

**Submission
No 20**

SYDNEY METRO WEST PROJECT

Organisation: Sydney YIMBY

Date Received: 19 September 2023



Executive Summary

Sydney YIMBY appreciates the opportunity to make a submission to the Sydney Metro Review.

In our view, Sydney Metro West is a vital infrastructure project that must go ahead. In order to fully realise the benefits of the significant investment, it is critical that planning controls facilitate substantial amounts of high density residential and mixed-use development at each station. This will contribute to the state government's housing supply goals, ease pressure on rents after a period of incredibly rapid housing cost growth and allow more people to live in a more sustainable way, closer to their work, family and amenities.

While it is a costly project, the alternative is expensive, environmentally damaging sprawl on Sydney's outer fringe. Further, value capture charges and revenue from housing development along the route can fund a substantial share of construction costs.

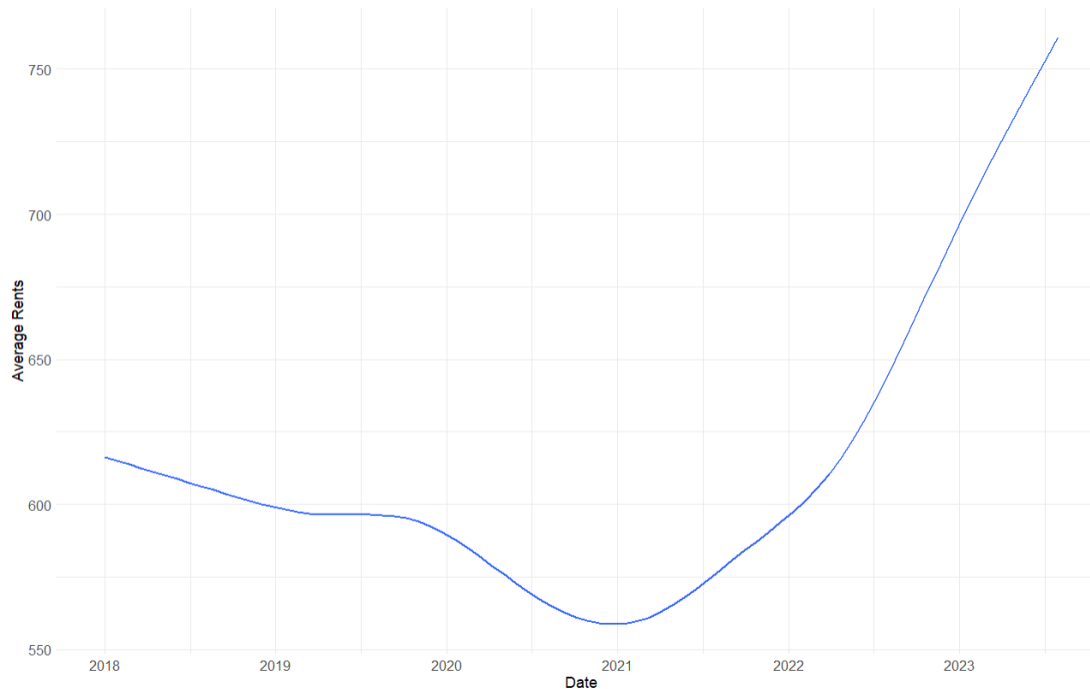
We specifically recommend that:

- 1) Sydney Metro West not be canceled or substantially delayed.
- 2) There should be a consistent, pattern approach to upzoning around station precincts. Planning controls should facilitate development of a minimum 10 stories within 400m of stations, 6 stories from 400-800m and 4 stories from 800-1.2km
- 3) Value capture mechanisms should be investigated to make up funding gaps and capture windfall gains to landholders.
- 4) Additional stations (including at Camellia or an eastern extension) should be considered, but only where there is capacity for significant housing uplift and is financially viable.
- 5) Landcom and LAHC should develop public, social and affordable housing on government-owned sites near the metro.

Metro West is Housing Policy

Sydney is in a housing crisis. Average rents have increased by 30% since 2021¹, pushing people out of their homes and into serious financial stress. Federal and State governments are rightly making a substantial increase in housing supply a key pillar of their response to this crisis, and Metro West provides a significant opportunity for integrated transport and land use planning to address Sydney's growing housing crisis.

Chart: Average rents in Sydney, 2016-2023



Source: NSW Fair Trading

While housing targets have not been made public for station precincts along Metro West; using targets identified in the Parramatta Road Corridor Urban Transformation Strategy 2016², it is understood there could be capacity for up to 27,000 new homes across all of the station precincts and in adjoining town centres. These are existing urban areas which are well-served by infrastructure such as water, sewer and open space.

Many of the locations chosen for stations on the currently planned Metro West route have been chosen due to their ability to support substantial housing uplift. Strategic planning is already well underway for large-scale development at The Bays precinct, Pyrmont, Burwood North and other stations along the route. These are among the most suitable sites for infill housing in Sydney, and Sydney Metro should ensure that as much housing as practical is permitted in station precincts. Any significant delay or cancellation would leave many of these sites stranded and undeveloped, as without the metro, many are not suitable for uplift on the same scale. This

¹ NSW Fair Trading (2023), Rental Bond Data

² Landcom (2016), Parramatta Road Corridor Urban Transformation Strategy 2016

would substantially impact the ability to deliver desperately-needed housing, worsening affordability and working against the government's stated goals.

Key to achieving this uplift in housing is a significant revision of planning rules at station precincts. For example, large areas surrounding the proposed Five Dock station are currently zoned R2- low density residential, which does not permit any dwelling typology more dense than semi-detached townhouses. In order to achieve the maximum housing benefit from Metro West, each station precinct should undergo transparent, standardised upzoning to facilitate high-density residential and mixed-use development. We recommend planning controls to facilitate a minimum of 10 stories within 400m of stations, 6 stories from 400-800m and 4 stories from 800-1.2km.

As well as delivering large volumes of market-rate housing, recently announced reforms allowing developers to exceed height limits in exchange for providing social and affordable housing in their developments mean that Metro West station precincts have the potential to deliver substantial volumes of below-market and affordable housing. This would particularly benefit vulnerable, low-income and essential worker households, who are unlikely to be able to afford such well-located housing without the option for non-market or subsidised housing. Further, government-owned sites along the route should be developed as public and social housing, utilising our proposed uplift in planning controls and providing even greater housing diversity and affordability.

Finally, Metro West can facilitate an uplift in housing along the wider Sydney Trains network. By providing an alternative option for travel between the CBD and Parramatta, Metro West will alleviate pressure on the main western line, which had substantial over-crowding prior to the pandemic, and is starting to return to these levels. The additional capacity across the network will enable greater levels of development at stations on the existing line, further contributing to new housing supply and affordability.

Financial Considerations and value for money

Metro West is undeniably a significant expense at a time that the budget is coming under significant pressure. However, if it is not built, the alternative is also costly.

The NSW Productivity Commission Paper released in August 2023 identified the most cost efficient housing for infrastructure costs and for tax-payers is between the Sydney Central Business District and Parramatta Central Business District³. The paper found that a similar sized dwelling cost the NSW Government an additional \$75,000 per dwelling in infrastructure costs between the metropolitan area to the fringes of Sydney⁴.

The NSW Department of Planning has forecasted a need for 50,000 new dwellings to be constructed each year to meet demand⁵. Instead of building new dwellings within existing well-serviced areas along the Metro West corridor, new housing will instead need to be built on the fringes of Western Sydney. This poses an additional cost to the taxpayer of up to \$1.5B that would otherwise not be needed should the metro line be built.

This cost is only associated with the upfront infrastructure cost, and does not factor in the ongoing costs paid by residents who are forced to live further from their work.

In addition to the necessary infrastructure to facilitate housing, Metro West is a long-term solution to the growing need for east-west public transport capacity. Prior to the pandemic, trains between Parramatta and the CBD were approaching dangerous levels of overcrowding at peak periods, and are rapidly returning to these levels despite shifts towards working from home. As Sydney grows, it is going to need to add capacity between its two largest centres, and delaying only adds greater costs down the line. Substantial works are already underway, with land acquisition, planning approvals and tunnel boring already costing substantial amounts that are difficult to recover and will likely need to be replicated if Metro West is cancelled and a similar project later revived.

In order to address funding challenges, Metro West should leverage the uplift in land values the project and associated planning changes spur. This is common practice overseas, with rail projects such as London's Elizabeth Line and much of the Hong Kong MTR network leveraging value-capture charges, fees and contributions in order to fund a substantial proportion of construction costs. This has the benefit of easing budgetary pressures, and has natural synergy with the upzoning that we recommend. If the review is to recommend any additional stations or extensions to the line, value-capture and self-funding should be front-of-mind.

³ NSW Productivity Commission (2023), Building more homes where infrastructure costs less

⁴ *ibid*

⁵ NSW Government (2023) More planning resources to focus on delivery of new houses and infrastructure

(<https://www.nsw.gov.au/media-releases/more-planning-resources-to-focus-on-delivery-of-new-houses-and-infrastructure#:~:text=NSW%20will%20require%20approximately%20900%2C000%20additional%20dwellings%20by,July%202021%20to%20116%20days%20in%20March%202023>, accessed 11 September 2023)

Carbon emissions and environmental impacts

Failure to construct Metro West will result in significant higher upfront and ongoing carbon emissions, and make it harder for the government to meet its decarbonisation obligations and targets.

Both the NSW Government⁶ and Australian Federal Government⁷ have made pledges to meet net zero carbon emissions by 2050. High-density housing near rapid public transport is the most environmentally sustainable way to house a growing population. A survey of 17 transit-oriented developments in five U.S. metropolitan areas showed that over a typical weekday period, transit-oriented developments averaged 44% fewer vehicle trips than a typical suburban setting⁸. A report by the Climate Council found that metro train systems have an average carbon emissions per kilometer (gCO₂ /km) of 3-21 per person, compared to 184 per person for the average private car sold in 2015⁹. This would equate to a nearly 90% reduction in emissions per person per kilometer traveled.

As a local example, residents in Chatswood are almost five times more likely to use public or active transport to get to work than residents of Marsden Park on Sydney's north-western fringe, and half as likely to drive.¹⁰ Residents of Schofields-East, a 5 minute drive from Marsden Park, but located on the metro line, are twice as likely to catch public transport.¹¹

Applying the findings to Australian transit-oriented design could see a similar reduction in vehicle usage by 44% in new station precincts along the Metro West corridor. The construction of the metro would therefore have a significant impact on ongoing carbon emissions for residents. In order to meet the net zero targets of both the NSW and Australian Government, Parliament should consider the impacts the cancellation of the metro will have on meeting their existing commitments.

Failure to construct the metro will also have significant impacts on Sydney's remaining bushland and wildlife corridors. As previously outlined, the NSW Department of Planning has forecasted a need for 50,000 new dwellings to be constructed each year to meet demand. Instead of building new dwellings within existing well-serviced areas along the Metro West corridor, new detached housing and urban sprawl will instead need to be built on the fringes of Western Sydney. The construction of these homes will require the clear-cutting of native vegetation and farmland. The consideration of habitat loss and environmental degradation should be considered as part of the inquiry.

⁶ NSW Climate and Energy Action (2021) Net Zero Plan Stage 1: 2020–2030

⁷ Australian Government, Department of Climate Change, Energy, the Environment and Water (2021) Net Zero Plan

⁸ Cervero, Robert & Arrington, G. B. (2008) Vehicle Trip Reduction Impacts of Transit-Oriented Housing

⁹ Climate Council (2022) Charing Ahead: State and territory transport policy recommendations to reach near-absolute zero emissions

¹⁰ Australian Bureau of Statistics (2021), Census Tablebuilder

¹¹ Ibid.

Summary

Metro West is a vital infrastructure project for the Sydney of the future. Paired with bold, forward-thinking strategic planning, it has the potential to deliver a meaningful uplift in housing supply and contribute to a more sustainable and liveable city. Sydney YIMBY recommends to the inquiry that:

- 1) Sydney Metro West must not be canceled or substantially delayed
- 2) There should be a consistent, pattern approach to upzoning around station precincts. This should include a minimum of 10 stories within 400m of stations, 6 stories from 400-800m and 4 stories from 800-1.2km
- 3) Value capture mechanisms should be investigated to make up funding gaps and capture windfall gains to landholders.
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- 5) Landcom and LAHC should develop public, social and affordable housing on government-owned sites near the metro.



About Sydney YIMBY

Sydney YIMBY is a membership-based community group that advocates for high-quality, abundant and affordable housing in Sydney.

We are a mix of planners, economists and laypeople who are all committed to a more affordable, sustainable and liveable city through urban consolidation.

We have hundreds of members and supporters from across Sydney, representing a diverse range of views, and do not accept memberships, donations or support of any kind from developers.