

**Submission
No 10**

LAND RELEASE AND HOUSING SUPPLY IN NEW SOUTH WALES

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The Chair
Committee on Environment and Planning
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Sir/Madam

Subject: Legislative Assembly – Committee on Environment and Planning - Enquiry and report on land release and housing supply in NSW

Thank you for the opportunity to comment on the Legislative Assembly's Committee on Environment and Planning enquiry into land release and housing supply.

At its meeting of 28 August 2017, Lake Macquarie City Council resolved to make this submission, providing feedback on the Terms of Reference of the inquiry and related matters. We would be pleased to discuss in more detail council's perspective on land release, housing supply and affordable living.

Lake Macquarie City is located on the NSW coast approximately 60 minutes' drive north of Sydney. The City covers an area of 757km², and is home to around 205,000 people and continuing to grow due to its excellent location and high amenity. Lake Macquarie City Council has been actively addressing affordable living and housing supply since the adoption of Lifestyle 2020 in 2001.

Terms of Reference

That the Committee on Environment and Planning inquire into and report on land release and housing supply in NSW, with particular focus on:

- a) The resources and support needed within the Department of Planning and Environment for:
 - i. The delivery of a housing supply process.
 - ii. The coordination and funding of enabling infrastructure.
- b) Delivery mechanisms following the rezoning of land through to construction.
- c) The complementary roles of state authorities, local councils and utilities.
- d) The different characteristics of Greater Sydney and non-metropolitan NSW.
- e) Other related matters.

Our Ref: F2007/01473-02

Preamble:

Australia's population is predicted to reach 36 million by 2050, with two-thirds of people electing to live in our major cities. Governments, through mechanisms such as land use planning, have a responsibility to ensure our cities grow sustainably with appropriate infrastructure, are affordable, and are more compact.

By embedding sustainability principles in its policies and actions on land release and housing supply, Governments have the opportunity to encourage industry and the broader community to adopt more sustainable practices, ensuring housing supply produces dwellings of a higher quality, which are affordable (both upfront and in operation) and meet the needs of a changing population.

Response to Terms of Reference:

a) i) The resources and support needed within the Department of Planning and Environment for the delivery of a housing supply process

Response:

Lake Macquarie City Council regularly looks for ways to modify local planning provisions to encourage housing diversity. A recent change has been to require that residential subdivisions over 10 lots, provide at least 10% but not more than 50% as small lots. Such lots will be equal to or greater than 300m² but not greater than 450m². It is expected that these lots will be offered at a cheaper price than normal sized lots of 450m².

Council has also introduced provisions in Lake Macquarie LEP 2014 to allow prefabricated homes anywhere a dwelling house is permitted. Prefabricated homes can be constructed more efficiently in a factory environment, with less waste and no on-site work disruptions due to poor weather, or limiting work times to avoid disruption to neighbours, enabling the end product to be less expensive. The pathway for approval of prefabricated dwellings in NSW is complex unless councils make this conscious effort to amend their LEP.

Provision of funding assistance to councils to review provisions or perceived barriers within planning instruments, would be a means of assisting local government in achieving greater housing supply and diversity.

Removing the Department of Planning and Environment from the land rezoning process altogether, where the proposal is consistent with an adopted local land use strategy and the council has the resources and capability to progress rezoning proposals, would be preferable to providing the Department of Planning and Environment with more resources. Since early 2000, Lake Macquarie City Council has adopted 30 year local land use strategies to guide decision making. The need for a Gateway Determination for all planning proposals, including those that are consistent with an approved local land use strategy, increases the Department of Planning and Environment workload and resource needs, and slows the land rezoning process down.

The “scattered” development pattern in the Hunter has led to many development fronts, each with significant upfront infrastructure costs. Fewer development fronts would result in lower levels of uncertainty for Developers and better economic viability of their developments. And as a consequence, a reduction on land sale price, as the payback period for key infrastructure and other holding costs is likely to be shorter. Providing the Department of Planning and Environment with resources to prepare development sequencing plans and infrastructure delivery plans, with agreement from utility providers and Transport NSW, would assist the land and housing supply process.

a) ii) The resources and support needed within the Department of Planning and Environment for the coordination and funding of enabling infrastructure

Response:

The costs that utility authorities charge for providing basic infrastructure (e.g. reticulated water, sewer, and electricity) to approved release areas warrants attention. While the ‘user pays’ principle is appropriate for non-approved release areas, some subsidisation of the cost of providing basic utilities to strategically approved released areas, would assist affordability and discourage more expensive, remote development.

There is a lack of provision of transport infrastructure (apart from roads) in regional areas. There is a need for a fast train service between the City of Sydney and Newcastle in order to acknowledge the predicted population growth in the Hunter region and the benefits of improved connectivity between the two regions. This would have economic and social benefits for the State.

Poor bus timetabling, route nomination and frequency of service inhibits potential passengers from opting to use public transport. While councils can prioritise new development in the vicinity of public transport nodes and railway stations, the lack of regular services, apart from peak times, makes private vehicle use more attractive. Transport NSW needs to have a more active role in development of land use strategies, and committing to fund public transport when land is rezoned or developed in accordance with these strategies.

b) Delivery mechanisms following the rezoning of land through to construction

Response:

Recent data for Lake Macquarie shows that there is enough residential zoned, but undeveloped, land for over 14,000 new low density lots in the City. There are also large areas around the nine main town centres for more than 20,000 houses in the form of medium density housing. This indicates that there is sufficient zoned land available to satisfy additional housing needs in Lake Macquarie for a considerable time. The issue is the release of the lots or houses by the market.

The development of land for subdivision and the construction of dwellings are generally provided by different parties. This can slow the delivery of housing on the land. The Department of Planning and Environment has recently provided a background paper - a review of Complying development in Greenfield Areas and Explanation of Intended Effect for a new Greenfield Housing Code. The background paper is welcomed and a response has been previously provided to the department of planning and environment by Lake Macquarie Council. The objectives of the proposed greenfield master plan guidelines are supported. However, concern was raised that the proposed guidelines would only be utilised in high-end

subdivision developments rather than being utilised across the board. The guidelines spoke of a Master planning process which is fully supported. This would enable the subdivision of land and the development of dwellings potentially as one approval with each of the dwelling sites shown on the plan as to where and what type of dwelling might be developed on the sites. This would enable a more fast track approval process where a DA would only be required if there were any deviations/changes to the location and size of dwellings on the site proposed by the masterplan.

Council believes that the proposed greenfield subdivision guidelines should become the preferred subdivision model and be given statutory effect. This would provide for good amenity for future occupants, positive environmental outcomes, and a faster approval framework.

Many new residential and industrial release areas involve areas with highly fragmented land ownership patterns. Coordination of land development is difficult when some landowners are willing to sell to developers, or fund development, and other land owners are not. Changes to the land rating system, stamp duty and property taxes, could be made to encourage landowners in identified release areas to participate in development of land in a coordinated way, or to sell to parties who are interested in undertaking this development.

c) The complementary roles of state authorities, local councils and utilities

Response:

More weight should be given to approved local land use strategies to enable the timely rezoning of land, and to have state authorities and utilities plan to fund infrastructure. Too often there is a delay by state authorities and utilities, so an appropriate level of infrastructure is not available when and where development occurs.

The "scattered" development pattern in the Hunter has led to many development fronts, each with significant upfront infrastructure costs. Development sequencing plans and infrastructure delivery plans, development with input from utility providers and state authorities, that are subsequently funded, would reduce the poor outcomes that result from many development fronts.

d) The different characteristics of Greater Sydney and non-metropolitan NSW

Response:

Research on housing supply by the Australian Housing and Urban Research Institute May 2017 – Housing supply responsiveness in Australia: distribution, drivers and institutional setting shows: *...80% of unit approvals were located in the top 20% of local government areas with the highest unit prices. This is while 80% of new house approvals were in the top 40% of local government areas with the highest house prices.* This suggests that developers develop in hot markets i.e. in major cities and inner city areas, where the sales and returns are greatest, which is unlikely to result in an even distribution of new housing or affordable housing.

On face value, housing in regional areas is less expensive than in metropolitan areas, however income levels are also usually lower. The exception is when the regional area has a high income paying sector, such as mining, which pushes up the cost of accommodation, to the disadvantage of other households on lower incomes due to employment in lower

paying sectors. With fewer employment opportunities in commuting distance than households in Greater Sydney have, people in non-metro areas are more vulnerable to the impacts of businesses closing and jobs going. Stamp duty is a substantial impediment and cost when households need to relocate for employment, and housing becomes unaffordable, and homelessness more likely if household income is reduced suddenly through loss of jobs.

Lake Macquarie City Council's Community Strategic Plan, includes objectives and strategies that focus on ensuring that the City's growth is environmentally and socially sustainable, complements infrastructure development and supports a thriving local economy. Housing that is not close to services and facilities, has poor access to public transport, or is located in areas with few employment opportunities is not affordable on an ongoing basis for the household. Residents that are dependent on private vehicles for transport spend more of the household budget on fuel.

e) Other related matters

Affordable housing, or more correctly affordable living, is more than the purchase price of the dwelling. The high transport costs associated with poorly located housing has already been noted. The utility running costs of the dwelling are also significant:

- The NSW Government should introduce incentives for high performing buildings, and as a priority investigate the introduction of stamp duty concessions and differential council rates in partnership with local councils. Stamp duty concessions for high performance homes could have a similar impact to green depreciation by targeting the point at which homeowners are considering making investments in their home prior to sale. Planning incentives such as density bonuses and green door policies, could support accelerated deployment of high performing new buildings by targeting one of the highest priorities for new building developers - the cost, time invested and uncertainty of planning processes.
- The NSW Government should introduce minimum standards and incentives to provide energy resilience to new housing developments, particularly affordable housing. This includes energy storage at all scales including single-dwellings, multiple-unit dwellings, precincts and regions. The objective is to ensure that those that are particularly vulnerable are provided with an adequate amount of protection from power outages and price hikes.

Initiatives exist in other Australian States that assist low-moderate income families to gain access to loans to purchase housing. These schemes have the support of the respective State governments in Victoria, Western Australia and South Australia. Some of these initiatives include:

- Shared equity arrangements to overcome deposit problems e.g. Bendigo Bank; Funding loans through subsidised or fixed concessional lending rates e.g. KeyStart loans in Western Australia, and HomeStart loans in South Australia.

Other opportunities to improve housing affordability include:

- Making housing cheaper through the use of manufactured or prefabricated housing; limiting the ability of developers to set restrictive covenants that demand minimum dwelling floor areas and limited, often more expensive, building materials; providing housing to low and medium income families via Community Housing Authorities; and providing incentives to developers to build and provide affordable housing where it is needed most.

Should you require further information, please contact Senior Strategic Landuse Planner Gabriele Calcagno, on [REDACTED].

Yours faithfully

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Morven Cameron
Chief Executive Officer