

3 May 2012

Mr Sam Haddad
Director General
Department of Planning & Infrastructure
GPO Box 39
Sydney NSW 2001

By email: slup@planning.nsw.gov.au

Dear Mr Haddad

Re: Upper Hunter and New England North West Draft Strategic Regional Land Use Plans

The Urban Taskforce represents Australia's most prominent property developers and equity financiers. We provide a forum for people involved in the development and planning of the urban environment to engage in constructive dialogue with government and the community.

As you would be aware, the Hunter region's leading property developers are included in the membership of the Urban Taskforce. We have a strong Hunter Subcommittee which meets regularly and ensures that the Urban Taskforce is aware of issues that affect the region. Of particular concern to our members, at this time, are the draft Strategic Regional Land Use Plans for the Upper Hunter and New England North West ("the draft plans").

We understand that these plans have been prepared to "protect high-quality agricultural land and its water sources from inappropriate mining and coal seam gas projects". However, we are of the view that the draft plans should seek to balance land uses, not assume that one use is more important than another. Planning should seek to ensure that all types of land use are appropriate, whether it be agriculture or mining. Planning must encourage the sustainable use of land for the common good of all. Furthermore, the draft plans consider much more than the balancing of agricultural and mining land uses. In fact, the draft plans have the potential to significantly affect development of land in the Upper Hunter and New England regions.

For instance, the draft plans identify a need for more housing to meet expected population growth yet clear and measurable actions to ensure that this need is met are not included in the plan. The reliance on the local council to prepare land and housing supply strategies on an "ongoing" basis, or to zone land to ensure an adequate supply does not engender confidence. The draft plans must include clear land supply and performance targets that will enable government and the community to monitor plan implementation.

Furthermore, the draft plans signal the need to provide and fund significant infrastructure to support expected population growth. The Urban Taskforce understands that there is a need to fund new infrastructure, but any funding model adopted needs to be fair and equitable – the developer must not be seen as the "cash-cow".

We have consulted our Hunter Subcommittee and reviewed the draft plans and identified some issues of concern as outlined below for your consideration.

1. To ensure supply when needed there must be more zoned land

The draft plans identify the need to review land supply and new housing needs in light of revised population projections. It is understood that these projections supersede those released

by the NSW Government in 2008. With this increase in population, as well as demographic changes, the New England North West region will need between 6,800 and 8,000 additional dwellings by 2036.¹

It is encouraging that government recognises that population projections are at best estimates and require regular review and adjustment. Therefore, meeting future land and housing needs will depend on an adequate supply of land. Because of the variability in population growth, adequate supply will depend on a theoretical oversupply of zoned land. That is, it must be recognised that though land is zoned for a residential purpose, does not mean that the land will be developed as such. Landowners do not always act on rezoning opportunities nor is it always possible for developers to acquire developable parcels of land to bring serviced lots to market at the right time.

Zoning land so that there is a theoretical oversupply will provide more development opportunities and a greater chance that sufficient service land will be available to meet future needs.

2. Expression of interest process will assist with the delivery of housing lots

The Minister for Planning and Infrastructure previously invited landowners to submit expressions of interest if they were interested in developing their land for housing. The purpose of this general invitation from the Minister was to identify sites in appropriate locations and with adequate service and infrastructure provisions that will increase dwelling production in the short term at no additional cost to government. Forty three submissions were received of these, 31 sites are undergoing further evaluation on the basis of government-endorsed objectives and matters for consideration.

This process has the potential to identify real development opportunities and it is suggested that the Minister consider a further targeted call for expressions of interest in the areas subject to the draft plan. Such a process would identify actual sites in appropriate locations where landowners are interested and able to develop land for housing.

Assessment of sites could be on the basis of government-endorsed objectives and subject to appropriate probity tests and open to community review.

Our understanding is that land is tightly held by a select few landowners who are not particularly interested in land development for residential purposes. It is for this reason that Government must engage with landowners early to ensure that land, earmarked for residential purposes, will be developed by supportive and interested landowners and developers. An expression of interest process followed by open and frank consultation with interested landowners is considered to be an excellent starting point that should be undertaken prior to the finalisation of the draft plans.

3. Housing opportunities must be provided in the right locations

The draft plans identify locations where housing demand is expected to be at its greatest. While we have no objection, nor dispute the likelihood that housing will be required in the identified local government areas, we highlight the need to be flexible, recognising that people may not necessarily choose to live and work in the same local government area. Furthermore, it is important that we recognise that a great majority of people are attracted to the major regional centres, not necessarily to housing opportunities in the immediate vicinity of employment. Hence, while new housing opportunities may be provided in close proximity to areas of industry, some may wish to live in a major centre such as Tamworth and travel to their place of employment. This is particularly the case for families who will be attracted to the

¹ Draft New England North West Strategic Regional Land Use Plan, March 2012 p 46

greater educational and entertainment opportunities offered in centres such as Tamworth and Maitland.

Therefore, allowance must be made for a theoretical oversupply of land in the vicinity of major centres to ensure that housing needs can be met when required.

Furthermore, consideration must be given to the impact of significant population increase in and around major centres. The draft plans rightly point out that increased activity and population growth will require additional or augmented infrastructure such as water, sewer, drainage, energy and roads.² Infrastructure to support new housing and employment areas - along with social infrastructure, new and augmented infrastructure will be required to support housing and employment areas including public transport, utilities and telecommunications infrastructure.³

While we accept that there will be a need to provide additional infrastructure and accept that the developer should bear a reasonable proportion of the cost, the reliance on development contributions must be reviewed.

Currently the means in which infrastructure is funded is not working to the satisfaction of local councils, local communities or developers. In particular, the funding of infrastructure should not only fall to the developer. We argue that Infrastructure funds should be drawn from a pool made up of developer contributions and state and local government sources.

There is a very valid argument for the distribution of the infrastructure funding debt over a larger number of people as a broad-based tax. The recent IPART reviews of section 94 plans and statements made by IPART's Acting Chairman, Mr James Cox strongly support this position.

When considering who actually benefits from new infrastructure funded by a small group of developers, IPART found that the benefit can extend outside of the local area. In some cases expenditure benefits all residents, not just those in the areas where the works are located. In these cases it's reasonable that all residents, who benefit from the infrastructure, should contribute towards meeting this cost and "further consideration of options for financing infrastructure in growth areas, is therefore warranted"⁴.

IPART makes further insightful commentary on development levies and the inequity within the current system in their submission to the NSW Planning System Review. IPART state that

[t]he large number of policy changes may have reduced investment certainty. Further, the rationale for the current allocation of costs between these parties is not clearly articulated. The system is fragmented, resulting in inequities in the allocation of the costs of development depending on the location and the ultimate owner of the infrastructure.⁵

With respect to who should pay for infrastructure IPART says that:

[t]he overarching principle could be one of beneficiary pays. We note that for some of the infrastructure eg, where a broader environmental benefit is generated, the whole of Sydney would benefit, not just the new residents in the release area. **For this infrastructure it may be reasonable that someone other than the developers (and ultimately, purchasers of housing in new development areas) pay some of the costs.**⁶ (emphasis added)

IPART's findings in the areas of section 94 and their submission to the Planning System Review must be carefully examined when considering options for funding infrastructure.

² Draft New England North West Strategic Regional Land Use Plan, March 2012 p 32

³ Ibid p. 36

⁴ Media release by IPART NSW. *IPART Reviews Highlight the cost of providing Infrastructure in Western Sydney*. Thursday, 27 October 2011.

⁵ IPART Submission on Issues Paper: NSW Planning System Review. Local Government — Submission. February 2012. p.10

⁶ Ibid. p. 11

4. Targets must be set for local council

The draft plans state that Local environmental plans are to ensure housing and employment development occurs in areas which can be appropriately serviced.⁷ The Urban Taskforce strongly supports this principle. However, our concern is that at present strategic plans are being ignored by many local authorities when developing local environmental plans and/or making a determination of a development application.

To ensure that housing is provided in the absence of appropriate local environmental plans, the draft plans which include important dwelling targets to meet population growth should be used to assess development proposals. That is, where a development proposal is consistent with the draft plans, such development proposal should be capable of proceeding even if inconsistent with the local environmental plan. Adopting this approach to development assessment would also assist with the implementation of strategic plans and the achievement of development outcomes including growth and dwelling targets for a locality.

The Government must approach the plan process with the presumption for growth. The draft plans clearly indicates significant population growth, yet local council is given the responsibility to make allowance within their local environmental plans to meet the demands of a growing population. There is no doubt that this approach has not been successful in the Sydney region and our fear is that the same will occur in the Upper Hunter and New England regions.

Local communities and the councils seem hesitant to accept growth and therefore embark on a plan making process that discourages the much needed development to meet the demands of growth. Local environmental and development control plans are so restrictive and inflexible that development of land becomes an unattractive investment option for most.

The NSW Government must engage, challenge and insist that local environmental plans are drafted to accommodate predicted growth as outlined in strategy documents, such as the draft plans or make regional strategies into statutory plans that can be relied upon by the development community as a mechanism to drive change and permit the development that is required to meet the needs of a growing population. That is, where a development proposal is consistent with the regional strategy, the development proposal should be permitted even if inconsistent with the local environmental plan.

Notwithstanding the above, the action plan included in the draft plans must be expanded to include clear and measurable performance standards. Targets must be set and delivery deadlines stated. For example, actions that relate to the preparation of housing supply strategies and zoning land without clear targets are essentially meaningless.

5. Development standards and controls must encourage housing choice

The draft plans recognise the desperate need to provide a greater choice in housing. The draft plans say that there is a shortage of more affordable, smaller housing options throughout the region, and this needs to be addressed through appropriate zonings and planning controls, including the identification of appropriate higher and medium density infill areas within existing urban areas to help maximise the use of existing infrastructure.⁸

It is critical that local development controls be devised to permit a wide range of housing types. Development controls and contributions plans must be subject to economic assessment to gauge market acceptability. Our experience is that local development controls, in conjunction with unrealistic contributions plans have the ability to frustrate the delivery of housing choice.

⁷ Draft New England North West Strategic Regional Land Use Plan, March 2012 p. 38

⁸ Draft New England North West Strategic Regional Land Use Plan, March 2012 p 48

6. The draft plans must contribute to the growth and prosperity of the region

The draft plans must recognise that mining provides jobs and contributes significantly to the economy of the region and state. The role of the draft plans must be to grow the economy and prosperity of the regions. This will be greatly assisted where the draft plans adopt a strong presumption for industry and growth. The time has come to draft plans that focus on the facilitation and permissibility of industry and development. We are in desperate need of plans that encourage industry, recognise the importance of development and make the development assessment process less complex.

I confirm that the Urban Taskforce is always willing to work closely with the Government to facilitate the delivery of zoned and serviced land to meet the demands of growth. We would welcome the opportunity to discuss these matters with you in more detail.

Should you require any further clarification of the content of this correspondence, please feel free to contact Gilbert de Chalain on telephone number 9238 3937 or me on telephone number 9238 3927.

Yours sincerely

Urban Taskforce Australia

A handwritten signature in blue ink, appearing to read 'Chris Johnson', with a long horizontal flourish extending to the right.

Chris Johnson
Chief Executive Officer