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NSW Planning & Environment
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Re: North West Priority Growth Area
Land Use & Infrastructure Implementation Plan

Introduction

The Bathla Group is one of Western Sydney's leading property and construction companies.

Bathla has arguably the largest land holding of properties within the Blacktown Growth Areas, with significant "greenfield" land holdings in Schofields, Marsden Park and Riverstone with potential to deliver over 10,000 dwellings over the next five to seven years.

Established in 1997 the Group has delivered over 2,500 properties with a further 900 dwellings presently under construction. Bathla has gained a significant reputation for delivering quality homes tailored for the ultimate customer experience; the Group caters for entry level first home buyers through to large family and extended family residences.

The Group develops and builds, dual occupancy, semi-detached, detached dwelling, Multi - Dwelling, Residential Flat Building and Mixed Use development product throughout the Growth Centres.

Over the past three years the Group has obtained over one hundred development approvals through Blacktown Council or the NSW Land and Environment Court for both large and small development; hence considerable working experience and knowledge has been gained throughout the locations covered by SEPP 2006 as well as the supporting Precinct DCP's.

Contentions

A review of the exhibited material and documentation raises a number of issues and concerns including:-

- The imposition of Density Cap over R3 zoned land in particular will result in substantial financial loss to land owners and contracted purchaser of land holdings;
- Is a "cap" on Densities the most appropriate strategy from a planning and housing affordability perspective? – is there an alternate based on maximising the population capacity around existing infrastructure expenditure?
- If the Densities are to be capped is the density ranges appropriate for the type of product being developed within the R2 and R3 zones and if not what amendments are required?
- Is the minimum lot size of 300m² the most suitable lot size within the context of the product the Group as well as its competitors are building within the Growth Centres?

Contention 1 - The imposition of a Density Cap over R3 zoned land will result in substantial financial loss.

Land purchasers, including our Group have entered into long term contractual arrangements for the acquisition of land holdings within the Growth Centres; many options and deferred settlement contracts were negotiated over two or more years ago; confident in the planning framework that had been in place since 2006 - over ten years.

The sales value of these holdings and any subsequent valuation for mortgage purposes, have all been calculated on the unit/apartment yield based on maximum permitted Floor Space within the locality particularly in view of the prevailing “minimum” density provision of the SEPP.

Gross Floor Area derived by the application of the FSR controls is the only available basis to establish maximum yield and hence sale/purchase price for the holdings. The use of the FSR control and maximum yield for units, as a basis of establishing land value, results in a density that is in most cases three to four time the dwelling density per hectare than the proposed “capped density” controls proposed.

The financial ramifications of the proposed changes are major and significant. The exhibited material has already destabilised the market and created extreme uncertainty.

With respect, the proposed initiatives are ill conceived and unwarranted intrusion into the land market. Essentially the proposal is bad “public policy”

Contention 2 - Is a Density “cap” a valid response to housing affordability?

It would seem a logical economic response the “infrastructure investment” to maximise the densities within the Growth Centres not to restrict or “cap” future densities. The current minimum densities will ensure that the costs of investment made in the serviced lands; whether utilities, drainage, transport or open space; are amortised over the maximum number of dwellings that are feasible; orderly and economic development of the land.

The support for this contention is largely justified in the absence of a “cap” in the SEPP in 2006 and the successful development of the Growth Centres over recent years.

There is an “automatic” cap on densities through the other planning controls embodied in the SEPP and accompanying complementary DCP’s for each of the Precincts. These have operated successfully to limit the maximum achievable densities on individual blocks and locations without the need to artificially constrain the yields.

This contention is particularly true of properties zoned either R2 & R3 where no residential flat buildings are proposed.

The following case studies/development snapshots are offered in support of these contentions.

Table 1 - Density Analysis - Typical DA's 2017 - The Bathla Group								
Site	Status	Address	Zone	Proposed Density	Developable Site Area (ha)	Permitted Capped Dwellings	Actual Proposed Dwellings	Comment
1	Current	51 Glengarrie Road Marsden Park	R2	15-25	7.9318	198	203	Cap yield below normal product yield
2	Current	312 South Street Marsden Park	R3	25-35	7.4555	260	232	Actual yield below cap - No RFB
3	Approved	1160 Richmond Road Marsden Park	R2	15-20	6.5919	132	158 (24/ha)	Cap yield below normal product yield
4	Approved	1132-1140 Richmond Road Marsden Park	R2	15-20	4.5989	92	95 (21/ha)	Cap yield below normal product yield
5a	Current	29-33 Schofields Road Schofields	R3	25-35	6.371	223	250 (39/ha)	Town House Option Only
5b						223	889 (139/ha)	Residential Flat Buildings Only
6	Approved	79-83 Hambledon Road Schofields	R2	15-25	3.184	80	115 (36/ha)	Cap yield below normal product yield
7	Approved	73-77 Hambledon Road Schofields	R2	15-25	Stage 1 3.3674	84	119 (35/ha)	Multi Dwelling
				Stage 2 1.1611	29	53 (45/ha)	Multi Dwelling	
				Stage 3 1.8528	46	84 (45/ha)	Multi Dwelling	
				Subdivision 3.5365	88	58	Torren Lots	
				Total 9.9169		248	314 (32/ha)	

The above “snapshot” covers a developable site area of 46 hectares and approximately over 1360 dwellings which demonstrates that the low and medium density yields in the R2 & R3 zone are running at approximately 30 dwellings (29.7 actual) per hectare.

This analysis excludes Residential Flat Building development in the R3 zones and above.

If the cap on densities was introduced across the same developments then the corresponding density would be around 27 dwellings per hectare (26.7 actual) – some 10% below the uncapped market response and the actual density achieved.

It is our contention that the additional 10% yield in density assists significantly in delivering lower cost housing and the more efficient use of the investment made in infrastructure within the Growth Centres.

The planning controls within the DCPs for Residential Flat Buildings do not have the same limiting effect as is the case for small lot subdivisions and multi dwelling approvals; the density achieved with

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wholly developed Residential Flat Building sites is approximately 140 dwellings per hectare – approximately four times the yield of the lower density sites.

In the case of **Table 1**, if the Residential Flat Buildings option for the **Site 5b** is brought into the calculation then the density rises from **30 dwellings** per hectare to **44 dwellings** per hectare when the Residential Flat Buildings represent approximately 15% of the developable area.

The dwelling densities projected across the Growth Centres would have been in the order captured in the snapshot in **Table 1**. The Department of Planning when applying “minimum” densities and then by applying DCP controls would have been able to forecast an overall density across the R2 zoned land of 30 dwellings per hectare and then make assumptions regarding the volume and rate of take up of Residential Flat Buildings across the Growth Centres

The empirical as well as anecdotal evidence suggests that the Residential Flat Buildings are not being pursued in the R3 zone and multi-dwelling solutions are preferred. Site 2, (see Table 1) being a case in point. In this case the Group has changed from a RFB development involving approximately 780 dwellings in favour of the 232 town houses.

The Group remains firmly of the view that the market should be able to dictate the density and mix of housing, particularly if investment in infrastructure is to be amortised across the maximum number of dwellings; no caps should be imposed that artificially limits the density and reduces the yield of sites that have already been acquired at land values that recognised that density and dwelling yields were unregulated.

Regulation of density will directly increase the cost of housing, thereby reducing affordability and raising the entry cost for home buyers.

Contention 3 - If the Densities are to be capped then the upper cap is too low?

In the discussion above it has been demonstrated that the “cap” density in the R 2 zone is approximately 10% below the market.

In applying the term “market” we refer to the normal lot sizes and housing product that the Group and its competitors are offering in throughout locations within Blacktown.

These include products that are offered at or around the \$650,000 market which is the entry point for First Home Buyers and First Home Buyer Home Grants.

Based on the location and density bands throughout City we would maintain that IF density caps were to be introduced the density bands would need to differentiate between R2 and R3 zoned land. In the case of R2 land the cap would need to be increased by plus 10% in order that the normal market yield for the small lot and multi dwelling development can be achieved.

The proposed “density” cap for R3 zoned property and the development of Residential Flat Buildings needs to be increased significantly above the limit proposed in order that the land value of such holdings are maintained hence avoiding significant financial loss.

Based on the foregoing, it is considered that IF the Dwelling Densities are to be capped then the upper range of the densities need to be adjusted as highlighted in **Green** below:-

Table 2 - Density Caps - Proposed & Recommended - R2 & R3 Zone					
Site	Status	Address	Zone	Proposed Density	Recommended Changes
1	Current	51 Glengarrie Road Marsden Park	R2	15-25	15-35
2	Current	312 South Street Marsden Park	R3	25-35	35-60
3	Approved	1160 Richmond Road Marsden Park	R2	15-20	15-25
4	Approved	1132-1140 Richmond Road Marsden Park	R2	15-20	15-25
5	Current	29-33 Schofields Road Schofields	R3	25-35	35-60
6	Approved	79-83 Hambledon Road Schofields	R2	15-25	15-35
7	Approved	73-77 Hambledon Road Schofields	R2	15-25	15-35
Blacktown Precinct				Proposed Density	Recommended Changes
			L	11	15
			O	15-20	15-25
			O1	15-25	15-35
			T	25-35	35-60
			V	35-55	35-80
			Z	55-100	55-120

The above changes takes into account the locational differences between the R2 & R3 zoned land as well as the prevailing planning controls within the respective Precinct DCP's.

Contention 4 – The minimum lot size need to be reduced to 250m²

The Group, together with many competitors, have developed a Torrens Title house product that fits on a 250m² lot with a minimum frontage of 9m plus.

This product is proving widely popular as it enables “entry point” home buyers to purchase a new home with land and contributes significantly a lower home asking price.

Further without the ability to make provision for lots to 250m² the planned densities promoted by the Department will not be able to be achieved.

Summary

The Group objects to the draft Land Use and infrastructure Implementation Plan dated May 2017 for the North West Growth Area. Specifically objection is raised to the proposed density cap which if implemented will:-

- Reduce the value of R3 zoned land with significant adverse financial impact on the owners of these properties and contracted purchasers;
- Reduce the number of dwellings developed in the Growth Centres resulting in higher development costs and directly reducing the affordability of the future Housing product.

If the protest against the implementation of a density cap is not heeded and **Action 3** is not abandoned in total, then the upper cap to the densities need to be amended to avoid the guaranteed impacts highlighted above.

- The Proposed Densities need to be changed as follows:-

Blacktown Precinct	Proposed Density	Recommended Changes
L	11	15
O	15-20	15-25
O1	15-25	15-35
T	25-35	35-60
V	35-55	35-80
Z	55-100	55-120

- The **minimum lot size** needs to be reduced from 300m² to **250m²**

If you require any further information please do not hesitate to contact me.

Yours truly,



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