



# **Fairfield Draft LSPS**

**UDIA NSW Response**

**July 2019**

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## ABOUT THE UDIA

Established in 1963, the Urban Development Institute of Australia (UDIA) is the leading industry group representing the property development sector. Our 550 member companies include developers, engineers, consultants, local government, and utilities. Our advocacy is focussed on developing liveable, connected, and affordable cities.

## INTRODUCTION

The Urban Development Institute of Australia – NSW Division (UDIA) welcomes the opportunity to provide a submission into the exhibition of the Draft Fairfield Local Strategic Planning Statement (DLSPS). UDIA has 550 member companies from across the development industry including developers, planners, legal professionals, architects, utilities and local government. Our members have been involved in all major urban renewal and greenfield projects for the past fifteen years in Sydney, including in the Fairfield LGA.

We recognise that LSPS provide a welcome high-level vision that is supported by 5 themes that the industry shares with Council for the LGA:

1. Community well-being – healthy and liveable places
2. Infrastructure and places – supporting growth and change
3. Environmental sustainability
4. Strong and resilient economy
5. Good governance – advocacy and consultation

Ongoing collaboration will be needed to implement the vision through LEP updates next year, we look forward to continuing to work with Council on this.

UDIA congratulates Council on producing a robust draft Local Strategic Planning Statement (DLSPS) that provides an overarching vision for the next twenty years for the LGA. To further support this document we make the following recommendations:

- 1. Council refrain from restricting the supply of secondary dwellings so that housing demand can continue to be met.**
- 2. Council take active leadership of progressing the Horsley Park – Mount Vernon Urban Area so that affordable greenfield housing options form part of the supply in the Fairfield LGA to 2036.**
- 3. UDIA supports a merit-based approach to planning proposals. UDIA recommends Council sets out a clearer approach for sites outside existing urban centres to be rezoned.**
- 4. Fairfield City Council advocate for an urban development program as an action in the LSPS.**
- 5. Council adopts an incentive-based approach to any future affordable housing strategy in collaboration with industry.**
- 6. Council collaborates closely with industry to create concept centres around potential transit nodes between Parramatta and Western Sydney International Airport.**

## **DELIVERING THE LSPS**

UDIA seeks a greater understanding of the implementation path for the LSPS in the Fairfield LGA. We recognise the intent is for the LSPS to give effect to the regional and district plans in the LGA by guiding updated strategic planning documentation for an updated LEP including meeting any dwelling and jobs targets.

We seek to work collaboratively with Council and Greater Sydney Commission to ensure that there are adequate jobs targets for the entire district, and this is apportioned across local government areas. UDIA is concerned that the strategic collaboration between communities has been missing in the development of the strategies. Thereby, potentially not leading to adequate rezoning and supply in the LEP review.

The planning priorities outlined in the Statement will inform Councils' review of their LEPs and development control plans; planning proposals must indicate whether the proposed LEP will give effect to the Statement. Whether a planning proposal respects the Statement will become a relevant consideration for the Minister in determining if a planning proposal has the strategic merit to proceed past the gateway process. While the Statement does not contain detailed and technical planning controls it will clarify the future character of an area and with it, compatible and incompatible uses.

We recognise that the Department of Planning increased the Strategic Merit Test requiring proposals to be consistent with the regional plans, and any endorsed local strategy.

The DLSPS requires a series of strategies and studies to be completed prior to rezoning sites, UDIA is concerned that this will not result in the timely completion of a rezoning. The DLSPS should include clear timelines for the completion of studies and the rezoning of the site. Otherwise, we believe the LSPS will act as a constraint of sensible growth and fail to give effect to the District Plan, and Sydney's overarching dwelling baseline of 36,250 dwellings per annum.

Of particular concern is the lack of completed studies which may make it impossible to undertake otherwise meritorious planning proposals that are intended to facilitate outcomes that are consistent with and envisioned in the LSPS.

We note that this strategic planning document is a new part of the planning system, we recommend that it is initially subject to annual review as a living document that will speak to the evolving needs of the community and changing market.

The following provides particular advice on the topics raised in the Fairfield DLSPS. The UDIA looks forward to working with Council to further the implementation of the LSPS.

## **HOUSING SUPPLY IN THE LSPS**

To 2036, Council forecasts demand for an additional 15,298 dwellings. Council states that it is confident that there is sufficient capacity for future dwelling supply to service this demand scenarios.

We note that the forecast for 2016-2021 is 3,050 dwellings. This will mean that a significantly higher rate of supply will be required between 2021 and 2036. Given the large contribution that secondary dwellings have made to existing supply, and Council's plans to:

- review the control of secondary dwellings in future, and
- restrict future supply to existing urban areas,

UDIA is concerned that Council will be unable to deliver the additional dwellings needed in the Fairfield LGA by 2036. It is important that Council continue to encourage secondary dwellings and other forms of supply.

**Recommendation 1:** Council refrain from restricting the supply of secondary dwellings so that housing demand can continue to be met.

In addition, the DLSPS relies on increasing dwelling capacity within existing centres. UDIA is concerned that this long rezoning process will delay the supply capacity within these centres and prevent the housing supply target being realised by 2036. There are some actions relating to progressing the Horsley Park – Mount Vernon Urban Investigation Areas in collaboration with other agencies, but these do not clearly state that any new supply will be delivered in the Investigation Area by 2036.

**Recommendation 2:** Council take active leadership of progressing the Horsley Park – Mount Vernon Urban Area so that affordable greenfield housing options form part of the supply in the Fairfield LGA to 2036.

The DLSPS states that alignment to the strategic direction within the LSPS will be a significant consideration when determining whether a planning proposal will proceed. Given the identification of existing centres as the source of new housing, it is unlikely Council will consider planning proposals for additional supply outside these areas.

However, in order to be flexible enough to meet potential future changes in housing demand, Council should be open to the consideration of planning proposals outside the Growth Area on merit.

**Recommendation 3:** UDIA supports a merit-based approach to planning proposals. UDIA recommends Council sets out a clearer approach for sites outside existing urban centres to be rezoned.

## INFRASTRUCTURE AND PLACES

The DSPS identifies two planning priorities for infrastructure and places:

1. Ensure infrastructure is aligned to accommodate planned growth and community needs
2. Leverage opportunities from major new district infrastructure and services and technological developments.

The main strategy is for increased density around existing centres and infrastructure in the central and eastern parts of the LGA. The actions in this section seem to be very heavily focused on open space and transport infrastructure.

However, in order to achieve denser existing urban centres, significant local and regional infrastructure investment will be required. We recognise that infrastructure requires coordination between local government, state government, and other infrastructure providers.

The UDIA has long advocated for an urban development program across Sydney. The establishment of an Urban Development Program (UDP) was a key recommendation of UDIA's *Making Housing*

*More Affordable* report. The re-establishment of a UDP is urgently required for metropolitan Sydney and would:

- Coordinate and monitor housing supply and targets in urban renewal areas, infill and new communities in land release areas;
- Coordinate and prioritise the delivery of the necessary supporting infrastructure;
- Signal early identification of blockages;
- Integrate social and affordable housing targets and ensure their programming; and
- Involve a transparent annual program enabling monitoring and input back into policy development and housing supply programs.

Since the Department of Planning ceased the Metropolitan Development Program in 2011/12 a void in strategic planning has emerged which has impacted most demonstrably on infrastructure servicing agencies. In the absence of 'one source of truth' various growth forecasts and servicing strategies are being produced with differing base data, different assumptions, differing language and differing time horizons.

UDIA has convened a UDP Taskforce comprised of 20 senior industry and infrastructure agency representatives to help prosecute the case for the return of a UDP. We strongly believe that a robust UDP requires close development sector liaison in order to validate and update annual housing supply timings and yields and accordingly there is a clear facilitation role which UDIA can perform to assist this process.

To help chart the way forward, a UDP Pilot was completed in conjunction with Blacktown Council with Research Partners Urbis and Mott MacDonald last year.

The UDP has an important role to play in the prioritisation and coordination of infrastructure funding and delivery. It will identify infrastructure requirements and ensure it is funded. It can also troubleshoot infrastructure bottlenecks, which would support the orderly delivery of housing supply.

**Recommendation 4:** Fairfield City Council advocate for an urban development program as an action in the LSPS.

## COMMUNITY WELL-BEING

The Draft LSPS has five planning priorities for community well-being:

1. Provide housing that accommodates the needs of existing and future residents
2. Deliver greater housing diversity and affordability to meet the changing needs of the community
3. Plan for and manage areas identified for future urban development
4. Provide attractive, healthy and safe places for the whole community
5. Protect the city's heritage

While UDIA supports initiatives to elevate urban design, any proposals that may increase the cost of development should be subject to development feasibility testing prior to implementation. Similarly, development of health-based criteria for locating high density housing should not come at the expense of unreasonably constraining or precluding such housing in otherwise suitable locations.

We note that the DLSPS indicates Council will be reviewing its controls for secondary dwellings due to a high number of such dwellings having been constructed in recent years. Clearly there is strong demand for this type of housing in the LGA and it is important that Council continues to support its supply (per Recommendation 1).

UDIA recognises that the DLSPS has identified a need for affordable housing and a diversity of housing types, including detached houses, dual occupancies, granny flats, townhouses, terraces, villas, apartments and larger lifestyle lots.

Action 2.3 of the DLSPS is to develop and Affordable Housing Strategy. UDIA recommends that any affordable housing contribution is provided as an incentive not a penalty, so as not to negatively impact the viability of the development in the area.

UDIA established in 2018 a taskforce of 20 industry leaders to investigate social and affordable housing including developers, CHPs, legal, and planning experts.

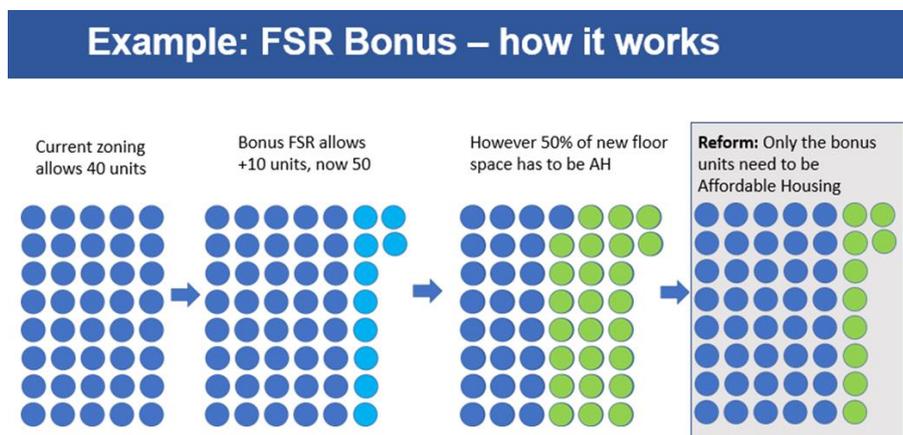
UDIA understands SEPP70 has been seen as the mechanism to implement affordable housing targets; however, the penalty imposed by inclusionary zoning has been empirically shown to increase house prices

*The analysis found that inclusionary zoning policies had measurable effects on housing markets in jurisdictions that adopt them; specifically, the price of single-family houses increase and the size of single-family houses decrease.*

**Bento et al (2009), 'Housing Market Effects of Inclusionary Zoning' Cityscape: A Journal of Policy and Research 11(2), US Department of Housing and Urban Development.**

Bento et al. (2009) found that where inclusionary zoning was adopted, housing prices increased approximately 2 to 3 percent faster than in cities that did not adopt such policies.

The Affordable Rental Housing SEPP attempts to provide affordable housing; however, it does not act as a genuine incentive. The SEPP provides a 0.5 FSR bonus if 50% of dwellings are affordable. The SEPP provides a carrot and a stick bigger than the carrot, in that there is a net reduction of market housing on the site when utilising the ARHSEPP.



UDIA modelling suggests that this approach reduces the internal rate of return by about 5% through the incentives provided by the SEPP. If only the bonus was affordable, then the IRR would be reduced

by 1.5%, which would mean projects become unviable. If half the bonus was affordable then the IRR would be equivalent, and the market housing would not subsidise affordable housing.

UDIA recommends that any affordable housing contribution is provided as an incentive not a penalty, so as not to negatively impact the viability of the development in the area. An affordable housing policy, which makes housing affordability harder to obtain is an irony which must be avoided, if we are to provide housing for the next generation.

**Recommendation 5:** Council adopts an incentive-based approach to any future affordable housing strategy in collaboration with industry.

## STRONG & RESILIENT ECONOMY

The Draft LSPS has two planning priorities for a strong and resilient economy:

1. Promote a robust economy which generates diverse services and job opportunities
2. Plan for and manage urban services land

UDIA commends these priorities and we note that ensuring planning instruments support mixed use and dense development within centres is crucial to achieving this.

Regional connectivity is also a top priority for the future productivity of the Fairfield LGA. As decisions about new infrastructure connections to Parramatta and the Western Sydney International Airport are likely to be made within the next few years, Council needs to collaborate closely with industry and the State government to maximise the opportunities created by any new transit nodes. It is likely that this will include a review of the DLSPS.

These future transport options are likely to commencing planning and design before 2036, so there should be greater acknowledgement in the DLSPS of their potential to deliver productivity benefits.

**Recommendation 6:** Council collaborates closely with industry to create concept centres around potential transit nodes between Parramatta and Western Sydney International Airport.

## ENVIRONMENTAL SUSTAINABILITY

The Draft LSPS has three planning priorities for environmental sustainability:

1. Protect areas of high natural value and environmental significance and improve the health of catchments and waterways
2. Realise the Parkland City Vision
3. Adapt to natural hazards and environmental impacts

UDIA recognises that there are substantial global megatrends impacting upon the ability to deliver sustainable urban environments. Electric Vehicles, big data, and hydrogen will all influence the capacity to respond to climate change. The Council needs to be responsive to best practice and changing technology in this space, and not prefer any specific technology or solution to achieve outcomes.

UDIA supports the improvement of open spaces and we consider open space to be part of the supporting social infrastructure for a development. The comments made in the infrastructure and places section also apply to the sustainability planning priorities in the DLSPS.

## **GOOD GOVERNANCE**

The Draft LSPS has four planning priorities for good governance:

1. Ensure a well-engaged and informed community
2. Monitor and report on the delivery of the LSPS actions
3. Review the LSPS to adapt to changing priorities and circumstances
4. Advocate for and represent the Fairfield City community

UDIA commends Fairfield City Council's commitment to monitoring, reporting and reviewing the LSPS, as well as the inclusion of a clear action plan for the priorities in the Plan. We anticipate that priorities and circumstances will significantly change once the NSW Government has finalised its transport plans for the Western City, and we urge Council to review and update the LSPS as and when needed, rather than with a rigid review schedule.

## **CONCLUSION**

UDIA looks forward to working with Fairfield City Council collaboratively to progress the DSLPS to the next stage and implementing appropriate LEP controls that will achieve the vision outlined in the DLSPS. Please contact Elliott Hale, General Manager, Policy, Media and Government Relations at [ehale@udiansw.com.au](mailto:ehale@udiansw.com.au) or 0478 959 917 to arrange a meeting.

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