

Submission

No 38

INQUIRY INTO THE UTILISATION OF RAIL CORRIDORS

Organisation: Sydney Business Chamber

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The Committee Manager
Committee on Transport and Infrastructure
Parliament House
Macquarie St
Sydney NSW 2000

Dear Sir/Madam

The Sydney Business Chamber (SBC) welcomes the opportunity to comment on the Committee of Infrastructure and Transport's Inquiry into the Utilisation of Rail Corridors. The SBC represents 120 corporations including some of Sydney and Australia's leading corporations across a broad range of industry sectors. The SBC's goal is to enhance Sydney's competitiveness as a global city. The majority of SBC members are based in the CBD and are all located within the Greater Sydney Basin.

Benefits to rail corridor development

Utilising air space above and land adjacent to rail corridors will provide multiple benefits to the Sydney metropolitan area. Allowing land development in air space above rail stations and on land adjacent to rail corridors can provide a significant revenue base for RailCorp beyond ticket revenue. The additional revenue streams from this type of development could offer greater value-for-money for an infrastructure project, which may make the difference between a rail infrastructure project being built, and it not being built at all. Not only could the additional revenue help governments, the private sector and the community deem an infrastructure project viable, it could also act as a mechanism for funding the infrastructure investment itself.

Besides delivering sources of revenue, creating development around rail corridors may also serve many other benefits. Having mixed-use development around rail corridors is likely to increase public transport patronage, thereby reducing traffic congestion and also making public transport services more economically viable. Rail corridor development may also serve social and economic benefits. It can help unite neighbourhoods divided by rail corridors, provide needed neighbourhood amenities and uses, and also generally have a revitalizing effect

bringing jobs, businesses and housing to formerly undesirable locations. This kind of development in Sydney could also address the issue of Sydney's housing affordability by providing residential development in infill areas.

Development around rail corridors is not a new phenomenon. It is regularly undertaken throughout the world and there are examples of it already occurring in Sydney. In Japan, many commuter rail services have been financed by land and development rights. In Hong Kong, MRT operators make more money out of rail development than from running the trains. Local examples include Chatswood and St Leonards which have both had a rejuvenating effect on the community. Despite this, opportunities for development above and adjacent to rail corridors in Sydney are being missed. The Edmonson Park railway station on the South West Rail Link is a good example of this.

Promoting development in rail corridors

This lack of development near rail corridors can be attributed to a range of barriers faced by the development industry as well as a lack of general appetite from governments for this to happen. One barrier faced by developers relates to limited zoning and floor space ratio (FSR) regulations. Often developers require a higher FSR than permitted in order to make a proposed development financially feasible. However, local councils are often unwilling to approve higher density developments due to perceived community opposition. Local governments should recognise the potential benefits of this type of development to the community, and should therefore have appropriate zoning controls in place to ensure development of a sufficient size can occur in these areas. The SBC recommends that no future railway lines should be built without the land around rail corridors being zoned R4 – High Density Residential or B4 – Mixed Use. This would also support two *NSW 2021* targets relating to building liveable cities and placing downward pressure on the cost of living.

The type of title available can also act as a deterrent for developers. RailCorp could choose to recover revenue either through property sales, which would allow up-front revenue delivery close to the period of the infrastructure investment, or through holding onto built assets and generating ongoing revenue streams through rent.¹ The latter example may be beneficial for new growth areas where land values are projected to increase significantly. However, if the only title available to potential buyers is leasehold, this may deter a significant proportion of

¹ Hale, C. and Charles, P. (2006) *Making the Most of Transit Oriented Development Opportunities*, 29th Australasian Transport Research Forum, p. 8.

buyers who prefer freehold title. RailCorp would need to consider this when providing the land for development.

In order to realise the benefits stemming from development near rail corridors, the NSW Government agencies and RailCorp will need to begin looking for more opportunities for this type of development. The SBC therefore recommends that an audit of all RailCorp-owned land should be undertaken to identify both the short and long term opportunities for development around rail corridors. Relevant strategic planning documents should reflect these opportunities for development around rail corridors, combined with appropriate mechanisms in place to ensure these strategic priorities are reflected in local planning decisions. This would provide guidance to planners as well as demonstrate to developers that there will be opportunities for this type of development to occur.

Governments should also consider the type of development which it wishes to attract and should signal on this. While intensive land use, in whatever use (e.g. office space, retail or industrial), will attract transit use, mixed-use land could contribute to a more-balanced and consistent passenger throughput at different times of the day and week. This can lead to a more efficient utilisation of transit infrastructure which will benefit RailCorp and its customers.²

While outside of the Terms of Reference for this Inquiry, the SBC would like to take this opportunity to advocate for changes to be made to the strata scheme laws so that it is no longer a requirement to reach 100 per cent agreement in order to terminate a strata scheme. The SBC recommends that the NSW Government should consider changing this requirement so that only a majority is needed in order to terminate a scheme. These changes would help encourage higher density development in infill areas of older suburbs which currently have lower density residential apartment blocks on land adjacent to rail corridors. By changing the strata laws, it is more likely that an agreement will be reached to terminate the scheme to make way for renewal of the site, enabling greater high density residential development which would allow a larger housing supply in Sydney.

As a principle, development in the airspace above rail corridors can lead to many benefits for RailCorp, developers and the community. However, it should be noted that such developments are not always financially feasible due to significant engineering requirements. In addition, if buildings are to be built over train lines, this could require decommissioning operations at critical times of construction. Therefore, each development of this kind should be regarded individually, as

² Hale (2006) pp. 5-6.

development above the air space should not be regarded as a given solution to raise revenue and fund infrastructure projects. On the other hand, if it is not viable in one area this should not mean it should be ruled out in other areas. Through early engagement between RailCorp and the developers, developers will be provided with greater certainty about logistics and costs.

Conclusion

The SBC believes development above and adjacent to rail corridors has the potential to transform rail communities while also addressing broader issues of congestion and housing supply. Most importantly to Sydney, it could also provide an additional revenue stream to Government which could be used to fund much needed infrastructure projects. Allowing development in these areas will also provide opportunities for the business community.

In order to promote greater development near rail corridors, both the NSW and local Governments will require a change in thinking. The SBC recommends:

1. No future rail lines should be built without appropriate zoning of nearby land to enable mixed-use, high density development.
2. An audit of RailCorp-owned land should be conducted to identify opportunities for development.
3. The Government should change strata scheme laws so that only a majority is required to change the scheme.

The SBC also recommends engagement with the development industry at an early stage of the process to ensure the regulatory and planning environment is conducive to attracting investment in developments of this kind.

For any further information from SBC, please contact patricia.forsythe@thechamber.com.au or by telephone 9350 8100.

Yours sincerely



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