unless more is done to protect its innovation ecosystem.

The loss of companies in MPID is already directly affecting employment. At the start of 2020, it was estimated that MPID was home to approximately 72,000 jobs. Analysis in 2024 found that MPID was home to approximately 63,000 jobs – a loss of 9,000 workers in four years since COVID-19. The loss of jobs is devastating to the economy – employees working within MPID generated more than \$7.9 billion of income in 2023 or more than \$125,000 per worker. These 9,000 workers represent a loss of \$1.125 billion in income per annum. Furthermore, the potential loss of R&D completely within MPID is estimated to be over \$4 billion to the Australian economy.

The City of Ryde must accept the decision made by the NSW Government regarding the rezoning of MPID. In making their decision, the Department has loosely claimed that MPID will have the capacity for over 100,000 jobs. In reality, it will be much less due to the proliferation of BTR housing being incentivised by the Australian and NSW Governments.

MM43/24 (continued)

Now is the time for the NSW Government to quickly address the flaws in its master plan and begin working with the City of Ryde on the protection of jobs and MPID's innovation ecosystem.

RECOMMENDATION:

That Council approve the Mayor writing to the:

- a) Minister for Planning and Public Spaces, Paul Scully MP, requesting a detailed briefing on the master plan be provided to Councillors by senior staff from the Department of Planning, Housing and Infrastructure.
- b) NSW Premier, Chris Minns MP, and the NSW Treasurer, Daniel Mookhey MP, requesting guarantees on the provision of infrastructure and services for current and future residents, including those living in Build-to-Rent housing in the Macquarie Park Innovation District.
- c) Minister for Innovation, Science and Technology, Anoulack Chanthivong MP, requesting a detailed briefing be provided to Councillors on the progress of the 'Innovation Blueprint' and the potential role of MPID's innovation ecosystem in this blueprint.
- d) Independent Pricing and Regulatory Tribunal requesting they review the rating structure for Build-to-Rent housing to determine whether a specific rate levy should be applied to ensure the delivery and maintenance of infrastructure and services is borne by the user and not unfairly applied to the City of Ryde's ratepayers.

ATTACHMENTS

- 1 Media Release - TG Millner
- 2 Media Release - Macquarie Park

Report Prepared By:

Councillor Trenton Brown
Mayor

MM43/24 (continued)

BACKGROUND

On Monday, 25 November 2024, the NSW Government announced the completion of their master plan for the Macquarie Park Transport Orientated Development (**TOD**) Accelerated Precinct, which will come into effect on Wednesday, 27 November 2024.

The NSW Government claims the master plan will provide¹:

- Capacity for 9,600 new homes
- Retaining 100,000 jobs across the precinct
- Affordable housing contributions of between 3% and 10% for all new residential developments in the precinct
- Up to 14ha of open space, with new or improved parks and sports fields
- More vibrant streets with new amenities, commercial, office and retail spaces
- Better walking and cycling connections to transport and public open spaces.

To encourage faster development, new provisions were exhibited alongside the MPID master plan to offer a streamlined pathway for planning assessments, including²:

- Proposals which are more than \$60 million (or approximately 100 homes) will have access to the State Significant Development pathway. This will provide an assessment of 275 days, with only 90 of those being in government hands.
- Excluding certain low-risk concurrence and referral (C&R) provisions as requirements for development applications, because this has been dealt with at the rezoning stage.

Exempting residential developments in TOD Accelerated Precincts from design competitions while still requiring design excellence and meeting the Apartment Design Guidelines.

Summary of amendments to Ryde Local Environmental Plan 2014

To implement the master plan, the NSW Government will lead the revision of the *Ryde Local Environmental Plan 2014* (the **LEP**). The following is a list of the major amendments planned for the LEP:

- 1) Rezoning of MPID to include a mix of MU1 (Mixed Use), E2 (Commercial Centre), E3 (Productivity Support), SP2 (Infrastructure (Local Road), and RE1 (Public Recreation).

¹ <https://www.planning.nsw.gov.au/plans-for-your-area/priority-growth-areas-and-precincts/macquarie-park>

² <https://www.nsw.gov.au/media-releases/more-homes-and-jobs-near-transport-as-masterplans-finalised>

MM43/24 (continued)

- 2) Increase the incentive maximum building height between 45m and 190m.
- 3) Increase the maximum FSR between 1.5:1 and 5.0:1.
- 4) Introduction of a minimum non-residential FSR ranging between 0.15:1 to 1.7:1.
- 5) Identification of 13 key sites that have been provided with floor space and building height uplifts to ensure they also deliver open space, affordable housing and community facilities.
- 6) Introduce a provision that imposes an affordable housing levy in accordance with an Affordable Housing Contributions Scheme for MPID.
- 7) Prohibition of data centres in Zone E2 (Commercial Centre).
- 8) A new provision requiring the consent authority to consider a Design Guide made by the Planning Secretary before granting consent to development.
- 9) For key sites proposed to be rezoned MU1 (Mixed Use Zone), additional requirements are set out to achieve the available incentive FSR and Height of Building (**HOB**) outcomes.
- 10) Incentive provision enables a change to planning controls at Lachlan's Line, with specified infrastructure and affordable housing required to achieve the available FSR and HOB outcomes.

DISCUSSION

Positive outcomes

The City of Ryde Council acknowledges that the master plan leads to a few positive outcomes, including an increase in the provision of housing, the banning of data centres from E2 zones, and the protection of key sites from residential development.

Increased housing

- Council has long maintained the position that MPID, and indeed the entire City of Ryde, can and should accommodate more housing to meet the demand – alongside proportionate investment in jobs and critical infrastructure and services.
- An increase in housing supply will offer better housing choices, which can cater to different demographics – including young people and first-home buyers.
- Increasing density is a must, with well-located housing contributing to sustainable urban growth while leveraging the latent capacity of infrastructure assets, such as the Sydney Metro.

MM43/24 (continued)

- Increased housing will also contribute to 18 and 24-hour economies, with MPID's hospitality and retail sectors likely to benefit from an increased presence of people throughout the day (workers) and night (residents). With appropriate investment in the public realm, a balanced mix of workers and residents could see the overall vibrancy of MPID become more attractive to current and future workers and residents.

Banning of data centres

- MPID is already a major hub for technology and innovation, with companies of all shapes and sizes relying on data centres to help their businesses store and process large amounts of data. With the growth in the roles of Artificial Intelligence and quantum computing in the Australian economy, data centres are rapidly becoming significant economic drivers.
- As critical as data centres are becoming, there are also negative environmental and social impacts. They consume massive volumes of water and energy. They generate a lot of noise from cooling and ventilation systems and contribute to the urban heat island effect. Additionally, data centres provide minimal direct employment opportunities during operations and have a negative effect on the activation of the local area.
- Strategic planning for data centres is of paramount importance to ensure MPID is a vibrant community and that data centres have minimal impact on current and future residents and workers.
- Council has been advocating for the banning of data centres from MPID and for the NSW Government to take a leading role in the development of a State-wide strategic plan for data centres. While this hasn't occurred, Council welcomes the decision to ban data centres from the E2 Zone Commercial Centre.
- Additionally, Council welcomes the decision to include transitional arrangements for existing data centre Development Applications in the E2 Zone. This decision could allow for a current data centre proposal to be replaced with over 1,000 new dwellings directly above a metro station – meeting the spirit of the TOD program.

Protection of key innovation sites

- Council staff have worked closely with Departmental staff and their consultants to educate them on the importance of protecting innovation assets, such as laboratories. This is an ongoing journey, with the Department needing to understand that MPID should not be treated as an A-grade office market (such as the Sydney or Parramatta CBDs) rather it should be treated as a science park where residents and workers live and breathe innovation.

MM43/24 (continued)

- Council acknowledges that the Department has listened to Council staff on the protection of key innovation sites, such as the former CSIRO labs in North Ryde. The protection of these sites is a step in the right direction towards maintaining MPID's global competitiveness.

Flaws in the master plan

Although Council had been engaging closely with the Department in the lead-up to the master plan announcement on 25 November 2024, Council was not given any notice that a decision was pending. The decision appears to be rushed, with numerous inconsistencies around the number of homes and jobs mentioned by the Premier and the Minister for Planning and Public Spaces' media release, the project's website, and the master plan documents. The master plan documents themselves contain additional inconsistencies in homes and job numbers.

Nonetheless, Council will need to accept the master plan as the NSW Government will lead the revision of the LEP. Furthermore, the new assessment pathway and the NSW Government's creation of the Housing Delivery Authority means that Council will have little say on the future of development in MPID.

In being forced to accept this outcome, Council is still calling on the NSW Government to appropriately fund infrastructure and commit to a genuine plan for affordable housing. Additionally, Council is now calling on the Independent Pricing and Regulatory Tribunal to review the rating structure of BTR housing to help the City of Ryde avoid both an inequitable rating structure and financial dismay.

Undersupply of infrastructure and undersupply of infrastructure funding

- The *Infrastructure Delivery Plan* (the **Infrastructure Plan**) does not include BTR, indicating only 9,300 new dwellings. This means infrastructure and open space are not being planned for up to 23,670 new residents (assuming 2.1 residents per BTR dwelling).
- The Infrastructure Plan identifies that Council will be responsible for delivering local infrastructure to support anticipated growth. The NSW Government have prepared a draft 7.12 Contributions Plan as the mechanism to fund this local infrastructure. The Minister for Planning has instructed Council to exhibit and adopt the draft 7.12 Plan by May 2025.
- Council is committed to working with the Department to refine the plan; however, several key issues require a resolution:
 - The draft plan does not account for infrastructure requirements for BTR, meaning there will be gaps in infrastructure provision for over 20,000 new residents.
 - The anticipated annual growth rate of 8.7% for MPID is unrealistic for a brownfield precinct. Financial modelling of the projected growth rate and infrastructure delivery timeframes identifies that infrastructure will not be provided commensurate with development. Council will need to

Council, submitted on 26 November 2024.

MM43/24 (continued)

either defer works, damaging the liveability of places for residents, or incur debts that would need to be serviced by Ryde's ratepayers.

- The Infrastructure Plan also lists several major projects that are to be funded by the NSW Government as part of their contribution to the delivery program. This includes projects, such as:
 - The Macquarie Park Bud Priority Program, which has had various stages constructed in previous years, with the latest intersection of Waterloo Road and Lane Cove Road completed in the last 2 months.
 - The new North Ryde Fire Station, which was officially open on 24 November 2023 – over a year ago.

Financial impact of BTR

- BTR housing was introduced into the NSW Planning System in February 2021 and is controlled by the State Environmental Planning Policy (Housing) 2021 (the **Housing SEPP**).
- Council has long advocated for the protection of MPID from poorly planned BTR housing, with the rezoning proposal representing the key opportunity for striking the right balance in the provision of housing and employment.
- The master plan's finalisation document fails to acknowledge that BTR as a product in MPID was directly influenced by the NSW and Australian Government incentives alongside NSW Government rhetoric in the announcement of the Stage 1 rezoning proposal, which had a strong emphasis on the provision of BTR housing. Without incentives, BTR isn't a viable product.
 - The City of Ryde received three new BTR State Significant Development Applications at the same time as the NSW Government was completing its rezoning studies and exhibiting the Stage 1 rezoning proposal.
- As per Section 516 of the *Local Government Act 1993*, BTR properties are rated as residential. While there will be an initial increase in rates due to the increased land value, BTR can only be rated as one assessment.
- New modelling suggests that the allowance of 11,721 new BTR will have the following financial impact:
 - The change of business to residential BTR will result in a future loss of -\$8,510,504 per annum. This future loss compounds each year, assuming a conservative Rate Peg of 4%, if these BTR properties will amount to a loss of -\$102,178,026 over 10 years.
 - This will negatively impact Council's ability to deliver programs and services – not including the additional impact associated with

MM43/24 (continued)

maintaining and replacing infrastructure and delivering services to an increased population.

Affordable housing

- According to the Australian Bureau of Statistics 2021 Census, about 20,564 households in the City of Ryde rent their accommodation. 7,081 households in Ryde, or about 35.6% of rental households, are experiencing rental stress.
- Since 2016, just 75 affordable dwellings have been delivered in the City of Ryde, representing 0.678% of the total number of 11,058 new dwellings delivered across the City.
- There are approximately 10,357 key workers³ jobs in the City of Ryde, with about 25% of key workers employed and living in Ryde. More needs to be done to create local affordable housing opportunities for key workers.
 - In 2021⁴, low-income MPID workers travelled from LGAs such as Parramatta (1,280 low-income workers), Blacktown (660 low-income workers), and Hornsby (650 low-income workers).
- The City of Ryde is working on a new *Key Worker Affordable Housing Policy*, which will set a goal of at least 1,000 new affordable housing dwellings by 2035.
- The NSW Government has reduced the planned mandatory affordable housing contributions from between 10-15% during the exhibition period to just 3-10% for key sites in the master plan. Using Council's terminology, the Department has stated that they have "*sought to strike a balance between the need for affordable homes in Greater Sydney and the feasibility barriers occurring to delivering market and affordable homes within the National Housing Accord period.*"
- There is no certainty on the provision of affordable housing. The Affordable Housing Contributions Scheme, included with the master plan, notes that there are three methods by which an affordable housing contribution can be made:
 - Dedication of completed dwellings
 - Making an equivalent monetary contribution, or
 - Dedication of land for affordable housing.

Local democracy

- Alongside the master plan, the NSW Government has introduced a new mechanism to streamline planning assessments. This new pathway involves the creation of a Housing Delivery Authority (**HDA**), which will assess

³ Key workers are defined as employees involved in the provision of urban or frontline services that support the function and operation of the City of Ryde (e.g., nurses, teachers, police).

⁴ Atlas Economics, November 2024; Macquarie Park Affordable Housing Contributions Scheme

MM43/24 (continued)

proposals that are valued at more than \$60 million (or approximately 100 homes).

- Proposals considered by the HDA will not be required to be considered by councils for development – accelerating decision-making timeframes for developers at the cost of local democracy.
- Bypassing Council will diminish the influence of locally elected representatives and limit community input. The City of Ryde prides itself on its community consultation practices, always striving to do better; however, the HDA could potentially sideline the community, which could lead to developments that are not supported by or suitable for the local community.
- Without a public accountability mechanism (communities don't elect Government officials), the HDA's focus on achieving the NSW Government's housing targets may begin to prioritise quantity over quality, disregarding local concerns about the need to strike a balance between housing and employment and the provision of critical infrastructure and services.

25 November 2024

City of Ryde welcomes NSW Government support for the protection of TG Millner as public open space

“The City of Ryde welcomes the NSW Government’s announcement today that they support the protection of the entire site known as TG Millner for the purpose of additional public open space for the rapidly increasing population of the Macquarie Park Innovation District.

“Public open space is critical to all current and future residents, students, and workers that will be living and working in one of Australia’s most important economic precincts - the Macquarie Park Innovation District.

“The health and wellbeing of our community is at the heart of Council’s efforts to protect, enhance, and increase public open spaces across the City, particularly as we continue to encourage the NSW Government to strike the right balance on delivering more housing alongside employment and critical infrastructure and services.

“The City of Ryde’s fight to maintain TG Millner Fields as essential open space has now been vindicated by the NSW Government’s decision to include the expansion and embellishment of TG Millner in the final package of documents as a part of the Macquarie Park Transit-Orientated Development Accelerated Precinct, which were released this morning.

“Throughout the rezoning proposal process, the City of Ryde has been advocating for the immediate delivery of, and funding for, increased open space, critical infrastructure and services in and around the Macquarie Park Innovation District.

“There are very few opportunities remaining throughout the City of Ryde where quality and well-located open space to the scale required for active recreation can be set aside for the community’s use. The TG Millner Fields are well located in proximity to the Macquarie Park Innovation District and is of a size and scale that allows for a growing community to have ample opportunity for quality space for active recreation.

“In recognising the existing pre-planned growth of the City of Ryde, Council’s 2021 Open Space Future Provision Strategy identified the need for an additional 13 sporting fields. Further demand for open space caused by today’s accelerated TOD announcement means that an extra 8 new senior sporting fields are required – meaning our City needs a total of 21 new sporting fields.

“In addition, Mayor Clr Brown has previously written to the Premier for New South Wales, as well as the Minister for Sport, the Minister for Local Government, and the Minister for Planning and Public Spaces to encourage them to provide the funding as promised by the Department of Planning, Housing and Infrastructure to ensure the purchase and future management of the TG Millner Fields.

“Clr Brown said the immediate delivery of public open space in the City of Ryde was a critical issue that needed to be urgently addressed by the NSW Government if it was to strike the right balance between its ambitious housing plans and the provision of crucial local infrastructure required to support a booming population.

“Council staff are currently reviewing the final package of documents published to the NSW Government’s website this morning. Further details regarding Council’s formal position on the content of the rezoning will be forthcoming.

Media Contact: media@ryde.nsw.gov.au

25 November 2024

City of Ryde questions the NSW Government on failing to protect jobs and providing funding for essential infrastructure and services

Although Council officials had been meeting with senior representatives from the Department of Planning, Housing and Infrastructure in recent months, they were blindsided by today's announcement by the NSW Government regarding the rezoning of Australia's original innovation district – the Macquarie Park Innovation District.

Further to this morning's media release thanking the NSW Government for protecting TG Millner, staff have now identified major discrepancies between what the Premier and the Minister for Planning and Public Spaces announced this morning compared to the master-planning documents released by the Department.

The Premier's media release boldly claims that the masterplan will deliver an additional 9,600 homes and capacity for 100,000 new jobs. This would normally be welcomed by the City of Ryde as it reflects the Council's view of MPID being a globally competitive innovation district that requires a balanced approach to providing housing and jobs.

The Department, on the other hand, has issued its master planning documents which state the NSW Government will deliver 9,300 new Build-to-Sell homes, and prioritise the delivery of 11,271 new Build-to-Rent homes at a cost of 33,813 new jobs.

While Council has advocated for striking the right balance between housing, jobs, infrastructure and services, the Department has focussed on delivering housing at all costs.

In response to today's announcement, Mayor of the City of Ryde, Councillor Trenton Brown, stated,

“Let us not be fooled by Build-to-Rent housing as an affordable housing mechanism. It is a premium product that won't be accessible to many of the front-line workers looking to live closer to the schools and hospitals they work in across the City of Ryde and broader North Sydney region.

“The replacement of commercial spaces with Build-to-Rent housing, a product that largely benefits developers, means local employment opportunities will begin to shift to areas such as Western Sydney.

“The singular focus on housing, as opposed to striking the right balance with employment, will lead to a future employment crisis whereby the next generation will be left with very little opportunities to genuinely live close to where they work.”

The allowance of Build-to-Rent housing as a part of the rezoning process has been a long-standing issue for the City of Ryde. The NSW Government cannot accurately project the take up of this product, which is causing issues with how both State and Local Government plan

for the provision of infrastructure. Additionally, the rating model for this type of housing leaves Council with a large financial liability – Council estimated a potential negative impact of -\$5.591M per annum for Build-to-Rent in Stage 1 alone. Mayor Brown noted,

“The infrastructure documents released today do not include any provisions for future residents living in Build-to-Rent housing. Without these provisions, the rest of the City of Ryde’s ratepayers will effectively be subsidising the infrastructure costs of Build-to-Rent residents.

“The NSW Government is effectively asking the ratepayer to subsidise Build-to-Rent housing – high end service apartments. At the same time, it is compromised its position on affordable housing – dropping the proposed mandatory affordable housing contributions of 10-15% in perpetuity to just 3-10% for key sites.

In a housing crisis, the City of Ryde community expects more to be done for affordable housing. The reduction in the proposed affordable housing contribution was unexpected, particularly given the prevalence of Built-to-Rent housing and the inability for dwellings to be dedicated to affordable housing.

Council cautiously welcomes the Department’s announcement that it has enabled savings and transitional arrangements for existing Data Centre Development Applications in the E2 zone. Mayor Brown noted,

“Data centres are having an increasing impact on the Macquarie Park Innovation District. While they are a critical piece of infrastructure for our evolving economy, they need to be planned for and delivered strategically.

“The inclusion of transitional arrangements could allow for a current data centre proposal to be replaced with over 1,000 new dwellings directly above a metro station – meeting the spirit of the Transport Orientated Development program.”

Media Contact: media@ryde.nsw.gov.au