Submission No 103

INQUIRY INTO RURAL HOUSING AND SECOND DWELLINGS REFORM

Organisation: Local Government NSW

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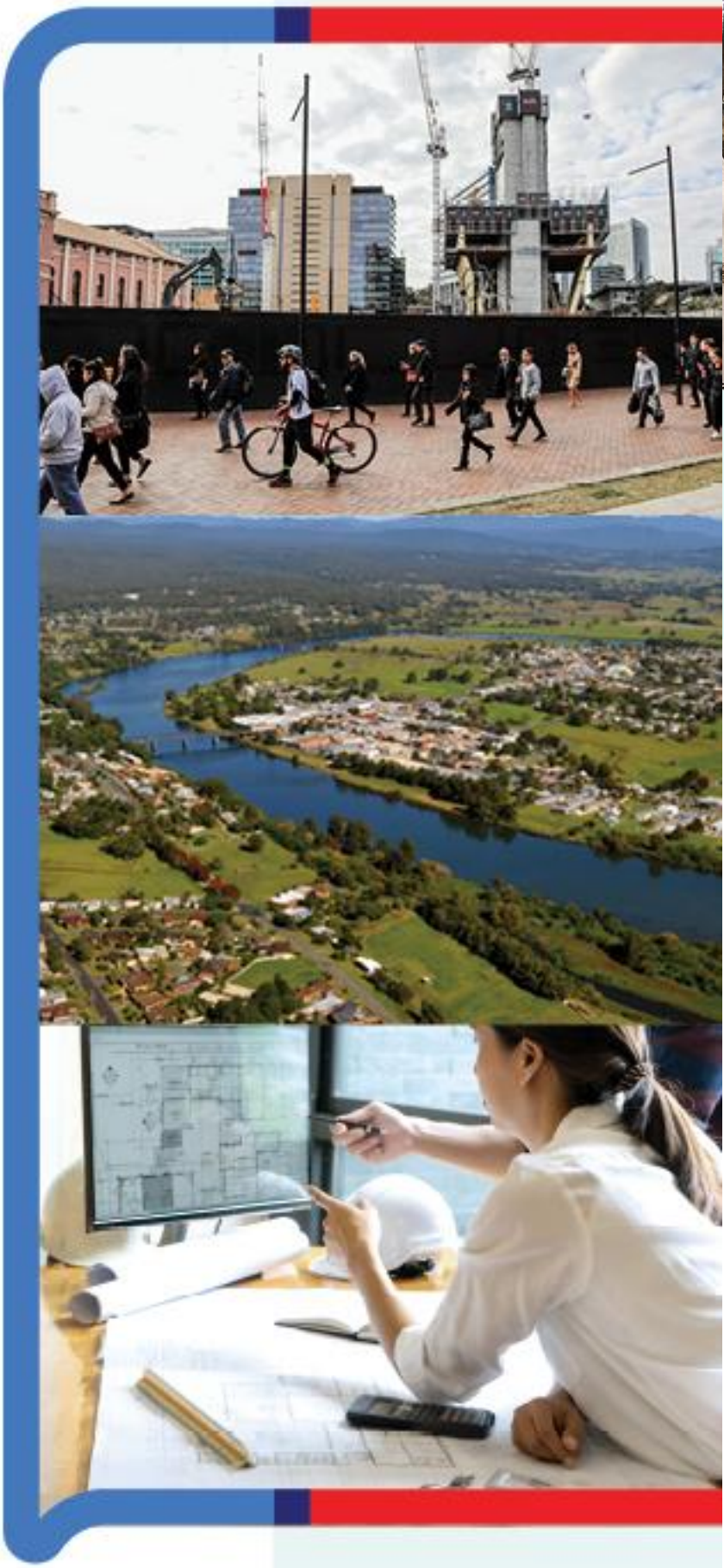
LOCAL GOVERNMENT NSW



DRAFT SUBMISSION

Inquiry: Rural housing and second dwellings reform

OCTOBER 2025

ONE VOICE FOR COUNCILS

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Recommendations

1. The Committee:
   - clarifies the meaning of its use of the term 'second dwelling',
   - notes the importance of existing statutory definitions for *secondary dwellings* and *dual occupancy* in the planning framework, and
   - prudently considers the implications if any of these definitions were to be altered.

2. The Committee notes that LGNSW does not support introducing blanket statewide policies to broaden permissibility and expand complying development for the purpose of enabling 'second dwellings' on rural land. Any changes to the planning framework must retain flexibility for councils to adopt provisions that reflect local circumstances.

3. The Committee ensures site-specific merit assessment is retained for second dwellings on rural land and excludes these housing forms from a blanket complying development pathway.

4. The Committee considers allowing councils to 'opt in' or out of various state-imposed policies and complying development codes where they identify local issues that are not able to be resolved.

5. In any proposed reform, councils must retain the power to control dwelling scale limits and co-location principles tailored to the local area.

6. The Committee acknowledges the critical need to balance protection of high value agricultural land when considering any changes to broaden permissibility of second dwellings on rural lands and ensure that councils retain the planning tools to enable them to tailor local planning conditions that avoid land use conflicts and the risk of fragmentation.

7. The Committee explicitly excludes any changes which would introduce statewide provisions allowing subdivision pathways or which could increase pressure from rural landowners with second dwellings to subdivide that land.

8. Any additional rural secondary dwelling reform must occur in concert with rate reform that reflects the true cost of servicing properties with multiple dwellings, particularly in rural and farmland areas, and would help councils maintain financial viability while supporting the state's housing objectives.

9. That accompanying any recommended changes to permissibility of rural second dwellings, the Committee must include a recommendation to establish a comprehensive monitoring and review regime.

Opening

LGNSW appreciates the opportunity to make a submission to the Select Committee on Rural Housing and Second Dwellings Reform Inquiry.

Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community-based system of local government in the State.

The Committee will examine a range of potential changes to planning controls relating to rural housing, with a focus on streamlining approval pathways for second dwellings, addressing zoning and environmental considerations, and assessing the impacts on rural land use, infrastructure, and housing outcomes.

Residential development in rural zones can take many forms, including dwellings which complement the use of the land for primary production purposes, and rural-residential living on smaller rural lots. Residential development also has the potential to create conflict with other land uses in rural zones if buildings are inappropriately sited and designed. While not opposed to the broad intent of the inquiry, a strong theme that underpins this submission is that development should be tailored to the local conditions and in the case of residential dwellings on rural land, must consider the agricultural importance of the land, access to infrastructure and services, as well as any potential hazards that may have the potential to affect the safety of occupants and first responders in the event of natural disasters.

LGNSW's submission is informed by feedback from councils in rural and regional NSW as well as those on the fringes of Sydney's greater metropolitan area which have rural zoned land. The submission seeks to contribute constructively to considering how reforms could balance housing needs while protecting agricultural productivity, sustainable land management, biodiversity, rural character, and taking into account additional financial pressures on councils to provide services and infrastructure for additional dwellings on rural properties.

LGNSW is aware that councils are making individual submissions to this inquiry. When contemplating recommendations for a state-wide policy framework for secondary dwellings on rural land, it is important the Committee gives regard to the operational expertise, local knowledge and evidence provided by councils.

This submission is provided as a draft, pending endorsement by the LGNSW Board at its next meeting. The Committee is asked to consider this current version. We will advise of any amendments to the submission in due course.

Terms of Reference

The Committee's Terms of Reference (TOR) are list in Attachment A.

General comments

LGNSW position

This submission is underpinned by the broad policy positions in the LGNSW Policy Platform[1] and several key resolutions of LGNSW Annual Conferences. These are set out briefly below.

- **Councils support actions to address the housing crisis and acknowledge the need for new and more diverse housing in well-located areas across NSW**, as reaffirmed at the 2024 LGNSW Annual Conference.
- **Local government should retain control over the determination of locally appropriate development**. A one-size-fits-all blanket approach to the policy framework for rural dwellings is not supported – local government needs a flexible approach to implementing planning controls relating to rural land use activities, to ensure that responses are tailored to and proportionate to the local land use context.
- **LGNSW advocates for reform of the NSW local government rating system, including greater autonomy and flexibility in rating policy, structure and practices.** A resolution of the 2024 LGNSW Annual Conference specifically calls for amendments to the rating system to allow councils to charge rates on secondary dwellings. (Refer to discussion in response to TOR 1(j)).

Strategic framework

Councils' local plans and strategies are set within a broader framework of regional planning directions. Each of the state's nine regional plans[2] (covering the regions outside greater Sydney), contain objectives that variously seek a balance between maintaining productive agricultural land and protecting it from fragmentation whilst providing for appropriate residential development in rural settings. Similarly, the Greater Sydney Region Plan[3] seeks to limit urban development to within urban areas while recognising the environmental, social and economic values of the Metropolitan Rural Area (MRA). Councils are required to align their local strategies with these higher-level regional plans.

Councils' rural land and housing policies form part of a framework or suite of strategic documents including local strategic planning statements, local housing and growth strategies and rural land strategies. The formation of these strategies follows extensive community engagement and must demonstrate consistency with the relevant overarching region plan within which the local government area (LGA) is located.

[1] LGNSW Policy Platform reflects the resolutions from councils at LGNSW's Annual Conference
[2] Regional plans | Planning
[3] Greater Sydney Region Plan (Objective 29)

Role and actions of councils in response to housing needs

Councils have been proactive in addressing housing needs in their local areas, while continuing to call for action from other levels of government. Council responses to housing across the state are diverse - they are shaped by the impact of national and state government policy requirements and the unique housing challenges in the locality. Like all spheres of government, local government must also balance financial constraints and competing priorities.

Councils recognise the need to adapt and update their policies to meet changing housing demands in their local area. As noted in councils' submissions to this inquiry, in light of escalating housing pressures, many have in recent years moved to review and amend their strategies and planning controls applying to rural lands.

Interpretation of 'second dwelling'

The TOR refer to 'second dwellings' but councils understand and work with the statutory meaning of *secondary dwelling* as defined in the planning system[4]. Councils advise there are important distinctions in the statutory definition of *secondary dwelling* and other forms of 'second dwelling' such as *dual occupancies*. Planning provisions and controls in the *Environmental Planning and Assessment Act 1979* (EP&A Act) and environmental planning instruments are specific to these different housing forms.

For the purpose of this submission, LGNSW has interpreted the Committee's use of the term 'second dwelling' as meaning either *secondary dwelling* or *dual occupancy*. (This submission also refers throughout to 'rural land', which is used as a general term collectively meaning the rural-zoned land and conservation zones that are the focus of the Committee's TOR.)

Any alteration to the definitions in the planning framework for rural and environmental zones would not only be complex and confusing but may undermine councils' existing carefully considered local planning provisions for secondary dwellings and dual occupancies.

Recommendation

1. The Committee:
   - clarifies the meaning of its use of the term 'second dwelling',
   - notes the importance of existing statutory definitions for *secondary dwellings* and *dual occupancy* in the planning framework, and
   - prudently considers the implications if any of these definitions were to be altered.

[4] Standard Instrument—Principal Local Environmental Plan (2006 EPI 155a) - NSW Legislation dictionary defines *secondary dwelling* to mean a self-contained dwelling that—
(a) is established in conjunction with another dwelling (the *principal dwelling*), and
(b) is on the same lot of land as the principal dwelling, and
(c) is located within, or is attached to, or is separate from, the principal dwelling.

Response to Terms of Reference

The below responses to selected TOR are based on LGNSW policy positions, resolutions and feedback from councils.

Proposed statewide permissibility changes and complying development pathway

Terms of Reference 1(a), 1(b), 1(c), 1(d), 1(e), and 1(i)

(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, and in particular the document entitled "State Environmental Planning Policy (Housing) Amendment (Second Dwellings in Rural Zones) 2025"[5]

(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 instruments to enable flexible, streamlined, and liberalised approval pathways for second dwellings on rural-zoned land.

(c) the benefits and risks of permitting second dwellings on RU1–RU6, C3 and C4 zoned lands, including via complying development

(d) the suitable interaction between the Housing SEPP and/or Codes SEPP and provisions in LEPs under section 3.28 of the EP&A Act 1979

(i) mechanisms to streamline the development application and Complying Development Certificate (CDC) processes

Broadened permissibility through SEPP changes (TOR 1(a), 1(b) 1(d))

TOR 1(a) and 1(b) propose a new model instrument (referred to in this submission as 'proposed SEPP Amendment (Second Dwellings in Rural Zones) 2025') together with potential amendments to SEPPs (Housing and/or Codes SEPP) and other instruments including a possible complying development pathway. The proposed SEPP Amendment (Second Dwellings in Rural Zones) 2025sets out the following **purpose**[6]:

To liberalize second dwelling construction on rural zoned properties (RU1 - RU6) without subdivision, by:

- Permitting second dwellings as complying development in all rural zones.
- Removing requirements for second dwellings to be "attached" to the principal dwelling.
- Eliminating size limits, allowing second dwellings to be equal to or larger than the principal dwelling and potentially function as the primary dwelling.
- Removing or relaxing distance restrictions.
- Allowing second dwellings on properties above a specified elevation or outside 1-in-100-year flood zones.
- Enabling flexible legal title arrangements (e.g. tenants in common, strata-like agreements) without subdivision.

[5] Tabled Document - State Environmental Planning Policy (Housing) Amendment (Second Dwellings in Rural Zones) 2025, tabled by Hon. John Ruddick MLC.pdf

[6] **Purpose** of Draft Model Instrument in Tabled Document - State Environmental Planning Policy (Housing) Amendment (Second Dwellings in Rural Zones) 2025, tabled by Hon. John Ruddick MLC.pdf

Councils do not support introducing changes through this proposed SEPP Amendment (Second Dwellings in Rural Zones) 2025. A SEPP is considered a blunt instrument with blanket application that prevents the ability to tailor responses to local conditions. There are huge variances between metropolitan, regional and rural areas, with unique differences in productive agriculture, natural hazards and topography, rural character, tourism pressures and potential land use conflicts, all requiring different responses tailored to the local conditions.

While certain land use activities may have low impact in some areas, in other contexts they will have a high impact. The one-size-fits-all approach removes the ability of councils and communities to plan for, consider and permit what is best for their communities and disregards councils' strategic land use plans, that are developed in consultation with their communities.

Where individual councils see benefits for accommodating greater flexibility in rural secondary dwellings the planning framework already allows them to tailor these to their local area, through a pathway that can be turned on locally via the LEP. As discussed above, some councils have been reviewing their provisions to address these challenges. It should be left to councils to decide, as part of their local housing strategy and in consultation with their communities, rural land strategies and other strategic planning documents.

Complying development concerns (TOR 1(a), 1(b), 1(c), 1(d), 1(i))

LGNSW and councils acknowledge the potential benefits of streamlining approval processes through complying development, where appropriate and for low impact development. Some councils may welcome the opportunity to streamline approval pathways in parts of their LGA to support rural landowners and farmers, but for others there may be highly adverse impacts on environment, infrastructure and adjoining land uses.

LGNSW therefore does not support a blanket expansion of development that is permissible as complying development. Complying development precludes councils and communities determining important location and design consideration for development. It should be limited to low risk or low impact development, with clearly defined parameters. There are many constraints to consider in relation to second dwellings on rural land (for example on-site wastewater disposal and development on bushfire prone land) that would make complying development unworkable. In contrast, councils have the ability to suitably address these considerations through merit assessment in the development application pathway.

Reviewing controls for secondary dwellings in rural areas may appear minor when considering these as a single dwelling proposal, but the risks created by cumulative impacts also need to be well understood in terms of infrastructure, services, safety, impacts on primary production, right to farm and land use conflicts, governance, compliance and financial implications. If the changes in proposed SEPP Amendment (Second Dwellings in Rural Zones) 2025were adopted statewide and for all rural zones,

cumulatively, this could amount to an intensification of use that may trigger increased servicing, amenity and other issues.

Rather than imposing uniform controls through a state-wide SEPP, any changes to the planning framework must provide councils with flexibility to adopt provisions that reflect local circumstances. LGNSW prefers the principle that councils be permitted to opt in or out of various state-imposed policies and complying development codes, where they identify local issues that are not able to be resolved. This would enable individual councils to adopt provisions that reflect local circumstances, rather than imposing uniform controls through a state-wide SEPP.

Benefits and Risks (TOR 1(c))

A fundamental role of a council is to determine the kinds and scale of development that are appropriate in each part of an LGA. While provisions in SEPPs may suit the specific needs of some parts of some LGAs, a one-size-fits-all approach fails to recognise or account for the specific needs and local context. For example, there are different pressures facing coastal NSW communities compared with inland LGAs.

As discussed above, LGNSW does not support the introduction of blanket statewide provisions permitting second dwellings on all RU zones (i.e. RU1 to RU6) and C3 and C4 zoned lands as proposed SEPP Amendment (Second Dwellings in Rural Zones) 2025. This approach would not allow for consideration of the underlying objectives of each of these rural and conservation zones and the potential for certain land uses within those zones to conflict with residential development.

The **benefits** of secondary dwellings on rural and conservation zoned land would depend entirely on having balanced and proportionate provisions and allowing councils to tailor provisions to local conditions. Councils recognise that potential benefits could include increased housing stock in rural zones and greater housing diversity (supporting councils' local housing strategies), supporting multi-generational living, long-term farmers being able to stay on their land and not 'move into town', supporting aging in place, and helping to retain local population. Importantly, where individual councils and their communities see benefits such as these, there is already the ability for councils to allow them through the LEP.

The **risks** of permitting second dwellings on all these zones, particularly if done via a complying development pathway, are many. They include cumulative impacts on:

- **Infrastructure, services and safety** – for example:
    - On-site wastewater systems (OSWS) may not cope with additional dwelling/increased density, and/or could result in unacceptable cumulative impacts.
    - Rural roads are designed for agricultural traffic, open space and recreational demands, not necessarily residential density.

    - Emergency services access to remote rural properties may be limited, especially during time of extreme weather events, such as flooding and bushfire.
- **Right to farm and land use conflicts** – may be incompatible with certain agricultural uses, increasing complaints to council (e.g. regarding odour/smells, spraying, noise from tractors etc.). There is a general concern about the continued encroachment of other industries and land use activities into primary production, contradicting land use objectives and alienating primary resource land.
- **Pressures to subdivide land with secondary dwellings** – fragmentation
- **Productive agricultural land** – could reduce viable agricultural land available for food production
- **Compliance** – increased or expanded complying development creates pressure on councils' enforcement responsibilities without the corresponding funding to resource this role. Examples include:
    - Land clearing associated with both the dwelling footprint and for driveways/accessways
    - Financial implications – as discussed earlier, councils cannot collect rates on second dwellings, to cover the additional demand.
    - Peri-urban challenges such as amenity conflicts and complaints about neighbouring agricultural activities (noise, smell, dust)

Recommendations

2. The Committee notes that LGNSW does not support introducing blanket statewide policies to broaden permissibility and expand complying development for the purpose of enabling 'second dwellings' on rural land. Any changes to the planning framework must retain flexibility for councils to adopt provisions that reflect local circumstances.
3. The Committee ensures site-specific merit assessment is retained for second dwellings on rural land and excludes these housing forms from a blanket complying development pathway.
4. The Committee considers allowing councils to 'opt in' or out of various state-imposed policies and complying development codes where they identify local issues that are not able to be resolved.

Term of Reference 1(e)

(e) 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

Removing size/attachment constraints/controls would result in larger, detached and distant second dwellings which could escalate visual, servicing and cumulative impacts. Liberalising provisions could result in a potential accumulation of second dwellings in rural areas without consideration of impacts on infrastructure, services and the local environment and land conditions. This is discussed above.

Recommendation

5. In any proposed reform, councils must retain the power to control dwelling scale limits and co-location principles tailored to the local area.

Term of Reference 1(f)

(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), other land-based hazards and environmental impacts

Financial and resourcing constraints on councils mean that much of the rural land in their LGAs has not been subject to full flood studies and flood mapping (with exception of rural towns which may have been flood-mapped) and do not have full flood studies that would enable councils to assess risk where additional dwellings are proposed on these lands. In the absence of such detailed flood mapping, site-based performance solutions may be acceptable but would require to be assessed on a case-by-case basis via a development application. Hazard assessment is necessary for both flood and fire evacuation routes.

Term of Reference 1(g)

(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

Planning to protect productive agricultural land

Councils aim to support their farmers and rural landowners to diversify, maintain agricultural land in each LGA and to boost local economic development.

Through the planning system and within the broader strategic framework of regional plans councils have a direct role in planning for and protecting the long-term viability of rural land for agricultural and resource land uses, without prejudicing or detrimentally impacting the future use of the land. They seek to balance agricultural land with different or sometimes competing land use activities in their LGA.

The NSW Department of Primary Industries (DPI) in its guide for planning for rural land[7] includes specific advice about provision of additional housing in rural zones, noting that:

> A rural land strategy should not seek to permit additional housing (detached dual occupancy or secondary dwellings) in rural zones on the basis of providing affordable housing or facilitating farm succession. Affordable housing for an LGA should be located in urban areas to prevent additional servicing costs, reliance on private transport, and the creation of a demographic of 'rural poor'.

Right to farm and land use conflict

Councils also have a regulatory role in managing land use activities and complaints. They are mostly the first port of call for complaints triggered by land use conflicts.

As discussed above (see section on risks of permitting second dwellings in all rural and conservation zones (TOR 1(c)), enabling secondary dwellings as complying development may respond to local housing needs with additional dwellings but could reduce viable agricultural land. Right to farm and land use conflicts mean that such dwellings may be incompatible with certain agricultural uses, increasing complaints to council (e.g. regarding odour/smells, spraying, noise from tractors etc.).

Councils use carefully considered land use zones and planning controls to protect high-value agricultural land and significant regional assets where appropriate. Some councils, for example will prohibit additional dwellings in certain rural zones. Councils are also concerned to avoid pressures that would lead to further fragmentation of agricultural land, thus affecting long term agricultural sustainability.

Balancing the benefits of supporting family farming arrangements with the need to protect the viability of agricultural land and resist fragmentation is an important consideration. Any changes to permissibility for additional dwellings on rural lands must not inadvertently increase the risk of land use conflict or fragmentation that would undermine agricultural viability.

Recommendation

6. The Committee acknowledges the critical need to balance protection of high value agricultural land when considering any changes to broaden permissibility of second dwellings on rural lands and ensure that councils retain the planning tools to enable them to tailor local planning conditions that avoid land use conflicts and the risk of fragmentation.

[7] *Planning for Agriculture in Rural Land Use Strategies* (section 2.9)

Term of Reference 1(h)

(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

Many councils have policies in place to ensure there is no opportunity for subdivision of second dwellings on rural land. This is to minimise potential land use conflicts and avoid further land fragmentation that could undermine rural zone objectives and other local provisions to manage rural and environmental zones.

While the Committee appears to be ruling out subdivision – noting that the proposed SEPP Amendment (Second Dwellings in Rural Zones) 2025 talks about "enabling flexible legal title arrangements … *without subdivision*"[8] and the TOR 1(g) appears to rule out subdivision – councils are nevertheless understandably cautious about any proposals to change land title arrangements that could result in increased pressure from landowners to subdivide. They regularly field enquiries from rural landowners seeking permission to subdivide second dwellings on rural properties.

Councils hold strong views that any provision for additional dwellings on rural lands must be restricted to the same allotment as the primary residence, without creating subdivision potential. In feedback to LGNSW, many have indicated they would oppose the introduction of statewide provisions that would allow any form of subdivision related to second dwellings on rural land.

Recommendation

7. The Committee explicitly excludes any changes which would introduce statewide provisions allowing subdivision pathways or which could increase pressure from rural landowners with second dwellings to subdivide that land.

Term of Reference 1(j)

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

Council and community services usually run at or beyond capacity in regional areas, with locational challenges in maintaining an equitable distribution of services across the LGA. Councils must be able to consider any impacts of additional dwellings – including cumulative impacts - on the capacity of existing and available local infrastructure and services. (Refer also to comments made above in response to TOR 1(c) - risks).

[8] Referred to in **Purpose** of Draft Model Instrument in Tabled Document - State Environmental Planning Policy (Housing) Amendment (Second Dwellings in Rural Zones) 2025, tabled by Hon. John Ruddick MLC.pdf

Rating of secondary dwellings

Directly relevant to this inquiry is the need for reforms to enable councils to capture the cost of the additional service demand associated with second dwellings. Under the current arrangement, council rates are calculated based on unimproved land value – this means that additional dwellings on the same allotment do not generate additional rate revenue, despite generating additional demand for local services and facilities and additional pressure on infrastructure.

At the 2024 LGNSW Annual Conference councils resolved to call on the NSW Government to amend the *Local Government Act 1993* to:

1. provide a multiplying factor (to be determined) to the Ordinary Rate or alternatively a minimum/base rate to apply to a secondary dwelling (granny flat) that exists in addition to the primary dwelling on residential or farmland rating categories.
2. provide a multiplying factor (to be determined) to the Ordinary Rate or alternatively a minimum/ base rate to each dwelling where multiple occupancy (non-strata subdivision) exists on residential or farmland rating categories.
3. the permissible income be increased annually based upon DA approvals to provide for the additional multiplying factor.[9]

Encouraging further densification of relatively large-scale rural areas via mechanisms such as secondary dwellings places additional strain on councils' limited financial resources, especially while income is constrained within a rate-capped environment, and additional land rates are unable to be levied on these second dwellings to help pay for activities such as rural road maintenance.

The following example from Tweed Shire Council[10] illustrates the potential rating impact on council revenue:

> If Tweed were to permit dual occupancy on rural allotments (residential or farmland category) it could see up to 4,000 additional primary detached dwellings with no capacity to rate these homes. At an average rate of $1,694 this would result in lost recurrent revenue of $6.776M annually. Money much needed to provide the library, parks, sporting fields, pools, roads, etc. that the residents occupying these homes would expect and demand.

Any proposal to allow second dwellings must consider that these potentially thousands of additional properties will be unratable. Existing ratepayers will therefore continue to subsidise those with second dwellings on their property - this does not accord with principles of equity and fairness.

Recommendation

8. Any additional rural secondary dwelling reform must occur in concert with rate reform that reflects the true cost of servicing properties with multiple dwellings, particularly in

[9] Annual_Conference_2024-Resolutions.pdf - Resolution 18
[10] Annual_Conference_Business_Paper_2024.pdf – pp 40-41

rural and farmland areas, and would help councils maintain financial viability while supporting the state's housing objectives.

Term of Reference 1(k)

(k) transitional arrangements and monitoring of policy outcomes

Any policy change must be accompanied by a comprehensive monitoring regime that builds in a review after three to five years. Key performance indicators (KPIs) for monitoring should be established, which would include approvals, locations, hazard overlays, complaints and conflicts with agricultural land.

Recommendation

9. That accompanying any recommended changes to permissibility of rural second dwellings, the Committee must include a recommendation to establish a comprehensive monitoring and review regime.

Conclusion

Consistent with LGNSW policy positions and feedback from councils, LGNSW would advise a precautionary, place-based approach to the consideration of any changes to broaden permissibility and flexibility in relation to second dwellings on rural land.

While councils recognise the importance of providing greater housing flexibility in rural areas to support family succession and other housing needs, there is also broad agreement that any reforms need to allow councils to carefully tailor requirements to the local conditions. As such, blanket statewide provisions and complying development pathways as proposed in SEPP Amendment (Second Dwellings in Rural Zones) 2025 are not supported.

Any changes that would broaden permissibility of second residential dwellings on rural land must acknowledge the need to protect important agricultural land, consider capacity and access to infrastructure and services, as well as any potential hazards that may risk the safety of occupants and first responders in the event of natural disasters. Any reforms must also take into account the challenges councils face to adequately service additional dwellings in rural settings and maintain assessment pathways that ensures these considerations can be suitably addressed.

Attachment A – Terms of Reference

LEGISLATIVE COUNCIL

SELECT COMMITTEE ON RURAL HOUSING AND SECOND DWELLINGS REFORM

Inquiry into rural housing and second dwellings reform

TERMS OF REFERENCE

(1) That a select committee be established to inquire into and report on reforms to facilitate the construction of second dwellings in rural zones, and in particular:

(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, and in particular the document entitled "State Environmental Planning Policy (Housing) Amendment (Second Dwellings in Rural Zones) 2025"

(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 instruments to enable flexible, streamlined, and liberalised approval pathways for second dwellings on rural-zoned land

(c) the benefits and risks of permitting second dwellings on RU1–RU6, C3 and C4 zoned lands, including via complying development

(d) the suitable interaction between the Housing SEPP and/or Codes SEPP and provisions in Local Environmental Plans under section 3.28 of the Environmental Planning and Assessment Act 1979

(e) 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

(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), other land-based hazards and environmental impacts

(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

(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

(i) mechanisms to streamline the development application and Complying Development Certificate (CDC) processes

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

(k) transitional arrangements and monitoring of policy outcomes, and

(l) any other related matters.

(2) That the committee report by 13 February 2026.

The terms of reference for the inquiry were referred to the committee by the Legislative Council on 6 August 2025.[1]

Committee membership

Hon John Ruddick MLC	Libertarian Party	*Chair*
Hon Scott Farlow MLC	Liberal Party	*Deputy Chair*
Hon Mark Buttigieg MLC	Australian Labor Party	
Hon Anthony D'Adam MLC	Australian Labor Party	
Hon Wes Fang MLC	The Nationals	
Ms Sue Higginson MLC	The Greens	
Hon Emily Suvaal MLC	Australian Labor Party	