



planning consultants

4 July 2017  
Our Ref: 9679B.1WG

The Secretary  
The Department of Planning & Environment  
GPO Box 39  
SYDNEY 2001

Lodged via the Northwest Draft Exhibition Package Portal

Dear Ms McNally

**Amendments to State Environmental Planning Policy (Sydney Region Growth Centres) 2006 – for the North West Priority Growth Area  
1-5 Terry Road and 779-781 Windsor Road, Box Hill**

DFP has been engaged by Dr Buddy Beaini who is the owner of 1-5 Terry Road and 779-781 Windsor Road, Box Hill to review the proposed amendments to the State Environmental Planning Policy (Sydney Region Growth Centres) 2006 (SEPP SRGC) – for the North West Priority Growth Centre as it applies to his property.

**The Subject Site**

The subject site is located on the north eastern corner of the intersection of Terry Road and Windsor Road at Box Hill. The site has an area of 6,597m<sup>2</sup> and is located within the Box Hill Precinct of the SEPP SRGC.

The subject site is the gateway to the Box Hill Precinct and is located on the prominent intersection at Windsor Road, Terry Road and Garfield Road.

The existing controls that apply to the site are summarised below:

Land Use Zoning:	R4 High Density Residential
Floor Space Ratio:	2.0:1
Building Height:	21 metres
Minimum Dwelling Density:	30 dwellings per hectare

Residential flat buildings and shop top housing are permissible in the zone.

**Figure 1** below is a Locality Plan.



Figure 1 – Locality Plan

An aerial photograph of the subject site showing the 5 allotments is provided below at **Figure 2**.

The aerial photograph shows the relationship with the subject site to the intersection of Windsor Road, Terry Road and Garfield Road.



Figure 2 – Aerial Photograph

The owner engaged DFP Planning to undertake a mass model exercise to establish a potential yield and have a pre-DA meeting to discuss a future DA being lodged with The Hills Shire Council.

A pre-DA meeting was held with The Hills Shire Council in December 2016 to discuss the option of increasing the height limit at that part of the site that addresses the intersection of Terry Road and Windsor Road. The site has a significant fall of approximately 6 metres from the eastern part of the site adjoining Windsor Road to the western part on the Windsor Road frontage. It is the western end of the site that represents the gateway to the Box Hill locality and a poor planning and urban design outcome would occur if the future building was visually 2 storeys lower at the prominent intersection.

Attached to this submission is the pre-DA package that was provided to Council. The applicant has subsequently engaged Steve Kennedy Architects to prepare development application plans for the proposed development.

DFP is in the process of preparing a Statement of Environmental Effects for the development application and sub-consultants have engaged to prepare landscape plans, traffic reports, engineering plans, etc.

The concept scheme prepared by Steve Kennedy Architects provides a yield of 161 dwellings with a floor space ratio of 2.01:1. The proposal incorporates a 9 storey element at the intersection which tapers back to 6 storeys at the edges.

### The Proposed Amendments to the SEPP SRGC 2006 – for the North West Priority Growth Area

The proposed amendments seek to impose a maximum density range on the subject site of between 30-100 dwellings per hectare. An extract of the proposed density map is provided below at **Figure 3**.

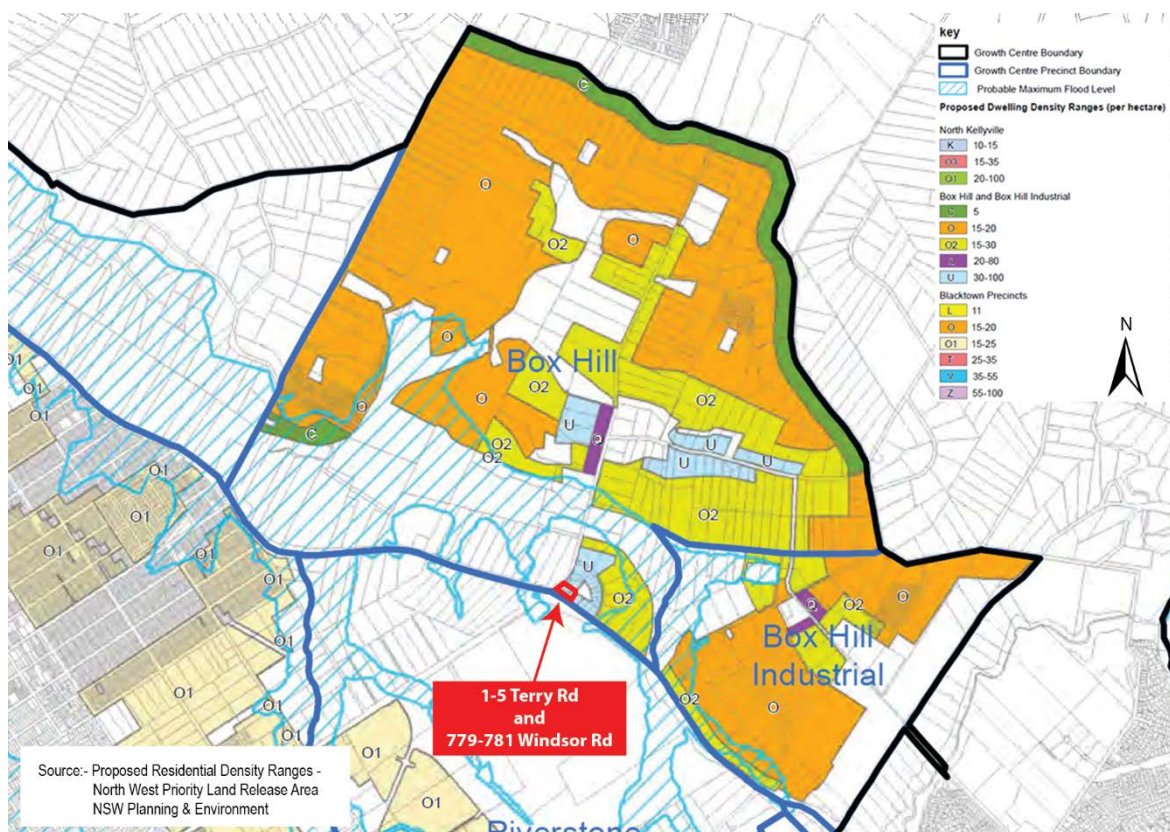


Figure 3 – Proposed Residential Density Ranges

Even if a density of 100 dwellings per hectare is achieved, it would only be possible to provide approximately 65 dwellings on the subject site. This represents a shortfall of 99 dwellings compared to what is achievable under the existing controls. The proposed yield is 40% of what is currently achievable under the existing controls.

65 dwellings were achieved on the site with an average of 100m<sup>2</sup> per unit, this would equate to a floor space ratio of 1:1 whilst the floor space ratio that currently applies to the site is 2:1.

### Rationale behind Density Cap

DFP appreciates that the population projections that were made in 2006 did not envisage that the market would provide residential development within the North West Growth Centres that would achieve densities in excess of 200 dwellings per hectare. These population projections were made on the basis that development would not achieve the floor space ratios and heights that are permissible in the zones.

Given the number of development applications that have been approved and the number of residential apartment buildings that have commenced construction in the Area 20, Box Hill, North Kellyville and Alex Avenue Precincts, there is significant market demand for residential accommodation in this locality. Much of this demand is due to the relative affordability of residential apartments compared with smaller residential lots which are selling with a dwelling for more than \$1,000,000, whereas residential apartments range from approximately \$700,000. It is this affordability that is creating the demand for the residential apartments in the North West Growth Centre.

By effectively restricting density to 40% of what can be achieved on the site with the 2:1 FSR the supply of residential dwellings will be significantly affected in a number of ways.

1. If developers are in a position to construct development at the reduced density, then the ultimate development will be 40% of the yield that could have otherwise been achieved, thereby significantly affecting housing supply.
2. The current land value has been established on the basis of the anticipated density under the existing controls. If the density is reduced by 60%, then the land value will also significantly reduce in value. Crudely, this may result in a 60% reduction in the land value. If the land value reduces by 60%, it is highly unlikely that the existing land owners will be seeking to sell their properties. Accordingly, the supply of development land will be significantly reduced.
3. For those developers who have already purchased land, based on the existing achievable densities, if the density cap is imposed, the loan to value ratio will be significantly reduced that will affect their financing. When the loan to value ratio reduces, the financial institutions will be required to obtain more security for those loans, which is generally in the form of cash top-ups. If a developer is not in a position to provide additional security against the loan, the bank will have no other alternative but to foreclose on the loan, sell the property to recoup their funds. If a number of foreclosures occur, a series of fire sales will result which will lead to reduced land values. If land values also reduce, this will cause a cyclical problem with the land to value ratios continuing to fall.

The reduction in the density cap by up to 60% could cause a shock to the market which will cause significant financial harm to both existing long term land owners and developers who have recently purchased land. Such markets shocks should be avoided at all costs.

### **Potential Ways to Address the Additional Population**

There are two ways in order to address the arising situation where the likely future population will be significantly greater than what was anticipated, these are:

1. Non Preferred Option Introduce a density cap (as proposed) that will result in serious economic and supply impacts as discussed above.
2. Preferred Option. Determine what the likely population will be based upon the current development standards that apply to land in the North West Growth Centre. Once the anticipated population is known, determine the amount of public infrastructure such as open space, road network, drainage, infrastructure and utilities such as electricity, water and sewer would be needed to service the anticipated population. Once the demand for these services is understood, it will then be possible to recalculate the Section 94 Contribution Plan and the anticipated State Infrastructure Contributions (SIC Levy) to determine the funding models required to facilitate the expected population.

DFP is acutely aware of the restrictions imposed by the NSW State Government in relation to the \$30,000 Section 94 Contribution cap, however, it is possible to review this via IPART should the amount of Section 94 Contributions required to service the new population exceed \$30,000 per dwelling. It is however anticipated that with the larger densities achieved, that there should be greater efficiencies in providing public infrastructure such as open space and traffic networks.

DFP understands that undertaking the second option listed above would require reserving more land for open space, potentially more land for drainage purposes and more land for road widening and would require a reworking of the Section 94 Contribution Plan and the works that would be undertaken by funding via the SIC Levy.

There are a number of benefits from taking the second option which include;

1. There will not be a shock to the land values;
2. Supply of housing will only be affected for a short period of time whilst the Section 94 Plan and SIC levies/ identified infrastructure are revised;
3. There will not be situation where there will be 4 storey RFBs located next to lower density developments, likely town house development;
4. Social Infrastructure will match the anticipated population demand;
5. Housing that is market appropriate will continue to be provided in a locality that will have access to Rail transport and Rouse Hill town Centre; and
6. Any delay in urban redevelopment creates the situation where existing property owners are reticent to invest money in their properties and the locality will stagnate.

Instead of implementing a density cap, DFP is of the opinion that it would be possible to amend the SEPP to state that development consent should not be granted for development applications lodged after 4 July, 2017 until such time as the new Section 94 Contribution Plan has been implemented that is based on the additional population of the existing controls. If this option is taken, developers would still be in a position to prepare development applications and land transactions could still occur, albeit the only risk would be that new land or additional land would be required to be rezoned to open space and SP2 Infrastructure. This risk would be minimised as the acquiring authority would be required to purchase the additional reserved land at the underlying zoning which has already effectively been determined. The DPE has included similar provision in the South West Growth Centre including Edmondson Park.

The DPE could work with Blacktown City Council and The Hills Council to determine the projected population and provide additional open space, traffic upgrades and social services and infrastructure.

### **Inconsistency with State Government Planning Aims**

Introduction of a density cap is completely inconsistent with the message the State Government is trying to portray in terms of improving housing affordability. There is significant pressure in the Hills Shire and Blacktown Council to rezone land for urban purposes that are not in the Growth Centres. The Growth Centres are the most appropriate location to provide new housing as these are the areas Council's and the State Government have committed significant resources to service.

It is quite ironic that during the exhibition period of these amendments, the Premier of NSW and the Minister for Planning have been discussing reasons why housing supply needs to be increased in order to assist in providing more affordable housing. Indeed, the recent 2017/18 State Budget included measures to assist first home buyers into the property market. Reducing

the density in the growth centres contradicts these aims and will restrict supply and increase housing prices.

Also during the exhibition period of the amendments of the SEPP, 15 new Priority Precincts have been announced by the Department of Planning & Environment. One of these Priority Precincts is Schofields Town Centre, yet the proposed amendments to the SEPP SRGC seek to reduce the achievable density by up to 50%.

### **Savings and Transitional Provisions**

An addendum to the SEPP amendments was provided which states:

*"This explanation of intended effect is amended on 19 May 2017 as follows:*

1. *A consent authority is not required to apply the provisions of the Explanation of Intended Effect to a DA lodged before Monday 22 May 2017."*

The Grown Centres amending DCP states:

*"If a development application has been made before the commencement of this DCP in relation to land to which this DCP applies and the application has not been finally determined before that commencement, the application must be determined as if this DCP had not commenced."*

The two clauses are inconsistent.

The proposed savings provisions are intended to apply to DA's lodged after the 22 May 2017 is grossly unfair as there are many situations where land has been purchased, pre-DA meetings have been undertaken and architectural supporting documentation prepared in preparation for the lodgement of a development application. The cost of lodging a development application for a residential flat building development of up to 200 units is in excess of \$350,000. A properly made development application for a scheme of this type of magnitude can take up to 3 months to prepare. If the savings provision was extended to at least the end of the exhibition period, applications that had been close to completion could be lodged and assessed under the current provisions, whilst not providing enough time for a rush of new development applications to be prepared from scratch and lodged.

It is standard practice for SEPPs and Environmental Planning Instruments to provide savings and transition provisions that apply to applications made but not yet determined prior to the commencement of the amending policy.

### **Inconsistency with Built Form**

There have been a number of approvals for DA's in the Box Hill Precinct for residential flat buildings and mixed use developments including buildings up to 9 storeys in the Box Hill Town Centre.

The proposed amendments will produce residential flat buildings with heights of 2 to 3 storeys on land with a density cap of up to 100 dwellings per hectare.

A 2-3 storey building on the subject site in a site with a height limit of 21 metres will be out of scale for a site that is located on the major intersection into Box Hill Town Centre. In addition it is not economically feasible to construct basements for 2 storey residential flat buildings and as a result more surface parking will be provided. This reduces the amount of land available for open space.

The property opposite the site on the North Western side of the intersection of Terry Road and Windsor Road is zoned B7 and has a height limit of 24 metres. This site is not subject to the density cap and 7-8 storey commercial building could reasonably be constructed on site. If the subject site can only accommodate 65 apartments in a building of 2-3 storeys, the built form at this intersection will be unbalanced, out of proportion and will represent a lost opportunity to provide a Gateway element into Box Hill.

The proposed density cap will be inconsistent with the height and FSR provisions for properties and does not appear to have considered the poor impact to the streetscape that will be generated.

## **Conclusion**

DFP has been commissioned by Dr Buddy Beaini to undertake an independent assessment of the amendments to the SEPP SRGC 2006 and this submission represents DFP's response to these proposed amendments.

Whilst DFP acknowledges that the projected population that is likely based on current development approvals is significantly greater than what was planned for in 2006, the Department of Planning has the opportunity to embrace this additional supply of housing opportunities in an aim to address housing affordability, as opposed to implementing a density cap. As discussed in detail in this submission, a density cap will have a significant impact on supply of new dwellings in the North West Growth Area and there will be a large disparity between the anticipated land value of existing owners and the price that developers will be able to pay to facilitate new development.

Furthermore, the density cap on our client's property will result in development of residential flat buildings that would be in the order of 2-3 storeys in height, making it uneconomic to construct basement car parking areas and inconsistent with building height limits, which would create an entry feature.

The Department and Councils are aware of the numerous development applications for residential flat buildings in the Box Hill Precinct ranging up to 9 storeys that are currently under construction. The density cap will result in a poor built form punctuated by development that was approved prior to the amendments and those approved after the amendments.

Our client's land is located on the major intersection of Windsor Road and Terry Road where the land opposite has a height limit of 24 metres. The site on the north western side of Terry Road and Windsor Road is zoned B7 Business Park and has a height limit of 24 metres. The amendments will result in the intersection leading into Box Hill potentially having a 24 metre commercial building on the north west corner and a 2-3 storey residential flat building on the north east corner, being the subject site. This will be a poor built form outcome and represents a lost opportunity of providing a high quality marker building on this main intersection into Box Hill.

The site is located adjacent to the bus stop for the Parramatta and Rouse Hill TWay and accordingly has convenient access to public transport. The Rouse Hill bus service provides a convenient service to the Rouse Hill Railway station.

As discussed, the amendments will reduce the density on the site by 60% compared to a 7 storey building that could be constructed in accordance with the existing development standards that apply to the site. The density cap in areas in close proximity to public transport is in direct conflict with the Department of Planning & Environment's recent announcement of 15





new Priority Precincts that aim to provide more homes and jobs close to public transport, shops and services.

It is the recommendation of DFP Planning that Council and the State Government revisit the Section 94 Contributions Plan and SIC Levy and provide the additional public infrastructure and services that are required to facilitate the new population generated by the existing development standards that apply to land in the North West Growth Area.

It would be preferable to the imposition of a density cap for the Department of Planning & Environment to require that no development consents for applications lodged prior to 4 July, 2017 be issued until such time as the new Section 94 Contribution Plan and SIC Levy are adopted to ensure that there is the social and public infrastructure available to support the new population. This would enable development applications to continue to be prepared and lodged and assessed pending the amendment to the Section 94 Contributions Plan and SIC Levy.

DFP trusts the information contained in this submission is clear, however should there be any further queries, please do not hesitate to contact Warwick Gosling on 9980 6933.

Yours faithfully  
**DFP PLANNING PTY LTD**

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

**WARWICK GOSLING**  
**DIRECTOR**

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Reviewed: \_\_\_\_\_

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