

**Submission  
No 46**

## **LAND RELEASE AND HOUSING SUPPLY IN NEW SOUTH WALES**

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# Inquiry into Land Release and Housing Supply in NSW

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NSW Government submission to the NSW Legislative Assembly  
Committee on Environment and Planning

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## Executive Summary

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The inquiry by the NSW Legislative Assembly Committee on Environment and Planning into land release and housing supply in New South Wales (NSW) provides the opportunity to review the current delivery mechanisms for land release. From rezoning through to the delivery of homes in Greater Sydney and beyond, the terms of reference allow for the consideration of opportunities for increased inter-agency coordination, funding mechanisms and planning resources; and the prospect to improve housing delivery through new planning instruments.

Demand for housing in NSW has grown significantly in correlation with population growth. NSW's population is expected to grow to 9.9 million people by 2036. The Greater Sydney region will experience the greatest population growth in the State, with an anticipated 2036 population of 6.4 million.

Delivery of a variety of well-designed housing choices in the right places will put downward pressure on house prices and create vibrant and healthy communities.

Critical to the delivery of housing supply is the NSW planning system - an interaction of people, policy and legislation. Responsibility for planning is shared between State and local governments with both undertaking roles in development assessment, plan making, policy development and providing guidance to various users within the system. This requires a strong ongoing commitment to collaboration between key stakeholders such as State agencies, local government, utility providers and industry in the housing supply process.

Managing the identification, planning and delivery of greenfield land release areas requires different approaches between metropolitan and regional NSW. In Greater Sydney, the NSW Government has taken the responsibility to identify and plan greenfield areas through priority growth areas. In regional NSW, this responsibility is shared between the State and local government.

Department of Planning and Environment (DP&E) is committed to clearing blockages in the housing supply process and ensuring high levels of community amenity. This is highlighted by the newly formed DP&E housing delivery, Office of Housing Coordination and accelerated rezoning teams, established to strengthen relationships with key stakeholders to identify, anticipate and resolve impediments to the delivery of new homes. In addition to this, updates to complying development codes are being prepared and implemented, along with toolkits to assist local councils with development assessment and rezoning.

# 1.0 Introduction

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With NSW's population continuing to grow, the provision of new housing, whether it be from new land release areas or existing urban areas, plays an important role in maintaining quality of life for existing and future residents. The NSW population is projected to grow to 9.9 million people by 2036, 2.2 million more people than we have today. This population growth places an obligation on the NSW Government to ensure planning is streamlined and allows for the efficient delivery of new homes.

The current planning system provides pathways to deliver housing supply across NSW in both new land release areas and through the renewal of existing urban areas. Greater housing supply provides greater housing choice, contributes to economic activity through construction and works to create vibrant communities through high quality urban design.

A strategic planning approach targeted at regional, district and priority growth area provides the framework to deliver new homes in Greater Sydney and regional NSW. This approach also elevates the importance of delivering new homes as a part of a process that creates vibrant, well designed communities, and protects and enhances environmental, landscape, and heritage values.

DP&E has sought to simplify housing delivery through greater consistency in strategic and statutory planning, greater infrastructure and stakeholder coordination, and clearer and more effective policy directions for the priority growth areas in Greater Sydney and regional NSW.

## 2.0 The NSW Planning System

The process for the identification, rezoning and construction of new housing in greenfield areas is governed by the NSW planning system. The NSW planning system is an interaction of people, policy and legislation. The core of the planning system comprises a range of legislative and policy tools administered by State and local governments. Responsibility for planning is therefore shared between the two jurisdictions both undertaking roles in developing policy, plan making, development assessment and providing guidance to various uses within the system.

The principal legislation governing the planning system is the *Environmental Planning and Assessment Act 1979* (the EP&A Act). The main elements of the EP&A Act include:

- *Environmental planning instruments*: Preparation of policy and plans to direct, guide and control development outcomes;
- *Development assessment*: Managing the process of assessing development;
- *Development contributions*: Requiring the contribution towards the provision of infrastructure and services that result from development opportunities; and
- *Public authority activity assessment*: Requiring public authorities to assess the impacts of their activities.

The legislation sets out the responsibilities for DP&E, local councils and planning panels, including but not limited to Sydney Planning Panels, Joint Regional Planning Panels and the Planning Assessment Commission. Planning panels operate across NSW to provide independent, merit-based decision making on regionally significant development. The NSW Government recently expanded the role of panels to include mandatory Independent Hearing and Assessment Panels for local developments in Greater Sydney and Wollongong.

There is also other NSW legislation that intersects with and influences the planning system including:

- *Heritage Act 1977*
- *Threatened Species Conservation Act 1995*
- *Fisheries Management Act 1994*
- *Marine Estate Management Act 2014*
- *Coastal Protection Act 1979*
- *Native Vegetation Act 2003*
- *Plantations and Reafforestation Act 1999*
- *Local Government Act 1993*
- *Crown Lands Act 1989*
- *Aboriginal Land Rights Act 1983*
- *Water Management Act 2000*

Some of the most important elements of the planning system are:

- *Strategic planning*: Varying in form and outcome from small scale project-based exercises through to regional scale investigations and outcomes, strategic planning identifies the environmental, economic and social priorities in order to achieve balanced and sustainable urban development. Strategic plans include regional and district plans, land use and infrastructure implementation plans for growth areas, and local strategic planning documents (including growth management strategies). These plans provide overarching frameworks to guide planning outcomes, and inform the development of State and local statutory and non-statutory plans. Applicable to both greenfield land release and urban renewal areas, strategic plans should be aligned in order to provide consistency across all levels of application;
- *State Environmental Planning Policies*: Ranging from policy documents through to detailed development controls for particular areas or types of development. These policies allow for consistent approach to State planning issues and are prepared to align with relevant

strategic plans. In the growth areas of Sydney, a SEPP has been used to create the process for the release of land, the zoning of greenfield development precincts and the identification of specific development controls;

- *Local Environmental Plans and Development Control Plans*: Prepared and administered by Councils to control what can and cannot happen on land in a particular area as well as setting the considerations for the assessment of development proposals. These are prepared and amended as necessary to align with State-level statutory plans and strategic plans. Local Environmental Plans are used to create zoning controls, including planning proposals which contain the justification to change zonings, often to introduce new land release;
- *Policy implementation through legislation and other requirements*: Including Directions from the Minister for Planning to local government (under section 117 of the EP&A Act), a standard instrument for all local environmental plans, policy positions on development types or areas, and so on; and
- *Guidelines and Best Practice Documents*: These give guidance on development assessment processes and can be used by applicants, and state and local government agencies.

Standardisation of the common 'tools' of the planning system, such as zoning names, development definitions and the way that development standards are expressed, has brought a number of benefits, including the ability to improve the NSW planning portal website which provides access to information to help a user prepare, lodge and track development applications (<https://www.planningportal.nsw.gov.au/>).

## 3.0 The role of the NSW Government in planning for a continued housing supply for NSW residents

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The planning system is administered primarily by DP&E and local government. However, there are many other Government departments and agencies that have responsibility under planning legislation to deliver infrastructure and services to land release areas enabling the delivery of homes in NSW.

### 3.1 Department of Planning and Environment

DP&E has a variety of roles which contribute to land release and housing supply in NSW including:

- Undertaking strategic planning;
- Strategic infrastructure planning;
- Managing planning policies and associated legislation; and
- Assessing certain development and planning proposals.

#### Strategic planning

Strategic planning is the backbone of a competent planning system. Strategic planning is future oriented and presents a narrative of an intended place or set of circumstances for the future. The strategic plan sets out the preferred scenario for a region, shire, town or place around which a delivery platform like a Local Environmental Plan (LEP) and comprehensive infrastructure plan is developed.

The selection of land use zones and mechanics of the development assessment platform are shaped in a particular way to facilitate and deliver the vision envisaged by the strategic planning framework. Elements and considerations around developing statutory components of an LEP should have regard to the context and the story behind the strategic planning framework.

DP&E uses strategic planning to guide a region by defining goals and objectives to be achieved within a set timeframe, usually 20 years. With a view to help achieve a balanced environmental, economic and social outcome for NSW, DP&E's strategic planning process emanates from a vision about creating sustainable and prosperous communities across the State. This vision leads to key policy directions, e.g. creating a new 'Western City' which is accessible for jobs and transit oriented development around major transit nodes that guide land use and infrastructure planning.

Detailed technical investigations and consultation with the key State agencies, to evaluate opportunities and constraints associated with infrastructure provision, market conditions, environment values, community aspirations and local and regional character, lead to the identification of the best locations suitable for new communities. These locations, which are identified as greenfield land release areas, are then subject to comprehensive precinct planning with an objective to create new communities that are well serviced, connected and integrated into the character of the surrounding areas.

In the Greater Sydney region, DP&E uses strategic plans produced by the Greater Sydney Commission (GSC) as a framework to tie land release areas to the surrounding urban fabric. GSC plans for Sydney's long-term future, with a 20 year plan and a 40 year vision, *Towards Our Greater Sydney 2056*, and District Plans to bridge the broader strategic vision of Greater Sydney with local



planning initiatives. DP&E has also developed regional plans for all areas of regional NSW to create a vision for the nine regions of NSW.

The strategic plans of the GSC (Regional Plan or District Plans) are given a land release focus through Land Use and Infrastructure Implementation Plans (LUIIPs). These more delivery focussed strategic plans provide a long term vision for growth areas based on detailed environmental, social and economic assessment. The LUIIP also provides an infrastructure masterplan to coordinate the delivery of essential infrastructure to support new homes and jobs.

The *State Environmental Planning Policy (Sydney Region Growth Centres) 2006*, informally known as the Growth Centres SEPP, established the North West and South West Priority Growth Areas in 2005. Over a decade since its creation, land release areas covered by the SEPP have expanded to accommodate the Western Sydney Airport, Greater Macarthur, Wilton and Ingleside Priority Growth Areas.

The aims of the Growth Centres SEPP seek to coordinate the release of land for residential, employment and other urban development in the North West, South West and Wilton Priority Growth Areas. The controls within the SEPP enable the establishment of vibrant, sustainable and liveable neighbourhoods that provide for community well-being and high quality local amenity. Furthermore, they provide for the sustainability of land with conservation value, encourage the orderly and economic provision of infrastructure, and address the health of waterways, natural and cultural heritage values, and biodiversity.

**Figure 1** shows the priority growth areas within the Greater Sydney region. These priority growth areas combined are forecasted to provide over 230,400 dwellings by 2036, as detailed in **Table 2**.

Figure 2 – DP&E’s current land release areas (priority growth areas) in Greater Sydney

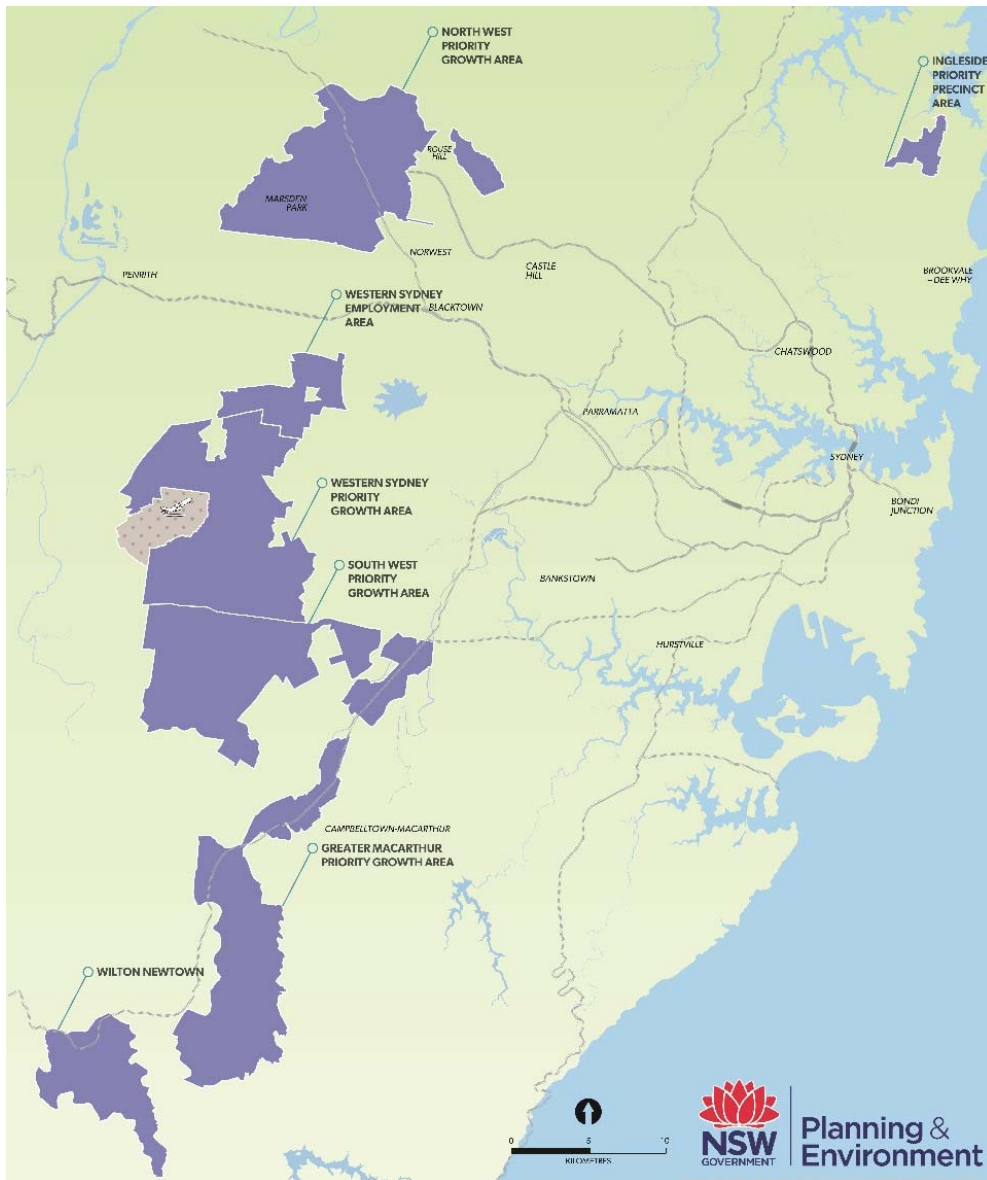


Table 2 – Estimated 2036 housing supply in priority growth areas

Priority Growth Area	Estimated Total Housing Supply by 2036
North West	76,000
South West	83,000
Western Sydney	22,000
Greater Macarthur	35,000
Wilton	11,000
Ingleside	3,400
<b>Total</b>	<b>230,400</b>

Based on service catchment boundaries and other natural (e.g. creeks) or man-made (e.g. railway lines) barriers, each priority growth area is divided into several precincts. DP&E carries out detailed planning at the precinct-level to rezone land from typically rural uses to residential and enable delivery of homes. Precinct planning requires inter-agency consultation, identification of enabling infrastructure and detailed technical studies, including but not limited to traffic and transport, utilities, water cycle management, environmental, social infrastructure, economic feasibility, contamination and biodiversity. The precinct planning process ultimately informs new land uses and rezones each precinct to accommodate more homes in the Greater Sydney region.

DP&E is currently planning for more than 230,400 homes across Sydney's North West and South West, Western Sydney, Ingleside, Greater Macarthur and Wilton land release areas with a further 170,000 dwellings planned in urban renewal areas such as the Sydenham to Bankstown Urban Renewal Corridor and the Greater Parramatta Priority Growth Area, by 2036. Significant infrastructure delivery programs continue to be implemented by key infrastructure providers to facilitate development of these land release and urban renewal areas.

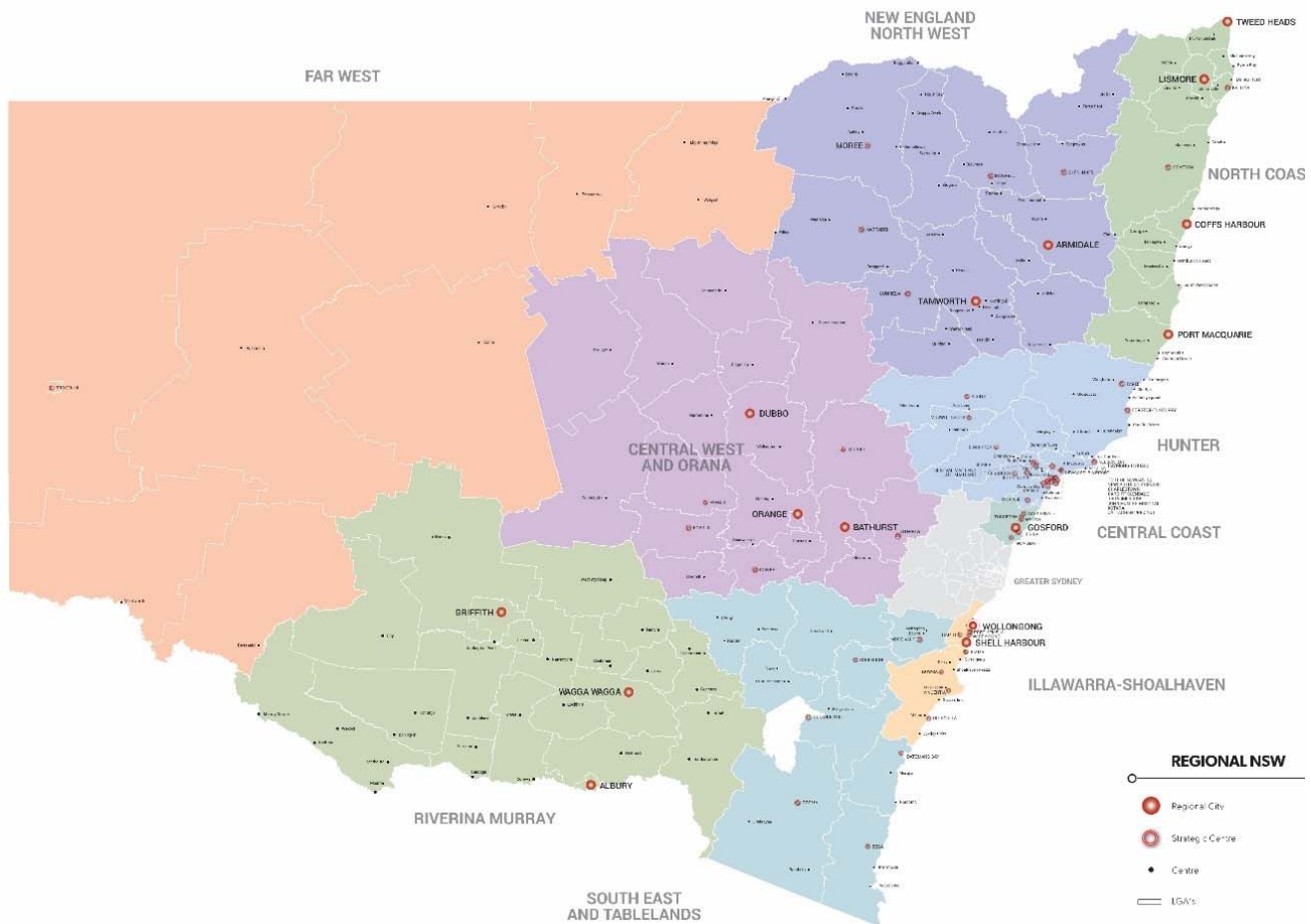
DP&E's role in strategic planning in regional NSW is similar to the GSC's role for Greater Sydney. Regional plans for the nine regions, as shown in **Figure 2**, have recently been finalised.

The regional plans represent an overarching framework for the next 20 years to guide more detailed land use plans, development proposals and infrastructure funding decisions for each region. They set out a vision, goals and actions for DP&E to work with councils to increase housing supply and choice by monitoring development rates, developing local housing strategies, coordinating infrastructure to support land release and developing a Special Infrastructure Contributions Plan in high growth areas such as the Hunter.

The regional plans also identify Local Aboriginal Land Councils as a significant land owner, and commit to working collaboratively to strategically assess the Land Council's landholdings and identify priority sites to create a pipeline of projects. DP&E is currently working with Central Coast Council and the Darkinjung Local Aboriginal Land Council as a priority action under the Central Coast Regional plan.

Councils will use the strategic planning mechanisms, such as growth management strategies and housing strategies to translate land release planning into statutory rezonings via planning proposals and contribution plans for local infrastructure.

**Figure 2 – Regional plan boundaries in NSW**



### Strategic infrastructure planning

The release and planning for greenfield land release areas is influenced by the availability of key enabling infrastructure that will unlock land for housing. Strategic planning identifies the best location of infrastructure investments that are determined by environmental, economic and social factors. A strategic approach to land use and infrastructure planning is important to develop serviced, vibrant and liveable communities that are connected and integrated with their surrounds.

Land Use and Infrastructure Implementation Plans are the tool or mechanism that the NSW Government uses to identify enabling infrastructure needed to build new communities in land release areas in Sydney. Each enabling infrastructure item is attributed to a service delivery agency such as Roads and Maritime Services (RMS), Transport for New South Wales (TfNSW), water and sewer authorities, electricity providers, the Department of Education, the local health district or the local council. It is not uncommon that these service providers coordinate infrastructure delivery and competing funding priorities on multiple development fronts at the same time.

The Land Use and Infrastructure Implementation Plans serve as a guide for each delivery agency by providing information on the existing capacity of the infrastructure network, the type of upgrade

needed and the delivery date to unlock new land release areas for housing. These plans seek to assist delivery agencies prioritise and deliver infrastructure, and help track housing delivery through the collection and analysis of housing delivery data from local councils and service providers.

### **Strategic infrastructure funding**

To assist with the timely delivery of infrastructure, several infrastructure funding sources are managed by DP&E which expedite the design and construction of identified infrastructure items.

The Special Infrastructure Contribution (SIC) Scheme is a cost recovery funding tool used in land release areas. The SIC is a long-range funding scheme that identifies infrastructure items to be delivered within the next 20 years. The costing of infrastructure items determines the developer contribution per dwelling. As development applications are approved, the SIC funds collected are used to finance infrastructure needed to unlock an area for development.

The Housing Acceleration Fund (HAF) was established in 2012 with \$875 million in funding from the NSW Government to deliver critical enabling infrastructure to stimulate and accelerate housing development in NSW. As of April 2017, the NSW Government has used HAF to fund \$475 million in infrastructure to support over 160,000 homes and 1,200 hectares of employment land. The types of infrastructure provided under HAF include upgrades to roads such as Camden Valley Way in the South West Priority Growth Area, Richmond Road in the North West Priority Growth Area, as well as contributions to critical water supply and drainage projects in the Hunter, North Coast and Greater Sydney region. In addition, power supply projects in Western Sydney have benefited from HAF funding. As part of the NSW Government's recently announced plan to improve housing affordability, the HAF received an additional \$600 million in funding from Restart NSW to continue to accelerate housing supply.

Another funding mechanism used for infrastructure provision are Voluntary Planning Agreements (VPA). A VPA, which is facilitated by DP&E, is a negotiated, binding contract entered into between the Minister for Planning and the developers seeking to accelerate land release within priority growth areas. In such cases, the developer agrees to fund precinct planning and deliver enabling infrastructure at no additional cost to the NSW Government.

VPAs have been used again to deliver road infrastructure (otherwise known as works in kind), in places like Gregory Hills in the South West Priority Growth Area or at Marsden Park in the North West. VPAs are also used for the dedication of land for community facilities, such as land for new schools and emergency facilities in the Googong New Town at Queanbeyan.

Development contributions collected by councils (typically known as section 94 contributions) are a funding mechanism used to collect funds to finance local projects initiated by councils. Section 94 contributions are further expanded in the Council section of this submission.

### **Policy and legislation**

DP&E reviews planning legislation and develops environmental planning instruments (EPIs) providing guidance and directions to inform the NSW planning process. Many policy directions influence housing supply and diversity in land release areas, and they include but are not limited to the following:

- Complying development codes (includes draft greenfield, inland and medium density complying development codes);
- Housing affordability (includes considerations made under housing diversity initiatives to enable small-lot housing production);

- Environmental (addressing matters such as koalas, rural land, wetlands, and coastal areas);
- Hazards (includes bushfire, land stability and contaminated lands);
- Infrastructure;
- Economic (includes business and industry); and
- Housing for seniors and people with disabilities.

### Development assessments

DP&E carries out the development assessment of the State's most significant infrastructure, industry and resource projects, as well as assessing planning proposals through the Gateway process which assesses the merits of rezoning proposals. DP&E's core planning services, include:

- The assessment of State significant infrastructure, industry, and resource (mining and energy) projects, and projects on key sites;
- Ensuring industry complies with the conditions of project approvals;
- Supporting councils to make and amend LEPs;
- Strategic planning for rural and regional NSW; and
- Supporting Planning Panels throughout NSW.

The various Sydney and regional Planning Panels play a role in the delivery of housing as independent bodies which make decisions on regionally significant development and reviewing rezoning matters in certain circumstances. Planning Panels include six Sydney Planning Panels (which will be reduced down to five to reflect the five Districts in Greater Sydney) in the Sydney metropolitan area and four Joint Regional Planning Panels in the remainder of the State. Planning Panels are the determining authority for regional development with a capital investment value of over \$30 million, including residential flat buildings, shop top housing and mixed use development. The average determination time through the planning panels is 13 days. These services are intended to ensure the appropriate implementation of planning controls.

In addition, the Minister for Planning recently directed Independent Hearing and Assessment Panels (IHAPs), which are separate to the Planning Panels, to be made mandatory for all councils in Sydney and Wollongong, to guard against corruption and lead to better local planning decisions. IHAPs will consider development applications with a value between \$5 million and \$30 million.

The size of residential subdivisions, or the construction of integrated housing (a combined housing construction and subdivision proposal), will typically exceed the thresholds for consideration by the Planning Panel or the IHAP. In these cases the development applications are assessed by council staff, and the final decision is made by the Panel or IHAP. This approach ensures transparent decision making on whether developments should proceed and the policies used to assess the application.

## 3.2 Role of supporting agencies in the planning system

There are many State agencies which provide complementary roles and assistance to land release and housing supply in NSW.

### Greater Sydney Commission

GSC is an independent NSW government agency established by the *Greater Sydney Commission Act 2015* to lead strategic planning for the Greater Sydney region. The GSC's principal objectives are to:

- Lead metropolitan planning for the Greater Sydney region;
- Promote orderly development in the Greater Sydney region, integrating social, economic and environmental considerations with regard to principles of ecologically sustainable development contained in section 6 (2) of *the Protection of the Environment Administration Act 1991*;
- Promote alignment of government infrastructure decision-making with land use planning;
- Promote the supply of housing, including affordable housing;
- Encourage development that is resilient and takes into account natural hazards;
- Support ongoing improvement in productivity, liveability and environmental quality; and
- Provide advice to the Minister for Planning on matters relating to strategic planning and development.

In November 2016, the GSC exhibited six District Plans for the Central, South, South West, West, West Central and North districts, which are currently under revision. On 22 September 2017, the Minister for Planning issued a formal order for the merger of Western District and South West District to better facilitate planning around the Western Sydney Airport. The draft West and South West District Plans will be combined to one. These district plans set actions and priorities for each addressing needs that are specific to each geographic region. Councils, when preparing a planning proposal (rezoning) are required under the planning legislation to any District Plan.

In July 2017, the GSC launched two key documents that will guide the future planning for Greater Sydney and the integration of growth with infrastructure. These documents guide the proposed new Regional Plan, the *Greater Sydney Region Plan*.

*Directions for a Greater Sydney* has been produced to better integrate land use and infrastructure to deliver a more productive, liveable and sustainable Greater Sydney. It will guide the objectives, strategies and actions in the draft *Greater Sydney Region Plan* and updated draft District Plans. GSC's approach to housing is outlined in Direction 2: 'Housing the city'. This direction details the need for accelerated housing supply to meet the demands of growth, the need for more affordable housing of a range of types and tenures, and the need for infrastructure to support new housing.

*Growth Infrastructure Compacts* have been devised by the GSC to bring governments, business and the community together to match housing and jobs growth with timely and cost-effective delivery of infrastructure. The Growth Infrastructure Compact is aimed at a coordinated 'place-based' plan for growth and infrastructure, with community and industry input and local and state government backing. At this stage, growth infrastructure compact is not a NSW Government policy and it is currently being trialled in the Greater Parramatta to Olympic Park urban renewal area.

The draft *Greater Sydney Region Plan* is being finalised and is planned to be exhibited in late 2017 at the same time as the NSW Transport Masterplan. Updated draft District Plans will be finalised in early 2018.

### Utility authorities

Sewer, water and electrical services are the three key enabling infrastructure services needed to commence housing delivery in land release areas. The strategic approach to align housing development with infrastructure delivery helps to manage and minimise risks associated with infrastructure investment. The providers of these services work with DP&E to determine infrastructure upgrades needed to cater to the forecasted population. Utility providers must precisely time infrastructure delivery to ensure existing user rates remain stable.

Within Greater Sydney, Sydney Water is the primary sewer and water provider for the region. Electrical utility companies, including but not limited to Endeavour Energy and Ausgrid, service different catchments within the Greater Sydney region. These companies balance infrastructure delivery on multiple fronts, while maintaining an affordable user charge for its existing customers. DP&E consults with these service providers to determine forecasted demand and obtain an indicative timeline to when available capacity can unlock land release areas for development.

In regional NSW, essential water and sewer infrastructure is often provided by the local councils whereas electricity is provided by Essential Energy. Due to these responsibilities, regional councils need to determine if sewer and water infrastructure has spare capacity to support new homes when planning for land release. If not, the council must identify funding for upgrade of essential infrastructure through development charges.

Essential Energy is a NSW Government owned corporation, with responsibility for building, operating and maintaining Australia's largest electricity network – delivering essential network services to more than 800,000 homes and businesses across 95% of NSW and parts of southern Queensland. Essential Energy's electricity network covers more than three quarters of New South Wales and includes more than 200,000 kilometres of powerlines.

### **Broadband services**

High speed telecommunication and broadband services play an increasingly important role in maintaining a high quality of life for NSW residents. The Commonwealth Government's *Telecommunications Infrastructure in New Developments* policy sets out arrangements for the provision of telecommunications infrastructure in new developments. The policy's main objective is to give occupants of new developments ready access to modern telecommunications services. Under the policy, developers are responsible for contracting the provision of telecommunications infrastructure in their developments.

People moving into new development expect ready access to quality telecommunications infrastructure and there is an incentive for developers to provide it. Telecommunications is considered as important infrastructure to be provided by developers in priority growth areas to allow the unlocking of land for residential developments. The Commonwealth has explicit power to make laws relating to telecommunications, however, the ability of the Commonwealth to directly regulate developers to address this issue is limited.

The best way to mitigate risk and ensure timely delivery of telecommunications infrastructure to new developments is for State, territory and local governments to put in place appropriate planning requirements for telecommunications infrastructure in new developments. DP&E currently plans for delivery of telecommunications through precinct planning in priority growth areas.

### **Transport authorities**

In 2012, the NSW Government launched an integrated planning approach known as the NSW Long Term Transport Master Plan that focused on making the customer the centre of everything we do. Future Transport 2056 is the NSW Government's new approach to planning transport and engaging customers. It will be a 40 year strategy focusing on customer needs and the technological, economic and social changes ahead.

Transport can shape new places, whether these are undeveloped 'greenfield' sites or areas in transition from low to higher density. By building new developments together with new transport services, we not only minimise congestion – but also create vibrant communities.



TfNSW and RMS work with land release agencies to deliver place-based transport studies that support increased housing supply while delivering great places and the right mix of transport options.

RMS plans and maintains the State road network in NSW. RMS also plays an important role in land release areas as a traffic planner. In consultation with DP&E, RMS identifies existing road capacity and earmarks essential roads to be built or upgraded to accommodate the increased demand on the road network in land release areas. The timely delivery of these roads is integral to providing a level of service to new development in land release sites, both in Greater Sydney and regional NSW. SIC and HAF funds are often applied to expedite design and delivery of identified roads within land release areas.

TfNSW is the designated state agency to provide public transportation services to existing and future communities in NSW. TfNSW maintains the existing public transport network and identifies new service routes based on population growth in both the Greater Sydney region and regional NSW. Presently, Greater Sydney is undergoing extensive upgrades to deliver new transportation modes and an enhanced public transport system. Land release areas in Greater Sydney have benefited from significant NSW Government transport investments, such as the Sydney Metro Northwest, South West Rail Link, Bringelly Road upgrade, and the Northern Road upgrade. TfNSW has a suite of strategic transport models for the Greater Sydney region to better understand the future demand and performance of the transport network.

Significant infrastructure items such as the Sydney Metro are likely to expand westward with the announcement of the Western Sydney Airport by building new developments together with new transport services, congestion is minimised and vibrant communities are created. Presently, future transport corridors are being investigated to connect existing urban areas and new greenfield land release areas to the new Airport. In addition, extensive planning is being undertaken into the delivery of bus transport across the priority growth areas in order to reduce the dependency on motor vehicles and encourage transit oriented developments.

DP&E is responding to these major infrastructure investments by helping to create better-planned and well-designed residential communities and retail centres in areas around and along these transport initiatives. Current initiatives include the Western City, Schofields Priority Precinct, Leppington Priority Precinct, Glenfield Priority Precinct, Marsden Park town centre, Cudgegong town centre and Bringelly town centre.

DP&E has also identified major roads such as Schofields Road in North West Priority Growth Area, Elizabeth Drive in Western Sydney Priority Growth Area, and Bringelly Road bordering South West and Western Sydney Priority Growth Areas as enterprise corridor investigation areas to respond to and capitalise on the public transport infrastructure investments.

These significant infrastructure investments create opportunities to unlock more housing due to the increased level of service provided to an area. Developer interest is positively influenced by such major infrastructure investment decisions.

### **Social infrastructure and environmental agencies**

Social infrastructure and environmental conservation contribute to creating new communities, integrating the local character into new developments, and delivering a high quality of life for current and future residents within land release areas. The delivery of these services ensures the NSW Government is not only providing more homes but creating liveable communities with a wide range of amenities as expected by residents.

DP&E liaises with the local health districts, the Department of Education and local councils to provide essential social services to existing and future residents. Social infrastructure items

delivered in land release areas, include but are not limited to health care centres, schools, community centres, open spaces and parks. Planning for such facilities requires careful consideration of the funding requirements mechanised through Section 94 Contribution Plans, as well as capital works programs by delivery agencies.

It is important to protect and enhance biodiversity values with the delivery of homes. Designated land release sites are usually located in rural areas on the fringe of existing urban areas. Due to the very rural nature, native vegetation and sensitive flora and fauna species often reside in these landscapes.

In order to balance environmental conservation and housing delivery, the Biodiversity Offset Scheme under the *Biodiversity Conservation Act 2016* offers planning authorities a streamlined biodiversity protection and offsetting process, at the strategic planning stage itself, for areas marked for development. The process identifies areas of high conservation value, which can therefore be protected. As a result, land deemed suitable for development in these land release areas is defined, providing certainty when planning for housing growth.

Emergency services are integral to protecting the health, safety and welfare of NSW residents. Many of these land release areas need to balance delivery of homes with environmental constraints, such as bushfire and flooding. Coordination with the State Emergency Services and Infrastructure NSW is crucial to ensuring new homes are appropriately planned with adequate safety measures in place to reduce risk to life from natural disaster events.

A significant part of the North West Priority Growth Area falls within the Hawkesbury-Nepean floodplain, which poses major challenges to DP&E in planning and delivering houses whilst ensuring that the current and future residents in those areas can be safely evacuated during a flood emergency. DP&E, besides working closely with other State agencies such as Infrastructure NSW, State Emergency Services and RMS, undertakes extensive flood evacuation and traffic studies to determine and mitigate any risk to life from major flood events.

## **Local councils**

Local councils play a significant role in the land release and housing delivery process. Councils participate in the strategic planning process for land release areas in Greater Sydney and regional NSW by providing a level of expertise in addressing local issues and character and integrating those with the regional issues. Councils in regional areas have the responsibility to manage the planning process for new release areas. Councils establish Development Control Plans (DCPs) and subdivision standards, which inform the character of new developments in Council-led rezonings.

Councils are the primary government body to lead housing delivery as they assess development applications, either for the Planning Panels or as local consent authority. Once a development application is approved, the local council manages the local contributions scheme, Section 94 contributions, and delegates funds to finance local infrastructure items. During the construction phase, councils oversee the construction of new subdivisions as the Principal Certifying Authority.

Managing land release processes, including the coordination of many different delivery agencies, as well as managing the assessment process to inject local character is a challenge faced by councils. Greater certainty of process, surety of funding for infrastructure and an ability to influence the character and scale of new communities in land release areas are all issues councils raise regularly with the planning for land release.

## 4.0 Challenges to land release process

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Whilst the land release and housing supply processes in NSW have been streamlined and significantly enhanced over the past several years, the current process still has challenges which offer an opportunity for improvement. These challenges are outlined below:

### 4.1 Inter-agency consultation and coordination

Land release involves an intensive planning process, which starts at the identification of suitable land through to the delivery of homes. Stakeholder consultation and coordination is integral to the successful planning and delivery of a land release area.

The land release process often results in the rezoning of rural land to urban communities. This requires a comprehensive planning approach comprising environmental, infrastructure and masterplanning investigations to determine appropriate land uses to ensure sustainable new communities are created. To make these new communities vibrant and sustainable, essential infrastructure and services need to be provided or expanded to service land release areas. Therefore, to comprehensively plan for these areas and deliver services, timely consultation and coordination with State and local stakeholders is critical to successful land release planning.

Current planning practices for land release areas involve ongoing engagement between State and local stakeholders. Consultation commences prior to the identification of land release areas and continues until the community is established. Early consultation allows each agency to allocate resources to delivering services to the land release area in an efficient and timely manner.

State agencies servicing land release areas operate within their individual frameworks, developed in accordance with their respective business objectives. This provides significant scope for improved coordination and better alignment of individual agency plans to generate a more coordinated and efficient approach to the delivery of housing. Structured communication between these agencies can identify barriers to land release and infrastructure development early and provide timely solutions to avoid delays in housing delivery.

### 4.2 Agency roles and responsibilities

Multiple agencies, such as DP&E, GSC and local councils, often operate in the space of planning for more housing and land release. With so many different players there can be a lack of clarity on roles and responsibilities between agencies. This is sometimes more evident to the property developers and planning consultants who often feel confused as to who to approach to resolve specific issues, which causes delays in the planning and delivery of houses.

DP&E takes the lead role in facilitating the planning coordination process and alleviating confusion through routine, ongoing collaboration between State and local governments. Such coordination both in Greater Sydney and regional NSW helps align all respective government agencies to work with each other in delivering enabling infrastructure and new homes in greenfield land release areas.

### 4.3 Enabling infrastructure

Infrastructure availability is often the determining factor on the timely delivery of homes within land release sites. Land release areas seldom work off an existing established infrastructure system. It often requires each infrastructure provider to build an infrastructure network comprising all essential components, including but not limited to new roads, substations, pumping stations, reservoirs, and trunk mains and lines. The development of infrastructure systems requires significant resources ranging from staffing through to the actual funding of civil works.

The delivery of infrastructure requires considerable investment by State agencies, such as TfNSW, RMS, Sydney Water and Endeavour Energy. With such considerable investment it is important to minimise lags between the time of rezoning and the actual infrastructure delivery. At times, delays to infrastructure delivery have occurred in the order of five to six years, meaning that rezoned land could not be developed until services, for example sewer facilities, were commissioned, resulting in delays in housing construction rates and impacts on the financial investment made by developers.

In other cases, land has not been rezoned for urban development as inadequate capacity of an essential utility, such as electricity, exists, while water and sewer facilities have been provided. This can be better managed through coordinated and committed housing delivery programs to ensure delivery agencies can identify their capital works programs with sufficient lead times to design and construct facilities, and offer certainty to landowners and developers to invest appropriately.

Infrastructure providers rely on forecasted population and dwelling numbers to adequately plan for new land release areas. Due to the iterative planning process, forecasted population and dwelling yields are often not finalised until land use plans are confirmed, to determine the infrastructure requirements needed to support the incoming population. These complexities in the planning and rezoning process need to be managed to ensure there are not delays between the time of rezoning and infrastructure delivery.

Extensive design and planning by infrastructure providers must be undertaken to commence site investigations, prepare detailed concept plans, secure funding and schedule the delivery of services. This process often takes several years to see on-the-ground construction of infrastructure items. In recent years, DP&E has aligned its land rezoning program with the delivery of infrastructure through inter-agency coordination to reduce the lag between rezoning and services being available, thereby providing greater certainty to the market.

#### **4.4 Funding and financing methods**

NSW Government and local councils have several funding mechanisms which can be used to fund the essential infrastructure necessary to service new land release areas. The Environmental Planning and Assessment Act (EP&A Act) provides the opportunity for the NSW Government to identify areas as significant growth areas and require developers to contribute to the cost of regional infrastructure. This mechanism has been adopted in the Western Sydney Growth Areas where a large proportion of Sydney's population growth will be housed in the next 30 years. A significant number of new special contributions areas are being considered throughout the Sydney, Hunter and Illawarra regions. This will mean that developers in those areas will be required to pay a contribution towards the cost of providing regionally significant infrastructure in a timely manner which is essential in the establishment of sustainable new communities. Developers may provide identified regional infrastructure in lieu of a monetary contribution through a special infrastructure contribution works-in-kind agreement.

In new release areas which have not been established as growth areas, the NSW Government has the opportunity to enter into planning agreements with individual developers to ensure that they contribute towards the cost of regional infrastructure. Planning agreements continue to be extensively utilised and significant funds have been collected from, and infrastructure works delivered by developers. This mechanism enables government to prioritise infrastructure delivery to resolve blockages which have prevented land being brought on to the market for more serviced home sites.

Local councils have the responsibility to provide local facilities and services in their areas. In the same way as the NSW Government instigates a user pays system for regional infrastructure, local

councils utilise Section 94 of the EP&A Act to require developers to contribute towards the cost of local infrastructure items which are required as a result of the development that is being proposed.

Local councils were largely unfettered in establishing the rate levied under Section 94 contributions plans. In 2010, the NSW Government announced a cap of \$30,000 per dwelling or residential lot in greenfield areas and a cap of \$20,000 per dwelling or residential lot in other areas. At the same time, the NSW Government established a precursor to the Local Infrastructure Growth Scheme (LIGS) to fund the gap between the maximum contribution that councils can charge and the actual cost of providing local infrastructure subject to review by the Independent Pricing and Regulatory Tribunal (IPART).

In June 2017, the NSW Government announced the \$4 billion *Housing Affordability Strategy* to improve housing affordability across NSW. The Strategy included funding of \$369 million over the next three years aimed at delivering essential local infrastructure in fast-growing development precincts across Sydney and Wollongong through the LIGS. Over this period, the LIGS is being phased out with a staged increase to the cap on development contributions. With NSW achieving record highs in housing approvals and completions, the Government closed the LIGS to any other new areas. In these areas, if contribution rates exceed the current cap levels (\$20,000 for infill and \$30,000 for greenfield), contributions plans will be subject to review by IPART prior to allowing development to be charged the full apportioned contribution rate.

Many developers within a land release area are unable to complete construction activity until infrastructure services are available, to ensure service connections to new homes. Coordination of development therefore is necessary to prevent delayed development reducing an infrastructure fund's revenue, further delaying the funding of related infrastructure, for example a SIC listed infrastructure project, geared toward opening more land for development.

Similar principles about managing development and financing risk exist at the local level. Councils face the challenge of using section 94 contributions for enabling infrastructure items such as drainage basins, sometimes at the trade off that delays investment in open space areas or infrastructure that is not critical for housing construction yet required to support future communities.

## 4.5 Data sharing

Technology plays an important role into the planning process within government agencies. Geographic Information System (GIS) is a data management tool that produces visual maps embedded with statistical information pertaining to a specific geographic scope. GIS software is used in all State and local government agencies. While the software is used universally, the sharing of digital information between agencies is not well established. Ongoing discussions are occurring to establish a continuous data sharing arrangement with key agencies.

An open data policy allows for the easier transfer of information between Government agencies, allowing each agency to centrally access common information to contribute to the planning for land release areas. For example, TfNSW has a suite of strategic transport models for the Greater Sydney region to better understand the future demand and performance of the transport network. These models are principally based on NSW Government's big data sets and proprietary data collected to supplement where the level of detail is insufficient. Use of these models is the basis of effective transport planning for infrastructure to support housing supply.

The NSW Data Analytics Centre (DAC) facilitates data sharing between agencies and manages whole-of-government analytics projects. The DAC advises agencies on how data can be opened to the public in line with the Open Data Policy. The DAC has an opportunity to take an expanded role by coordinating and quality checking data shared between agencies to ensure information is of an acceptable standard and delivered in a timely manner.

## **4.6 Regulatory requirements**

The complexities associated with the suite of planning and related legislation at State and local levels for land release and housing delivery has the potential to delay the process of delivering housing. A consistent emphasis on reducing complexity, streamlining process and coordinating agencies and authorities is necessary to ensure timely housing delivery while providing for quality outcomes.

For example, clear and consistent processes for land release rezonings provides certainty for councils, developers, infrastructure providers and assessment agencies.

## 5.0 Current planning initiatives to streamline land release and housing supply in NSW

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Housing affordability is a long-term priority for the NSW Government.

The NSW Government has established a [Premier's Priority](#) on Housing Affordability which has a headline goal of increasing the number of dwelling completions to 61,000, on average, per financial year to 2020 – 2021.

Two targets will contribute to achieving this goal: faster housing approvals (90 per cent of approvals determined within 40 days by 2019) and a new target of state-led rezoning for 10,000 additional dwellings in appropriate areas per year, on average to 2020 – 2021.

In the past year, the NSW Government, through DP&E has made a push to improve housing delivery in Sydney's land release areas. These initiatives are outlined below:

### 5.1 Housing delivery team

Housing Delivery is a recently established team within DP&E's Growth, Design and Programs Division. The team seeks to identify and resolve post-rezoning blockages to housing delivery and is working to identify common themes related to housing delivery delays by building collaborative relationships with high growth local councils, State agencies, as well as industry groups.

Constant communication and coordination with local councils and State agencies create opportunities for the Housing Delivery team to identify post-rezoning blockages and provide solutions to assist councils and agencies to deliver services to these land release areas. Currently, the Housing Delivery team works to unlock housing in the Greater Sydney region. Once protocols and procedures are established the Housing Delivery team will broaden its work to assist growing regional towns with streamlining housing delivery.

In addition to stakeholder consultation, the Housing Delivery team is currently working on improving data on housing delivery in land release sites. The team will keep an updated log of information including but not limited to:

- Tracking of priority growth areas related to:
  - Rezoning status of precincts;
  - Development Assessment e.g. lodgement, assessment stage and status;
- Target and capacity potential of precincts;
- Ownership data; and
- Infrastructure mapping.

Maintaining a current database of housing delivery information will enable the Housing Delivery team to identify or premeditate blockages which could hinder delivery of homes within land release areas.

### 5.2 Office of Housing Coordination

The Office of Housing Coordination (OHC) has been established within DP&E to directly respond to Premier's Priority on Housing Affordability. The OHC will ensure timely delivery of the key

measures in the housing affordability package. These measures include accelerating rezonings, infrastructure delivery, Local Environmental Plan updates and reforms to infrastructure contributions.

The OHC comprises of a team of specialists who will address any bottlenecks to rolling out key infrastructure, delays to rezoning and development assessments to unlock housing development, and ensuring greater housing supply.

The role of the OHC is to ensure housing affordability measures are implemented, including delivery of greater housing choice, changes to housing codes and faster approvals.

### 5.3 Accelerated rezoning team

The establishment of the Accelerated Rezoning Team within DP&E is a recent initiative of the NSW Government under its package of measures designed to improve housing affordability across NSW. This accelerated rezoning team will function to achieve the goal of accelerating rezonings in Greater Sydney and regional NSW.

The team includes the appointment of 10 new rezoning officers with the task of accelerating high value planning proposals (defined as proposals that deliver an increased supply of housing) by:

- Tracking, reporting and project managing high value planning proposals;
- Facilitating the finalisation of high value planning proposals on a case by case basis; and
- Identifying, initiating and leading plan making improvement initiatives.

Key priorities for this team from the outset include:

- Lead, as subject matter experts, the development and implementation of the new LEP Tracking System, including providing education to staff;
- Develop measures to assist regional teams in implementing a project management approach to planning proposals;
- Develop and finalise guidelines currently being developed to overcome planning system challenges;
- Develop a new guideline to identify the process, responsibility and barriers to overcome the negotiation of infrastructure during the rezoning process; and
- Commence work on operational matters including communication material and key performance indicators to deliver reduced times for rezoning land.

### 5.4 Complying development codes

Part of simplifying the NSW planning system is to increase the number of development applications benefiting from fast-track approvals. DP&E is working to simplify and improve the *State Environmental Planning Policy (Exempt and Complying Development Codes) 2008* (the Codes SEPP) that sets the standards for consistent approaches to fast-track approvals.

The draft Medium Density Design Guide and draft Medium Density Housing Code have been developed to provide consistent planning and design standards for low rise medium density residential dwellings across NSW. The Design Guide encourage a design-led strategic planning process to determine the type, scale and built form of medium density housing in a permitted area. The implementation of Medium Density Housing Code aims to solve the 'Missing Middle' problem by encouraging medium density complying developments.



The draft Inland Housing Code is intended to provide simplified, tailored development standards for complying development in inland NSW, and ensure that the resulting residential development controls recognise and respond to the difference in built form between metropolitan and regional NSW.

A review of complying development in greenfield areas undertaken by DP&E has identified an opportunity for a proposed Greenfield Housing Code, which will contain simplified and tailored complying development standards for complying development in land release areas.

DP&E's Local Development Performance Monitoring Report (LDPMR) for the 2014 – 2015 period reported that complying development certificates (CDCs) now account for 32% of all development approvals in NSW. The NSW Premier's priority for faster housing approvals set a target of 90% of housing approvals determined within an average of 40 days by 2019. Complying development codes will assist in expediting development approvals through expanding and promoting the uptake of complying development, thereby help achieve this priority objective.

## **5.5 Local planning toolkit**

Finally, DP&E is developing a local planning toolkit aimed toward housing delivery in regional NSW towns. The toolkit will:

- Provide additional guidance on preparing local land use planning strategies that give effect to regional planning;
- Be a support tool that supplements the regional plans and implementation plans, and guides LEPs and planning proposal; and
- Reinforces strategic-led planning, that builds on the existing framework such as the Settlement Planning Guidelines.

The toolkit will compile and create guidelines and practice notes on strategic planning matters for planning practitioners. It will serve as a 'one stop shop' hub to find resources and advice on regional plans and the implementation at the local level. The local planning tool is intended to be updated and changed as needed to reflect the current needs in regional NSW.

## 6.0 Conclusion

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The NSW Government acknowledges the importance of land release in both Greater Sydney and regional NSW and is continuously improving the planning process from rezoning to housing delivery for land release areas.

It is important for State agencies to continue their work in coordination and alignment of infrastructure delivery to unlock housing in land release areas. The identification of enabling infrastructure and timely allocation of funds is essential. Appropriate staffing and information sharing allows State agencies to dedicate resources required for appropriate planning and delivery of land release areas.

The current planning initiatives outlined throughout this submission show DP&E and respective agencies are working to improve the planning system to meet the demand for more houses in Greater Sydney and regional NSW. The opportunities for further improvement can assist and streamline housing delivery within NSW.

The NSW Government looks forward to the consideration and recommendations of the Committee to assist in further improving land release and housing supply in NSW.