



planning consultants

4 July 2017
Our Ref: 9065A.3WG

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
800 Windsor Road, Rouse Hill**

1.0 Introduction

DFP has been engaged by Autumn Properties Pty Ltd and Spring Properties who are the land owners of 800 and 812 Windsor Road, Rouse Hill to review the proposed amendments to the State Environmental Planning Policy (Sydney Region Growth Centres) 2006 (SEPP SRGC) as it applies to their property.

800 Windsor Road, Rouse Hill (the subject site) is legally described as Lot 1, DP 1033570 and is located to the west of the intersection of Commercial Road and Windsor Road, Rouse Hill.

812 Windsor Road, Rouse Hill adjoins 800 Windsor Road to the north and is legally described as Lot 5, DP 135883.

800 Windsor Road, Rouse Hill

800 Windsor Road is zoned part R3 Medium Density Residential, the south western part of the site is zoned RE1 Public Recreation, whilst the eastern frontage of the site is zoned SP2 Infrastructure: Classified Road – Acquisition, to facilitate the widening of Windsor Road. The site is located within Area 20 as defined in the SEPP SRGC. In the R3 zone, the following land uses are permitted with development consent: attached dwellings; bed & breakfast accommodation; boarding houses; child care centres; community facilities; dual occupancies; dwelling houses; group homes; manor homes; multi-dwelling housing; neighbourhood shops; place of public worship; residential flat buildings; shop-top housing and studio dwellings.

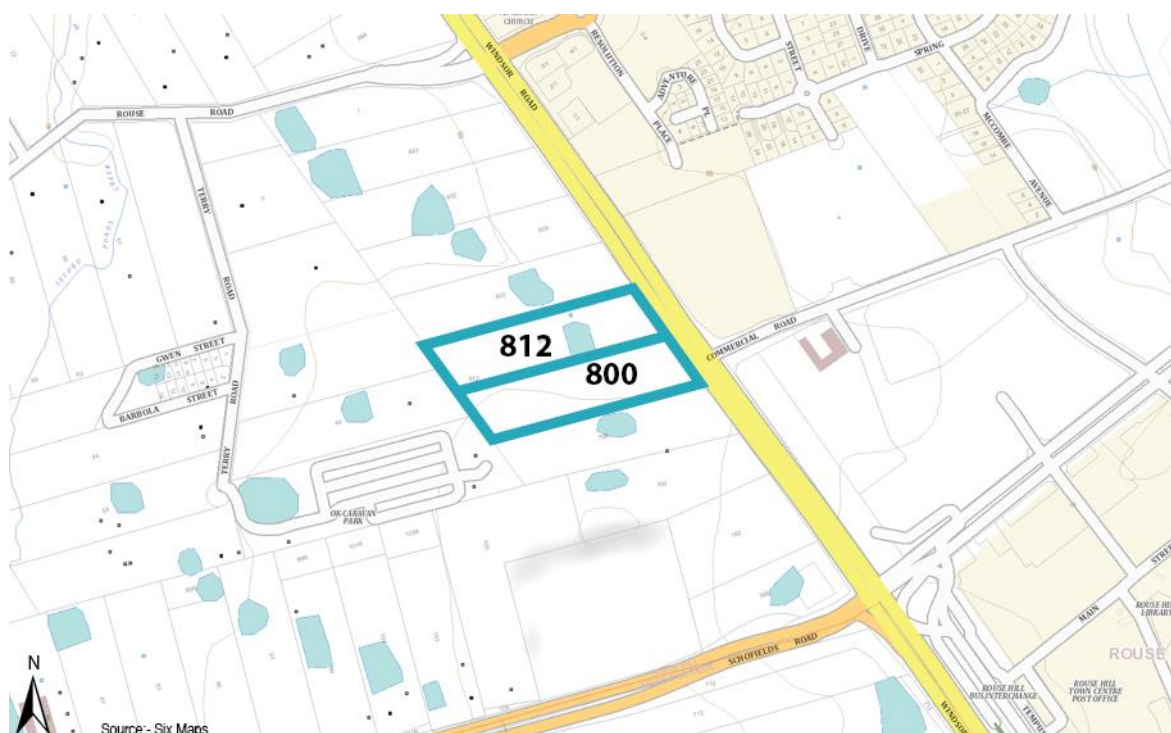
The land that is zoned RE1 Public Recreation forms part of a larger public open space area that will be acquired by Blacktown Council for public recreation purposes.

The site has an approximate area of 20,350m² and is located directly opposite the northern precinct of the Rouse Hill Town Centre. The northern precinct of the Rouse Hill Town Centre has a 39 metre height limit which would facilitate ground level commercial/retail with 11 residential floors above. The subject site is located approximately 500 metres to the north east of the Rouse Hill railway station and 60 metres from the Rouse Hill Town Centre North Precinct.

812 Windsor Road, Rouse Hill

812 Windsor Road is zoned R3 Medium Density with the exception of the Windsor Road frontage which is zoned SP2 Infrastructure: Classified Road – Acquisition. 812 Windsor Road has an area of 20,508m² and is located directly to the north of 800 Windsor Road.

A Locality Plan is provided at **Figure 1** below.



Source:- Six Maps
Figure 1 - Locality Plan

2.0 Amendments to the SEPP SRGC 2006

The amendment to the SEPP SRGC that is of significance to the subject site is the introduction of the proposed maximum residential density cap.

The amendments to the SEPP SRGC include a maximum density cap of 25-35 dwellings per hectare for that part of 800 Windsor Road that is located north of the proposed Commercial Road extension and for all of the land zoned R3 Medium Density on 812 Windsor Road. The proposed density range of 55-100 dwellings per hectare applies to that part of 800 Windsor Road that addresses Windsor Road to the south of the proposed commercial road extension.

Approximately 3.2 hectares of land is proposed to have a maximum residential density of between 25 dwellings to 35 dwellings per hectare, whilst approximately 3,000m² has a maximum density of 55-100 dwellings per hectare. The remainder of the site has a zero density as it is zoned RE1 Public Recreation.

Based on achieving the maximum density as proposed, the site would achieve a residential yield of 142 dwellings.

The owner of the subject site also obtained development consent for a residential apartment building development at 9 Terry Road, Rouse Hill which is also zoned R3 within Area 20. It had a developable area of approximately 1.5 hectares and obtained a development consent with 248 dwellings which equates to a density of 165 dwellings per hectare. The approved residential apartment building did not achieve the 1.75:1 FSR as a 4 storey height limit applied to the site and due to proposed roads through the site.

The subject site is significantly closer to public transport and is within walking distance of the Rouse Hill Railway station and is directly opposite land in the Rouse Hill Town Centre with a 39 metre height limit.

The subject site has a 12 metre and 16 metre height limit. With a 1.75:1 floor space ratio and a height limit on part of the site up to 16 metres, it was anticipated that the 1.75:1 floor space ratio could be achieved on the site. If on average, residential units had a gross floor area of 100m², then it would be possible to achieve approximately 560 units on the site.

However, given the proposed amendments that would restrict development on the site to 142 units, there will be a significant loss of housing opportunities on the site. The loss of residential yield on the site equates to 190 dwellings.

Providing 142 dwellings on 35,000m² of land would result in a gross land area of 246m² per dwelling, this yield cannot be provided in the form of residential apartment buildings as the unit sizes would be too large and inefficient to build. This gross land area is consistent with the gross land area required for townhouse development.

It is the opinion of DFP Planning that providing a townhouse development that is located directly opposite the Rouse Hill Town Centre where a 39 metre height limit applies and is less than 100 metres to the north of the Windsor Road Railway overpass, will present a very poor presentation to Windsor Road due to the large height disparity between the Rouse Hill Town Centre to the east and the subject site.

This height disparity will be exacerbated if development consent is obtained for the development application that is currently before Blacktown City Council at 49 Terry Road which is for a 4 storey residential flat building with in excess of 200 residential apartments. 49 Terry Road is located to the rear of the subject site and is further away from the Rouse Hill Town Centre than the subject site. It is the opinion of DFP Planning that given the site's proximity to the Rouse Hill Town Centre that it would be more appropriate to increase the height to 8 storeys along the Windsor Road frontage.

Inconsistency with Recent Amendments to Area 20 Planning Controls and State Government Initiatives

In 2015 the Department of Planning and Environment (DPE) gazetted amendments to the height limit for development in Area 20 adjacent to Cudgegong railway station. The land adjacent to Cudgegong railway station had the same development standards that apply to the subject site, i.e. a 16 metre height limit with a floor space ratio of 1.75:1. The DPE amended the controls that related to Area 20 because it was not possible to achieve the floor space ratio of 1.75:1 with a 16 metre height limit given the proposed roads that needed to be constructed through the sites. In order to achieve a floor space ratio of close to 1.75:1, it was necessary to increase the height for development in and around the Cudgegong railway station from 16 metres to 26 metres, which facilitated the construction of 8 storey buildings. Eight storey

development on that part of the subject site fronting Windsor Road would sit very comfortably with the 39 metre height limit for buildings in the Rouse Hill Town Centre North Precinct located directly opposite the site. The 8 storeys could transition down to the rear to 4 storeys to be the same as the development proposed at 49 Terry Road to the rear of the site.

There are a number of other development applications that have been approved in the Alex Avenue Precinct and Area 20 Precinct with densities ranging from 150 to over 200 dwellings per hectare. These developments range in height from 8 storeys to 4 storeys. The proposed density caps will result in townhouse development on the site that will sit awkwardly with recent approved development and pending applications in Area 20.

This would appear to be completely inconsistent with the policy objective of the NSW Government improving housing affordability. There is significant pressure in the Hills Shire and Blacktown Council areas 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.

DPE's 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 of 150 to 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 reducing the density by 75%, 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 25% 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 75%, then the land value will also significantly reduce in value. Crudely, this may result in a 75% reduction in the land value. If the land value reduces by 75%, 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 75% 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. Introduce a density cap (as proposed) (Non Preferred Option) 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.

Instead of implementing a density cap, DFP is of the opinion it would be possible to amend the SEPP to state that development consent should not be granted for development applications lodged after 4th July, 2017 until such time as the new Section 94 Contribution Plan and SIC levy calculations have been implemented. 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.

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. The 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 residential apartments located next to lower density developments;
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.

By updating the Section 94 Contributions and re-evaluating the SIC Levies there will be the opportunity to ensure that development in the North West Growth Centre is undertaken in an orderly and economic fashion. The imposition of the density cap will prevent the new supply of dwellings in the locality and is against the aims object of facilitating orderly and economic development.

Inconsistency with State Government Housing Affordability Initiatives

It is ironic that during the exhibition period of these amendments, the Premier of NSW and the Minister for Planning have been discussing the need to increase housing supply needs 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 will restrict supply and increase housing prices.

Also during the exhibition period of the amendments of the SEPP SRGC, 15 new Priority Precincts have been announced by the Department of Planning & Environment.

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. This 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 apartment building development of up to 300 units is in excess of

\$400,000. 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.

Conclusion

DFP has been commissioned by Autumn Pty Ltd 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 DPE has the opportunity to embrace this additional supply of housing opportunities 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 as 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 for townhouses that would be in the order of 2 storeys in height.

DPE and Councils are aware of the numerous development applications for residential flat buildings in the growth areas ranging from 8 storeys to 4 storeys that are currently under construction. Furthermore, the site is opposite the Rouse Hill Town Centre Precinct North which has a 39 metre height limit. The character of the area will be changed significantly when the Windsor Road Railway overpass is completed, which is within 100 metres to the south of the subject site. 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 and future development up to 39 metres in Rouse Hill Town Centre opposite the site.

For our client's land, it is against all of the State Government's planning principles of providing increased housing opportunities within convenient walking distance of railway stations. Our client's land is within a 500 metre radius of Rouse Hill Railway Station and yet a density cap of between 25-35 dwellings per hectare 55-100 dwellings per hectare is proposed. As indicated, this is 30% of the density that would otherwise be achievable if a part 4 and part 5 storey residential apartment building was constructed in accordance with the existing development standards that apply to the site. The density cap in areas in close proximity to the railway station is in direct conflict with DPE'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 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 if the DPE required that no development consents for applications lodged after 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.

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Reviewed: A handwritten signature in black ink, appearing to read 'K. Osborne', written in a cursive style.