

Housing Land Release
NSW Department of Planning & Environment
Level 4, 10 Valentine Avenue
Parramatta NSW 2150

Tuesday, 4 July 2017

RE: Submission Growth Centres SEPP – Amendments North West Priority Growth Area

Dear New Release Area Team

This submission has been prepared by Clearstate Property Group (Clearstate) in response to the North West Priority Growth Area draft exhibition package.

In principle, Clearstate supports the key objectives of the Land Use Infrastructure Implementation Plan and most of the proposed amendments to the State Environmental Planning Policy (Sydney Region Growth Centres) 2006 (Growth Centres SEPP) for the North West Priority Growth Area. Specifically, that:

- Housing is coordinated with timely delivery of infrastructure and services
- Many of the detailed planning controls for the precincts already rezoned will remain much the same, although streamlining of the process is supported
- Rezoning proposals include a Development Control Plan and arrangements for infrastructure delivery
- Reducing the complexity of controls relating to minimum lot size
- Amendments to the temporary use clause of the SEPP to allow the following land uses in all precincts in the Blacktown Local Government Area: advertising structures and business premises to be used as a sales office
- Consolidation of the six existing precinct plans within the Blacktown Local Government Area into a single Blacktown Growth Centres Precinct Plan to allow for a simpler planning control structure
- Amendments to the Blacktown Growth Centres Precinct to ensure consistency with the Standard Instrument Local Environmental Plan

However, we raise concerns about a number matters, some of which relate directly to several of Clearstate's current projects and projects under due diligence. These matters, along with the proposed changes to Section 94 have the potential to considerably impact the acquisition of future projects within this Growth Area as detailed below.

Submission

Minimum and maximum density controls

Most residential areas in the SEPP as it currently exists have minimum density controls that are connected to the Indicative Layout Plan. The proposed amendment seeks to set maximum dwelling densities in both zoned and unzoned precincts.

The rationale provided for this approach is that it responds to changes in the housing market which has seen a higher number of applications being approved for permissible uses that considerably exceed the minimum density requirements. The concern expressed from government is that that the infrastructure planned to support the population under the Indicative Layout Plan would not be sufficient to meet the needs of future residents that would reside within these developments.

While we understand the importance of ensuring the provision of infrastructure is proportionate and appropriate to development, we consider that the proposal to set maximum densities with a very limited transitional period and without a comprehensive and integrated master planning process that engages with land owners and the development industry may have some undesired and unforeseen consequences.

Potential consequences include:

- Increased cost of housing as a direct result of these changes, putting further pressure on housing affordability.
- The proposed changes to maximum densities change the value of existing zoned land. Proposing these changes without a strategy to consider existing projects that have just been purchased and are either preparing their Development Applications or are awaiting Development Consent has the potential to devalue deals and cost developers and vendors who are already progressing projects considerably.
- The proposed changes have the potential to halt, or considerably delay all sites where these controls are proposed. This is likely to result in the unforeseen impact of halting development in the Growth Area, further reducing supply and adding to the shortage of land in the area.
- The proposed changes have the potential to create uncertainty around the value of land impacted for several years as any future land acquisitions will be delayed. The current expectations of vendors are for prices based on the previous planning controls, these prices cannot be achieved by the proposed planning controls. If the land cannot be developed for the densities that were previously permitted vendors may not decide to sell their land for a few years, hoping to wait for controls to change.
- The planning controls are more rigid and do not allow the development industry to be flexible to respond to changes in the market to deliver what customers and the community want in regards to price and housing choice.

All of these factors above would result in further delays to project delivery and would negatively impact on housing affordability. In addition, they impact the commercial operations of many local developers who are investing specifically in this corridor.

Increasing the lot sizes through introducing maximum densities and minimum lots sizes will result in larger lots which are more expensive for the community. Currently, it is more difficult to sell larger lots over 380m² in this area. These proposed changes are likely to halt the supply of smaller lots that people can afford in addition to driving up prices on the lots that are available.

Considering the above, we recommend that to ensure housing affordability and to secure the supply of land to market in the North West Priority Growth Area that:

- Maximum densities are not set in the Growth Centres SEPP.
- That already zoned land not be subjected to additional planning law changes that substantially changes the value of the land.
- The Department investigate other ways to ensure there is appropriate infrastructure, services and facilities for the expected growth of the North West such as equitable value capture arrangements for future areas as they are zoned to keep land cost at a reasonable level and to pay for the infrastructure required to fund the rezoned land.
- The maximum density controls, if adopted, to be introduced over a transitional period of three years and be inserted into development control plans rather than the SEPP to provide more flexibility in their application. The proposed changes to the Growth Centres Housing Code include a three year transitional period. This is considered an appropriate amount of time for a market to adapt without causing an unforeseen, negative disruption to housing costs.
- That the provision of infrastructure is coordinated and funded between government departments with state and federal government funding assisting to provide infrastructure in priority growth areas rather than to leave the burden to local councils and exorbitant and unsustainable Section 94 Contributions some of which will near \$100,000 per lot.
- That the commercial and financial impact of the proposed changes to Section 94 be considered in tandem with these changes. That appropriate consideration given to the impact on the development industry and delivery of projects and land to the market and that these interdependencies are better understood by government and appropriately planned for.

Transitional arrangements

The Statement of Intended Effect states:

“A consent authority is not required to apply the provisions of the Explanation of Intended Effect to any DA lodged before Monday 22 May 2017”.

We consider that the transitional arrangements are inadequate and not appropriate given that landowners were not consulted before amending documents were released. Additionally, the impact to existing and future commercial land contracts and recent property contracts was not considered and factored into the staging or any proposed planning legislation changes.

We recommend that guidance is provided to Councils to ensure that flexibility and due consideration is given to projects where options were taken or, where due diligence was substantially commenced and where Development Applications have been lodged up to at least a year from the announcement of the proposed changes that are adversely affected by the proposed amendments in terms of yield reductions.

Minimum lot size for dual occupancies in the R2 Low Density Residential Zone

Under the current Alex Avenue and Riverstone Precinct Plan 2010 the minimum lot size for dual occupancies in the R2 Low Density Residential Zone is 500m². This is proposed to be changed to 600m².

We consider that the minimum control for dual occupancy should be directly translated for sites to which the Alex Avenue and Riverstone Precinct Plan 2010 applies consistent with the approach taken for other residential development types including dwellings and semi-detached dwellings.

For example, one of Clearstate's development applications for a site at 102 – 108 Alex Ave, Schofields (Mod 16-00157 and DA 15-2110) earmarked six lots at ~500m² for dual occupancies. However, under the new provisions they will no longer be able to be developed for that residential dwelling type.

The development application was approved with these dual occupancies required by Council to meet the minimum density under the existing controls.

The supporting material states that detailed planning controls for the precincts already rezoned will remain much the same, however, the proposed reduction in the minimum lot size for dual occupancies represents a significant difference to what is currently allowed on the site at 102 – 108 Alex Ave. Some of our customers have already bought these lots at a price that allowed for the creation of a dual occupancy. There should be provisions for lots bought that had a valid development consent for dual occupancy to be honoured.

In addition, dual occupancies provide an affordable housing option and adds to diversity of housing stock. This lack of clarity on whether Council will require or reject dual occupancies on our project means that we are unable to sell the remaining lots to customers until this is resolved.

We therefore recommended that:

- The minimum lot size for dual occupancies is maintained at 500m² consistent with existing controls.

OR

- A new clause is introduced that provides exceptions to the development standards for dual occupancies to 250m², similar to that provided for dwelling houses.

OR

- A transitional provision is added that would allow all lots that were 'earmarked' for dual occupancies with a lodged or approved DA prior to the announcement of the proposed changes be supported by Council.

Translation of clauses into the Blacktown Precinct Plan 2015

The Statement of Intended Effects states that there will be *"no change to the intent or the operation of"* the clauses listed below in the consolidation of the six precinct plans into the Blacktown Precinct Plan:

- Subdivision resulting in lots between (225-300m²)
- Exceptions to minimum lot sizes for dwelling houses
- Exceptions to minimum lot sizes for dwelling houses on other lots in Zone R2 Low Density Residential
- Exceptions to minimum lot sizes for dwelling houses on small lots
- Minimum lot sizes in split zones

However, no draft wording for these clauses has been provided. As we have not had the opportunity to review the draft legislation, we strongly urge the Department to exhibit the proposed clauses prior to being finalised, so developers can test and ensure the operation of the clauses will not change on-the-ground outcomes when compared with current clauses.

Conclusion

Clearstate appreciates the Department of Planning and Environment's consideration of our submission. We hope that this feedback is considered as part of a review of the proposed controls. We are concerned about the unforeseen impact that these controls may have on housing affordability as they will negatively disrupt the market for a considerable time if the appropriate transitional provisions and infrastructure funding arrangements are not coordinated in consultation with the development industry and land owners.

If you require additional information or wish to discuss any aspect of this submission please do not hesitate to contact me.

Yours sincerely,

Steve Barlow
General Manager