

**Submission
No 5**

LAND RELEASE AND HOUSING SUPPLY IN NEW SOUTH WALES

Organisation: Clarence Valley Council
Name: Mr Ryan Jameson
Position: Strategic Planner
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Reference: 1968291
Contact person: Ryan Jameson

Committee on Environment and Planning
Legislative Assembly
Parliament of New South Wales

Dear Sir/Madam

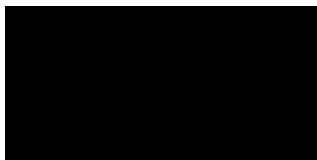
Inquiry into Land Release and Housing Supply in NSW

Reference is made to the Inquiry into land release and housing supply being conducted by the Legislative Assembly's Committee on Environment and Planning. The Committee is currently accepting submissions to the Inquiry.

Council considered this matter at its Ordinary Meeting on 15 August 2017 and resolved to endorse a draft submission to the Inquiry. Please find attached the submission endorsed by Council.

Should you require further information please contact me on ph. [REDACTED]

Yours faithfully



Ryan Jameson
Strategic Planner

1. Infrastructure

The Clarence Valley local government area (LGA) has no shortage of vacant zoned land for residential development. The existing urban growth areas contain sufficient land to meet projected demand for an additional 3,550 dwellings by the year 2036 under the North Coast Regional Plan. Infrastructure and servicing strategies are also in place to support these areas. The key constraint on the development and release of land in a timely manner is the funding and provision of the initial infrastructure necessary to enable new developments.

Urban growth areas such as Clarenza, Junction Hill and West Yamba require substantial upfront investment in local infrastructure, such as road intersection upgrades, stormwater facilities and public open space. In regional areas like the Clarence Valley LGA the capacity for developers to fund such infrastructure is likely to be constrained due to lower land values and lot release rates compared to higher growth areas. In addition, developers will often need to repay any loans over a longer period, and hence pay more interest, where land release rates are slower.

Council doesn't have the capacity within its General fund to provide the infrastructure needed for developments upfront. While Council collects contributions toward the provision of local infrastructure via the Clarence Valley Contributions Plan 2011, contribution rates are subsidised by Council and capped at a level considered to be affordable for new housing developments. In addition, it can take a significant amount of time (sometimes decades) to collect the required contributions in a regional LGA like the Clarence Valley due to the relatively slow rate of development compared to high-growth metropolitan LGAs. The result is an 'infrastructure bottleneck' that delays the subdivision and release of land for new housing development despite the ample supply of zoned residential land in the Clarence Valley.

It is suggested that the State Government is in a much stronger financial position to provide funding to relieve infrastructure bottlenecks given the substantial amount of revenue it collects from the development of land via various property taxes and duties. There are a number of ways the government could do this:

1. Provide grants toward local infrastructure projects that assist land release and housing supply;
2. Provide increased funding to Councils to improve their capacity to deliver local infrastructure projects upfront;
3. Raise or remove rate pegging limits to enable local Councils to collect rates income to keep pace with inflation and market forces;
4. Consider the ability for Council's to collect rates for dedicated infrastructure comparable to the current system of collecting and spending water and sewerage rates;
5. Provide low interest finance to developers to undertake local infrastructure projects required by developments.

Direction 22 of the North Coast Regional Plan 2036 is to "*Deliver greater housing supply*" and one of the mechanisms that the State Government has established to achieve this is the Housing Acceleration Fund which offers funding for local infrastructure projects that assist land release and housing supply. This is considered a worthwhile measure with the potential to have a tangible impact on infrastructure bottlenecks and land releases and the government should ensure that it is adequately funded and implemented.

2. Urban growth area planning

There is a need for planning policy and legislation to better facilitate the logical and coordinated development of urban growth areas, starting from the preparation of long term growth management strategies, through to the rezoning of land and subsequent subdivision and release of lots to market. For example, the 'Urban Release Areas' provisions of the Clarence Valley Local Environmental Plan 2011 seek to ensure that land in urban growth areas is developed in a logical and efficient manner by requiring the preparation of a development control plan (DCP) addressing lot sizes, densities, infrastructure sequencing and other matters, prior to allowing consent to be granted to any development. Sections 74D and 83C of the Environmental Planning and Assessment Act 1979 (EP&A Act) provide the ability for developers to obtain consent for development despite the provisions of an LEP or any other environmental planning instrument requiring preparation of a DCP prior to consent being issued. These provisions of the EP&A Act appear to provide alternative pathways where the preparation of such a DCP has not been completed. This may have merit in some respects however it does not always result in the most coordinated and efficient use of land.

Other considerations that planning policy and legislation should better address in urban growth area planning include:

- Genuine need for additional growth areas versus accommodating a greater share of population growth in existing urban areas through higher density forms of housing;
- Identification of absolute limits on population numbers or development footprint;
- The ability of developers to commence development of growth areas in a timely manner and in a logical sequence when needed;
- Provisions to encourage local Councils to prepare and implement land release strategies;
- The ability to service growth areas in a timely, efficient and cost effective manner. Consistent guidelines are required for the preparation of infrastructure servicing strategies;
- Using incentives to encourage the aggregation of land ownerships within greenfield growth areas (i.e. create fewer land owners rather than more). Fragmented land ownership is a significant impediment to the efficient and coordinated development of land in large growth areas;
- Introducing disincentives for developers that don't commence developments in growth areas in a timely manner.

3. Land and housing supply data

The Department of Planning and Environment (DP&E) monitors the supply of residential land and housing activity through the North Coast Housing and Land Monitor. The monitor contains information on dwellings approved and commenced, lots approved and released and land available for future housing development based on data supplied by Councils. Council has previously raised concerns with DP&E about deficiencies in its data collection system and methodology which are likely to have resulted in the production of inaccurate information over time. The Housing and Land Monitor spreadsheet currently updated by Councils on an annual basis uses data fields and localities/collection districts that have shifted over time which is likely to have produced errors in cumulative data. The establishment of a centralised portal for the collection of data and a stocktake/audit of various data fields is suggested to improve the accuracy of land and housing supply information used in decision making. A new portal system could include the following:

- A stocktake of zoned urban lands including vacant urban zoned lots (existing infill) – at a consistent point in time;
- Approved and released lots within "Urban release areas"
- Dwelling approvals and commencements
- Agreed localities/collection districts

- Agreed and consistent understanding of nomenclature/terminology