

**Submission
No 44**

LAND RELEASE AND HOUSING SUPPLY IN NEW SOUTH WALES

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The Chair
Committee on Environment and Planning
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Dear Sir/Madam

LAND RELEASE AND HOUSING SUPPLY IN NSW

Thank you for the opportunity to provide input into the Land Release and Housing Supply Inquiry.

Wollongong is NSW's third largest City and is located in the Illawarra Shoalhaven Region. The Wollongong LGA has a population of 211,000 persons (ABS 2016).

Wollongong has recently been reported, in several sources, as Australia's 3rd most expensive City after Sydney and Melbourne.

Wollongong City Council is understandably concerned about Housing Affordability and has commenced a review of its Housing Strategy.

The Premier's Housing Affordability announcement on 1 June 2017 is welcomed. However, there appears to be limited impact for Wollongong City Council behind the announcement.

Specific feedback is provided below with reference to the Committees' Terms of Reference:

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**

Wollongong contains the West Dapto Urban Release Area, the largest release area in the State outside of Sydney's growth centres. The release area is expected to contain an additional 19,500 dwellings and 56,000 persons over a 40-50 year timeframe. The release area is heavily constrained by floodplains, Endangered Ecological Communities and High Voltage Electricity Easements, which has meant that only a third of the total land area is available for urban development. This low yield and the difficulties to service the release area, results in high infrastructure costs per hectare or per dwelling. Stages 1 and 2 of the release area, providing for some 6,900 future dwellings, were rezoned in 2010. To date, Council has approved 10 Neighbourhood Plans for 3,400 dwellings and approved development applications for the creation of over 1,000 lots. The fragmented ownership pattern and not having a major developer controlling a significant land holding has created a number of challenges in planning and timely infrastructure delivery.

Wollongong also contains part of the adjoining Calderwood Urban Release Area, the majority of which is located in the Shellharbour City Council area. This release area has created its own set of challenges.

Council officers have worked well with officers from the Department of Planning and Environment's Illawarra office for many years in planning and rezoning the West Dapto Release Area. The following comments are about the Department in general and are not aimed at the regional team.

It is Council's view that the Department of Planning and Environment has not added value to the land release program and is in fact delaying and impacting on the affordability on the delivery of housing. Examples include:

- The draft West Lake Illawarra Special Infrastructure Plan (SIC) was exhibited from 21 January to 25 March 2011 by the Department of Planning and has not been progressed to finalisation. This means that developers on a site by site basis need to prepare a Planning Agreement with the Department. This process adds unnecessary uncertainty, cost and delays to the subdivision process. It is understood that the management of this process has recently been removed from the Department's regional office to the Head Office. We encourage developers to start the Planning Agreement process at pre-lodgement meetings, otherwise the need to secure a VPA with the State government significantly delays the issue of a development consent. The former Minister for Planning announced that the SIC would be finalised as a priority in December 2016 and that the SIC would address Biodiversity Certification. However, since that time, Council has been advised that the Illawarra is in a queue behind Sydney and the Hunter Region.
- In December 2015, Council requested the Department of Planning and Environment to include a biodiversity levy in the draft SIC to enable the funding of the conservation of significant vegetation. Council is still waiting for a response. Without a biodiversity levy, the Biodiversity Conservation Agreement that Council has prepared with the Office of Environment and Heritage cannot progress. This means there is no certainty for developers and the community as to which stands of vegetation need to be retained and what can be cleared. The estimated cost of the levy is \$2,000 - \$3,000 per lot. Without Biocertification (and a levy) biodiversity issues need to be managed on a site-by-site basis by individual developers, who may need to negotiate off-site conservation agreements to enable the clearing of vegetation to allow for the efficient use of land. Anecdotally, Council has learned that this process has cost individual developers millions of dollars and added 2-3 years to approval timeframes. Biodiversity Certification would remove this uncertainty and cost. We understand that the funding may now be able to be provided via the new Biodiversity Conservation Trust established under the Biodiversity Conservation Act 2016, but this has not been communicated to Council.
- Local infrastructure developer contributions in West Dapto have been capped at \$30,000 per lot, though costs are higher for the reasons discussed earlier. To exceed the cap, Council prepared and exhibited an updated draft West Dapto Section 94 Development Contributions Plan and submitted it to IPART for review. IPART completed its review in October 2016 which was forwarded to the Department and the Minister for Planning (as required) to approve the Plan and make a determination on how the shortfall in infrastructure funding as assessed by IPART (\$430 million) would be met. In an effort to expedite this process, in April 2017, Council submitted an updated draft Plan to the Department / Minister for endorsement that incorporated IPART's recommendations. Since that time, Council has been waiting on the Department and Minister for Planning to determine the new contributions framework for the West Dapto Release Area. Uncertainty in the infrastructure funding arrangements for the land release is impacting critical decisions and the delivery of housing. Rezoning decisions have been stalled pending resolution of this critical issue.
- The former Minister for Planning acting on advice from the Department, rezoned the Calderwood Release Area in 2011, located in both the Wollongong and Shellharbour LGAs, out-of-sequence and without an Infrastructure Plan or funding arrangements in place. Although the initial stages of development are within Shellharbour LGA, Wollongong City Council has expended considerable resources attempting to resolve infrastructure issues that affect the Wollongong community. Council and Lendlease have recently negotiated the terms of a Planning Agreement to address the impact of the Calderwood release on Wollongong infrastructure.

The legal action, uncertainty, costs and delays which impacted all parties prior to the Planning Agreement being finalised, could have been avoided with the preparation of a local infrastructure plan prior to State led rezoning.

- In recent attempts to improve the Planning Proposal process, the Department has added additional steps, such as the Gateway process and Appeals, which adds to the time to prepare and exhibit a draft Planning Proposal. At the end of the Planning Proposal process, another 6 months is required for the drafting of the LEP amendment by the Parliamentary Counsel Office (PCO). It is suggested that the PCO should be provided with additional resources to speed up the LEP drafting and notification process or alternatively this step in the process could be removed altogether.
- From our experience, the Department is responsive to developer requests, rather than having a clear strategy for the release of land and the coordination / timing of supporting infrastructure. For example,

the mapping which depicts the priority housing precincts issued as part of the Housing Affordability package does not show the priority or sequencing of the release areas or how they will be serviced.

- The Department and Minister for Planning have in the recent past made numerous announcements based on draft documents. However, the finalisation of the documents seems to stall. On the Department's website, you can make a simple comparison of the list of Policy documents on exhibition and finalised, against the long "under consideration" list.

The Department's ever changing structure has not provided continuity or certainty. From Council's perspective, it appears that the Department's staff do not seem to have the delegations to be able to make important or, at times even straight forward decisions, without the Minister's or Secretary's approval.

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

The West Dapto land release highlights a key issue that challenges the State's current infrastructure funding settings. That is, what is to be done with strategically well located land (close to jobs, services, and existing infrastructure) that has high local infrastructure costs? Without a solution, areas like West Dapto may continue to be 'leap frogged' in favour of more remote locations with lower upfront local infrastructure costs. It is Council's experience that the delivery of housing and coordination of infrastructure after rezoning is left to Council.

For Urban Release Areas, the Standard LEP Instrument requires:

- i. Satisfactory arrangements to be made with the State in terms of State Infrastructure, which can either be achieved by a SIC or Planning Agreement. The draft West Lake Illawarra SIC was discussed earlier in this submission.
- ii. The preparation of a development control plan that addresses a range of matters. Council has adopted Wollongong DCP 2009 Chapter D16 West Dapto Release Area and requires Neighbourhood Plans to be prepared by groups of land owners to encourage roads, drainage, open space to be considered on a precinct / neighbourhood scale, rather than site by site. The benefits are the consideration of issues at a broader scale, and adjoining land owners working together. The disadvantages are the additional timeframe required to prepare, submit, exhibit and adopt a Neighbourhood Plan (6-12 months) and the level of detail that Council requires on certain constraints and issues. It is difficult to find the balance between the information required to support a rezoning and a development application.

What is missing is the need to prepare a joint State and Local Infrastructure Plan that guides the timing of State and Local Infrastructure to serve a release area together with the commitment to fund the delivery of infrastructure. It is Council's experience that State departments and agencies cannot plan or budget beyond the 4 year Total Asset Management Plan (TAMP) cycle and are unwilling to commit beyond this period. This makes the infrastructure delivery over a 40-50 year release area difficult, as local infrastructure (such as roads) need to connect to State roads, which may or may not be constructed. Similarly, a number of schools will be required to serve West Dapto, but as yet there is no plan to acquire even a single site for a primary school, let alone the other seven primary schools and two high school sites original planned.

As well as Council, the key agency for the delivery of infrastructure within release areas is Sydney Water. Within the Illawarra, Sydney Water has been proactively planning and extending the water and sewerage infrastructure networks in West Dapto. Endeavour Energy has also been proactive in assisting with the delivery of West Dapto.

Other departments and agencies have not been so supportive or proactive, as discussed in the following section.

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

Based on Council's experience, the Department of Planning and Environment does not seem to have sufficient standing amongst the other Government departments and agencies to coordinate infrastructure delivery. Perhaps the Department of Premier and Cabinet would be better placed to coordinate infrastructure delivery.

It appears that the importance of new release areas is not a shared vision within Government departments. The West Dapto Release Area has been identified as a release area since the 1980s, and is a priority within the Illawarra Shoalhaven Regional Plan 2016. Council exhibited a Local Environmental Study and draft Local Environmental Plan in 2007-2008. However, it appears to Council that some Government departments are

opposed to development within the release area and delay decisions through objections and requests for additional information. These agencies typically have a single issue focus and are often unable or unwilling to recognise the competing objectives within a land release. Most notably:

- Office of Environment and Heritage – frequently delay development decisions through comments and requests pertaining to flooding, indigenous heritage and biodiversity conservation. From Council's experience, it appears that requesting additional information, often at development application level, is often preferred over making a decision.
- Department of Education – has not purchased any sites or earmarked any land for public primary or high schools within West Dapto. Schools are important pieces of community infrastructure that need to be sited and planned early, so that the bus routes, proximity to open space and the road pattern can be considered. The Department currently plans to bus students to surrounding suburbs until demand warrants a new school in an estimated 3 years. However, it takes 3 years to acquire land, plan, design and build a school. Meanwhile the developers keep lodging DAs for subdivision and potential sites for schools are being lost. The Department of Education has formed a view that they cannot access the SIC funds being collected for this purpose and that developers will "give" them land for schools. Some developers may offset their SIC contribution by providing land for schools, but it is not gifted to the State – this is simply a different accounting treatment. This is problematic given the large number of small holdings in West Dapto. No individual may see the benefit in donating a suitable parcel of land for a school, leaving the area under-resourced for schools or the Department having to pay premium prices for suboptimal sites.
- Department of Primary Industry – Water – is focused on riparian corridor widths based on its "guidelines", which can conflict with broader housing objectives.
- Transport for NSW – has not provided information on future bus routes or timing to update the rail network, either duplication of the train track, or improving train capacity or service. One of the transport objectives for the West Dapto Release Area is to achieve a 20% mode shift to public transport, to reduce the dependency on private vehicles. Without a local bus service or improved rail transport, this won't be achieved and there will be more commuters driving to Wollongong and Sydney.
- Roads and Maritime Services – unlike other release areas in Sydney, there are no regional roads or road funded via the SIC in the West Dapto Release Area. This adds significant cost to the essential local infrastructure list – which is passed onto developers through Council's West Dapto Section 94 Development Contributions Plan and may put at risk development feasibility. This also unfairly portrays Council as charging high developer contributions. In other release areas, the State government has accepted responsibility to either fund or construct major new roads and road upgrades through a SIC which subsidises the development costs. It should be pointed out that at a local level, RMS leadership have worked to satisfactorily address certain critical issues. However this appears to be a localised pragmatic response as opposed to a systematic approach by the agency.

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

The Wollongong LGA is not part of the Greater Sydney Commission area, although the definition of Wollongong as 'regional' or 'metropolitan' frequently changes. Council has previously communicated the view that another layer of government would simply add confusion, inconsistency and delays to local planning decisions. Council would not be supportive of adding more bureaucracy to the planning system.

Council officers would be available to discuss the points raised in this letter at a public hearing, if required.

Please contact myself or Council's Director Planning & Environment, Mr Andrew Carfield, should you require further information.

Yours faithfully


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