

16 December 2022

Mick Cassell
The Secretary
NSW Department of Planning and Environment
Locked Bag 5022
Parramatta NSW 2124

Dear Mick,

RE: Draft Strategic Framework for the Greater Penrith to Eastern Creek Investigation Area

As the leading industry body representing the interests of 450 member companies and the NSW urban development sector, the Urban Development Institute of Australia NSW (UDIA) is pleased for the opportunity to provide a submission to the NSW Department of Planning and Environment (DPE) on the *Draft Strategic Framework for the Greater Penrith to Eastern Creek Investigation Area*.

UDIA has a keen interest in planning and development issues facing Greater Western Sydney (GWS). Through our NextGen West strategy in collaboration with Business Western Sydney, we have proposed outcomes to address the NSW housing affordability and supply crisis, by focussing on the more timely delivery of development-ready land in GWS that gets houses to market more quickly. We also support greater housing diversity in the Western Parkland City which has over 80% of its residents living in detached dwellings. This type of dwelling limits housing choice for existing and future residents, especially at strategic locations near train stations and town centres to achieve 30 minute city outcomes, in accordance with the Western Parkland City District Plan (the District Plan).

Background

UDIA supports the proposal by DPE to investigate 14 precincts in the Greater Penrith to Eastern Creek (GPEC) area as part of a strategic framework. The GPEC area is a critical part of the Western Parkland City and has the potential for a further 135,000 people (40,000 homes) to accommodate a population of 430,000 by 2041, who will have access to a major regional tourism, employment and recreation precinct at Western Sydney Lakes and the Western Sydney Airport Metro (WSAM) with two new stations at Orchard Hills and St Marys.

We believe there is a good opportunity to achieve a greater housing mix based on transit oriented design (TOD) outcomes at the proposed Orchard Hills Metro stop. UDIA and the University of Sydney (USYD) have worked to identify the potential for better transport and planning outcomes for GWS. The main conclusion from the investigation is that cities must be built around access to provide maximum opportunity for people to reach as many locations as possible within a 30-minute travel time, preferably by public and sustainable transport. This will help achieve the outcomes of the District Plan which aims to integrate land use and transport planning in the GPEC area to optimise north-south links.

The GPEC area is not significantly impacted by environmental impacts such as flooding or biodiversity. This growth area should be prioritised to support delivery of development ready land in GWS, especially with the Development Moratorium still applying to the North West Growth Area which is having a significant impact on housing supply. To achieve the planning vision for the GPEC areas, we must also ensure that a suitable funding framework is developed to ensure infrastructure is delivered soon after land has been rezoned.

Recommendations

UDIA supports the key priorities in the Draft Strategy Framework for the GPEC area and we propose the following recommendations to further deliver on the planning vision:

1. DPE to engage with key state government agencies, via an Empowered Urban Development Program Committee, to achieve the timely delivery of growth infrastructure to support the rollout of development ready land.
2. That DPE works with industry to deliver a sustained infrastructure funding program for state infrastructure in the GPEC area which uses Works in Kind as an option to promote developer delivered infrastructure.
3. That DPE works with Penrith City Council on innovative solutions to address fragmented land ownership to encourage site redevelopment.
4. That DPE amends the GPEC Draft Strategic Framework to recognise and promote different housing tenure options to encourage the creation of more affordable housing.
5. That DPE encourages TOD development for new railway stations in Greater Western Sydney and affordable housing by planning mix-tenure market and affordable apartments as over station development.
6. That DPE works with Penrith City Council to finalise the rezoning of Orchard Hills by early 2023.
7. That DPE works to finalise the Western Sydney Lakes development proposal providing access to regional recreational facilities and significant public open spaces for existing and future residents together with providing increased employment opportunities.
8. That DPE investigates partnership options with Landcom to deliver more housing areas.

We offer further commentary on our proposed recommendations, which is provided below.

- 1) **DPE to engage with key state government agencies, via an Empowered Urban Development Program Committee, to achieve the timely delivery of growth infrastructure to support the rollout of development ready land.**

UDIA has identified that DPE need to focus on a program of development-ready land, or land without planning, environmental or infrastructure constraints. Our *Building Blocks Greater Western Sydney 2021* report showed that poor coordination of growth infrastructure including transport, water, and wastewater is a major factor in holding back housing supply. On too many occasions we have seen land which has been rezoned, but where development is held back due to that missing piece of growth infrastructure. This was evidenced in our *Greenfield Land Supply Pipeline Report October 2022*, (Refer to <https://udiansw.wpenginepowered.com/wp-content/uploads/UDIA-Greenfield-Report-2022-Online-Version.pdf>) where we identified that 90% of lots in Sydney's growth areas are not development-ready due to constraints.

Given that it takes 5-10 years to deliver development-ready land, DPE needs the early engagement and commitment from state government agencies including Transport for NSW and Sydney Water to deliver the infrastructure identified in the Draft GPEC Strategic Framework.

Development in the Glenfield Priority Precinct (up to 3,000 dwellings) is currently being held up due to no funding to deliver a major road connecting the M5 to the Moorebank Intermodal Terminal, which is still four

years from being completed. The same is occurring at the Austral Leppington precinct where up to 8,000 dwellings are being held up due to no wastewater solution.

UDIA supports the use of Empowered Urban Development Program (UDP) Committees to plan and coordinate the delivery of infrastructure at the GPEC area. Our policy paper *“Empowered Urban Development Program Committees, May 2022”* (Refer to <https://udiansw.wpenginepowered.com/wp-content/uploads/UDIA-UDP-Paper-April-2022-Final.pdf>) aims to achieve the alignment of growth infrastructure and land use more effectively, by removing one of the significant bottlenecks which is holding up housing supply.

We have observed that most infrastructure agencies are not focussed on growth infrastructure to support the supply of development ready land and tend to focus on their own infrastructure projects within their Total Asset Management plan. At times there has also been general inertia with some infrastructure agencies on making a commitment to state infrastructure nominated in a strategic plan.

It is great to see DPE is working on a pilot UDP for the Western Parkland City, and we recommend that a UDP should be applied to the GPEC area. This will allow key State and local agencies (Refer to **Figure 1**) to work together to plan, prioritise, and deliver growth infrastructure which is identified in the Draft Strategic Framework. The UDP would also monitor development patterns and then prioritise both state and local infrastructure listed in a local contributions plan, to achieve a more integrated land use outcome.

Figure 1 - Key representatives of an Empowered UDP



With the use of a consistent and shared data set, aided by city shaping digital planning tools, an Empowered UDP can save excessive time spent deciding on what infrastructure is prioritised to support growth and place outcomes in the GPEC area to help address the housing affordability and supply crisis. With the development of rapid business case tools and the use of more works-in-Kind (WiK) government and industry can develop innovative solutions to stretch the infrastructure dollar further and remove delays to supply.

- 2) **That DPE works with industry to deliver a sustained infrastructure funding program for state infrastructure in the Greater Penrith to Eastern Creek area and which uses Works in Kind as an option to promote developer delivered infrastructure.**

Funding Program

UDIA acknowledges the massive infrastructure funding requirements for the GPEC area as presented in Figure 25 of the Draft Strategic Framework, which is needed to service a future population exceeding

400,000, of which most is beyond current available funding. With no confirmed funding for state infrastructure, it adds considerable difficulty to achieve the planning vision for the GPEC area, necessary for it to emerge as a key housing location in the Western Parkland City.

Considering this, UDIA is concerned with the expectation established in Action 4.2.1 in the Draft Strategic Framework that aims to *“use new development to contribute to the provision of regional infrastructure through state infrastructure contributions.”*

Due to its rigid framework, strong focus on specific infrastructure items and limited ability to raise revenue in the short term, the use of a Special Infrastructure Contributions (SIC) framework will not achieve the efficient roll-out of infrastructure to support growth. Further there is a significant challenge in aligning accumulated SIC funding with agency funding, via general revenue, to deliver state infrastructure.

It is unreasonable for government to continue to rely on developers to contribute most of the funding for infrastructure in the GPEC area based on a principle of “impactor pays.” We support a more “benefactor pays” approach that sees landowners who receive a major financial uplift from rezoning but without contributing to the infrastructure spend needed for the GPEC area carry more of the funding burden. An option that was explored by DPE in late 2021 in the Infrastructure Contributions Reform Package (the ICRP).

Further we contend that random funding initiatives including the Accelerated Infrastructure Fund (AIF) and WestInvest are useful but not ideal to support the efficient rollout of infrastructure to support growth.

Our NextGen West campaign supports the development of a sustained funding pipeline to ensure the timely delivery of infrastructure, which is estimated at close to \$120 billion in the Western Parkland City over the next 20-30 years. With the ICRP on indefinite hold, DPE needs to move quickly to resolve this issue to ensure stimulus funding for critical enabling infrastructure occurs which is not reliant dated SIC funding models, or a framework which relies on developer contributions. We believe further HAF funding should be deployed to unlock the missing piece in enabling infrastructure to unlock growth.

Sustained HAF funding would give industry confidence that state infrastructure will be rolled out in the short-term, especially since the ICRP, and proposed Regional Infrastructure Contribution, remains unresolved and final charges are not confirmed.

DPE should consider options for developer delivered infrastructure based on WIK to yield further efficiencies with infrastructure delivery to support growth. Good examples of a WIK based approach occurred with the Oran Park Precinct and Town Centre where Camden Council and the former Growth Centres Commission both worked closely with the development industry to deliver state and local infrastructure to support growth. This process allowed the developer to deliver up to 1300 dwellings annually.

Partnership with Industry

We also support Action 2.1.3 *“Work with state agencies, Commonwealth agencies, Penrith City Council, industry and the community to align infrastructure delivery in Orchard Hills with housing growth and safeguard defence requirements at Defence Establishment Orchard Hills”*. Industry engagement will greatly contribute to the success of the Draft Strategic Framework for the GPEC area, which should provide an opportunity to combine the shared knowledge of city delivery from both government and private sector stakeholders through active participation in the priority and delivery of infrastructure to support growth. This “partnership approach” has proven to be successful in the development of the Edmondson Park / Green Square growth precincts and can only help DPE achieve their goals.

UDIA considers industry engagement is critical to the success of the Draft Strategic Framework for the GPEC area. Typically, we have seen limited industry engagement in delivery of key infrastructure, for example with the business case development for the WSAM. This resulted in a failure to maximise the potential for station precincts as locations for future growth.

3) That DPE works with Penrith City Council on innovative solutions to address fragmented land ownership to encourage site redevelopment.

UDIA is aware that Orchard Hills contains a significant amount of land currently in multiple ownership which is nominated for future urban development.

Fragmented ownership can provide a major constraint to broadscale redevelopment, and a notable example is the Leppington town centre precinct, which was rezoned in 2013 but still has not had any major redevelopment, even though there is good access to a rail line and station interchange. The lack of redevelopment is largely due to fragmented ownership constraints with over 150 different owners in the town centre precinct.

To achieve redevelopment of the GPEC area, which is mostly rural, DPE should work with Council on providing innovative planning provisions in a future environmental planning instrument that encourage land owners to merge their land. This could occur through Floor Space Ratio incentives that allow for higher development yields if sites are merged and/or less taxes if it occurs in a timely manner.

4) That DPE encourages TOD development for new railway stations in Western Sydney and affordable housing by planning mix-tenure market and affordable apartments as over station development.

Building on present work by Council on the St Marys Town Centre and with the recently commenced precinct planning work by DPE on Orchard Hills, DPE should use the Draft Strategic Framework as an opportunity to promote TOD outcomes with housing mix to achieve maximum housing density at these two station interchanges (Refer to Recommendation No.5). This would allow existing and future residents better access existing and future public transport infrastructure and services and key jobs centres in GWS.

Our work with USYD demonstrated the endless benefits of having higher density housing within walkable distances from rail stations and the number of potential jobs that could be created in GWS. An example of a good TOD development is Edmondson Park (Refer to **Figure 2**) where a town centre near an existing station contains a mix of residential and commercial development at higher densities supported by open space and educational uses. Edmondson Park provides evidence that a more diverse product range of housing is not only possible but also marketable now.

Figure 2 - Future images of Edmondson Park Town Centre



We need to plan the transition of current land uses around both St Marys and Orchard Hills, which needs to commence in the short term, to realise the opportunities offered by TOD based development. Provided key stakeholders work together, there is great potential establish St Marys and Orchard Hills as vibrant mixed used centres similar to what is occurring at Edmondson Park.

5) That DPE amends the GPEC Draft Strategic Framework to recognise and promote different housing tenure options to encourage more affordable housing.

In accordance with Action 2.2.1, DPE should assess a variety of housing tenure options to a broader socio-economic group which would help address the housing affordability crisis. This includes the following tenure types:

- **Build to Rent (BTR)** is a purpose-built housing product developed by investors who retain ownership and rent out the dwellings for an extended period. Although BTR housing is only emerging in NSW, an established BTR sector has the potential to create a more stable housing pipeline that is less affected by market cycles. The 2021 NSW Housing Strategy is presently incentivising BTR, and the NSW Government has a 50% Land Tax discount for new housing projects delivering purpose-built rental units over specified thresholds and managed under unified ownership.
- UDIA's policy is to advocate for a level playing field between BTR and Build-to-Sell (BTS) housing policies, which the 50% Land Tax discount has effectively achieved, with more work needed from the Federal Government to end the Managed Investment Trust over taxation for FIRB investors and resolution of the GST imbalance. Further opportunities exist for the State Government to work with the Federal government to develop incentives for Affordable BTR which has been foreshadowed in the National Housing Accord. Attached is the UDIA National – Driving Build-to-Rent paper – Nov 2022.
- Further to Recommendation No.4, UDIA recommends that DPE encourages TOD development for new railway stations in Western Sydney and affordable housing by planning mix-tenure market and affordable apartments as over station development.
- **Land Lease** - Also known as a ground lease, a land lease is an arrangement in which a landowner — the lessor, rents out the land to a tenant or the lessee. A land lease can be used to purchase a home plus land or simply to purchase land you plan to develop later. In a land lease community, residents only take ownership of their home and enter a 'land lease' for the lot on which their home resides. Residents of the land lease community also gain access to extensive community and recreational facilities, security, maintenance, and privately owned infrastructure as part of their weekly rent. The major challenge with Land Lease is that it is tied to land zoned for caravan parks or manufactured home estates and is not permissible in the general residential zones.

UDIA believes that recognising and promoting different housing tenure types will provide long-term housing security and a potential pathway to home ownership for a broader range of people or suit those who wish to have more diversity in their investment portfolio. The Draft Strategic Framework should recognise and promote different housing tenure options to encourage more affordable housing.

6) That DPE works with Penrith City Council to finalise the rezoning of at Orchard Hills by early 2023.

Available lots in the NWGA are running out fast and the Development Moratorium is preventing the release of land for a further 10,000 dwellings in Marsden Park North and Schofields West at the NWGA. DPE must collaborate with Council to quickly finalise the Orchard Hills North Planning Proposal, which is still subject to rezoning assessment. Orchard Hills North could create a short term release of development ready land, providing up to 1700 lots within 2 years upon rezoning.

Whilst we support *Action 2.2.2* in the Draft Strategic Framework, we urge DPE provide a more definitive timeline such as "early 2023", as opposed to the "Short Term", which is less clear and could mean up to five years.

7) That DPE works to finalise the Western Sydney Lakes development proposal providing access to regional recreational facilities and significant public open spaces for existing and future residents together with providing increased employment opportunities.

UDIA recognises that Western Sydney Lakes, previously referred to as Penrith Lakes, is fast emerging as a major tourism and recreation destination in GWS.

The objective for the proposed Phase 1 “Southbank” development at Western Sydney Lakes is to serve the recreational needs of GWS offering a refreshing climate for people to play, work, relax and visit with access to freshwater and a panoramic backdrop to the Blue Mountains. The precinct has the potential to offer a variety of destinations delivering regionally significant open spaces, supported, and enhanced by sustainable mixed use urban development.

The intended outcomes for the proposed development are to:

1. To deliver a new tourist and employment precinct that reinforces Western Sydney Lakes’ role as a destination for a range of employment, recreation and tourist uses.
2. To create new green public open spaces that support new recreational uses for workers and visitors within the precinct and the surrounding community.
3. To allow public access to existing lakes system and foreshore within Western Sydney Lakes.
4. To support existing and proposed recreational and employment zone areas within Western Sydney Lakes to reinforce the holistic vision for the Lakes as a tourism and employment destination.

The Western Sydney Lakes project aligns with our NextGen West strategy to provide jobs closer to home. The proposed Phase 1 development will facilitate an economic boost to Western Sydney contributing to a potential 5,300 direct jobs and about 9,850 indirect jobs on the Southbank site. This is aligned with the directions and objectives of the Greater Sydney Region Plan and the District Plan, specifically by facilitating its role in supporting employment and tourism opportunities and delivering new public spaces within Western Sydney Lakes.

In accordance with Action 5.2.9, DPE should work with the Penrith Lakes Development Corporation to implement planning controls for Western Sydney Lakes to facilitate tourism and regional recreation uses that are being developed as new residents are moving in, which is likely to occur at Glenmore Park Stage 3 and Orchard Hills North.

8) That DPE investigates partnership options with Landcom to deliver housing in the GPEC area

Landcom has had considerable success in coordinating development outcomes through partnering with key government agencies and with the private sector. They have the development capability and capacity to achieve redevelopment where others have failed. Best examples include the Green Square and Edmondson Park urban renewal projects, which have emerged as vibrant town centres containing a mix of uses and accessed by good public transport. They have done this by partnering with key developers and driving planning outcomes with market tested solutions. They also have skills working with multiple landowners and achieve outcomes which arise from fragmented land ownerships.

UDIA contends that DPE should actively engage with Landcom in the development of the key precincts in the GPEC area and they should be identified as a major stakeholder and referenced in the key actions contained in the Draft Strategic Framework.

Conclusion

Thank you again for the opportunity to make a submission on the Draft Strategic Framework for the Greater Penrith to Eastern Creek Investigation Area.

DPE should prioritise the development of the GPEC area to help address the housing and supply crisis gripping Greater Western Sydney. With the North West Growth Area still subject to a Development Moratorium and critical enabling infrastructure impacting South West Sydney, DPE needs to provide a more robust Strategic Framework to support coordinated housing growth supported by a sustained funding pipeline, which is guided by an Empowered UDP that allows key agencies to work together to prioritise and deliver growth infrastructure.

By collaborating with Council to address fragmented land ownership issues, promote diverse housing tenure options, and involving Landcom as a key deliverer and development partner, DPE can help deliver the Strategic Framework to achieve the planning vision for the GPEC area.

UDIA looks forward to continuing to work with DPE on the Draft Strategic Framework for the GPEC area and should you have any further questions or to arrange a meeting, please contact David White, GWS Manager at dwhite@udiansw.com.au or 0415 914 612.

Kind Regards,

A handwritten signature in black ink, appearing to read 'Steve Mann'.

Steve Mann
Chief Executive
UDIA NSW