



HOUSING INDUSTRY ASSOCIATION



Housing Australians

Reforming Building & Planning Laws

Submission to the
Department of Planning & Environment

**Draft Hunter Regional Plan
&
Draft Plan for Growing Hunter City**

24 March 2016



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ABOUT THE HOUSING INDUSTRY ASSOCIATION

The Housing Industry Association (HIA) is Australia's only national industry association representing the interests of the residential building industry, including new home builders, renovators, trade contractors, land developers, related building professionals, and suppliers and manufacturers of building products.

As the voice of the industry, HIA represents some 40,000 member businesses throughout Australia. The residential building industry includes land development, detached home construction, home renovations, low/medium-density housing, high-rise apartment buildings and building product manufacturing.

HIA members comprise a diversity of residential builders, including the Housing 100 volume builders, small to medium builders and renovators, residential developers, trade contractors, major building product manufacturers and suppliers and consultants to the industry. HIA members construct over 85 per cent of the nation's new building stock.

HIA exists to service the businesses it represents, lobby for the best possible business environment for the building industry and to encourage a responsible and quality driven, affordable residential building development industry. HIA's mission is to:

"promote policies and provide services which enhance our members' business practices, products and profitability, consistent with the highest standards of professional and commercial conduct."

The residential building industry is one of Australia's most dynamic, innovative and efficient service industries and is a key driver of the Australian economy. The residential building industry has a wide reach into manufacturing, supply, and retail sectors.

The aggregate residential industry contribution to the Australian economy is over \$150 billion per annum, with over one million employees in building and construction, tens of thousands of small businesses, and over 200,000 sub-contractors reliant on the industry for their livelihood.

HIA develops and advocates policy on behalf of members to further advance new home building and renovating, enabling members to provide affordable and appropriate housing to the growing Australian population. New policy is generated through a grassroots process that starts with local and regional committees before progressing to the National Policy Congress by which time it has passed through almost 1,000 sets of hands.

Policy development is supported by an ongoing process of collecting and analysing data, forecasting, and providing industry data and insights for members, the general public and on a contract basis.

The association operates offices in 23 centres around the nation providing a wide range of advocacy, business support including services and products to members, technical and compliance advice, training services, contracts and stationary, industry awards for excellence, and member only discounts on goods and services.



1.0 INTRODUCTION

HIA welcomes the release of the *Draft Hunter Regional Plan* and the *Draft Plan for Growing Hunter City* for public comment. The Hunter region's pivotal role in the growth of NSW in terms of the economy, employment and housing is significant and the ongoing development. As the Plan acknowledges, the Hunter region is the most populous region in NSW outside of Sydney and the largest regional economy in Australia. It is obvious and timely that the NSW Government continually monitor and review its position in planning for this region, to support an additional 117,850 people by 2036 and the need for increased housing choice, jobs, infrastructure and services.

Whilst the Regional Plan will see the consolidation of the three current strategies for the region, which is supported, the release of the Hunter City Plan indicates that a second tier of sub-regional plans will be created which address the specific needs of the Region.

An important element of any regional strategy is to provide certainty and advance the direction on the manner in which the city/region will grow. To this end, it is appropriate that the draft Regional Plan builds on the footprint of the past, and seeks to improve the manner in which growth will be facilitated across both the existing and future urban areas of the Hunter City.

Furthermore, nominating and establishing new release areas for increased housing and infrastructure including the means of travelling to these release areas is paramount. Addressing these issues will be the key to ensuring that homeownership, employment; services are available and attainable to all the regions residents.

The Draft Plans address the broad range of issues that should be considered in a Regional Plan and not all have a direct relationship with the delivery of housing and land and residential development. Therefore this submission responds to the Goals and Directions set out in each Draft Plan that is considered relevant to the ongoing growth of housing supply in the Hunter.

2.0 DRAFT HUNTER REGION PLAN

2.1 GOAL 1 – GROW AUSTRALIA’S NEXT MAJOR CITY

This first goal is extremely broad and through the Principles under Action 1.1.1 there is reference to the need to deliver a metropolitan plan that identifies housing options to cater for existing and future demand with good access to jobs, services, recreation and community life. Clearly HIA supports a focus on housing delivery as a key part of the Draft Plans outcomes.

2.2 GOAL 3 – PROTECT AND CONNECT NATURAL ENVIRONMENTS

HIA acknowledges that the Hunter region has an abundance of important ecological systems and that these need to be protected whilst balancing continued support for housing supply and economic growth in both rural and urban areas. A strategic approach is essential in providing appropriate management of these areas. Equally, the process needs to provide certainty to all involved in future developments of where land available can be used to ensure the goal posts are not constantly moving.

In the last decade, there have been a number of new environmental criteria introduced into the development process in NSW. Whilst the intent of these criteria and policies is not in question, their implementation, particularly in existing zoned areas, has generally been adhoc and taken little regard of land already zoned or subdivided for future development.

Biodiversity and other natural hazards and constraints need to be managed early in the strategic planning process and the outcomes in terms of developable land then ‘locked in’.

HIA supports the need to protect those areas within and around metropolitan and rural areas that are unique, environmentally sensitive and help to support biodiversity in the Hunter region. The Draft Plans refer to the fact that the majority, if not all, key environmental constraints and areas have already been identified and that appropriate legislation exists to manage these into the future. HIA supports the use of mechanisms such as biodiversity certification and the voluntary use of biobanking, so the continued use of these in the Region is appropriate. The finalisation of strategic assessments with the Commonwealth government is also critical to remove the duplication and ‘green tape’ in the residential development process.

In relation to the large proportion of development that will be ‘redevelopment’ of existing zoned land, a pragmatic approach must be taken to recognise that retrospectively applying hazards and constraints cannot be done in the same way as occurs in greenfield locations.

The Draft Plans should provide the first layer of certainty for existing and future land owners by designating areas for protection and retention. By locking in ‘truth in zoning’ as early in the zoning, subdivision and development process as possible, confusion can be avoided, and land owners and the residential development industry can work more effectively together to protect the natural environment.



2.3 GOAL 4 – SUPPORT ROBUST REGIONAL COMMUNITIES

DIRECTION 1.1 – GROW AND DIVERSIFY CENTRES ACROSS THE CITY

DIRECTION 1.2 – PROVIDE A GREATER MIX OF HOUSING TYPES TO MEET CHANGING DEMAND

The Draft Regional Plan addresses a number of housing issues under Goal 4 – Support robust regional communities. The Draft City Plan also includes a number of housing objectives. It is important that the Plans focus on housing supply by setting policies that promote housing growth with a balanced approach to economic growth and investment, which foster improved employment opportunities and coordinate housing growth with infrastructure planning and delivery.

The residential development industry is best placed to determine the commercial viability of housing projects including the timing of delivery and the type of housing that the market will accept.

The overall objective for the delivery of new housing to meet the Region's future population growth must be to maintain an adequate supply of housing in all forms year on year. There will continue to be strong demand for new housing on the outskirts of the Hunter City. However there will also be strong demand for new housing in existing metropolitan areas using 'urban renewal' policies. Both Plans appear to support this outcome making several references to the amount of zoned and designated land currently available to meet demand. However, as also suggested in the Plans, this situation must be constantly monitored to ensure a constant supply is available. This should include a stock take of under-utilised residential land for housing located close to existing services and transport.

Incentives to better align local level planning actions with the benefits of additional housing supply should be a priority to address community resistance to medium and high-density development. The Government must encourage councils to identify infill land available for a range of densities including both medium and high-density development currently managed through the residential zoning process.

With access to existing community facilities and open space, the existing metropolitan areas provide good opportunities for people who want to live in existing suburbs. As recognised in the City Plan, the main barrier to building in existing areas is that currently most single dwellings on smaller lots require development consent from council or may be prohibited due to lot size restrictions. This approval requirement needs to be addressed as a priority to ensure all low rise housing options have access to a streamlined approval process. The recommended actions to make subdivision of existing blocks easier and to increase the scope of code assessable housing are critical to this objective.

To foster an environment and adopt approaches that remove barriers and drive delivery of the housing so desperately needed to meet the underlying demand is paramount. To achieve this requires a cooperative effort between state government, local government, and the residential development industry.

Focus is needed on clear, measurable and reportable targets, coupled with a desire to truly remove the impediments to housing supply in both Greenfield and infill developments.

In terms of inner urban housing, HIA continues to support the introduction of a range of density options for inner and middle ring regional council areas in the Hunter region to support the needs of the growing population. Medium and high-density opportunities should be explored and implemented in areas where existing infrastructure is currently in place or earmarked in the short term to support this. The range of barriers to infill developments suggest that achieving any housing target will not be possible without significant action from the State Government to support their implementation. As set out in both Plans, to achieve these outcomes, the Government must introduce policies to facilitate medium and higher densities close to transport links.

The Government's role of ensuring that the development within the Hunter City and regional communities proceeds with planned infrastructure and services funded and linked to the sequence of the land release is important. Rezoning land does not ensure that land will be brought to market in a timely manner due to the many issues including fragmentation and exorbitant state and local government levies and charges that affect the viability of residential developments.

In some cases, councils in new release areas use zonings and development control plan provisions to limit the sequential roll out of development in a large subdivision development. This also creates a barrier to competition in residential subdivisions. If an area is zoned residential, it should be permitted to proceed once the owners have made appropriate arrangements for the required infrastructure and it should not be controlled by local government planning provisions.

3.0 DRAFT PLAN FOR GROWING HUNTER CITY

HIA supports the establishment of a Hunter Urban Development Program and the reference to annual reports to monitor the supply and delivery of both housing and employment land. However, we are concerned by the lack of specific housing targets or details that will be measurable regarding the success or otherwise of providing housing for the predicted 117,850 people by 2036 in the region.

HIA believes that the Plans should include reference to a benchmark of maintaining a minimum 15 year land supply of broad hectare residential land, of which at least 10 years' supply should be zoned to permit development.

In delivering the Plan references are made to the establishment of both a Hunter Pilot Joint Organisation and a Regional Plan Coordination and Monitoring Committee. HIA has extensive experience nationally in being a member of similar committees and would like to express our strong interest for a local HIA representative to be involved on these committees.

HIA believes that our involvement on these committees will create greater connection between the Department of Planning and Environment and industry.

Direction 1.6 of the Draft Plan for Growing Hunter City states *"The NSW Government will also undertake improvements to the infrastructure contributions system. Improvements will focus on clarifying the contributions needed to support State infrastructure servicing requirements for development and they may replace arrangements currently in place in parts of the Hunter City."*

HIA does not support the use of upfront development contributions on individual new households to fund community infrastructure shared by all Hunter residents. Any changes to the current approach should seek to find alternative funding mechanisms that apportion infrastructures costs fairly across all households and allow the costs to be amortised over a longer period of time, than occurs with simple one off payments like development contributions.

ACTION 1.6.3 states *that the government shall review special infrastructure contributions in the Hunter to support infrastructure delivery.* HIA does not support the proposed special infrastructure contribution for the Inner West and Maitland–New England Highway Corridor Districts. The Government and local government need to identify alternative funding models such as Tax Increment Financing (TIF) schemes for these types of infrastructure.

As suggested in the Draft Central Coast Region Plan if planned well, and if funding sources are identified that do not solely rely on levies and contributions, the region will be able to continue to encourage employment opportunities which will support residents locating in the region for the longer term.

The draft plan makes no reference to the difficulty of redeveloping in downtown Newcastle because of the need to grout (fill) the many underground mines that exist. The impact of these is considerable costs to stabilise the foundations of apartment projects as well as restricts the heights of future developments. The \$17 million grouting fund recently announced by the NSW government is inadequate to address this issue and support future infill development within the City.

It is also unclear why the boundaries for Hunter City are not aligned with the current local government boundaries. The Plan should not create a situation where only part of a local government area is designated within Hunter City and part is outside the boundary. It would be appropriate to redefine the boundaries of the Hunter City and the Regional plan based on the final outline of amalgamated councils once known.

4.0 CONCLUSION

The Draft Hunter Regional Plan and Draft Plan for Growing Hunter City provide a strong basis for the ongoing management of growth across the Region without adding unwanted new layers and processes.

Whilst the Plans provide a view that land supply is strong and future housing needs can be met, it is critical that this be monitored and publicly reported each year.

The Plans both give regarding to housing supply and promote a mix of housing in Greenfield and infill locations which is appropriate.

The approach to the identification and management of natural hazards and constraints appears to also take account of the concept of 'truth in zoning' which gives certainty to land owners and the community about where development can and cannot occur. It is important that this approach is maintained for the life of the Plan. But it is also important to recognise how these constraints can be best managed in existing zoned areas and the practical limits that exist in the protection of areas already significantly compromised.

The actions set out in both Plans appear practical and if pursued over the next 20 years will assist in maintaining the Hunter Region's significance to the Australian economy. HIA looks forward to seeing the Draft Plans finalized and working with the Department and the regional councils to facilitate its delivery.

HIA would seek to be part of any formal industry consultation and liaison processes that may be established in the future to support delivery of the Plan.