

4 July 2017

Ms Carolyn McNally  
Secretary  
NSW Department of Planning and Environment  
GPO Box 39,  
Sydney NSW 2001

Dear Ms McNally

#### **North West Priority Growth Area SEPP**

Thank you for the opportunity to provide comments on the draft North West Priority Growth Area Land Use and Infrastructure Implementation Plan. The Department's endeavour to rationalise existing statutory planning controls and prioritise the delivery of infrastructure, urban development and open space through to 2027 and beyond is welcome.

The Implementation Plan is a timely refresh of the approach to planning for the North West Priority Growth Area outlining eight key actions to guide the ongoing development of the area, namely:

1. Provide more land supply for new homes
2. Protect and plan for major transport corridors
3. Manage residential densities to align with infrastructure
4. Protect assets and plan for evacuation
5. Transfer more planning controls back to local councils
6. Simplify planning controls within the Blacktown precincts in the North West Priority Growth Area
7. Review infrastructure requirements and accelerate funding for capital works
8. Improve pedestrian, cycle and green connectivity

The proposed actions address the strategic vision for development and infrastructure delivery, and the statutory mechanisms that control and enable development. Fundamentally, the Implementation Plan acknowledges that the drivers for growth have changed over the past decade, recognising that the North West Priority Growth Area is emerging as a more urban, mixed use and higher density growth area than was envisaged when the Growth Centres was established in 2006.

The Property Council is concerned, however, that the proposed SEPP includes changes to dwelling density by establishing a density cap. Hitherto, land in the Growth Centres has been subject to a “density target” whereby developments needed to provide a minimum number of dwellings per hectare of land. These targets applied to low density medium density and high density residential land. Establishing a density cap will effectively limit the number of dwellings delivered in the North West. The reason put forward for this cap is infrastructure shortfalls, with development (built and approved) substantially exceeding the minimum density target.

The Property Council believes that the proposed density cap, particularly to the R2 zone, is overly restrictive. The cap undermines the reasoning which placed apartment sites close to transport and commercial centres in the first place. The cap effectively reduces the number of apartments able to be built on medium density sites by approximately 70% percent; sites previously able to accommodate 240 dwellings (based on the maximum allowable height, setbacks and the percentage of land required to be set aside as green space) would, under the cap, accommodate only 70 apartments. The impact is that there will be 20,000 fewer dwellings built.

Less supply and less housing diversity will ultimately result in higher prices. In addition, restricting dwelling supply in locations close to transport will reduce the Government’s return on its investment in public infrastructure.

Further, the impact of these changes will weigh particularly heavily on first home buyers. The current provisions allow apartments to come onto the market in the North West Priority Growth Area at a price point of approximately \$600,000, below the \$650,000 threshold for the first home buyers stamp duty exemption which commenced on 1 July 2017 as part of the NSW Government’s housing affordability plan.

However, by applying ‘maximum density’ controls—as the exhibited changes currently propose—residential flat buildings will be effectively prohibited. Hence, land zoned R3, or medium density, will be restricted to townhouses. Using current market prices as an indicator, townhouses in the North West Priority Growth Area will come onto the market at approximately \$950,000, well beyond the \$800,000 stamp duty exemption limit provided to first home buyers in the Government’s affordability plan. In effect, the proposed density cap will not only significantly reduce housing supply, it will inhibit most of the supply of housing Sydney needs to enable first home buyers to enter the property market.

The Property Council urges the Department to undertake more consultation with industry before finalising the draft SEPP. More analysis is required to test the reasonableness of the proposed density cap. Detailed changes to clauses and SEPP maps should be publicly exhibited in R2 low density zones to enable more consideration to be given to this proposal.

The Property Council also notes the following:

- *Re-zonings shall be accompanied by a Development Control Plan and agreements for the delivery of infrastructure* - the discussion paper does not outline what level of detail is required in order to illustrate an ‘agreement’ for delivery of infrastructure.
- *Minimum Lot size* - the stated minimums are consistent with the recent amendment to the SEPP, however, it appears that the SEPP and this paper errs in respect to attached dwellings

(1,500 sqm min lot size). This should be amended to 600 sqm (min 3x dwellings on 200 sqm per lot)

- *Secondary dwellings* - the proposed maximum floor space reflects the Blacktown Local Environmental Plan being whatever the larger is of 60 sqm or 5 per cent of the principal dwelling floorspace. The 5 per cent is deemed inoperative as a proposal will need a principal dwelling of over 1,200 sqm in floor area in order for a standard dwelling to exceed 60 sqm. This should be 35 per cent. It is preferable that secondary dwelling sizes are increased in order to promote affordable rental housing (up to 110 sqm)
- *Manor Home* - the document states that Manor Homes were not permitted in R2 zoned land when in fact they were, as long as they were on corner blocks. Ideally the SEPP should increase the permissibility of Manor Homes as a means to increase housing diversity.

We urge that the Department consider our concerns and that a further draft be issued for public consultation before a written instrument with proposed wording to clauses and amending maps is introduced.

Thank you once again for the opportunity to provide comment. If you have any queries or would like to discuss this submission further please contact either myself [jfitzgerald@propertycouncil.com.au](mailto:jfitzgerald@propertycouncil.com.au) or else my Deputy Cheryl Thomas on [cthomas@propertycouncil.com.au](mailto:cthomas@propertycouncil.com.au).

Yours sincerely,



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Property Council of Australia