Submission No 81

INQUIRY INTO RURAL HOUSING AND SECOND DWELLINGS REFORM

Organisation: Central NSW Joint Organisation (CNSWJO)

Date Received: 10 October 2025

Submission to the NSW Legislative Council's Select Committee *Inquiry into Rural Housing and Second Dwellings Reform*

10 October 2025

Bathurst
Blayney
Cabonne
Cowra
Forbes
Lachlan
Lithgow
Oberon
Orange
Parkes
Weddin

CENTRAL NSW
JOINT ORGANISATION

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Chair Cr Kevin Beatty, Mayor, Cabonne Council

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10 October 2025

The Director
Select Committee on Rural Housing and Second Dwellings Reform
Parliament House
Macquarie Street
Sydney NSW 2000

Via email: ruralhousing@parliament.nsw.gov.au

To the Director, Select Committee on Rural Housing and Second Dwellings Reform,

Re: NSW Legislative Council's Select Committee Inquiry into Rural Housing and Second Dwellings Reform

Thank you for the opportunity to provide feedback on this Inquiry into Rural Housing and Second Dwellings Reform (the Inquiry).

Central NSW Joint Organisation (CNSWJO) speaks with a unified voice for its collective priorities. This region has a proud history of working collaboratively, representing over 180,000 people covering an area of more than 53,000sq kms comprising the local government areas of its membership- Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Lithgow, Oberon, Orange, Parkes and Weddin.

Tasked with intergovernmental cooperation, leadership and prioritisation, CNSWJO has consulted with its stakeholders to identify key strategic regional priorities. The *CNSWJO Draft Strategic Plan 2025-2029* identifies a priority for the CNSWJO Board is to advocate for and seek housing initiatives that support economic growth, social inclusion, affordability and resilience. www.centraljo.nsw.gov.au.

Our member councils represent diverse rural communities across Central NSW, and the CNSWJO Board is deeply invested in ensuring that any reforms to rural housing policy are both practical and sustainable. To this end the Board advocates for:

- all levels of government to work on solutions.
- a planning system supported by sound housing policy and solid financial and investment strategies with each element working together to support land availability, development and investment to provide diverse and robust housing stock that meets the needs of rural and regional NSW.
- creation of an ecosystem that supports housing growth at every level. This means policy, planning and finance settings that work together to provide a pipeline of land, that supports developers to develop and finally that encourages investors to invest whether it be for owner-occupier, rental or social housing.
- support for flexibility, streamlined, and liberalised approval pathways.

Where our member councils may provide individual submissions, this submission provides high-level feedback informed by member councils on key considerations and concerns. It makes recommendations

regarding the expansion of second dwellings in rural zones, particularly in the context of planning, environmental impact, infrastructure, and agricultural land use.

Key Issues and Recommendations

1. Definition of second dwelling

Firstly, clarification is sought on the term "second dwelling." A secondary dwelling being a subordinate structure of restricted size, such as a granny flat permitted under the State Environmental Planning Policy (Housing) (2021)[1] has different land use, environmental and economic implications to a full additional dwelling of equivalent scale to the principal residence. This distinction is fundamental with respect to Terms of Reference (ToR) (a), (b), (e).

2. Financial Impacts on Local Government

Additional dwellings on the same allotment do not generate additional rate revenue, as council rates are calculated based on land value rather than the number of dwellings. The enabling of second dwellings without a corresponding increase in rates places additional pressure on the capacity of councils to provide services and infrastructure for the community. This is particularly relevant in rural areas where service provision is already more costly and complex due to dispersed populations and infrastructure requirements.

The location of additional dwellings needs careful consideration. Poorly placed dwellings can lead to unnecessary infrastructure duplication and increased costs. Additional dwellings should be explicitly constrained to the same allotment as the primary residence to reduce infrastructure costs (e.g., access roads, power).

Recommendation:
Any reforms should consider the fiscal implications for councils and the potential for additional dwellings to increase service demand without generating new revenue.

3. Financing and Land Title Constraints

Constructing a second dwelling typically requires financing, which in turn requires collateral. In rural contexts, this often means the financier must be able to gain title to the land in the event of default. This is only feasible if the parcel is subdividable, allowing the new dwelling to sit on its own title. However, enabling subdivision for this purpose would likely result in smaller lots around dwellings—effectively reintroducing concessional lots, which were previously outlawed due to concerns about agricultural land fragmentation.

A key question which must be asked is will the number of affordable homes created in regional NSW through effectively reintroducing concessional lots justify a reversal of long-standing planning principles that protect agricultural land from fragmentation?

Recommendation:
Any reform must carefully weigh the benefits of increased housing supply against the long-term impacts on land use integrity and agricultural viability.

[1] State Environmental Planning Policy (Housing) 2021- NSW Legislation

4. Land Use Conflict

Increasing the number of dwellings in rural zones directly increases the number of sensitive receptors—residents who may be affected by noise, dust, and other impacts from nearby industries such as agriculture, mining, and renewable energy. This presents a significant challenge for major projects in regional NSW, particularly in the Central West, where planning approvals are already complex and contested.

Recommendation:
Any provision for additional dwellings must be explicitly constrained to the same allotment as the primary residence and should be placed away from property boundaries to support the 'right to farm'—allowing agricultural operations to continue without undue restrictions from nearby residential uses.

Reforms should include spatial planning guidelines that minimise land use conflict, particularly in areas earmarked for strategic industry development.

5. Strategic Planning and Land Fragmentation

Reforms that allow additional dwellings in rural zones must be carefully designed to protect the integrity of agricultural land and uphold the core objectives of rural planning, including the right to farm and the long-term viability of the agricultural sector. The *NSW Right to Farm Policy (2020)*[2] emphasises the need to maintain access to affordable and productive land to support ongoing agricultural activity.

The introduction of additional dwellings can increase land values and capitalisation of farms, making it more difficult for new and younger farmers to access viable holdings. This outcome runs counter to the goals of supporting rural productivity and agricultural succession and directly relates to Terms of Reference (g) and (j), which address impacts on rural activities, productive capacity, and housing affordability.

Recommendation:
To prevent fragmentation of rural land and preserve agricultural viability, any provision for additional dwellings must be strictly limited to the same allotment as the primary residence, without enabling subdivision. This approach aligns with the *Central West and Orana Regional Plan 2041*[3], which seeks to minimise rural land fragmentation to protect the region's agricultural sector and maintain farm productivity.

6. Existing Planning Provisions

Many councils, including those within CNSWJO, already have provisions within their Local Environmental Plans (LEPs) that allow for dual occupancy on rural land. This is a distinct land use definition from secondary dwellings and is subject to environmental considerations.

This approach has supported intergenerational farming by allowing multiple generations to live and work on the same property, strengthening family-based agricultural enterprises. However, councils frequently face increased pressure for subdivision following such approvals—particularly when family dynamics, succession planning, or exit strategies create uncertainty around the long-term use and ownership of the additional dwelling.

This underscores the need for reforms to carefully balance the social benefits of enabling family farming arrangements with the imperative to prevent land fragmentation and protect the agricultural land base.

[2] Right to Farm Policy 2020, p. 6.
[3] Central West and Orana Regional Plan 2041 | Planning Objectives 15 & 19.

Maintaining this balance is essential to preserving rural productivity, landscape integrity, and the viability of farming into the future.

Recommendation:
The Committee should recognise and build upon existing LEP provisions rather than introducing blanket reforms. Local councils must retain the ability to tailor planning controls to their unique regional contexts.

7. Complying Development

Rural housing should not be permitted as complying development (ToR (b), (c), (h), (i)). Site-specific assessment is essential in rural areas due to environmental sensitivities and risks such as biodiversity impacts, bushfire, flooding, and access constraints. A standardised approval pathway lacks the necessary rigour to address these issues.

The State Environmental Planning Policy (Resilience and Hazards) 2021[4] and the Biodiversity Conservation Act 2016[5] both require thorough evaluation of natural hazards and ecological impacts—requirements that cannot be met through a complying development process (ToR (f)).

Recommendation:
That rural housing not be permitted as complying development. Rural areas require site-specific assessment due to environmental sensitivities and risks—including biodiversity, bushfire, flooding, and access constraints—that cannot be adequately addressed through a standardised approval process.

Conclusion

The Central NSW Joint Organisation supports thoughtful reform that enables rural housing solutions while safeguarding agricultural land, industry viability, and environmental integrity. We urge the Committee to consider the complex interplay between housing, land use, infrastructure, and strategic planning in rural NSW.

In summary the CNSWJO recommends to the Committee that any potential reforms:

1. consider the fiscal implications for councils and the potential for additional dwellings to increase service demand without generating new revenue.

2. carefully weigh the benefits of increased housing supply against the long-term impacts on land use integrity and agricultural viability.

3. ensure that additional dwellings are explicitly constrained to the same allotment as the primary residence and are placed away from property boundaries to support the 'right to farm'—allowing agricultural operations to continue without undue restrictions from nearby residential uses.

4. include spatial planning guidelines that minimise land use conflict, particularly in areas earmarked for strategic industry development.

5. recognise and build upon existing LEP provisions rather than introduce blanket reforms. Local councils must retain the ability to tailor planning controls to their unique regional contexts.

6. consider whether the number of affordable homes created in regional NSW through effectively reintroducing concessional lots justifies a reversal of long-standing planning principles that protect agricultural land from fragmentation.

[4] State Environmental Planning Policy (Resilience and Hazards) 2021 - NSW Legislation
[5] Biodiversity Conservation Act 2016 No 63 - NSW Legislation

7. exclude rural housing from the complying development pathway, ensuring site specific merit assessment consistent with the SEPP (Resilience and Hazards) 2021 and the Biodiversity Conservation Act 2016.

Clarification is also sought on the term “second dwelling.”

We thank the Committee for its consideration and welcome further engagement as the Inquiry progresses.

If you require further information or clarification on comments in this submission, please do not hesitate to contact CNSWJO’s Water and Regional Development Manager, Meredith Macpherson

Yours sincerely,

Ms Kate Barker
Interim Executive Officer
Central NSW Joint Organisation (CNSWJO)