

4 July 2017

Department of Planning and Environment
320 Pitt St
SYDNEY NSW 2000

Our ref: CAR VCW 37413468

Dear Sir/Madam

Submission: Proposed amendments to State Environmental Planning Policy (Sydney Region Growth Centres) 2006

We act for the Signature Group of Companies, which is an established group of property development companies operating in Sydney's North West Priority Growth Area.

Our client is planning for the development of three sites in the Blacktown local government area. These proposed residential subdivisions are expected to deliver up to 346 new homes by 2019. Each of these sites are within the North West Priority Growth Area and captured by the *State Environmental Planning Policy (Sydney Region Growth Centres) 2006 (the SEPP)*.

The development sites are:

- (a) A site of approximately 10,280 sqm at 98 Hambledon Road, The Ponds (zoned mainly R2 and subject to the Alex Avenue and Riverstone Precinct Plan 2010)
- (b) A site of approximately 20,236 sqm at 103 Tallawong Road, Rouse Hill (zoned R3 and subject to the Blacktown Growth Centres Precinct Plan)
- (c) A site of approximately 35,650 sqm at 23-33 Edmund St, Riverstone (zoned R2 and subject to the Alex Avenue and Riverstone Precinct Plan 2010)

We provide below a submission on our client's behalf in relation to the proposed amendments to the SEPP which are currently on exhibition in the 'Explanation of Intended Effect' (**EIE**). In doing so, we have also given consideration to the North West Priority Growth Area Land Use and Infrastructure Implementation Plan (**the Implementation Plan**).

Summary of our submission

For the reasons that follow, we are concerned with the proposal in the EIE to introduce a maximum residential density control to the SEPP.

We also submit that there is an existing problem in treatment of minimum lot sizes for attached dwellings in the SEPP, and this should be rectified in any amendment to the SEPP.

Residential densities under the SEPP

Our client invested in the development sites described above on the basis of the development controls currently contained within the SEPP. It has considered these controls in undertaking the relevant feasibility studies. Given how recent these controls are and the current housing supply imperative, our client (quite reasonably) held the expectation that there would **not** be strategic planning changes **unfavourable** to delivery of new residential development.

We appreciate that strategic planning needs to be dynamic and able to respond to changing conditions. The delivery of new residential development beyond what was originally anticipated for the North West Priority Growth Area provides an important opportunity to assess the adequacy of the planning framework for the area. However, the measures set out in the EIE which introduce maximum density controls to the SEPP represent an **unprecedented proposal to effectively 'downzone' urban release land** in circumstances where it is widely acknowledged that NSW is facing a housing crisis and must act quickly to accelerate housing growth.

These changes hold the potential to **reverse** the positive planning outcomes currently being delivered in the North West Priority Growth Area. It is difficult to see how the proposal can possibly align with the broader planning goals of the NSW Government and other planning bodies, including the Greater Sydney Commission.

The Implementation Plan identifies that the North West Priority Growth Area is expected to contribute approximately 12% of the 725,000 new homes proposed for Sydney by 2036. The Implementation Plan appears at the outset to be predicated on ensuring that planning controls allow for the delivery of these ambitious housing aims along with the necessary infrastructure to support residential and other development.

However, Action 3 of the Implementation Plan refers to the need to manage residential densities to align with infrastructure. We understand that this Action 3 has resulted in the proposal in the EIE to introduce a maximum residential density control to the SEPP. The rationale given in the Implementation Plan for these proposed new controls is to ensure new communities can be supported by adequate infrastructure.

While the need for adequate infrastructure is of course valid, it would be a regrettable missed opportunity to prevent meritorious development of these precincts, driven by market demand, simply because of a miscalculation and underfunding of the infrastructure requirements for the precincts. It would be far preferable to re-determine the infrastructure requirements and find funding for this.

In other words, it is short-sighted to restrict the development potential of these important greenfield areas because insufficient infrastructure has been planned. Prohibitive development controls such as those proposed in the EIE are **static measures** that have long-term consequences for development. Once development occurs consistent with the control (ie at a density below that which the market is able to provide), the lands becomes **locked up** indefinitely. This lock up then has an adverse effect on housing supply and affordability.

The Implementation Plan recognises that positive measures can be put in place to ensure infrastructure can be delivered. Action 7 is for the review of infrastructure requirements necessary to support higher than previously anticipated housing growth and recognises that capacity to accelerate funding for infrastructure via measures including the Special Infrastructure Contribution, works in kind agreements and alternative sources of funding.

We also note that the Implementation Plan and the EIE do **not** identify any other concerns with the housing density currently permitted under the SEPP aside from this issue of infrastructure delivery. Rather, the developments currently being approved in the North West Priority Growth Area demonstrate excellent amenity and contribution to the growth of new and desirable residential communities.

The appropriate level of residential density for proposed new development is a matter which currently is considered on the **merits** in the course of development assessment and we consider that this should continue to be the case. It should also be observed that residential density is by no means unconstrained under the SEPP. Rather, controls on development type, site coverage, floor space ratio, building height, and landscape areas all already serve to ensure that appropriate residential densities are being approved within the North West Priority Growth Area.

If this extraordinary downzoning of urban release “Priority Growth Area” land, in a time of very high housing demand and very poor housing affordability, is driven primarily by a concern that insufficient infrastructure has been planned, we urge the government to take a longer term approach and to tackle the infrastructure issue head on.

As touched on above, the changes have the potential to negatively impact on housing affordability. Planning controls imposing maximum densities will have a direct impact on yield for developers like our client. They are given less flexibility to provide a housing mix suitable to the market and offer housing products across different buyer budgets. In this respect, greater density is important for housing affordability because, put simply, a higher density product is more affordable for the public.

These greenfield lands in the North West Growth Area have substantial capacity to meet a significant proportion of Sydney’s housing growth, and with the development of the Western Sydney Employment Lands, and the continued growth of the Parramatta centre, they provide an opportunity for housing proximate to jobs. Developers are currently active across these precincts and are ready to deliver much needed housing stock. Downzoning of this land will displace this unmet demand to other parts of Sydney.

By limiting the capacity of the North West Growth Area to provide new housing, the NSW Government is effectively **displacing the supply issue** and creating pressure for even higher densities in urban renewal areas. As heated discussions around appropriate levels of density within the Sydenham to Bankstown Urban Renewal Corridor show, rezoning of established residential neighbourhoods for higher density development is notoriously difficult and is often associated with much higher costs for government and the private sector. The NSW Government is much better placed to deliver additional housing supply in greenfield areas like the North West Priority Growth Area, and the development capacity of these areas should not be unduly restricted because of a reluctance to fund the necessary infrastructure.

Finally, we also observe that the EIE refers to the existing use of minimum lot sizes in the SEPP as being a complex system that is difficult for assessing officers to apply. We consider the proposal to introduce maximum density controls will only add further complexity.

Minimum lot sizes for attached dwellings under the SEPP

Our submission on this issue seeks to correct what appears to be an error in the SEPP, which requires a significantly greater minimum lot size for attached dwellings over other types of similar development.

The SEPP has failed to appreciate that each dwelling forming part of an attached dwelling is on a **separate lot**. This is by reason of the standard definition of attached dwelling, being:

...a building containing 3 or more dwellings, where:

- (a) each dwelling is attached to another dwelling by a common wall, and*
- (b) **each of the dwellings is on its own lot of land, and***
- (c) none of the dwellings is located above any part of another dwelling.*

However, having regard to the minimum lot sizes that have been specified for attached dwelling (which we note is a higher density form of development than a single house), it appears that the drafters of the provisions have overlooked that an attached dwelling must be on its own lot, as part of its very definition.

In the Blacktown precincts, the minimum lot size in the R2 zone for an attached dwelling is 1500 sqm (and 375 sqm in the R3 zone), whereas it is only 300 sqm for a dwelling house. It does not make sense that a terrace house (being an attached dwelling) would need to be on a larger lot of land than a standalone dwelling house.

It is clear, in our view, that attached dwellings have erroneously been treated as similar to multi-dwelling housing and residential flat buildings (which have the same 1500 sqm minimum lot size in the

R2 zone for multi-dwelling housing and R3 zone for residential flat buildings), which are both forms of development where there a number of dwellings **on the same lot of land**. This is an incorrect treatment because an attached dwelling development must have each individual dwelling **on its own lot of land**. It would therefore be more appropriate to treat this form of development more like semi-detached dwellings and to instead specify a smaller minimum lot size for each dwelling. As attached housing is, by nature, a higher density form of development than semi-detached housing, the minimum lot size should be commensurately lower.

We trust this submission will be given due consideration. If you have any questions in relation to this submission, please do not hesitate to contact us.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Christina Renner', written in a cursive style.

Christina Renner
Partner