

# **NORTH WEST PRIORITY GROWTH AREA – Land Use and Infrastructure Implementation Plan**

## **Submission**

**Urban Development  
Institute of Australia (NSW)  
Response**



**July 2017**

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## 1.0 EXECUTIVE SUMMARY

The Urban Development Institute of Australia (UDIA) NSW is the leading industry organisation for the property development sector of NSW. We represent over 500 organisations and our members include developers, regulators, and leading professional advisors. Local councils, particularly growth area councils, are also active members of the Institute. The Institute's advocacy is focused on creating more liveable, affordable and connected cities.

The North West Priority Growth Area Land Use and Infrastructure Implementation Plan (the Plan) is welcomed in principle. UDIA NSW has long advocated for the need to align land use planning with infrastructure delivery. This lack of coordination has been a significant and obvious flaw in the planning undertaken in Sydney during the last decade. The Plan is designed to be a 'live' document, revised and updated yearly. UDIA NSW recommends a similar structure is adopted for all Priority Growth Areas and be coordinated and reported through a consolidated Urban Development Program (UDP) for the Sydney Metropolitan Area.

Given the long-term duration of the Plan, it is important that flexibility is included to allow Sydney's development to continue to evolve to respond to changing circumstances and requirements, many of which will not be apparent, or easy to predict today.

What is readily evident however, when the character of greenfield development is reviewed since the introduction of Sydney's Growth Centres in 2006, is the rapid emergence of new matters that continually need to be addressed and the rapid change that ensues in response. Recent matters include issues of housing affordability, climate change and population growth. The matters also include the opportunities granted by new rail, the rapid rise of internet and wireless technology, changing household structure and the changing nature of work places, all of which have changed the fundamental character of housing, shopping, leisure and employment since 2006; all key land use considerations.

However, the amendments proposed to the State Environmental Planning Policy (SEPP) (Sydney Regional Growth Area) 2006 (Growth Centres SEPP) to facilitate key actions of the Plan may well result in negative repercussions for housing supply, affordability and diversity. This submission addresses those concerns and includes recommendations to address this.

The Explanation of Intended Effect (EIE) that accompanies the proposed amendments to the Growth Centres SEPP outlines, amongst other things, its intention to set minimum and maximum densities for all residential areas and minimum subdivision lot sizes in all residential areas that have been rezoned under the Growth Centres SEPP.

Given the nuances of the Growth Centres SEPP, the complex legal drafting process of any amendments and provisions transferred into LEPs will need to be closely monitored to ensure the intended outcome is delivered. It is critical that industry experts are afforded the opportunity to review any legal drafts given the complexity of the existing controls and proposed amendments before they are implemented. Any amendments would need to preserve the same development entitlements and approval pathways that are currently provided within the Growth Centres SEPP.

The EIE suggests the proposed amendments appear to be driven by “....Councils receiving Development Applications for permissible uses that far exceed the minimum residential densities in the Growth Centres SEPP”. The EIE suggests as a result, the necessary supporting infrastructure is then not adequate.

UDIA NSW contends these proposed amendments will impact the housing supply chain by reducing its:

- Affordability,
- Supply, and
- Diversity.

The NSW Government’s Housing Affordability Action Plan and Budget announced in June, introduced funding to support a 25-point Action Plan to address housing supply and affordability. Whilst the Plan establishes a framework for land use and infrastructure implementation, there are a series of adverse outcomes that will reduce supply, diversity and affordability.

The Infrastructure masterplan provides a 10-year plan of requirements. However, this needs to develop into an Infrastructure Implementation Plan that outlines all infrastructure required, including the micro level, the responsibility and timing of delivery.

It is also imperative that the Department retains its planning role in the Growth Centres and not hand over planning responsibility to Local Government until the Precincts have reached maturity. Retaining planning responsibility enables the Department to carry out further refinements to fine tune planning schemes across the regions with greater efficiency to meet changing markets, social needs and economic conditions.

UDIA NSW makes the following recommendations to amend the Plan:

**Recommendation 1:**

**Expand the attention of the Plan to include extension of the Metro Corridor from Marsden Park to key destinations beyond the boundary of the Plan area.**

**Recommendation 2:**

**Expand the attention of the Plan to the Western Sydney Parklands and Western Sydney Airport so that all potential influences on the Land Use and infrastructure Plan can be considered and addressed.**

**Recommendation 3:**

**Expand consideration of the key topics of Affordable Rental Housing and Special Infrastructure Contribution and present details on desired strategies, policies and legislation in the Growth Centres SEPP and DCP. These aspects are key influences on development viability. It is appropriate that they are addressed in the Plan at the outset to permit a thorough review and assessment of all aspects of the Plan and its implications for development.**

**Recommendation 4:**

**Review and amend the Plan to incorporate the findings and conclusions of the latest 2016 ABS Census. Re-exhibit the Plan so that an update appreciation of its socio-economic influences can be gained.**

**Recommendation 5:**

**Remove the notion in the vision that Residential Density must be capped, as this is inconsistent with the Plan's housing goals and objectives. Similarly amend the draft Growth Centres SEPP and DCP to remove all references to maximum densities.**

**Recommendation 6:**

**Remove all instances where consideration of key land use and infrastructure elements are deferred to future studies. The deferment of key aspects of the Plan undermines its credibility, certainty and useability.**

**Recommendation 7:**

**Undertake all necessary additional investigations, particularly on strategic land use and infrastructure elements such as the Outer Sydney Orbital, extension of the Sydney Metro North West Railway line beyond Marsden Park, so that the final Plan is complete and dependable.**

**Recommendation 8:**

**The Plan should remove "theoretical capacity" as a guiding priority for land use and infrastructure planning. Rather, the focus of the Plan must be innovation and flexibility, so that development and infrastructure can evolve to meet the changes that will occur to 2036.**

**Recommendation 9:**

**The Plan, and the accompanying Growth Centres SEPP and DCP amendments should present detailed legislative requirements for Affordable Rental Housing that can be considered by industry to remove the current uncertainty and lack of clarity on government's position on this matter in greenfield release areas.**

**Recommendation 10:**

**The Plan should adopt a different approach to open space provision. It should advocate new, innovative and flexible approaches to supply and land use that reduce the inherent inefficiencies that currently characterise the existing suburban model.**

**Recommendation 11:**

**With an acknowledgement that the land use efficiency in the NWPGA is poor (57%) due to environmental constraints, the Plan should emphasis a maximisation of development potential of available land, in concert with attention to the use of the land not suitable for urban development in terms of its potential role to support higher densities in the urban footprint.**

**Recommendation 12:**

The Plan should present an overarching Staging Plan that illustrates the timing and sequencing of land release with the provision of infrastructure.

**Recommendation 13:**

The Plan should remove all instances where key decisions and inputs on land use and infrastructure are deferred to future investigations and decisions and the Plan should be re-exhibited following resolution and decisions on these matters.

**Recommendation 14:**

Prior to any wholesale adoption of a 'maximum residential density cap', The Plan should explore opportunities to incentivise the provision of innovative and diverse housing forms. Such incentives could include density bonuses or other mechanisms.

**Recommendation 15:**

Regarding areas impacted by the Probable Maximum Flood (PMF) and the proposal to limit the residential density to 15-20dw/Ha, rather than standard 15-25dw/Ha. No evidence is provided as to enable the industry to better understand the context of risks and liabilities to the NSW Government and the community in the event of a major flood. This should be provided for public review, prior to the adoption of any controls and limit development.

**Recommendation 16:**

The Plan should provide greater detail on how the Department intends to work with councils to transfer planning controls back to local councils. Amongst other things, it is essential that the Housing Diversity DCP is transferred into a statutory framework to ensure the ongoing workings of achieving housing diversity.

**Recommendation 17:**

Further work is required on the review of the Special Infrastructure Contribution. The Plan should address the following matters:

- The potential for a Government Agency to be given carriage of the collection and distribution of SIC revenue to project delivery agencies in lieu of the current inefficient process via the Department;
- The potential to redirect funding no longer required for specific projects (due to government investment via other sources) to new projects; and
- Greater clarity and certainty on staging and sequencing of State infrastructure delivery.

**Recommendation 18:**

**The Plan should clarify the potential for public use and access to the green grid with Government Agencies that have opposing views, specifically The Office of Environment and Heritage and DPI Water.**

**Recommendation 19:**

**Remove the proposed maximum density provision as this can be demonstrated to have significant impacts on the Plan's housing goals and objectives.**

**Recommendation 20:**

**Consider the potential to permit a "diversity incentive" of an additional say 5 dw/ha to ensure a variety of housing continues to be delivered.**

**Recommendation 21:**

**Remove the proposed minimum lot size provision if the existing minimum lot size variations pathways and locational criteria are not embedded in the Growth Centres SEPP.**

**Recommendation 22:**

**The existing approval pathways as outlined in clause 1.3 of the Growth Centres DCP 2013 be transferred into the Growth Centres SEPP as part of the amendment process to ensure the continued supply of housing diversity and affordability.**

## 2.0 INTRODUCTION

The *'North West Priority Growth Area – Land Use and Infrastructure Implementation Plan'* (the Plan) is an important document to guide the delivery of 33,000 homes over the next 10 years in the North West of Sydney. It will inform future precinct planning and rezoning across the North West Priority Growth Area and coordinate infrastructure provision to deliver community facilities, schools, open space and other physical infrastructure.

The Plan signals the development industry about where to invest and how to invest. It is this investment that delivers land supply and improves housing affordability. Housing supply will be delivered where there is certainty on policy and where planning controls are correctly tuned to enable innovation and attract investment. This needs to be clearly reflected in the Plan.

The Plan identifies the potential to deliver around 12% of Sydney's new homes over the next 20 years. The majority of these homes will be family homes "...but there is a growing demand for more diverse housing types like terraces, apartments and studios. Land sizes and house sizes are decreasing as housing affordability becomes increasingly important."

This demand for diversity aligns with the changing household needs, noting 70% of household formations over the next 20 years will be 1 and 2 person households. Further, the number of over 65's in the Hills and Blacktown LGA's are rising dramatically and will continue to over the next 10 years. The other emerging trend is homeownership in the under 35 years age group is falling dramatically. There is a growing demand for more affordable and diverse housing types. Some of the Plans suggested amendments may result in suburbs with a single dominate housing typology.

The diagram on page 3 of the Plan indicates the dwelling supply forecast by precincts. The diagram indicates also, the sharp increase in the 'historic' yield. This sharp increase was brought about by the more diverse housing forms which increased yields and made development more viable. This supply of diverse housing needs to remain to meet housing supply and affordability.

The Plan will also update the "...planning framework for the North West Growth Area in light of the extent urban development and demand for housing that has occurred since the release of the North West Growth Centres Structure Plan 2006." The Plan notes that recent monitoring of development has identified increasing residential lot production trends. When fully developed the North West Priority Growth Area will accommodate 20,000 more homes than forecasted in 2006. The Plan attempts to align this yield increase with the supporting infrastructure.

The Plan and the proposed amendments to the Growth Centres SEPP aim to, amongst other things:

- define the context of new growth directions and infrastructure investment;
- prepare an infrastructure strategy to guide investment over the next ten years; and
- simplify planning controls and give Councils more control over local issues.



In addition to the Plan's eight key actions, UDIA NSW has focussed on the following areas in making its recommendations:

- Housing Density and Diversity, and
- Infrastructure and Contributions.

## 3.0 KEY ACTIONS OF THE STRUCTURE PLAN

### 3.1 Regional Context

The discussion in this part of the Plan refers to several potential influences on the Land Use and Implementation Plan. These include:

- The extension of the Sydney Metro North West to Marsden Park;
- The Western Sydney Parklands; and
- The Western Sydney Airport.

Two further legislative aspects are also grouped under this heading:

- Affordable Rental Housing; and
- The Western Sydney Special Infrastructure Contribution

This section of the Plan also relies on outdated 2011 ABS Census Data.

The Plan is silent on offering any potential corridor for the extension of the Metro to, what is commonly being advocated, St Marys and ultimately the Western Sydney airport. Effectively the Plan stops consideration of the Metro at Marsden Park. Furthermore, no map or plan indicates, or extends, its geographical area of attention to the Western Sydney Parklands and the Western Sydney Airport (notwithstanding the stated influence of these places on the Plan). It is difficult to gain appreciation and understanding of the role and potential influence of these key assets in Western Sydney to the Plan area. It should be evident.

The significant topics of affordable rental housing and SIC are only given limited and cursory examination. These are both significant factors for the Land Use and Implementation Plan. Many investment decisions by the development industry will have already been made on the financial impost of the existing SIC regime. Furthermore, the recent announcement of the lifting of Section 94 Contributions caps will also most likely impose an additional financial impost on the viability introducing an additional unexpected financial impost on the viability of development.

The intentions for Affordable Rental Housing and changes to the SIC deserve more detailed consideration and identification of comprehensive detailed strategies and controls that will be implemented in the GCSEPP and DCP.

#### **Recommendation 1:**

**Expand the attention of the Plan to include extension of the Metro Corridor from Marsden Park to key destinations beyond the boundary of the Plan area.**

#### **Recommendation 2:**

**Expand the attention of the Plan to the Western Sydney Parklands and Western Sydney Airport so that all potential influences on the Land Use and infrastructure Plan can be considered and addressed.**

#### **Recommendation 3:**

**Expand consideration of the key topics of Affordable Rental Housing and Special Infrastructure Contribution and present details on desired strategies, policies and legislation in the Growth Centres SEPP and DCP. These aspects are key influences on development viability. It is appropriate that they are addressed in the Plan at the outset to permit a thorough review and assessment of all aspects of the Plan and its implications for development.**

#### **Recommendation 4:**

**Review and amend the Plan to incorporate the findings and conclusions of the latest 2016 ABS Census. Re-exhibit the Plan so that an update appreciation of its socio-economic influences can be gained.**

### **3.2 Vision for the North West Priority Growth Area**

UDIA NSW notes the 6 elements that form the vision for the NWPGA and support their defining approach. The Institute welcomes an emphasis on increasing housing supply, improving accessibility to transport and employment, facilitating the delivery of infrastructure and promotion of environmental enhancement.

However, UDIA NSW has two concerns with the vision:

1. The notion that residential density must be capped. This is fundamentally inconsistent with the Plan's own objective to respond to evolving delivery of diversity in housing types, increasing supply and responding to affordability. We will return to this discussion later in the submission; and
2. The lack of detail in the Plan on some of the stated goals of the vision. For example, Section 4 notes that "*corridor preservation projects such as the Outer Sydney Orbital will influence land uses in the area and are incorporated into the Implementation Plan.*" It reiterates this claim in Part 6.2.1.

On the contrary, the Plan does not incorporate this key piece of infrastructure that will dramatically influence access and uses in the PGA. Rather it defers the incorporation of this infrastructure to future studies. No plan in the document identifies the corridor for the orbital Motorway and its influence on land use is not apparent.

Unfortunately, the deferment of key considerations in the plan to future investigations is a weakness of the Plan, and this observation, and concern, is repeated on a number of occasions in this submission.

#### **Recommendation 5:**

**Remove the notion in the vision that Residential Density must be capped, as this is inconsistent with the Plan’s housing goals and objectives. Similarly amend the draft Growth Centres SEPP and DCP to remove all references to maximum densities.**

#### **Recommendation 6:**

**Remove all instances where consideration of key land use and infrastructure elements are deferred to future studies. The deferment of key aspects of the Plan undermines its credibility, certainty and useability.**

#### **Recommendation 7:**

**Undertake all necessary additional investigations, particularly on strategic land use and infrastructure elements such as the Outer Sydney Orbital, extension of the Sydney Metro North West Railway line beyond Marsden Park, so that the final Plan is complete and dependable.**

### **3.3 Key Considerations**

There are three aspects of this part of the Plan that we wish to provide comment on that are not directly addressed elsewhere in this submission:

1. The notion of a ‘Theoretical Capacity’ of Housing;
2. Affordable Rental Housing; and
3. Open Space Provision

#### **The notion of a ‘Theoretical Capacity’ of Housing**

We note and support the Plan’s direction to plan for an increase in new homes from 70,000 to 90,000. However, UDIA NSW contends that the 90,000 dwellings does not represent a *theoretical capacity* of the NWPGA.

What is readily evident when the history of greenfield development is reviewed since the introduction of Sydney’s Growth Centres in 2006, is the rapid emergence of new matters that continually need to be addressed, and the rapid change that ensues in response. Recent matters include issues of housing affordability, climate change and population growth. The matters also include the opportunities granted by new rail, the rapid rise of internet and wireless technology, changing household structure and the changing nature of the workplace. These matters have been significant influences that have changed, and will continue to change the fundamental character of housing density and type, and shopping, leisure, employment and transport.

Given the role of the Plan it is vital that it is formulated in a robust and well considered manner. Importantly, given the long-term duration of the Plan, it must include flexibility to allow Sydney’s development to continue to evolve to respond to changing circumstances and requirements, many of which will not be apparent, or easy to predict today.

Therefore, an approach that attempts to try and predict in 2017 some sort of perfect end state scheme where the demands of development are perfectly matched by the supply of infrastructure some 20 years hence is flawed. This is simply not possible and to fetter development potential by planning for a *theoretical capacity* is inappropriate. The thrust of the Implementation plan must be flexibility not capacity, so that development and infrastructure can evolve to 2036, and not be locked in a 2017 interpretation of the future.

### **Affordable Rental Housing**

This part of the Plan again raises the issue of Housing Affordability and refers to the Draft District Plans. The Draft District Plans provided no guidance on Government's intentions for affordable rental housing, particularly in greenfield area, beyond an aspirational target of 5-10% of homes.

We have raise with Government before the inherent difficulty of seeking to impose a requirement for home builders and land developers to submit Affordable Rental Hosing directly to a Community Housing Provider or Council. The home building industry tends to deliver homes on a site by site basis, and where not, the quantum of housing in a project is small. Similarly, the land development industry does not construct homes, it constructs roads, parks and drainage basins (simplistically). It is vital the current uncertainty is resolved. This Plan, and the accompanying Growth Centres SEPP and DCP amendments should present detailed legislative requirements for Affordable Rental Housing that can be considered by industry.

### **Open Space Provision**

We understand that much of the drive to impose a maximum dwelling yield on the NWPGA has been driven by Local Councils' concerns with the provision of open space, particularly sporting ovals.

This is understandable. Local communities are sensitive to availability, or not, of sporting grounds and ovals to accommodate organised sports. However, rather than tackle this issue by imposing a cap on density (and thus adopting the provision of sporting ovals as the guiding priority on the control of residential density), the Plan should adopt a different approach.

The Plan should recognise that the current use of sporting and recreation facilities in suburban areas is inherently inefficient. Except for evenings and weekends, most sports fields and ovals remain unused for the major part of the day. Furthermore, in the North West Sector, there is a potentially large land bank beyond the boundary of the urban footprint, due to the presence of flood prone land, to accommodate large areas devoted to sports and recreation use that are conveniently accessible.

With the drive for increased density the Plan should advocate for a different approach to open space provision. It can no longer continue to apply suburban standards and suburban practices to the provision and use of open space facilities.

**Recommendation 8:**

**The Plan should remove “theoretical capacity” as a guiding priority for land use and infrastructure planning. Rather, the focus of the Plan must be innovation and flexibility, so that development and infrastructure can evolve to meet the changes that will occur to 2036.**

**Recommendation 9:**

**The Plan, and the accompanying Growth Centres SEPP and DCP amendments should present detailed legislative requirements for Affordable Rental Housing that can be considered by industry to remove the current uncertainty and lack of clarity on government’s position on this matter in greenfield release areas.**

**Recommendation 10:**

**The Plan should adopt a different approach to open space provision. It should advocate new, innovative and flexible approaches to supply and land use that reduce the inherent inefficiencies that currently characterise the existing suburban model.**

### 3.4 Land Use and Infrastructure

One of the most marked observations in this chapter of the Plan is the poor efficiency of land available for urban development in the NWPGA. If only 5,900 hectares of a potential 10,200 hectares is available due to environmental constraints (that is 57%), it should ring alarm bells in Government that the focus of the Plan should be to maximise development potential of available land, rather than constrain it with a residential density cap. Furthermore, greater attention should be paid to the use of the land not suitable for urban development, and particularly its potential role to support higher densities in the urban footprint.

This chapter proceeds to discuss the staging of remaining precincts. However, no definitive guidance is provided as to staging. No timeframe or sequence is proposed. Rather, the discussion on staging comprises vague statements describing the intention to release land only. It also defers a lot of direction to future studies and decisions.

The approach to deferring land use and infrastructure decisions is common throughout this chapter (see for example the discussion in Part 6.1.2 on the future use of Marsden Park and Schofields Road and Part 6.5 where the matter of funding to acquire and embellish open space is deferred). It is a significant weakness of the Plan and erodes its usefulness as a genuine land use and infrastructure coordination plan.

An effective Land Use and Infrastructure Plan would link staging to infrastructure delivery and funding. This Plan should do the same. It should present an overarching Staging Plan that illustrates the timing and sequencing of land release with the provision of infrastructure. In this manner, the Plan introduces certainty to both the development industry, Councils and infrastructure providers as to when land will be released for housing and budget decisions and planning endeavours can be designed to match. Similarly, land use release decisions can be timed and sequenced to match the delivery of infrastructure.

#### **Recommendation 11:**

**With an acknowledgement that the land use efficiency in the NWPGA is poor (57%) due to environmental constraints, the Plan should emphasis a maximisation of development potential of available land, in concert with attention to the use of the land not suitable for urban development in terms of its potential role to support higher densities in the urban footprint.**

#### **Recommendation 12:**

**The Plan should present an overarching Staging Plan that illustrates the timing and sequencing of land release with the provision of infrastructure.**

#### **Recommendation 13:**

**The Plan should remove all instances where key decisions and inputs on land use and infrastructure are deferred to future investigations and decisions and the Plan should be re-exhibited following resolution and decisions on these matters.**

### 3.5 Planning and Delivery

We note that the discussion in this chapter presents the proposed mechanisms to implement the directions in the Plan, particularly in terms of amendments to the Growth Centres SEPP and DCP, which are presented in accompanying documents.

Our comments and requests for changes to the Plan where they are relevant to this chapter are discussed elsewhere in this submission.

### 3.6 Key Actions

Our comments, and requests for amendments to the Key Actions presented in this part of the Plan are provided below. Any new requests for amendments that are raised below are summarised at the end.

#### **Action 1 Provide more land supply for new homes.**

The proposed amendments must not contradict the overarching intentions of improving housing supply and diversity whilst achieving maximising sustainable growth potential in the NWPGA. If there are issues with aligning rezoning and yields with availability of essential services utilities, then further investigation of the higher density proposed outcomes should be explored and the Plan then re exhibited.

#### **Action 2 Protect and plan for major transport corridors.**

The Plan points to more detailed investigations into land use mix, density and urban form along the corridor of Schofields Road and the Metro extension from Cudgegong Road to Marsden Park. This may lead to changes, particularly around stations and centres like Cudgegong Road and Schofields. Again, this must be resolved and the Plan re-exhibited.

### **Action 3      Manage residential densities to align with infrastructure.**

The maximum density controls are problematic for delivering housing diversity, especially manor homes, dual occupancies, semi-detached dwellings and attached dwellings. This is due to the need to lodge Integrated Housing DAs over individual lot areas after the initial subdivision. This would significantly restrict the opportunity for diversity of product in both the R2 and R3 zones. Section 4 of this submission discusses this in more detail.

Curiously, density need not be 'managed' to align with infrastructure, infrastructure should be sized to meet the housing needs of the population. If there is demand for more diversity and density, and given Sydney's limited land suitable for housing, then investment should follow to support that need.

The Plan needs to be clear on how the Department intends to work with councils "...to implement the controls..". In terms of planning pathways, subdivision approval pathways, SEPP and LEP alignment, the relationship to complying development, ongoing amendments to Growth Centres DCP's and Council DCP's need to be clearly articulated. The Department should maintain a concurrence role in any future Council led planning proposals to rezone land in the NWPGA

### **Action 4      Protect assets and plan for evacuation.**

The proposed maps indicate the areas impacted by the Probable Maximum Flood (PMF) and limit residential density to 15-20dw/Ha, rather than 15-25dw/Ha. This approach seems premature insofar as INSW have only issued their Stage 1 report and public consultation on the Stage 2 report has yet to occur. Until the public has the opportunity to review and comment on this second report and INSW adopt a formal approach to flooding and evacuation, it is considered unnecessary to constrain development in these locations at this stage.

Consideration must be given to those lots not registered in these areas effected by the PMF. A savings provision for purchasers of these unregistered lots would be required to ensure that those intending to lodge DA's for dual occupancies on lots less than 500m<sup>2</sup> and manor homes on lots less than 600m<sup>2</sup> are able to as these DA's may not be lodged until early 2019.

### **Action 5      Transfer planning controls back to local councils.**

Like Action 3, the Plan needs to be clear on how the Department intends to work with Councils to transfer planning controls to local council. Amongst other things, it is essential that that Housing Diversity DCP is transferred into a statutory framework to ensure the ongoing workings of achieving housing diversity. Further, the Department should ensure appropriate delegations are in place to prevent the policy intent of the NWPGA from being eroded in future planning proposals once the controls are transferred to the LEPs.

Education of Council staff and elected councillors should be undertaken by the Department so there is a clear understanding of diversity, density and planning pathways. The Department might take the opportunity to issue Draft Practice Notes to assist this education.

UDIA NSW contends that a premature hand back of planning control to Local Government would be a step towards poorer outcomes on land supply, housing diversity and overall housing affordability. Plans and controls that currently have a degree of certainty on their application across regions may



well give way to parochial interests adding layers of complexity and unwinding innovation in housing diversity.

**Action 6            Simplify planning controls within the Blacktown precincts in the North West Priority Growth Area**

This is supported to ensure consistency, particularly in precincts such as Schofields where the current controls are not well aligned with approaches in other precincts.

**Action 7            Review infrastructure requirements and accelerate funding for capital works.**

In principle, UDIA NSW supports the alignment of planning with infrastructure delivery. It remains critical that the alignment of planning and infrastructure is for the orderly release of serviced residential land. It is imperative that the driver for expenditure of the SIC levy is to facilitate the release of dwellings. Decisions on prioritisation of projects should reflect the ability to deliver dwellings outcomes in a timely fashion. This should be monitored and reported into an Urban Development Program.

It is essential that the infrastructure plan has sufficient flexibility to refocus investment to active land development frontiers. While providing some certainty over the timing of critical infrastructure is positive, it can also have unintended consequences if there is a too fine a focus on infrastructure investment. Landowner vendors in areas with prioritised infrastructure will ask higher land prices and hold out, raising the cost of development and land supply. There needs to be sufficient flexibility in the infrastructure delivery plan.

The ten-year infrastructure priorities are a positive step but will require coordination, prioritisation, accountability and monitoring of the:

- basis and rate of the SIC levy;
- clarity around the existing SIC funds and their appropriate allocation based on funding sources e.g. Commonwealth funding;
- prioritisation and timing of works; and
- responsibility for delivery.

With the removal of the Section 94 cap by 2020, potential for Inclusionary Zoning and the revision of the existing SIC levy have all combined to create considerable uncertainty about development costs and their impact on project viability and housing affordability. Section 5 of this submission discusses this in more detail. The industry cannot support the proposal to relax the cap on Section 94 and reduce Local Infrastructure Growth Scheme (LIGS) funding over time. The phasing out of the Section 94 cap will have a significant impact on land supply and housing affordability. Nor can the industry support the removal of Works in Kind arrangements (WIK). This is discussed in more detail in Section 5 of this submission.

In most precincts, the phasing out of Section 94 cap means an increase in contributions from \$30,000 per lot to \$70,000 per lot. If passed on, this is a \$40,000 increase on a typical \$360,000 lot price or an 11% direct increase in the cost of land. This makes housing less affordable. If, however, the market doesn't have capacity for the increase, the development margin is reduced by approximately \$40,000. On most developments, this represents nearly a 50% reduction in the

development margin. Development that generates land supply will stop because the margins will be too low to meet the minimum credit hurdles. The result, less housing supply.

**Action 8      Improve pedestrian, cycle and green connectivity.**

The concept of a green grid is good, but there needs to be additional information as to how it would be executed. To facilitate the extension of the Western Sydney Parklands along Eastern Creek, it will be necessary for the Department to work with the Western Sydney Parklands Trust and Blacktown Council to establish an ownership and maintenance regime.

Should these green links be delivered, Council should also be required to consider their contribution to offset or complement the delivery of local open space. This will be essential in rationalising Council's adoption of the standard 2.83ha/1000 people for the provision of open space for increased density to be delivered along the transport corridors. Clearly these areas will have a more urban environment and need to be considered and activated differently to the traditional greenfield outcome.

**Recommendation 14:**

**Prior to any wholesale adoption of a 'maximum residential density cap', The Plan should explore opportunities to incentivise the provision of innovative and diverse housing forms. Such incentives could include density bonuses or other mechanisms.**

**Recommendation 15:**

**Regarding areas impacted by the Probable Maximum Flood (PMF) and the proposal to limit the residential density to 15-20dw/Ha, rather than standard 15-25dw/Ha. No evidence is provided as to enable the industry to better understand the context of risks and liabilities to the NSW Government and the community in the event of a major flood. This should be provided for public review, prior to the adoption of any controls and limit development.**

**Recommendation 16:**

**The Plan should provide greater detail on how the Department intends to work with councils to transfer planning controls back to local councils. Amongst other things, it is essential that the Housing Diversity DCP is transferred into a statutory framework to ensure the ongoing workings of achieving housing diversity.**

**Recommendation 17:**

**Further work is required on the review of the Special Infrastructure Contribution. The Plan should address the following matters:**

- **The potential for a Government Agency to be given carriage of the collection and distribution of SIC revenue to project delivery agencies in lieu of the current inefficient process via the Department;**
- **The potential to redirect funding no longer required for specific projects (due to government investment via other sources) to new projects; and**

- **Greater clarity and certainty on staging and sequencing of State infrastructure delivery.**

**Recommendation 18:**

**The Plan should clarify the potential for public use and access to the green grid with Government Agencies that have opposing views, specifically The Office of Environment and Heritage and DPI Water.**

### 3.7 Implementation

We note that the discussion in this chapter presents the proposed mechanisms to implement the directions in the Plan, particularly in terms of amendments to the Growth Centres SEPP and DCP, which are presented in accompanying documents.

Our comments and requests for changes to the Plan where they are relevant to this chapter are discussed elsewhere in this submission.

## 4.0 HOUSING DENSITY AND DIVERSITY

### 4.1 Recognition of the Need for Housing Diversity

In 2013, the then NSW Department of Planning and Infrastructure, sought amendments to the State Environmental Planning Policy (Sydney Region Growth Centres) 2006 (Growth Centres SEPP) and Development Control Plans (DCPs) of the Growth Centres to deliver greater housing diversity and more affordable housing – particularly housing on smaller lots – in the North West and South West Growth Centres of Sydney.

This included a package of priority initiatives to enable greater housing diversity in Sydney’s Growth Centres. The aim was to achieve the following objectives:

- a. Ensure planning controls and approval pathways allow housing product and types that reflect market demand and contributes to the availability of more affordably priced housing in Sydney’s Growth Centres;
- b. Establish controls that deliver high quality living environments regardless of the density of housing: and
- c. Establish consistent planning controls for residential development across the Growth Centres.

The EIE outlines the proposed amendments of the Growth Centres SEPP. These are to:

- make the Land Use and Infrastructure Implementation Plan the ‘structure plan’ for the North West Growth Centre (now referred to as the North West Priority Growth Area);
- insert requirements for rezoning proposals to include a Development Control Plan and arrangements for the delivery of infrastructure;
- set minimum and maximum densities for all residential areas that have been rezoned under the Growth Centres SEPP;
- set minimum subdivision lot sizes in all residential areas that have been rezoned under the Growth Centres SEPP, and minimum lot sizes for some residential land uses consistent with the standard instrument Local Environmental Plan; and
- consolidate six existing precinct plans in the Blacktown local government area into a single Blacktown Growth Centres Precinct Plan.”

These changes to the minimum lot size and the creation of a maximum density appear to be driven by “....Councils receiving Development Applications for permissible uses that far exceed the minimum residential densities in the Growth Centres SEPP”. The EIE suggests as a result, the necessary supporting infrastructure is then not adequate.

Infrastructure should be sized to meet the housing needs of the population. If there is demand for more diversity and density, and given Sydney’s limited land suitable for housing, then investment should follow to support that need. It is important to align growth with infrastructure provision, establishing maximum densities and minimum lot sizes may limit the very intent of the housing diversity package and reduce housing supply, affordability and diversity.

UDIA NSW identifies three areas of the EIE document,

1. the establishment of a maximum density,
2. a minimum lot size map and
3. clarity around approval pathways,

where the suggested amendments intentionally or not, will reduce housing supply, affordability and diversity.

The legal drafting process of any amendment to the GCSEPP and provisions transferred to LEPs will need to be closely monitored to ensure the intended outcome is delivered. It is critical that industry experts are afforded the opportunity to review any legal drafts given the complexity of the existing controls and proposed amendments before they are implemented.

## 4.2 Maximum Density

The EIE outlines the proposed amendment to:

.....set minimum and maximum densities for all residential areas that have been rezoned under the Growth Centres SEPP.

The Growth Centres SEPP currently establishes minimum densities that need to be delivered on residential zoned land. These densities typically see a density of housing product of around 18-23 dwellings per hectare on R2 zoned land and around 32-40 dwellings per hectare in R3 zoned land.

By comparison, the proposed amendments would result in a density range of 15-25 dwellings per hectare on R2 and 25-35 dwellings per hectare on R3 land with 55-100 dwellings per hectare for R3 land in close proximity to transport nodes. These amendments would have a significant impact on active development projects as well as the feasibility of more diverse housing types in R2 and R3 zoned land. These amendments would remove the ability and incentives for developers to deliver housing diversity.

Density is calculated based on the net developable area (NDA) of a site within a specific development application (DA), not estate. NDA includes the residential lot area, plus half the width of adjoining roads. Examples of this calculation is provided below to conventional lots and the density they deliver.

### **450m<sup>2</sup> Lots**

*At the establishment of the Growth Centres, 450m<sup>2</sup> lots were considered to be the standard lot size. Based on a local road width of 16m, a 15m wide, 450m<sup>2</sup> lot, has a NDA 570m<sup>2</sup>. If a whole site was developed based on this simple lot metric, it would deliver a density of 17 dwellings per hectare as a conventional subdivision.*

### **300m<sup>2</sup> Lots**

*300m<sup>2</sup> lots are now considered to be the standard lot size. Based on the same road width a 10m wide, 300m<sup>2</sup> lot has a NDA of 380m<sup>2</sup> and equates to a density of 26 dwellings per hectare*

The same definition and approach is applied to both conventional lots and Integrated Housing. The need to calculate density remains after the initial subdivision, i.e. clause 4.1B is not switched off and therefore those integrated dwellings need to comply with the new maximum dwelling provision.

The application of a maximum density on R2 zoned land of 25 dwellings per hectare would seem appropriate for conventional subdivision. However, densities are not based over an entire precinct (this would be too complex to administer for Councils) or even estates. Establishing maximum densities delivers unintended consequences for R2 zoned land, including the intent of the location attributes that are contained in the Growth Centres DCP and the desire for a greater variety of housing diversity.

The table below highlights the minimum lot sizes for the different dwelling types and their equivalent density.

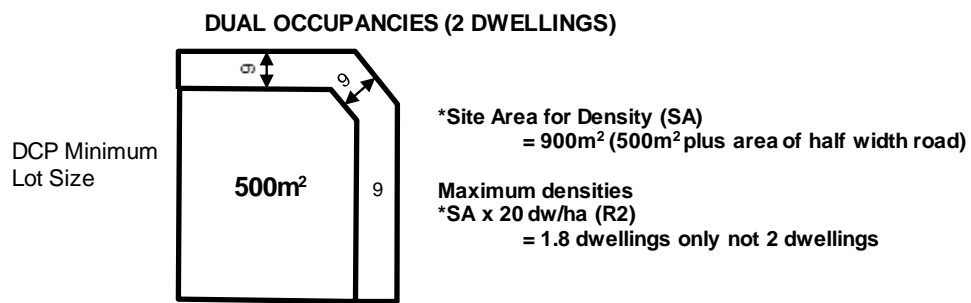
### Net Developable Area (NDA) of different housing types

Dwelling Type	Minimum Lot Size	Lot Details	Half Width Road Area	Total NDA	Equivalent Density
Attached Dwellings (Front loaded 7 pack)	1,500m <sup>2</sup>	1,505m <sup>2</sup> 60m x 25.5m (5m splay)	913m <sup>2</sup>	2,418m <sup>2</sup>	29.0dw/ha
Attached Dwellings (Rear loaded 9 pack)	1,500m <sup>2</sup>	1,725m <sup>2</sup> 60m x 30m (5m splay)	985m <sup>2</sup>	2,710m <sup>2</sup>	33.2dw/ha
Dual Occupancy – Corner Lot	500m <sup>2</sup>	501m <sup>2</sup> 16m x 30m (5m splay)	380.5m <sup>2</sup>	881.5m <sup>2</sup>	22.7dw/ha
Dual Occupancy	500m <sup>2</sup>	510m <sup>2</sup> 17m x 30m	136m <sup>2</sup>	646m <sup>2</sup>	30.9dw/ha
Manor Home – Corner Lot	600m <sup>2</sup>	600m <sup>2</sup> 20.5m x 30m (5m splay)	416.5m <sup>2</sup>	1016.5m <sup>2</sup>	39.4dw/ha
Semi-detached Dwelling -Front Loaded	400m <sup>2</sup>	450m <sup>2</sup> 18m x 25m	144m <sup>2</sup>	594m <sup>2</sup>	33.7dw/ha
Studio Dwelling and Secondary Dwellings – Corner Lot	450m <sup>2</sup>	453m <sup>2</sup> 15.5m x 30m (5m splay)	376.5m <sup>2</sup>	829.5m <sup>2</sup>	24.2dw/ha
Secondary Dwelling	450m <sup>2</sup>	450m <sup>2</sup> 15m x 30m	120m <sup>2</sup>	570m <sup>2</sup>	35.1dw/ha

Further, two working examples follow that indicate how these more diverse housing products will not be achieved under the proposed amendments.

1 To deliver a semi-detached dwelling, the current minimum Housing Diversity DCP controls and minimum lot size indicates a requirement for a block 18m wide by 22.2m deep for front loaded product (400m<sup>2</sup>). Once half the road frontage of 144m<sup>2</sup> is included, this delivers a net developable area of 544m<sup>2</sup>. For this particular typology, a minimum density of 36dw/ha is achieved and would not be permissible.

2 For a dual occupancy (comprises of two residential dwellings), the proposed amendments require a minimum lot size of 500m<sup>2</sup> for land in R2 Low Density residential zones. The illustration below delivers a site area of 900m<sup>2</sup> (including half width of road) and multiplied against the dw/ha rate of 20dw/ha, suggests only 1.8 dwellings can be delivered, not a dual occupancy.



The existing planning regime established minimum densities accompanied by a variety of subdivision pathways and locational attributes to ensure the necessary checks and balances were in place to deliver quality streetscape and liveability of housing outcomes. All these systems worked together to ensure the necessary detail was available for the appropriate housing typology at the appropriate time in the approval process.

**Recommendation 19:**

**Remove the proposed maximum density provision as this can be demonstrated to have significant impacts on the Plan’s housing goals and objectives.**

**Recommendation 20:**

**Consider the potential to permit a “diversity incentive” of an additional say 5 dw/ha to ensure a variety of housing continues to be delivered.**

### 4.3 Minimum Lot Size Map

The EIE states that the proposed Minimum Lot Size Map will control the subdivision of lot sizes. “The clause that sets out minimum lot sizes for different type of residential development will be amended to have the same format as the standard instrument local environmental plan.”

The minimum lot size exceptions must remain in force to enable the industry to deliver diversity and affordable housing products.

For this to occur, the minimum lot size map would also need to:

- amend the approval pathway clauses (4.1AD, 4.1AE and 4.1AF) to also allow the minimum lot size for subdivision to be varied; or
- amend clause 4.1AA to reflect the ability to reduce the minimum subdivision lot size for dwelling houses to be varied for ‘Integrated Housing’ developments (i.e. B1 and B2 approval pathways in the DCP). Otherwise the approval pathway clauses will not empower the ability to override the 300m<sup>2</sup> minimum lot size that is proposed in clause 4.1.

UDIA NSW does not support a minimum lot size map if the existing minimum lot size variations pathways and locational criteria are not embedded in the Growth Centres SEPP or accompany the lot size map drafting into the LEP. Again, more details and the proposed drafting of the instruments are necessary to fully interpret these interrelationships. Until that information is available, it is difficult to understand the full implications of the proposed amendments.

### **Recommendation 21:**

**Remove the proposed minimum lot size provision if the existing minimum lot size variations pathways and locational criteria are not embedded in the Growth Centres SEPP.**

#### 4.4 Minimum lot size for Dual Occupancies, attached and semi-detached dwellings and Manor Homes

The EIE nominates an increase in the minimum size for dual occupancies from 500m<sup>2</sup> to 600m<sup>2</sup> in the Blacktown Precinct Plan. This is not being consistently applied to the Box Hill, North Kellyville or Vineyard Precincts. The only noticeable difference is that it is a different Local Government Area.

EIE suggests a new clause will be included to facilitate the subdivision of semi-detached dwellings to be either 200m<sup>2</sup> on R2 zoned land and 125m<sup>2</sup> on R3 zoned land. However, this also needs to be specified for attached dwellings too otherwise, clause 4.1 would require the subdivision of attached dwellings to achieve a minimum lot size of 300m<sup>2</sup> for each dwelling.

Manor Homes have a minimum lot size of 600m<sup>2</sup> but permissibility varies considerably in the Growth Area. In North Kellyville, they are permissible in R3, in Box Hill and Box Hill Industrial they are permissible in R1 and R4 and in Blacktown Precincts in R2 and R3. It appears again, that the different Local Government Areas are driving different land use and dwelling typology outcomes.

The revised controls for the approval pathways and ability to vary the subdivide lots in line with the minimum lot sizes for different housing typologies must be preserved and consistent.

#### 4.5 Approval Pathways

Clause 1.3 of the Growth Centres DCP 2013 has objects, controls and a table outlining the four pathways to achieve subdivision and various built form outcomes. This clause provides requirements and pathways for the subdivision of lots and delivery of housing typologies on lots less than 300m<sup>2</sup>. As this detail remains in a DC it is unclear how it will be used in conjunction with a Lot Size Map in an LEP. Potentially the LEP Minimum Lot Size Map will override the DCP and with the consolidation of the Growth Centres SEPP Appendices, the four approval pathways will be removed. This needs to be clarified.

The aims and objectives of both the Growth Centres SEPP and its DCP were to 'ensure planning controls and approval pathways allow housing product and types that reflect market demand and contributes to the availability of more affordably priced housing in Sydney's Growth Centres'.

### **Recommendation 22:**

**The existing approval pathways as outlined in clause 1.3 of the Growth Centres DCP 2013 be transferred into the Growth Centres SEPP as part of the amendment process to ensure the continued supply of housing diversity and affordability.**

#### 4.6 Diversity and Density

The Plan proposes changes to include a maximum density, a minimum lot size and uncertainty around subdivision approval. These proposed amendments will impact the housing supply chain by reducing its:

- Affordability,



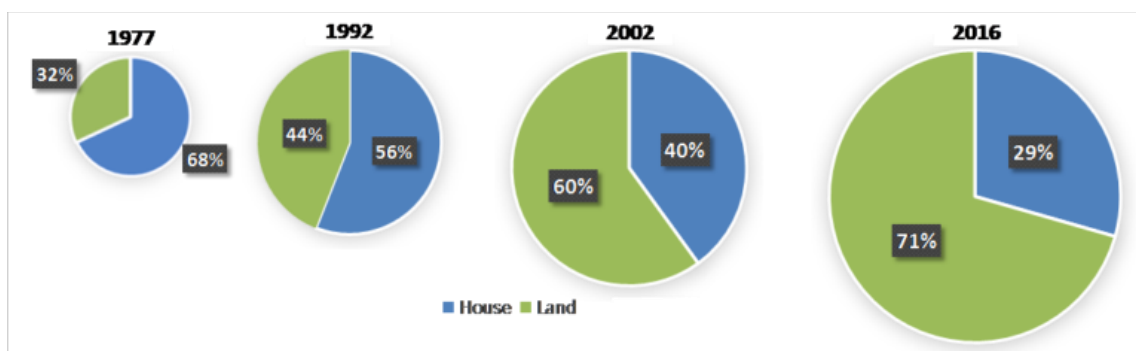
- Supply, and
- Diversity.

In June 2017, the NSW Government announced both their budget and Housing Affordability Action Plan. In relation to affordability, supply and diversity, the Minister announced in the Action Plan:

- Action 11      Around 30,000 additional dwellings in existing Priority Precincts or new partial precincts will be delivered through accelerated rezoning.
- Action 15      Councils will be able to consider smaller minimum lot sizes when updating their LEP's in line with District Plans.
- Action 16      A Medium Density Housing Code will allow well designed dual occupancies, town houses, manor homes and terraces as complying development.
- Action 17      A Greenfield Housing Code will simplify development standards for one and two storey dwellings built in greenfield areas.
- Action 21      \$2.145 billion will be allocated for state infrastructure to accelerate housing in priority areas.
- Action 22      Changes to developer contributions for infrastructure will be implemented, including phasing out the Local Infrastructure Growth Scheme (LIGS) and introducing Special Infrastructure Contributions to new areas. \$369 million will be allocated to councils for local infrastructure under the phase out of the LIGS.
- Action 25      A new Premier's Priority on housing affordability will be established with a goal of 61,000 dwelling completions state-wide on average per financial year to 2020-21.

As the EIE suggests, the housing market has changed over the last 2-3 years. Land is the most expensive component in the housing supply chain. It is imperative that it produces affordable, diverse housing whilst addressing Sydney's housing supply needs.

The pie charts below indicate the cost split between land and housing over the last 39 years. What is evident, is the increasing land cost in delivering housing to the market. It is imperative that if the market wants housing diversity and needs an affordable product, then we must better use the land component.



Extract: Department of Planning and Environments website.

The Greenfield Complying Code (Code) is also currently on exhibition and it would apply in this Growth Area. The intent is to make Complying Development more attractive for greenfield housing. It aims to achieve this by aligning the controls more closely with the Housing Diversity DCP and making the controls simpler to interpret.

The proposed Greenfield Housing Code makes provision to allow complying development on lots down to 200m<sup>2</sup> on:

- Front loaded lots between 7m to 10m wide
- Rear loaded lots 6m+ wide

However, the ability to create a lot less than 300m<sup>2</sup> in most greenfield release areas, including the NWPGA, requires either:

- the submission of a Building Envelope Plan with the initial subdivision that creates lots down to 225m<sup>2</sup>, or
- the lodgement of a DA for both subdivision and dwelling construction (“Integrated Housing”).

As such, the ability to utilise the Greenfield Housing Code for lots less than 300m<sup>2</sup> will be limited. Under the existing approval pathways, DA approval timeframes for subdivisions and Integrated Housing DAs take an average of 9 months with some taking up to a year. Any opportunity the Greenfield Housing Code can provide to improve these approval times for new dwellings should be utilised. The Greenfield Code should also cover small strata subdivision for studios, dual occupancies and Manor Homes, where that development is permissible as complying too.

It is critical that we continue to move forward and build on the Housing Diversity package and further utilise the Codes SEPP to deliver more innovative dwelling designs and ensure all planning instruments work together to address Sydney’s housing supply.

## 5.0 INFRASTRUCTURE AND CONTRIBUTIONS

### 5.1 Background

UDIA NSW in its “How to Make Sydney’s Housing More Affordable” Action Plan, identified that the housing supply chain absorbs considerable development fees, charges, levies and a variety of taxes which all contribute to the cost of producing housing. These include stamp duty, GST, rates, land tax, Section 94 and Special Infrastructure Contribution (SIC) levies. Combined, these charges account for 30-40% of the total cost of development.

The table below indicates the allocation of these charges and taxes on the cost of an average development in a greenfield and brownfield context.

Breakup of taxes and charges (as a %)	Development Type	
	South West Sydney Greenfields project	Brownfield project
<i>State Stamp Duty</i>	3.5	3
<i>Federal GST</i>	12.2	14.2
<i>Council Rates</i>	0.1	0.2
<i>State Land Tax</i>	1.8	1.5
<i>Local Council s.94.</i>	12.5	12.4
<i>State Infrastructure Contributions</i>	4	4.3
<b>Total Taxes and Charges</b>	<b>34.1%</b>	<b>35.6%</b>

Further taxation by negotiation and Agreement either through Voluntary Planning Agreements, Planning Gain, Value Capture or Inclusionary Zoning will only continue to add costs that impact housing affordability. Seeking more taxes out of development is likely to freeze land production as it did in 2005.

At that time, taxes and charges accounted for around 50% of the land sale value which pushed the cost of development beyond feasible levels, effectively stopping supply. This caused a downward slide until 2009, resulting in a decade of under-building in Sydney. Sydney’s housing supply chain cannot afford any delays to supply, or additional and increased taxes that will affect affordability.

UDIA NSW supports the alignment of planning with infrastructure delivery. Although the removal of the Section 94 cap by 2020, the revision of the existing SIC schedule for the area and potential for the application of Inclusionary Zoning, comes new levels of uncertainty about development costs and their impact on project viability and ultimately, housing affordability.

### 5.2 Infrastructure Items and Projects in the Plan

It is imperative that the driver for expenditure of the SIC levy is to facilitate the release of dwellings. Decisions on prioritisation of projects should reflect the ability to deliver dwellings outcomes (targets) on a monthly basis into an Urban Development Program.

The ten-year infrastructure priorities are a positive step but better coordination of SIC revenue expenditure is required. A Government agency needs to take a lead role in the collection and distribution of SIC revenue to project delivery agencies.

Clarity is also required to differentiate the various funding sources. NSW Government has, or intends to fund directly, some significant capitals works towards Western Sydney Airport roads and Richmond Road. The SIC schedules need to ensure those projects which have been funded from other sources are removed and allocate new projects e.g. Bandon Road corridor.

The SIC schedules need to be broken down into specific sub-projects so there is clearer staging and sequencing of their delivery.

A Government Agency needs to take a lead role and responsibility in the collection, distribution and delivery of SIC revenue and its infrastructure.

Further clarification is required around EIE proposed amendments to the Growth Centres SEPP and the “requirements for rezoning proposals to include a Development Control Plan and arrangements for the delivery of infrastructure.” More details of what this ‘infrastructure’ plan would be and its interrelationship with Section 94 and the SIC levy is required.

### 5.3 The Review of the SIC Process and the Works in Kind Reforms

The Plan outlines the steps in the review process of the SIC. These are:

- 1 Test value sharing capacity
- 2 Consultations with State Agencies
- 3 Refine Infrastructure schedule and costs
- 4 Establish a SIC contribution rate
- 5 Test development feasibility
- 6 Consult with Treasurer
- 7 Prepare draft SIC Determination
- 8 Exhibition Draft SIC
- 9 Consider submissions
- 10 Constitute SIC area, Direction to Councils
- 11 Finalise SIC

The first stage is the “Test value sharing capacity”. As outlined in section 5.1, the industry is absorbing considerable development costs in the production of land and housing, including the ‘uncapping’ of Section 94. To assist the industry restocking their portfolios for future development, it is necessary that there is more detail around what a ‘value sharing capacity’ may entail.

#### **Works in Kind**

Further with the recently announced reforms foreshadowing the removal of Works in Kind (WIK) arrangements to deliver SIC infrastructure, there is concern in the development industry that this will have a significant impact to the development pipe-line. There are instances when sites are fragmented and have SIC roads adjacent or within a site. The developer needs to be able to deliver the road in order to deliver the lots.

To maintain the orderly development of land, WIK arrangements remain necessary and simply those works are dealt with as a SIC offset. WIK removes the government from their obligation to deliver the infrastructure and is completely consistent with the 'no additional cost to government'.

If this process is not carefully considered and executed, there will be cases where land simply cannot afford the cost to develop.

#### 5.4 Inclusionary Zoning

The interrelationship between the Plan and references in the District Plans to the requirement for Affordable Housing through the Inclusionary Zoning process remains unclear. These affordable rental housing targets of 5% to 10% (subject to viability), will apply in urban renewal and land release areas. This remains contentious and the development industry is concerned that there are not the correct incentives in place with the cost of land making it increasingly difficult to prevent the balance of the development absorbing these costs.

All these various charges and costs continue to erode the feasibility of projects and the ability to deliver land and housing to the market. The Plan does not detail Section 94 but the removal of the cap by 2020 will add uncertainty, cost and risk to the development industry. The development industry will pay its share of development costs. However, the continual addition of new costs and charges and then no detail as to the amount these will be is resulting in a climate of uncertainty and potentially projects becoming unviable.

Whilst the government continues to maintain a narrow tax base to fund infrastructure i.e. taxing only new development, properly addressing the housing affordability crisis will remain elusive.

## 6.0 CONCLUSION

The proposed changes to the Growth Centres SEPP are welcomed in principle. However, there are a few potentially unforeseen negative repercussions that must be addressed. The Institute has made 22 recommendations for the Plan to be amended and is hopeful that these are of assistance in the finalisation of the Plan.

UDIA NSW welcomes the opportunity to meet with the Department to discuss any aspect of this submission or any alternative solutions the Department may wish to consider.

If you require clarification on any of the above matters please do not hesitate to contact Justin Drew, General Manager, Policy and Corporate Affairs on [jdrew@udiansw.com.au](mailto:jdrew@udiansw.com.au)