

**Submission
No 43**

LAND RELEASE AND HOUSING SUPPLY IN NEW SOUTH WALES

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Contents

PART ONE: AN INTRODUCTION TO GROWTH IN THE WOLLONDILLY SHIRE.....	2
1 Background.....	2
2 Management of Growth and Development Pressure	2
PART TWO: RESPONSES TO TERMS OF REFERENCE.....	5
3 The Resources and Support Needed Within the Department of Planning and Environment	5
4 Delivery mechanisms following the rezoning of land through to construction.....	6
5 The complementary roles of state authorities, local councils and utilities.....	7
6 The different characteristics of Greater Sydney and non-metropolitan NSW.....	7
7 Other related matters.....	8

PART ONE: AN INTRODUCTION TO GROWTH IN THE WOLLONDILLY SHIRE

1 Background

The Wollondilly Shire covers an area of approximately 2,560 square kilometres, of which nearly two thirds is national parks, and lies roughly 60 kilometres south west of Sydney CBD.

The Shire is rich in Aboriginal history and the backdrop of gorges, ranges and plains is interwoven with the dreamtime legends of the first Australians.

Wollondilly's rural landscape, towns and villages date back to the early European settlers who followed the first fleet's famous straying cattle to the "Cowpastures". This location (around the Menangle and Camden Park area) was the birthplace of modern agriculture in Australia and from that time onwards agriculture has been integral to the development, character, economy and identity of the Shire.

Today the Shire continues to be proudly "rural". The community values this identity and character and the unique lifestyle opportunities of being in a rural setting on the "peri-urban" fringe of Sydney.

Peri-urban lands typically comprise a mix of urban and rural residential areas with productive agricultural lands, biodiversity areas and diverse topographies.

Because of their location they face a unique set of challenges:

- Management of growth and development pressures;
- Agricultural land being lost to urban development and land fragmentation;
- Conflicts being rural and urban land uses;
- Limited infrastructure and services;
- Limited employment opportunities.

Peri-urban areas such as Wollondilly have enormous environmental, economic and social value and are critical to the future resilience and functioning of Sydney as a whole, so they need to be carefully managed and protected.

2 Management of Growth and Development Pressure

In 2011, the newly elected NSW Government called for expressions of interest from developers with sites of more than 100 hectares which could deliver houses quickly to the market. This was referred to then as the Potential Home Sites Program (PHP).

In response to the PHP, eleven (11) investigation sites across the Shire were identified. Out of these sites, there were three (3) that Council determined had merit if masterplanned jointly by the three proponents as a self-sustaining, integrated community with adequate infrastructure.

Council wrote to the then Minister for Planning, the Hon. Barry O'Farrell, and advised that Council and the proponents of these three (3) proposals would jointly develop a masterplan that would:

- Deliver a new town at Wilton to provide housing, employment, all supporting infrastructure and services, and a full range of complimentary land uses to support liveability and sustainability
- Provide an overall structure and staging plan
- Identified all infrastructure requirements and an infrastructure funding strategy, to ensure timely and cost-effective delivery of all infrastructure

Council's support for the PHP served two purposes; to protect the Shire's rural character; and, to focus housing growth in a designated growth area where supporting infrastructure could be invested.

The Department of Planning & Environment (DPE) accepted Council's response to the PHP in 2013 on the proviso that Wilton would be 'at no additional cost to government'. This position was justified on the basis that the proposals were proponent-led and not required to meet NSW Government housing targets (despite being made in response to the Government's PHP).

The DPE subsequently prepared the *Preliminary Strategy & Action Plan– Greater Macarthur Land Release* (GMLR Strategy) which foreshadowed a priority growth area at Wilton with potential to accommodate 16,600 dwellings by 2036.

However, in June 2016 without any prior consultation with Council, the DPE included additional land at West Appin for a further 18,000 homes beyond 2036 in its *Greater Macarthur Land Release Investigation Update* (GMLR Update). Council has long opposed further land release at West Appin given the lack of infrastructure, loss of agricultural land, lack of local employment and adequacy of housing supply elsewhere in the Shire (Wollondilly Shire Council, 2011).

The GMLR Update now foreshadowed a total of nearly 35,000 new homes in the Wilton and West Appin areas alone, excluding any future growth elsewhere across the Shire.

Following the release of the GMLR Update by the DPE, Wilton Priority Growth Area (WPGA) was gazetted on 29 July 2016.

The WPGA will see the Shire grow from a current population of approximately 50,000 people to over 100,000 people over the next 20 to 30 years (NSW Department of Planning and Environment, 2017). However, the belated inclusion of 18,000 homes at West Appin will likely see that figure swell to nearly 200,000 people over 50 years. In order to meet growth of this nature, the Shire would need to lift its current delivery of approximately 300 dwellings annually to between 500 and 750 dwellings. This equates to doubling the shire's growth over a long and sustained timeframe.

To manage the increase in housing growth, the DPE committed to leading planning investigation and preparing a Land Use and Infrastructure Strategy which would deliver:

"...an innovative planning pathway, linked to an agreed infrastructure, servicing and staging plan to encourage early delivery of houses and infrastructure."

In August this year, the DPE placed on public exhibition an Interim Land Use and Infrastructure Implementation Plan (ILUIIP). The DPE in their notification letter to Council stated that purpose of the ILUIIP was:

“So that Wilton’s growth can be supported by the right infrastructure at the right time...the plan is a blueprint for how the NSW Government will coordinate essential services over the next decade and beyond to enable more homes and jobs”.

Concurrently, the DPE also placed on public exhibition a rezoning proposal for a precinct within the WPGA lodged by Walker Corporation which would deliver 3,500 homes according to DPE.

Council has strongly opposed any rezoning of land at Wilton until an integrated land use and infrastructure delivery framework was prepared and subject to community consultation. Council’s position was based on the need for critical infrastructure investment, including public transport and adequate local employment to accommodate growth of the magnitude proposed at Wilton and West Appin.

The ILUIIP, as its name suggests, highlighted an unfortunate shortcoming of planning investigation undertaken to date – the lack of a coordinated infrastructure strategy to support land release. At the time of the ILUIPP being placed on public exhibition, the DPE had not yet finalised critical traffic and transport planning with work continuing between agencies and Council.

So concerned with the lack of progress to finalise the planning framework to inform land use decisions, in June 2017, Council released its *Wilton New Town a GREAT New Town or NO Town at All* advocacy paper to highlight Council’s concerns with the planning process to date. The advocacy paper can be found on the following link:

<https://www.wollondilly.nsw.gov.au/assets/Documents/Planning-and-Development/Growth/Wilton-A-GREAT-new-town-or-NO-town-at-all-Advocacy-Paper.PDF>

The ILUIIP, as exhibited, does not address Council’s concerns or demonstrate high achievement in key areas that modern planning practices consider critical to ensuring healthy and prosperous communities.

Since 2013, when the DPE commenced planning investigation, several senior staff changes (and Ministerial reshuffles) have caused the project objectives to shift to simply increasing housing supply. This is despite Council and the developers consistently being told that the WPGA was not required for the NSW Government’s housing supply targets and therefore ‘at no additional cost to government’.

We believe our experience working with the NSW Government on planning for new growth areas is likely to be typical of the experiences of other growth area councils. This experience highlights a significant divergence in mission and purpose between local and state government and better alignment is required to ensure that our planning practices create better communities. This experience frames our responses to the Terms of Reference to the Inquiry as follows.

PART TWO: RESPONSES TO TERMS OF REFERENCE

3 The Resources and Support Needed Within the Department of Planning and Environment

Recommendation 1: Maintain continuity in growth area planning staff

The DPE requires first and foremost stability and continuity. Council was disappointed to learn that senior experienced staff originally working with Council between 2012 and 2015 on the WPGA left DPE during restructuring undertaken in 2015. A great deal of tacit knowledge on the project left with senior staff at this time and since early 2016, all staff working on the project were new to it.

Recommendation 2: Repurpose DPE on infrastructure delivery and 'derisk' growth areas

Councils are best placed to undertake planning investigations for their local communities. The DPE should be repurposed as a conduit between councils and state agencies to resolve critical infrastructure planning issues which constrain land supply. These include public transport, education, health and water and sewer infrastructure servicing issues in addition to environmental protection matters.

The primary responsibility of the DPE should be to 'derisk' growth areas from these constraints and develop a State Infrastructure Contribution Levy to support growth. The second, but no less important responsibility should be to establish the overall high-level structure planning framework.

Detailed local precinct planning, rezoning, local infrastructure contributions planning and development control plans are best left to councils who have the appropriate skills and experience in local planning matters. This establishes a clearer demarcation of responsibilities between state and local government and provides certainty as to how growth will be serviced with critical infrastructure.

Recommendation 3: Second planners from councils to assist with planning in growth areas

The DPE should consider using a similar approach to the Greater Sydney Commission (GSC) who seconded staff from councils to assist it in preparing draft district plans. This ensured that the GSC harnessed the local knowledge of the planners working with the districts who understand the issues facing their communities.

A shortcoming of planning being undertaken for the WPGA is the lack of local knowledge on issues including lack of access to public transport, employment, health and education. The approach used by DPE has largely been to follow the approach to other growth areas in terms of planning for housing densities, roads and open spaces. This approach has failed to appreciate the significant lack of services locally and the distances to nearby centres where access to employment, health and education are located.

Recommendation 4: Second infrastructure planners from health, education transport and treasury portfolios

Similar to Recommendation 3, for the DPE to be effective it needs to harness the skills and knowledge of planners in portfolios critical to supporting the NSW Government's policy on housing supply.

The most significant barrier to housing supply is infrastructure provision, yet the DPE appears to operate in a vacuum of knowledge about infrastructure plans and delivery across other agencies. The DPE routinely conducts meetings with agencies and council staff which serves to confirm the disconnect between land use and infrastructure planning being undertaken by various agencies. Commonly, the land use planning activities conducted by the DPE are being pushed ahead of other processes (such as the Western Sydney Rail Needs Analysis). The lack of alignment between these interrelated activities creates uncertainty about the level of development that growth areas, such as Wilton, can sustainably absorb and may result in poor planning outcomes.

In the case of Wilton, the need for critical public transport infrastructure investigation is continually deferred from consideration given that other activities are being undertaken on a separate timeline. On the contrary, the single-minded focus on housing delivery causes the DPE to insist that land must be rezoned irrespective. This is problematic in our context as Wilton will ultimately be home to over 50,000 people located on the peri-urban fringe of Sydney, 25 kilometres south of Campbelltown.

Currently, rail services are provided via the main southern highlands line which is a freight prioritised diesel line and therefore unreliable for passenger purposes. A detailed investigation of the feasibility of a new line and station at Wilton (including electrification) is necessary to support growth of the magnitude proposed. The DPE and Transport for NSW have formed a project control group with Council however, despite acknowledging the critical access issues, no meaningful progress has been made on public transport.

Better approach is required where the DPE establishes more productive links within infrastructure agencies to ensure better alignment of land use and infrastructure delivery. If better planning can be undertaken at the State level, then the delivery of housing at the local level can be carried out with confidence.

4 Delivery mechanisms following the rezoning of land through to construction

Recommendation 5: Revise Section 94 practices to allow levies for the construction of community facilities on the 'essential works list'

The *Practice note for assessment of contributions plans by IPART* (NSW Department of Planning and Infrastructure, 2014) excludes levying developer contributions for the construction of vital community facilities. These include libraries, swimming pools, youth centres and community meeting spaces that are by any measure essential to sustaining vibrant, healthy and active communities.

The essential works list is relevant only to those contributions plans that propose a contribution level above the relevant cap (in the case of greenfield areas, \$30,000). Our investigations show that local contribution rates across Sydney's growth areas typically range from \$40,000 to \$100,000 per lot. This is of course reflects the fact that greenfield areas by nature are expensive to service as existing infrastructure is limited and significant investment in new infrastructure is required.

Wollondilly Shire, as a peri-urban / rural shire contains a small collection of rural villages dispersed across a vast area almost as large as Sydney itself. As such it has a very low rate base from which to meet infrastructure funding requirements to service a doubling of the population over 20 to 30 years. If Government continues to preclude levying for community facility buildings, Council will need to increase rates. This in itself is unfair given that existing many households have already funded community facilities buildings (notionally) through the developer of their home sites having paid Section 94 contributions.

With the Federal Government pursuing a high net migration policy and the subsequent increased demand for housing this creates (particularly in Sydney and Melbourne) housing supply is critical. However, equally critical is not creating isolated housing estates burdened by years of poor local amenity (and health) because governments failed to align housing supply with infrastructure delivery.

The common defence to this recommendation promoted by the property development industry is that increased local infrastructure contributions reduce housing affordability. This idea however risks leaving a legacy that repeats the mistakes of many outer suburban subdivisions of the past which entrenches poor accessibility and socio-economic disadvantage. We cannot address housing affordability by creating housing that a community can ill-afford.

5 The complementary roles of state authorities, local councils and utilities

Our response to this issue is adequately covered in **Recommendations 2, 3 and 4.**

6 The different characteristics of Greater Sydney and non-metropolitan NSW

Recommendation 6: Commit to a decentralisation policy

The current Federal Government policy position on immigration (currently 200,000 people net annually) has significant implications for Sydney and Melbourne, and the growth centres therein.

The State Government should consider adopting a policy of managing this increased demand for housing by looking beyond Sydney's growth centres and promoting and incentivising growth in the regions.

There are several regions throughout NSW that are in a state of population decline or stagnation. The Government should explore incentives to encourage families to relocate to these areas and support those communities by moving government jobs to the regions and investing in local infrastructure there.

The same approach should apply to outlying peri-urban areas such as the Wollondilly Shire. There is a clear lack of local employment opportunities to sustain growth the magnitude being planned by the NSW Government. The current ratio of jobs per household across the Shire is 0.8:1 while the NSW state average is 1.2:1 (Wollondilly Shire Council Economic profile).

Current plans for the Wilton PGA proposes an arbitrary target 15,000 jobs and 15,000 dwellings however no analysis is provided to demonstrate how this will be achieved. An economic development strategy has been proposed by the NSW Government. This approach will fail as it ignores the drivers of employment growth including access to passenger rail transport or significant catalytic employment incubators such as hospitals or major corporations.

It is likely that the dwelling yields will be far greater than 15,000 based on the proposals already received that indicate potentially 24,000 dwellings might eventuate at full development. In comparison, without understanding the drivers of employment growth, it is likely that 15,000 jobs will not be attained. This will result in creating an automobile dependant housing estate that will rely upon accessing employment hubs further afield such as Narellan and Campbelltown. These areas are over 25 kilometres from Wilton and it should be noted that the average commute to work distance in Sydney is 15 kilometres (Bureau of Infrastructure, Transport and Regional Economics, 2015).

It is inequitable for the incoming residents of the Wilton PGA to burden such long commutes to access employment, particularly as they contribute to paying taxes which fund Sydney mass transit system.

The NSW Government must actively support outlying growth areas by decentralising government departments to areas when local employment opportunities are limited.

7 Other related matters

Recommendation 7: Abolish the ‘at no additional cost to government’ policy

A significant barrier to housing supply is that development in greenfields areas are ‘at no additional cost to government’. Growth areas by nature are of state significance as they provide a significant number of new homes to support the housing supply agenda of the Federal and State Governments.

Council has experienced some resistance to planning for critical public transport infrastructure such as passenger rail on the basis that the proposal is developer-led. This of course is illogical as the proposals for the Wilton PGA were made in response to the NSW Government’s Potential Homesites Program. They were also subsequently accepted by the NSW Government and the Wilton PGA was formally gazetted. At this point future planning should not be constrained by arbitrary notions of what was developer-led versus government-led. Ultimately, it is government’s responsibility to accept and promote sustainable growth and invest adequate infrastructure to support the housing supply agenda.