

**Submission
No 19**

LAND RELEASE AND HOUSING SUPPLY IN NEW SOUTH WALES

Organisation: Dubbo Regional Council
Name: Mr Steven Jennings
Position: Manager Strategic Planning Services
Date Received: 5 September 2017

FILE11/63
ED17/104912
SJ/MC

5 September 2017



The Director
Standing Committee on State Development
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Sir/Madam

NSW UPPER HOUSE INQUIRY INTO LAND RELEASE AND HOUSING SUPPLY IN NSW

Council welcomes the opportunity to provide its perspectives and raise issues in respect of land release and housing supply mechanisms in NSW.

In preparing this submission Council has concentrated on the issues associated with land release and housing supply in regional NSW however, it is considered that a number of the initiatives as included could also be applied to housing delivery in Metropolitan areas.

Part (a) of the terms of the Inquiry have sought Council's perspective around the resources and support that are needed within the Department of Planning and Environment (DPE) to assist land release and housing supply. Council considers that more significant efficiencies could be gained by examination of the housing supply pipeline and the various steps involved.

Following are Council's comments in respect of the specific Terms of Reference of the Inquiry:

- (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***

The DPE has a difficult role to ensure appropriate planning is undertaken to advance economic development of the State whilst providing for the conservation and management of sensitive lands, including our natural environment. It is appropriate to consider the resources and support required for the Department however, the most significant resource and support mechanism would consist of a new planning act.

The Environmental Planning and Assessment Act, 1979 has done a good job in facilitating the development and conservation of our natural environment for some 38 years. However, given the age of the Act and the will of government to attempt to enact and streamline a level of change to the planning system, it is considered that the Act has been significantly amended to



All communications to: **THE GENERAL MANAGER**

ABN 53 539 070 928

PO Box 81 Dubbo NSW 2830

T (02) 6801 4000 **F** (02) 6801 4259 **E** council@dubbo.nsw.gov.au

Civic Administration Building Church St Dubbo NSW 2830

W dubbo.nsw.gov.au



become overly complicated, cumbersome and has been used to further certain planning themes during its lifespan while neglecting others.

Dubbo Regional Council has been particularly supportive of the range of attempted planning reforms from the government over time, in particular, the move towards more evidence-based strategic planning. However, whilst the Act continues to date and further amendments are made to its original scope and structure, it is considered that the planning system continues to suffer.

In respect of assistance to the DPE, an examination of the housing supply pipeline should be made to determine how the housing supply pipeline can be further streamlined. The general housing supply pipeline as applicable to Dubbo Regional Council is shown in Figure 1.

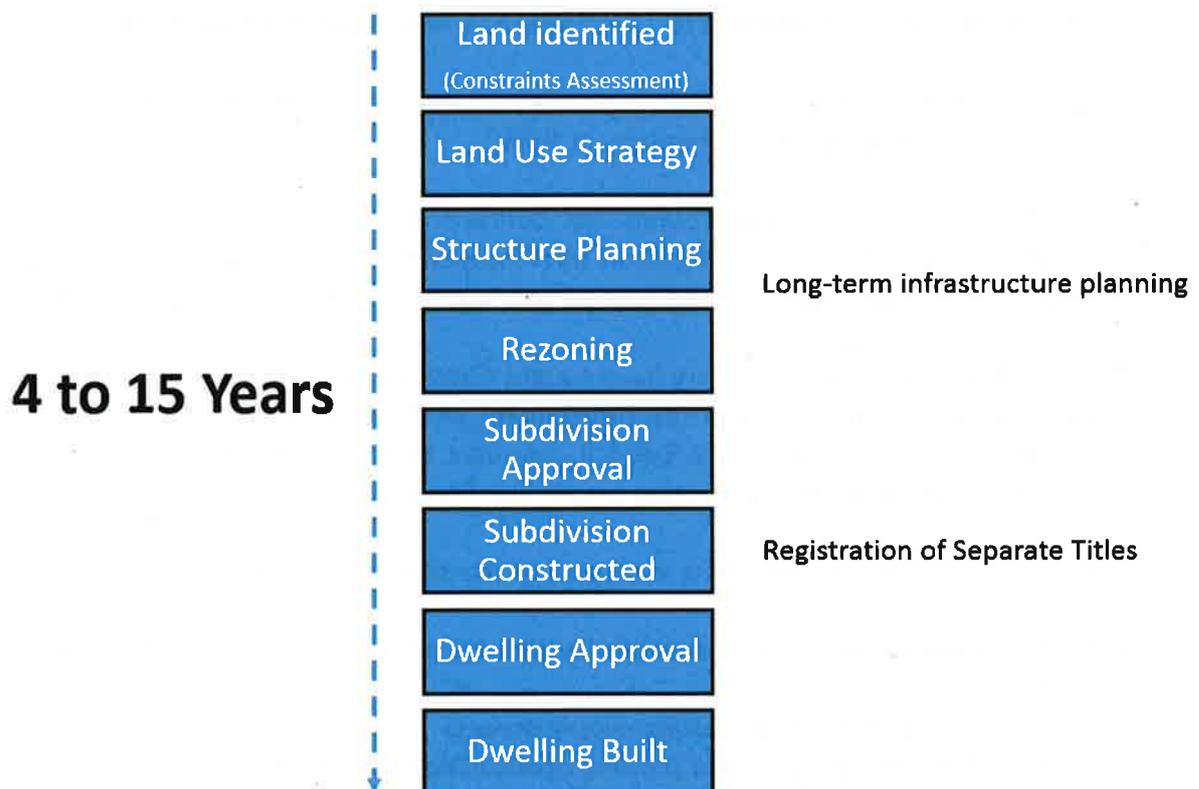


Figure 1. Dubbo Regional Council Housing Supply Pipeline

The initial identification of land through to the construction of a dwelling house on a registered allotment may take a number of years to come to fruition. It is considered that by particularly focusing on a number of key points in the housing supply pipeline, time and cost savings can be achieved in the delivery of greenfield housing. In particular, there is no guidance document or legislative basis in respect of the content or process for structure planning processes. Structure planning is an important component of the housing supply pipeline that ensures the following can be achieved:

- Consideration of the overall constraints to the delivery of development on the land;

- Plan for high level infrastructure provision;
- Consideration of how the land integrates with other land areas and neighbourhoods;
- Provision of subdivision and development principles to guide the overall land use and density of development on the land.

The structure planning process can take some time in negotiating with land owners and developers and ensuring infrastructure is adequately planned. Following completion of the structure planning process, a planning proposal may be lodged with Council to rezone the land to facilitate the general zoning and density included in a structure plan. The resultant rezoning may then take further time to be processed prior to a development application being lodged for residential subdivision.

To assist the structure planning and rezoning processes, the Environmental Planning and Assessment Act could be amended as a component of the current suite of amendments to include specific requirements for the preparation and consideration of structure plans. This would ensure a structure plan has a legislative basis and form an essential component of the land supply pipeline for all councils.

To assist the delivery of housing, a further change could be undertaken to the planning system that allows for an expedited rezoning to be undertaken. This expedited rezoning could only be undertaken in situations where there was an approved structure plan that was consistent with an associated land use strategy and planning proposal that has been prepared to enact the land use and density arrangements in the structure plan.

In respect of the planning and provision of infrastructure in the regional context, this would be a difficult role for the DPE to fully undertake. In respect of state public infrastructure provision, the Department could undertake the preparation of state infrastructure strategies for regional cities and strategic centres.

This would involve the Department undertaking appropriate liaison with state public agencies and the local council in question to ensure state level infrastructure was adequately planned for and considered during the structure planning and rezoning processes.

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

It is considered that the challenge in the delivery of housing to the market is to ensure an adequate housing supply pipeline is maintained. Further consideration could be given to the role of the development assessment process for dwelling houses, particularly in respect of subdivisions for greenfield housing development.

Further time and cost savings could be achieved by effectively combining the development application process for land subdivision with the housing approval process. The development application for subdivision would specify building envelopes for each allotment of land included in a greenfield residential subdivision. This building envelope would also be accompanied by

information including minimum building setbacks and building height for development (eg not greater than one storey).

Following construction of the subdivision and registration of an allotment of land, the new property owner would then have the benefit of lodging a further streamlined version of a Complying Development Certificate with a five (5) day assessment limitation for a principal certifying authority. If a dwelling house was proposed outside of the criteria agreed to as part of the development application for subdivision, a proponent would be required to lodge a code assessable application which would have a 20 day assessment limitation. This application would be notified to adjoining and adjacent property owners.

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

The planning system and the delivery of an appropriate housing supply pipeline relies on appropriate relationships being built and maintained between all levels of government and utility providers. This relationship is guided by the activities and actions of the Department of Planning and Environment and local councils.

In particular, at the rezoning (or planning proposal) stage, the DPE needs to ensure that a robust assessment of infrastructure planning and delivery is undertaken to ensure the significant strategic work councils undertake in planning for future development is not forgotten.

Council has an example where a planning proposal for an 'out of area' and 'out of sequence' rural residential subdivision has been proposed in a location that is not included in Council's urban land use strategy and subsequently no meaningful infrastructure planning has been undertaken. However, the Proponent was provided with a Gateway Determination for the Planning Proposal. It could be argued that in such a situation a Gateway Determination should not have been issued as Council's strategic planning does not make allowance for the development.

The overall referral process for development applications continues to provide significant time delays and uncertainties in the planning process. This includes the requirement for a council to refer development applications to energy service providers in accordance with the requirements of State Environmental Planning Policy (Infrastructure), 2007 and other approval bodies including but not limited to Roads and Maritime Services and John Holland Rail in respect of rail infrastructure. Whilst the need for a robust assessment of a development application for greenfield subdivision is understood, it is considered that there should be no significant requirement for needless referrals for development applications for dwelling houses. In respect of the requirement to refer a development application for a dwelling house to an energy service provider, if the dwelling house was undertaken as a complying development certificate the same referral would not be required.

The DPE, with the last proposed round of changes to the planning system, has partially recognised the time delays caused by the development application referral process to state

public agencies and other bodies. Further investigation should be undertaken of the Queensland Planning System which has a separate and distinct agency to coordinate all development referral requirements.

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

It is considered that there are significant differences in the delivery and provision of housing in Greater Sydney and non-metropolitan NSW. Greater Sydney has an emerging housing affordability issue with a driving average house price which effectively means that families are under immediate mortgage stress. The issues being experienced in Sydney are considered to be no different to the issues being experienced in regional areas of NSW.

Dubbo currently has an average house price of \$355,000. In comparison to Greater Sydney, this would seem to be extremely low. However, when considered in the overall context of household income and affordability factors, this can present significant stress to those wishing to enter the housing market.

Council undertakes frequent reviews of the state and health of the Dubbo housing market and the demand for housing in the City as a component of the ongoing review of the Dubbo Residential Areas Development Strategy. This includes a housing and land supply monitor which enables Council to closely consider how development progresses through a housing supply pipeline.

The last review of the Dubbo housing market undertaken by consultants, Hill PDA, showed that the City needs to ensure an adequate supply of affordable housing is provided based on the average annual household income. This showed that the City may have a home-affordability issue for the percentage of Dubbo households that can afford a dwelling house. The analysis also showed that the City requires further investment in social housing that can deliver housing outcomes for the percentage of the Dubbo population that is unlikely to have the means to afford outright home ownership through either the purchase of a dwelling or unit.

The Hill PDA Review also found that due to the uneven nature of income distribution in Dubbo, the provision of affordable rental accommodation was even more critical than the provision of affordable housing for purchase. Hill PDA found that 46% of Dubbo households fall into the low to very low income bracket (below \$45,093 pa) and will be unlikely to purchase a property without significant government assistance or subsidy. Increasing the supply of affordable rental accommodation provides the most immediate and effective means of relieving housing stress.

Hill PDA prepared a Household Income Affordability Calculator model of housing affordability in Dubbo. The model provides a profile of household income levels based on Australian Bureau of Statistics Census Data for Dubbo and consideration of the level of debt or rent each household income could afford to pay, dependent on a number of key variables. These key variables include interest rates, deposit availability and the level of household income. The table below shows the level of home affordability in Dubbo across a range of household incomes.

Household Income	Household Income (Weekly)	Rental (% income)	Weekly Rental	Ownership (% income)	Monthly	Principal Loan	Deposit	Home Affordability
\$20,000	\$385	25%	\$96	30%	\$500	\$75,154	\$7,515	\$82,669
\$25,000	\$481	25%	\$120	35%	\$729	\$109,599	\$10,960	\$120,559
\$30,000	\$577	26%	\$150	35%	\$875	\$131,519	\$13,152	\$144,671
\$35,000	\$673	27%	\$182	37%	\$1,079	\$162,207	\$16,221	\$178,428
\$40,000	\$769	28%	\$215	38%	\$1,267	\$190,390	\$19,039	\$209,429
\$45,000	\$865	30%	\$260	40%	\$1,500	\$225,461	\$22,546	\$248,007
\$50,000	\$962	30%	\$288	40%	\$1,667	\$250,513	\$25,051	\$275,564
\$55,000	\$1,058	30%	\$317	40%	\$1,833	\$275,564	\$27,556	\$303,120
\$56,368	\$1,084	30%	\$325	30%	\$1,409	\$211,813	\$21,181	\$232,995
\$56,368	\$1,084	30%	\$325	40%	\$1,879	\$282,418	\$28,242	\$310,660
\$60,000	\$1,154	30%	\$346	40%	\$2,000	\$300,615	\$30,062	\$330,677
\$65,000	\$1,250	30%	\$375	40%	\$2,167	\$325,666	\$32,567	\$358,233
\$70,000	\$1,346	30%	\$404	40%	\$2,333	\$350,718	\$35,072	\$385,789
\$75,000	\$1,442	30%	\$433	40%	\$2,500	\$375,769	\$37,577	\$413,346
\$80,000	\$1,538	30%	\$462	40%	\$2,667	\$400,820	\$40,082	\$440,902
\$85,000	\$1,635	30%	\$490	40%	\$2,833	\$425,871	\$42,587	\$468,459
\$90,000	\$1,731	30%	\$519	40%	\$3,000	\$450,923	\$45,092	\$496,015
\$95,000	\$1,827	30%	\$548	40%	\$3,167	\$475,974	\$47,597	\$523,571
\$100,000	\$1,923	30%	\$577	40%	\$3,333	\$501,025	\$50,103	\$551,128

*Assumptions: 10% deposit, 7% interest rate, 30 year term

This analysis shows that issues of housing stress are also prevalent in regional cities like Dubbo and that government interaction and assistance in the delivery of housing should be provided to both the Greater Sydney area and the regions.

(e) Other related matters

One of the single, most significant factors in the delivery of housing is the availability and performance of the finance industry in NSW. This includes up-front finance availability for projects and the availability and timing of finance-related approvals for the purchase of housing. It is considered that the finance industry should undertake an education campaign and prepare suitable supporting information to assist proponents to gain timely finance approval.

Having gained finance approval and negotiated with a developer, builder and plan draftsman, proponents often arrive at local councils fatigued from the various steps, twists and turns across the finance industry, the development industry and the building industry. Often there is disconnect between the rules and regulations of a council, the plan drawer and the builder which results in changes to development plans being required. Or a proponent may not understand the conditions of a development consent they have been provided and this may add further unplanned cost to their development.

It is considered that there is a role for the regional teams of the Department to coordinate and manage housing industry sector groups in the regional cities. These groups could have membership from local councils, the development industry (including builders, developers and

plan drawers) and the finance sector. The group could meet on a regular basis to discuss issues of regional significance to the timely delivery of housing.

Council appreciates the opportunity to provide these comments on land release and housing supply in NSW and would welcome the opportunity to discuss this submission with the Committee at a public hearing in the future.

If you require any further information or clarification, please do not hesitate to contact me on

[REDACTED]

Yours faithfully

[REDACTED]

Melissa Watkins

Director Planning and Environment

