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Slow planning hurts housing supply and pushes out developers

The site of the slow-burning $600 million HPG residential project. **Supplied**

by **Su-Lin Tan**

Sydney developer HPG is recommending to its parent company in China that the group pull out of residential development in inner-city Sydney after being frustrated by the slow planning processes and the "inability to contribute to residential development in the city".

The group plans to broaden its focus to commercial investments.

This follows a nearly two-year wait for the approval of a complying development application for the group's flagship $600 million Sydney project in Erskineville, about three kilometres south of the CBD.

The site at 205-213 Euston Road was, on its own, complicated because of its proximity to the development of the future WestConnex interchange, which required extensive alterations to the group's plans.

An aerial shot of the proposed HPG residential project. **Supplied**

"Working with the relevant authorities to achieve residential development seems very slow, despite our residential applications being compliant to local development controls," managing director Adrian Liu said.

"The delays result in holding costs for the site stacking up, which in turn cause housing affordability to balloon – that's a process issue and something the public don't get told about and which never appears in the media."

Dr Liu felt that in comparison to other global cities such as New York or London, Sydney's development approval process was way behind "global standards".

"Unfortunately for the housing shortage and with costs going up for us, in a slightly softer market, we have no choice but to turn our attention to other things," he said.

"It's a serious problem when Sydney is unable to keep up with other global cities."

But the City of Sydney council said HPG had jumped the gun. The development application lodged for the first time in July last year took longer because it had to go be approved by the NSW Roads and Maritime Services.

"As the proposed development is on the WestConnex route, the development application was referred to RMS on July 29, 2016," a spokeswoman said.

"The City cannot recommend a decision on the development proposal to Council without the concurrence of RMS. At this stage RMS has not yet given its concurrence but the City is hopeful that it will be obtained in the coming weeks."

The council added it was progressing all applications as quickly as it could.

"The City of Sydney local government area continues to exceed housing delivery targets while ensuring high quality development," the spokeswoman said.

Separately, Dr Liu said the group felt the government's focus on deterring foreign buyers as a means of improving affordability was also misguided.

Last week it was reported the federal government was considering a return to a pre-2009 regime that prevented foreign buyers from acquiring more than half of the apartments in any given project.

"The 50 per cent rule is not wise, maybe it's a front for another agenda by the government, I don't really know," Dr Liu said.

"But what I do know is that there's a housing shortage, that development control rules are set down by government authorities to be followed, and if a development meets those agreed standards, why [are they causing] delays? It is these delays that ultimately cost exorbitant sums of money and sadly at the end of the process, will be borne by the purchaser."

HPG, a subsidiary of Hailiang, one of China's largest copper tubing and alloy manufacturers with heavy investments in real estate and agriculture, entered the Australian market in 2014.