Submission No 101

INQUIRY INTO RURAL HOUSING AND SECOND DWELLINGS REFORM

Organisation: Wollondilly Shire Council

Date Received: 17 October 2025

Our Reference: CM 9533

Select Committee on Rural Housing and Second Dwellings Reform
Parliament House
Macquarie Street
SYDNEY NSW 2000
c/o ruralhousing@parliament.nsw.gov.au

3 November 2025

Dear Select Committee,

SUBMISSION TO INQUIRY INTO RURAL HOUSING AND SECOND DWELLINGS REFORMS

Thank you for the opportunity to make a submission to the parliamentary inquiry into reforms to facilitate the construction of second dwellings in rural zones. Council appreciates the opportunity to contribute to this important discussion and acknowledges the extension of time granted to provide comments. This additional time has enabled us to prepare a considered response reflecting both strategic planning objectives and community expectations.

Wollondilly Shire Local Government Area is located approximately 75km south-west of the Sydney CBD on Dharawal and Gundungurra traditional land. Wollondilly covers an area of around 2,560 square kilometres of rural landscapes and agricultural land as well as 15 towns and villages and serves as the transition between the outer edges of the Greater Sydney Region and regional NSW with a combination of urban areas and metropolitan rural lands.

Council supports a planning system that delivers housing in the right locations, balancing the urgent need for housing diversity and supply with the long-term protection of land identified for other important functions. We support actions

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aimed at addressing the housing crisis by facilitating well-located and diverse housing opportunities across New South Wales.

However, the broadscale intensification of development in rural zones that have been specifically safeguarded for agricultural use, scenic protection, or environmental sensitivity is not supported. Land that does not have housing as a core objective should be protected for its intended strategic purpose.

Alignment with Terms of Reference

This submission responds directly to the matters raised in the Inquiry's Terms of Reference, particularly in relation to:

- The suitability of allowing second dwellings in rural zones
- The potential impacts of such reforms on land use, infrastructure and the environment
- The balance between supporting housing supply and maintaining strategic land use planning objectives.

Summary of Key Feedback

- Infrastructure and Housing Policy – Council supports planning system reforms that address housing supply and diversity in appropriate locations. Rural zones are not appropriate for addressing housing affordability or growth due to limited services and poor connectivity; housing strategies should focus on well-located residential zones.
- Planning Framework Alignment – The current planning framework appropriately balances rural land objectives with development controls. Broad liberalisation of residential uses in rural zones is not supported unless aligned with regional plans, local strategic planning statements and rural land objectives ensuring coordinated and place-based outcomes.
- Controls on Detached Dwellings – Restrictions on dwelling size, attachment, and proximity exist to minimise environmental impact, land fragmentation, and maintain rural character, and these safeguards should be retained.
- Opposition to blanket intensification – Council does not support widespread second dwellings in rural zones where housing is not a core land use objective.
- Impact on Rural Productivity – Residential development can create land use conflicts and reduce agricultural productivity, so rural enterprises must be prioritised over expanded residential use.

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- Protection of rural and environmental values – Agricultural lands, scenic landscapes, and environmentally sensitive areas should be safeguarded from inappropriate development.
- Local Strategic Planning – Residential development in rural zones remains a local matter and should be managed by councils through local planning frameworks without overarching policy changes.

This document replaces the officer submission provided on 17 October 2025. The feedback remains unchanged, and this version is provided as Council's final submission to the Select Committee.

If you require any further information or clarification in response to this submission please contact Council's Team Leader Strategic Planning, Carolyn Whitten on or

Yours faithfully,

Stephen Gardiner
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Our Position

Wollondilly Shire Council supports increasing housing diversity and supply in well-located areas across New South Wales, where residential development is the intended land use. However, Council does not support the proposed broad application of planning reforms that would allow second dwellings in rural zones, where the primary purpose of the land is for agriculture, environmental protection, and the preservation of rural character.

The current planning framework provides appropriate pathways for residential uses in rural zones through merit-based assessment and locally informed strategies. Introducing liberalised, state-wide controls undermines local planning, risks land use conflict, fragments productive land, and is inconsistent with the objectives of rural zones and regional plans. Council recommends that no changes be made to rural residential provisions at the state level, and that local governments continue to lead strategic planning for their rural areas.

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Our Recommendations

Recommendation 1:

It is recommended that policy reform regarding 'second dwellings' does not apply to the Wollondilly Shire.

Recommendation 2:

It is recommended that Standard Instrument Local Environmental Plan terms (e.g. 'secondary dwellings' and/or 'dual occupancies') are used for clarity.

Recommendation 3:

It is recommended that no changes to the planning framework are made regarding the permissibility and approval pathways for residential uses within rural zones.

If reforms are to occur, the permissibility and approval of residential uses within rural zones are to be aligned with the State Government's vision and objectives for rural land, as clearly established by Regional Plans and standard LEP objectives for rural land.

Recommendation 4:

It is recommended that planning policy reflects the supportive nature of residential development on rural land, and retains controls regarding the development of residential uses within rural zones, as safeguards for rural land.

Recommendation 5:

It is recommended that planning reforms avoid facilitating additional residential development in bush fire-prone rural areas with limited evacuation capacity, and that any proposed increase in population density be subject to detailed evacuation and emergency access assessment.

Recommendation 6:

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It is recommended that the impact of residential uses as creating land use conflict on rural land is recognised, and that rural enterprises are prioritised over residential development.

Recommendation 7:

It is recommended that detached second dwellings in rural zones not be broadly permitted or streamlined, but remain subject to merit-based assessment to protect rural land, landscapes, and infrastructure.

Recommendation 8:

It is recommended that merit-based assessment for residential development on rural land is continued to be undertaken by Development Applications. Additionally, reform should recognise that the prohibition of subdivision does not prevent land fragmentation and land use conflict.

Recommendation 9:

It is recommended that any policy enabling second dwellings on rural land be accompanied by a sustainable funding mechanism to support ongoing local infrastructure and service provision, noting that development contributions alone do not offset the lack of additional revenue.

Recommendation 10:

It is recommended that reforms to improve housing affordability, multigenerational living, and rural population growth are directed through Regional Planning, and ensure future residential development is well located, and ensures sustainable residential and rural development.

Recommendation 11:

It is recommended that no changes are made the residential development in rural land, and Councils are directed to make any strategic planning changes through Regional Planning.

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Response to Terms of Reference

(a) Planning instruments and development controls to facilitate the construction of second dwellings in rural zones in New South Wales, excluding Greater Sydney, with an emphasis on Outer Metropolitan Local Government Areas, an in particular the document entitled "State Environmental Planning Policy (Housing) Amendment (Second Dwellings in Rural Zones) 2025"

Land to which the Policy would apply

- Although Wollondilly forms part of Greater Sydney, the reforms appear to apply to our LGA as the inquiry has an emphasis on 'Outer Metropolitan Local Government Areas' and the Draft Model Instrument is intended to apply to Rural Zones and certain Conservation Zones under a Local Environmental Plan in NSW. On this basis, it appears that the reforms are likely to impact the Wollondilly Shire.

  Even if Wollondilly Shire is excluded from these reforms, the feedback within this submission is applicable to the treatment of rural land across NSW, and is requested to be taken into consideration.

Second Dwelling Definition

- The Draft Model Instrument defines a second dwelling to mean *"a self-contained dwelling on the same lot as the principal dwelling, which may be detached or attached, used for residential purposes (e.g., permanent residence, rental or family accommodation). The second dwelling may be equal to or larger than the principal dwelling and may function as the primary dwelling without formal redesignation."*

  In light of the standardised definitions for planning terms available in the *Standard Instrument (Local Environmental Plans) Order 2006*

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(Standard Instrument LEP) and all Local Environmental Plans in NSW, the use of the term 'second dwellings' is confusing.

It is not clear if it is intended to capture both of the existing dual occupancy terms: 'dual occupancy (attached)' and 'dual occupancy (detached)', or be applied more broadly to also include forms of housing such as 'secondary dwellings'.

The heading for Part 2 under the Draft Model Instrument includes the term 'Dual Occupancies' in the heading. However, it has been assumed that the intent is to capture a broader range of housing types on the basis that a reference to dual occupancies has not been used throughout the Terms of Reference or the Draft Model Instrument.

It is considered that, unless a new housing type is being proposed, that the existing standardised definitions for planning terms are used.

It is recommended that policy reform regarding 'second dwellings' does not apply to the Wollondilly Shire.

It is recommended that Standard Instrument Local Environmental Plan terms (e.g. 'secondary dwellings' and/or 'dual occupancies') are used for clarity.

(b) Potential amendments to the State Environmental Planning Policy (Housing) 2021 (Housing SEPP), the State Environmental Planning Policy (Exempt and Complying development Codes) 2008 (Codes SEPP), and related instrument to enable flexible, streamlined, and liberalised approval pathways for second dwellings on rural-zoned land.

Planning Framework is to reflect the objectives of Rural Zoned Land

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- The NSW Planning Framework has existing pathways to enable flexible and streamlined approval approaches for a range of low, medium and high density housing across New South Wales. This includes recent reforms regarding Transit Oriented Development precincts, as well as additional complying development pathways regarding Low- and Mid-Rise Housing, and the NSW Housing Pattern Book Designs. These liberalised approaches are appropriate for residential zoned land, within well-located areas across NSW, where the intent of these zones is generally exclusively for residential development. However, when considering rural land use zones, these liberalised approaches for residential development are not appropriate.

  The Standard Instrument LEP sets standard zone objectives for land across NSW. Standard objectives for Rural Zones (RU1 Primary Production, RU2 Rural Landscape, RU4 Primary Production Small Lots, RU5 Village and RU6 Transition) generally focus on encouraging sustainable primary industry production, development of primary industry enterprises, minimising fragmentation and alienation of resource lands, maintaining rural landscape character and provision of employment opportunities. Notably, the minimisation of land use conflict is a consistent objective across most rural zones.

  These rural zone objectives within the Standard Instrument LEP are aligned with the State Government's intent for the operation of rural land, as per the States Regional Plans:
  - Greater Sydney Region Plan – A Metropolis of Three Cities
  - Riverina Murray Regional Plan 2041
  - North Coast Regional Plan 2041
  - Central West and Orana Regional Plan 2041
  - Hunter Regional Plan 2041
  - Central Coast Regional Plan 2041
  - New England North West Regional Plan 2041
  - Illawarra Shoalhaven Regional Plan 2041

  The existing NSW Planning Framework enables Local Governments to undertake further localised strategic planning (e.g. Local Strategic

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Planning Statements, Local Housing Strategies, Rural Land Strategies), which are informed by their applicable Regional Plans. This means permissible uses within Local Environmental Plans are informed by local needs, whilst aligning with State Policy.

The current framework requires Development Applications to be submitted for the approval of secondary dwellings and dual occupancies in rural zones. This allows for appropriate assessment of these uses, to ensure they are compatible with the zone objectives, given that residential development is not the intended use of rural land.

Any reform to the permissibility and approval pathways of residential uses within rural zones is to ensure development is in accordance with the objectives of rural land, as clearly established by Regional Plans. Any reforms are to be led through changes to the Regional Plans or other State Policy, rather than amendments to the existing planning framework.

It is recommended that no changes to the planning framework are made regarding the permissibility and approval pathways for residential uses within rural zones.

If reforms are to occur, the permissibility and approval of residential uses within rural zones are to be aligned with the State Government's vision and objectives for rural land, as clearly established by Regional Plans and standard LEP objectives for rural land.

(c) The impact of removing restrictions on dwelling size, attachment, and internal lot distance and implications of enabling second dwellings to be larger than, or function as, the primary dwelling

Current Framework enables (not restricts) Residential Development

- Residential development is not the intended use or priority type of development for rural land. Whilst it can be permissible under LEP's, the current planning framework has additional controls to ensure it

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occurs in an appropriate manner. This includes the specification of permissible uses, as well as controls regarding their maximum sizes and location distances from a principal dwelling.

These controls should not be viewed as restrictions on residential development, rather they should be interpreted as the ability to introduce non-rural uses to support the productive use of rural zones.

These controls are in place to ensure residential uses reduce their impact on highly significant landscapes, land fragmentation, land use conflict, and reduced infrastructure and services, given that residential development is not the intended use for these areas.

For example, rural land within the Wollondilly Shire, compromises of extensive highly significant landscapes. These are managed by permitting 'dual occupancy (attached)', rather than 'dual occupancy (detached)', as attached housing limits the visual impact of housing on the rural landscape.

Additionally, the permitted uses of 'secondary dwellings' and 'dual occupancy (attached)' have the potential to support rural uses, e.g. by providing affordable and local accommodation for family members and/or employees. However, the development of 'dual occupancy (detached)' or increased distances from the principal dwelling does not support the intent of development of rural land. These uses contribute to a reduction in consolidated land, resulting in lost productivity and land fragmentation.

Restrictions on the maximum size of "secondary dwellings" mean they are of a secondary nature to the principal dwelling. Similarly, the maximum distance from the principal dwelling, is to ensure the secondary dwelling is established in conjunction with the principal dwelling, as per its Standard Instrument LEP definition.

It is recommended that planning policy reflects the supportive nature of residential development on rural land, and retains controls regarding the

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development of residential uses within rural zones, as safeguards for rural land.

(f) The role of elevation criteria and 1-in-100-year flood mapping in determining permissibility and the use of performance-based solutions for flood-prone lands (e.g. elevation certification) and other land-based hazards and environmental impacts.

- Increasing the number of dwellings in bush fire-prone rural zones presents serious safety concerns, particularly in areas with limited evacuation routes and constrained emergency access.
  During the 2019-2020 Black Summer bushfires, Wollondilly Shire experienced significant fire activity, with entire communities requiring evacuation under dangerous and rapidly changing conditions. Many parts of the Shire are serviced by single-access roads, which were heavily impacted during the fires, highlighting the risks of placing additional residential population in areas with inadequate evacuation capacity.
  Any planning reform that enables further dwellings in rural zones must consider not only site-specific bush fire construction standards, but also the broader implications for evacuation, public safety, and emergency response.

It is recommended that planning reforms avoid facilitating additional residential development in bush fire-prone rural areas with limited evacuation capacity, and that any proposed increase in population density be subject to detailed evacuation and emergency access assessment.

(g) The interaction between second dwellings and potential impacts on rural activities and productive capacity of land for agriculture, including feasibility and implications of allowing second dwellings without subdivision

Impact of Residential Development on Rural Land

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- As previously noted, development of residential uses on rural land has implications on its productivity. This is due from the physical development itself, e.g. loss of consolidated land for agricultural purposes, which can be balanced by safeguards regarding permissibly, maximum size and separation distances.

  However, additional residential development, particularly when distanced from the principal dwelling, also leads to the introduction of a population who are likely not living on the rural land for the purposes of agricultural uses. This results in an increase in land use conflict, as residents are brought into contact with primary production and/or rural enterprises, which by their nature bring a range of odour and noise impacts.

  For example, in the Wollondilly Shire, poultry farming leads to significant number of complaints regarding amenity. However, as the intent of rural zones is for these uses, they should take priority. As land use conflicts between rural and residential uses increase, the productivity and feasibility of rural activities decrease.

  Whilst it is acknowledged that subdivision would increase land fragmentation, through fragmented ownership patterns, the prohibition of subdivision does not lessen the adverse impacts of further residential development on rural land. The physical development itself acts as a detriment to productivity for these reasons above.

Increased Land Consumption and Environmental Impact of Detached Dwellings

- Detached dwellings typically require larger development footprint, which increases their impact on rural land. These requirements can result in the cumulative loss of productive rural land, natural habitat, and scenic landscape character, and contribute to greater environmental degradation compared to attached dwellings that consolidate built forma and infrastructure. For example;

  - On-site Wastewater Management Systems

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Separate dwellings generally require individual or larger on-site effluent disposal areas (e.g. septic systems or aerated wastewater treatment systems), which must comply with minimum setback distances from boundaries, watercourses, and other dwellings.

- Multiple Driveways and Access Roads
  Detached dwellings are more likely to require separate access points or extended internal roads to ensure vehicle access, emergency services compliance, and privacy. This increases land disturbance, hard surface coverage, and can result in erosion or fragmentation of paddocks and vegetation corridors.

- Vegetation Clearing and Bushfire Asset Protection Zones (APZs)
  Each dwelling requires a cleared area for construction, and in an area like Wollondilly where a significant portion of the Shire is bush fire prone land, additional clearing is required to establish APZs around each building. This can lead to significant loss of native vegetation, habitat disruption, and a reduction of biodiversity values, particularly on bushland or environmentally sensitive rural lots.

- Separate Utility and Service Infrastructure
  Detached dwellings typically require independent service connections – electricity, water tanks, telecommunications – each of which involves trenching or above-ground infrastructure that increases the site footprint and can further disturb natural ground cover and vegetation.

- Stormwater Management Requirements
  Separate dwellings increase impervious surface area across the site, requiring additional stormwater management infrastructure (e.g. drainage swales, detention basins) which consumes more open land and can disrupt site hydrology.

- Visual Impact
  Detached dwellings are typically spread across a rural site, increasing their visibility from public roads, ridgelines, and

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neighbouring properties. This dispersed built form can significantly detract from the rural character and scenic values of the landscape – particularly in areas identified for their environmental, cultural, or visual sensitivity. In contrast, attached dwellings consolidate the visual footprint and are more easily screened or integrated into the landscape.

- Cumulative Environmental and Landscape Impact
  Each detached dwelling contributes incrementally to vegetation clearing, infrastructure sprawl, and rural character loss. When multiplied across many lots, this dispersed development pattern can have regionally significant impacts on environmental values, scenic landscapes, and rural productivity.

It is recommended that detached second dwellings in rural zones not be broadly permitted or streamlined, but remain subject to merit-based assessment to protect rural land, landscapes, and infrastructure.

(h) The use of non-discretionary, zone-specific development standards and their interaction with merit based assessment in complying pathways and legal frameworks for tenancy in common, co-ownership, and strata-like arrangements on rural land

Nature of Complying Development

- By its nature, complying development pathways do not enable merit-based assessments to occur. The existing planning framework allows for merit-based assessment, through Development Applications to Council. This allows the site-specific assessment of residential uses on rural land, to ensure they are in accordance with the objectives of the zone, e.g. support rural enterprises and minimise land use conflict. State wide or region wide (e.g. beyond Greater Sydney) complying development approaches do not allow for the nuanced strategic approach to residential development in the right locations.

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Prohibition of Subdivision does not prevent Fragmentation / Conflict

- The introduction of "tenancy in common, co-ownership and strata like arrangements" may prevent the further subdivision of rural land, however they have the adverse potential to still allow residential development in rural areas, in an inappropriate manner.

  Fundamentally, the development of residential uses on rural zones should be in support of the rural zone objectives. As previously noted, the prohibition of subdivision does not prevent the sterilisation of productive rural land, and/or reduce land use conflict.

It is recommended that merit-based assessment for residential development on rural land is continued to be undertaken by Development Applications. Additionally, reform should recognise that the prohibition of subdivision does not prevent land fragmentation and land use conflict.

(j) The adequacy of existing infrastructure (e.g. sewerage, access roads) for servicing second dwellings and potential impacts of reforms on housing affordability, multigenerational living, and rural population growth

Unfunded Growth from Non-Rateable Second Dwellings

- Allowing increases residential development on rural zoned land raises concerns about long-term infrastructure demand without a sustainable funding model.
  While second dwellings may contribute upfront through development contributions, they typically do not attract separate rates, particularly where subdivision is not permitted. The NSW rating system is based on unimproved land value, and under current arrangements there is no mechanism for councils to levy ongoing contributions or recoup costs for additional demand created by multiple dwellings on a single lot.
  This limits the ability of councils to fund the ongoing maintenance and delivery of essential local infrastructure and services – such as roads,

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waste, stormwater, and community facilities – despite the increased population and usage. In rural areas, where infrastructure is often more costly to deliver and maintain due to distance and dispersed populations, this places an inequitable and unsustainable burden on councils and existing ratepayers.

It is recommended that any policy enabling second dwellings on rural land be accompanied by a sustainable funding mechanism to support ongoing local infrastructure and service provision, noting that development contributions alone do not offset the lack of additional revenue.

Residential Development in the Right Locations

- It is acknowledged the National Housing Accord is a key government priority, and policy reform should consider the broader housing shortfall and prioritisation of the delivery of housing. However, it is not the role of rural zoned areas to provide housing as a regional solution to Australia's housing crisis.

  The NSW Government's broader response to address the housing shortfall has been to implement:
  - A program to speed up Development Applications
  - A Transport Oriented Development program
  - New Complying Development Pathways, including for Housing Patterns
  - Measures to increase the provision of social and affordable housing

  The NSW Government's planning policy focus for addressing the housing shortfall to date acknowledges that there has been an overreliance on greenfield areas on the fringes of Sydney and other urban areas where the cost of servicing new housing with infrastructure is more expensive. The focus has been towards infill development in existing areas that are well-located close to existing public transport connections, amenities and employment.

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Facilitating second dwellings in rural zones does not align with the NSW Government's planning policy response to the housing shortfall.

In particular it is noted that rural zones are:

- Not well located as they are unlikely to be located within walking distance of a town centre that contains a range of frequently needed goods and services
- Not well serviced by public transport
- Not areas that are likely to be identified in local housing strategies as having the greatest opportunities and capacity to accommodate sustainable local growth
- Excluded from the Housing Delivery Authorities expression of interest process to recommend certain major housing proposals declaration as State Significant Development (SSD)

The significant issues of affordability and rural population growth are linked with the supply, demand, servicing and development of residential land. Therefore, this should be addressed through State policies and strategies regarding the provision and development of residential zoned land, rather than through marginal growth in rural zones.

For example, if certain regional areas are identified to cater for increased population growth, this is to be identified through Regional Plans, and implemented through planning proposals (e.g. rezoning to Residential land around centres), to ensure rural land does not become pseudo residential land.

It is also noted that the existing planning framework enables residential uses in a controlled manner. This enables multi-generational living on a rural property, in a way which ensures the land is still viable for rural uses.

It is recommended that reforms to improve housing affordability, multigenerational living, and rural population growth are directed through Regional Planning, and ensure future residential development is well located, and ensures sustainable residential and rural development.

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(l) Any other matters

- The current planning framework enables the development of residential uses on rural land in a controlled manner. This is a local matter and should be left to Councils to determine to respond to local need and context.

It is recommended that no changes are made the residential development in rural land, and Councils are directed to make any strategic planning changes through Regional Planning.

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