



Subject:
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FW: Webform submission from: Western Sydney Aerotropolis Planning Package
Monday, 9 March 2020 10:48:29 AM

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Sent: Friday, 28 February 2020 7:18 AM

To: PPO Engagement <engagement@ppo.nsw.gov.au>

Subject: FW: Webform submission from: Western Sydney Aerotropolis Planning Package

[Redacted]
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Sent: Thursday, 27 February 2020 4:45 PM

To: DPE PS ePlanning Exhibitions Mailbox [Redacted]

Subject: Webform submission from: Western Sydney Aerotropolis Planning Package

Submitted on Thu, 27/02/2020 - 16:43

Submitted by: Anonymous

Submitted values are:

Submission Type: I am submitting on behalf of my organisation

First Name: Annie

Last Name: Manson

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Email: [Redacted]

Suburb/Town & Postcode: Sydney

Submission file:
[Redacted]
[Redacted]

Submission: Please find attached the submission from the Urban Taskforce on the Western Sydney Aerotropolis Planning Package. Kind regards, Annie Manson

URL: <https://pp.planningportal.nsw.gov.au/draftplans/exhibition/western-sydney-aerotropolis-planning-package>

28 February 2020

Western Sydney Planning Partnership
PO Box 257
PARRAMATTA NSW 2124

Western Sydney Aerotropolis Planning Package

I write in relation to the *Western Sydney Aerotropolis Planning Package* (the Planning Package) framework comprising the Draft Western Sydney Aerotropolis Plan, Draft Development Control Plan, Draft State Environmental Planning Policy Discussion Paper, Draft maps to accompany the draft SEPP and a summary document.

The Urban Taskforce force supports the overall vision for the Western Sydney Aerotropolis

Urban Taskforce Australia (UTA) acknowledges the importance of the Western Sydney Aerotropolis and the future development of the Western Parkland City. We applaud the significant work undertaken by the Western Sydney Planning Partnership and the Department of Planning, Industry and Environment, in partnership with federal, state and local government organisations to progress plans for the Aerotropolis.

UTA is a leading industry group representing property developers and the broader property development industry. Our members have a long-standing interest in the Western Sydney Airport and Aerotropolis, as well as the Western Parkland City and wish to collaborate with government agencies, councils, communities and other stakeholders to deliver positive, sustainable long-term outcomes.

The timely and efficient development of the ten precincts outlined in the Planning Package will be critical to delivering the Government's vision of a 30-minute city, providing jobs and providing housing to meet the target of 725,000 additional dwellings by 2056 set out in the Greater Sydney Commission's *Greater Sydney Region Plan – A Metropolis of Three Cities*¹.

The Urban Taskforce strongly supports the following aspects of the Western Sydney Airport Planning Package:

- Adoption of an innovative approach to planning and development of the ten aerotropolis precincts to minimise bureaucracy, delays and red tape and set a precedent for Masterplan (or precinct plan) based streamlined approval processes (including agency referrals and concurrences) across Sydney
- Commitment by the Federal and State Governments to have rail and freeway infrastructure in place before the airport commences operation
- Ensuring unencumbered 24/7 operation of the Western Sydney Airport by mapping and planning for constraints such as noise and building height restrictions and

¹ Greater Sydney Commission, *A Metropolis of Three Cities*, March 2018

committing to reducing these restrictions over time with improved aircraft engine technology evolves

- Use of highly flexible land use zones to ensure the Aerotropolis can attract industry investment and provide significant long-term employment opportunities as well as housing supply to address Sydney's looming housing supply crisis
- The Planning Package's proposal regarding the alignment of infrastructure and new development, in particular precincts for future growth and development, should be identified based on the marginal cost of infrastructure required to facilitate that growth and development. However, it is critical that this is based on evidence to justify this, based upon publicly available costings, data and research. Further, it is critical that industry and Councils have an opportunity to critically evaluate infrastructure priorities and costings to ensure the process is transparent and thorough

The Urban Taskforce also acknowledges and supports critical aspects of the Aerotropolis Plan which will ensure that it evolves into a liveable, sustainable city over time. This includes:

- A 'landscape-led' approach to urban design to ensure that the Western Parkland City is green, liveable, resilient and sustainable
- Planning for the protection of the Wianamatta-South Creek corridor and 'Green - Blue Grid' Infrastructure to ensure the delivery of a sustainable city and to preserve critical landscape for native flora and fauna

Detailed comments on specific aspects of the Planning Package are provided below.

Development Authorities and Approval Pathways

The Urban Taskforce understands that the Western Sydney Aerotropolis SEPP will include:

*"a framework to establish an optional master planning process... landowners will be able to provide granular details of land use allocation and arrangements across a site, which if approved may lead to the use of other planning pathways, for example complying development. Their key role is to build on the level of detail shown on the Western Sydney Aerotropolis Plan, or relevant Precinct Plan."*²

The Urban Taskforce strongly supports this innovative approval pathway which will minimise red tape and ensure that proposed development which comply with the Western Sydney Aerotropolis Plan or relevant Precinct Plan, can proceed quickly through the approval process and with minimum unnecessary cost and delay.

In NSW approval processes are often lengthy, uncertain and costly, and can deter investment in development. Providing the alternative approval pathway outlined in the Western Sydney Aerotropolis SEPP will help ensure the Aerotropolis reaches its full social

² Department of Planning, Industry and Environment on behalf of the Western Sydney Planning Partnership, *Western Sydney Aerotropolis Discussion Paper on the Proposed State Environmental Planning Policy*, December 2019, p32

and economic potential. The *Western Sydney Aerotropolis Discussion Paper on the Proposed State Environmental Planning Policy* provided a high-level overview of these provisions, however further consultation with the development industry is required before the SEPP is finalised.

Further, Urban Taskforce urges the NSW Government to use this approach as a template for reform and have it set a precedent for a Masterplan (or precinct plan) based streamlined approval processes (including agency referrals and concurrences) across Sydney.

Recommendations:

- 1. The expedited master planning approval process for development which complies with the Western Sydney Aerotropolis Plan or Precinct Plan is an innovative planning process which is strongly supported by the UTA.**
- 2. Further consultation with the development industry should be undertaken before the Western Sydney Aerotropolis SEPP is finalised.**
- 3. The Department of Planning should consider adopting the expedited master planning approval process for the redevelopment of other critical precincts.**

Residential Development

The Urban Taskforce supports the identification of suitable areas within the Aerotropolis to accommodate employment and residential uses. Residential is critical to ensure precincts do not become dull 'jobs only zones', requiring long commutes to access and no vibrancy or presence after work hours.

The current land uses and precinct plans acknowledge this, and we believe that residential development should be promoted, encouraged and expedited, to ensure that the Aerotropolis vision of liveability can be realised. Residential development in the Aerotropolis will contribute much needed housing supply to address Sydney's housing affordability crisis, but early planning must be done to ensure that infrastructure is available to support this housing. This is a critical role for the NSW Government.

Funding for this infrastructure should come primarily from consolidated revenue as the aerotropolis precinct of Sydney is critical to the development of Sydney and Australia's economy as a whole. Infrastructure costs should not be borne by new home buyers who are often low-income earners compared to those in other areas of Sydney who benefit from the economic stimulus.

Recommendation:

- 4. The Urban Taskforce supports the inclusion of residential developments in suitable areas throughout the Aerotropolis. We believe that applications for residential development should be expedited to deliver additional housing supply on the ground sooner.**
- 5. To ensure fairness and intergenerational equity, funding for infrastructure to support the aerotropolis should largely come from consolidated government revenue.**

Flexible land use and Employment Lands

UTA members develop employment lands for NSW to maximise employment opportunities from the Airport and surrounding Aerotropolis, leveraging the logistical benefits of close access to the global cargo and shipping network. UTA members are developing opportunities on the ground now. Transparent dialogue with all government agencies involved in the aerotropolis is critical to ensuring they can make investments with certainty and clarity.

We note that the Agriculture and Agribusiness Precinct on the western side of the airport has been reduced to create a new 'flexible employment' area known as the Dwyer Road Precinct.

The SEPP identifies desirable land uses within this new precinct as high technology industry, commercial offices, small and medium enterprises, urban services, warehousing and logistics, food tech and research, food production and processing, agribusiness and fresh food produce markets.

Several precincts also identify 'residential' development as a suitable land use, alongside other employment-generating land uses. The Urban Taskforce supports the introduction of 'flexibility' into land use controls in the Aerotropolis and continues to call on the NSW Government to maximise the use of broad, flexible mixed use zones to ensure that permissible land uses can adapt to changes in market demand.

An example of a flexible mixed-use zone which successfully incorporates residential with other uses is the Commercial 3 zone used in Victoria. This is a mixed-use employment zone allows a wide range of innovative employment-generating uses as well as between 35-50 percent residential.

Recommendations:

- 6. The Urban Taskforce supports the use of flexible zoning in the Aerotropolis SEPP to encourage investment and innovation.**

7. In areas where residential uses are permitted, a sufficient percentage of residential development should be permitted to maximise the population of the Aerotropolis living within walking distance of services, jobs and transport.

8. Ongoing communication and consultation with the development industry is critical to ensure that investors in development in the Aerotropolis can invest with clarity and not be hindered by 'regulatory uncertainty.'

Aerotropolis Place-Based Infrastructure Compact and sequenced development of precincts.

The Planning Package outlines a sequenced approach to precinct planning that seeks to "optimise planned investment in major infrastructure and create the impetus for early activation of the Aerotropolis."³ There are 10 precincts identified, with six planned to be released as part of an 'initial' first round.

Detailed precinct planning will "aim to stage and sequence development within and between precincts to optimise infrastructure provision. This would be informed by a 'Place Based Infrastructure Compact' for the Aerotropolis."

The Urban Taskforce supports the broader concept of a place-based infrastructure compact and the Planning Package's proposal regarding the alignment of infrastructure and new development. Precincts for future growth and development should be identified based on the marginal cost of infrastructure required to facilitate that growth and development.

However, this can only be implemented fairly and appropriately if all information regarding the identification of infrastructure required and the cost of this infrastructure is made publicly available. Further, governments must be ever mindful of the negative impact of fees and charges on feasibility. Where fees threaten the feasibility of investment, billions of dollars of private sector capital investment can be lost to the NSW economy.

- *Transparency and accountability are needed*

The information, methodology and data used to develop precinct sequencing plans for the Aerotropolis must be made available to industry for scrutiny and feedback.

The Department of Planning should publicly release any reports and information used as the basis for their decisions regarding what infrastructure is required for the release of each precinct, and what costs are attributed to each infrastructure asset.

Any decision not to provide this information would undermine the Western Sydney Aerotropolis Authority and Department of Planning's credibility and cast significant doubt on any recommendations and actions outlined in a draft PIC. The Department must be transparent, clear and accountable in its decision making.

- *More stakeholder consultation is needed in the development of the draft PIC*

³ Western Sydney Planning Partnership, *Western Sydney Aerotropolis Plan*, December 2019

Infrastructure Australia mandates a process of scrutiny and consultation over any infrastructure allocation to establish: firstly, if the infrastructure is required; secondly, if the "problem" that is being solved by the infrastructure can be solved any other way; thirdly, if all non-infrastructure solutions have been considered; and finally, the costs and benefits of all the above.

The reason the Department of Planning and Western Sydney Aerotropolis Authority must consult with Council and with industry is to allow for their scrutiny and to establish a rigorous process of assessment of options rather than the "*pick a winner and hope*" approach that has been the extent of the Greater Parramatta and Olympic Park Place Infrastructure Compact (GPOP PIC) process.

Recommendation:

- 9. The Department of Planning, Industry and Environment and Western Sydney Planning Partnership proactively engage with and collaborate with industry and landowners to inform the development of the Draft Aerotropolis PIC and publicly release the methodology, assumptions and data used to prepare the Draft Aerotropolis PIC so assumptions can be tested and challenged.**

Identification of flood risk

We note that the flood risk mapping of the South Creek Precinct has been redefined using the '1:100 flood event' mechanism in the Aerotropolis Plan, as opposed to the 'Probable Maximum Flood' mechanism which was used in the Stage 1 Aerotropolis LUIIP.

UTA supports this position as it is a more accurate measurement mechanism and has opened up more land for development without unnecessarily sterilising land which is not at significant risk of flooding.

Recommendation:

- 10. Urban Taskforce notes and supports the use of the 1:100 flood plain risk measurement.**

Developer funded assessment programs

In order to support the Federal, state and local government planners in the planning and development of the precinct, the UTA encourages the adoption of a landowner/ developer funded program to resource the fast-tracking of development applications. A pilot program has been successfully developed in partnership with the Victorian Planning Authority, Wyndham City Council and landowners.

UTA supports a similar model being applied to fast-track the planning, rezoning and assessment of development applications within the Aerotropolis area. This would alleviate

the resourcing constraints which can be experienced by planning authorities when managing the development of high-growth areas. See Appendix 1 for details.

Recommendation:

- 11. Department of Planning, Industry and Environment and the Western Sydney Planning Partnership develop a developer-funded planning program to fast-track proposals.**

Developer contributions and value capture

UTA members are concerned that the Western City and Aerotropolis Authority is, in part and in irony, a victim of the early 'vision creation' process. This process highlighted the many benefits of the 24/7 Airport and Aerotropolis and successfully attracted foreign investment interest, as well as funding from the Commonwealth and State Government.

However, the negative impact of this success is that the land prices (and land price expectation from existing landowners) in the Aerotropolis have risen dramatically, to the point that feasibility of future development is stretched even before additional fees and charges for infrastructure etc are factored in. When developers add in other associated costs - for example, payments associated with planning agreements, special infrastructure contributions, there is a strong risk to financial viability of development, and this could result in little to no development actually taking place.

The Planning package states that ***"infrastructure funding will be refined through work on an Aerotropolis Special Infrastructure Contribution, local infrastructure planning and funding mechanisms by Liverpool and Penrith City Councils and possible value capture mechanisms."***

The Planning package also states that ***"When setting development contributions all levels of government must ensure the cumulative amount of contributions payable does not make development unfeasible"***⁴.

This is critical to the development industry and is strongly supported by UTA.

Excessive developer contributions will deter investment and could ultimately prevent the aerotropolis from developing and reaching its full potential.

We note that the draft Plan states:

"Value capture results from the significant land value uplift due to public investment in core infrastructure.

⁴ Western Sydney Aerotropolis Plan, Department of Planning, Industry and Environment (December 2019)

Investments such as the Airport and proposed Sydney Metro Greater West create value for landholders by bringing forward planning and zoning changes, which means there can be higher density uses around transport.

This increased land value can be utilised via additional value sharing mechanisms such as SICs and voluntary planning agreements, to help fund infrastructure that a growing population and workforce requires.

Value sharing mechanisms will be developed as part of the detailed precinct plans.

Any mechanisms require a balance: capturing a fair portion of the value uplift enjoyed by the beneficiaries of development and reducing the burden on taxpayers to provide infrastructure that will benefit more people, such as quality public space.⁵

There are considerable risks involved in value sharing, also known as 'value capture'. Value capture (or betterment taxes) are extremely difficult to administer and sustain in a fair and equitable manner for any extended period of time. This is due to the generic nature of the tax, which does not take into account the fluctuating nature of the property market and the wide range of highly-volatile variables which impact upon the level of 'value' which can be sustainably 'captured' from the development of sites.

The impact of value capture can also encourage unsustainable urban form and place an unfair financial burden upon particular sectors of society.

The long period of time and considerable publicity given to the future aerotropolis precinct has pushed up the expectations of landowners. This effectively prevents the consolidation of fragmented land and eats into any "value capture" opportunity.

Value capture taxes can have significant negative consequences such as:

- **Deters investment in the Western Sydney Aerotropolis**

Value capture policies can deter investment particularly when combined with other taxes and charges applied including Special Infrastructure Contributions and Place Infrastructure Contributions, levies, stamp duty and GST.

This would have huge negative impacts upon the future success of the Western Sydney Aerotropolis, which depends on attracting substantial investment and development to the area.

When property prices can no longer absorb or sustain the additional costs of the value capture tax, housing supply and development in the Aerotropolis will decline as developers and investors move to locations with similar characteristics where development is still profitable.

⁵ *Western Sydney Aerotropolis Plan*, Department of Planning, Industry and Environment (December 2019)

- **Creates intergenerational equity**

Value capture taxes do not provide inter-generational equity. Established owners are excluded from contributing towards the cost of the new infrastructure which are critical components of economic growth for NSW (which they also benefit from). The burden of the cost of this infrastructure is largely imposed upon those trying to enter the market (such as first home buyers) who are unfairly hit with an increase of the cost to their home, which must be paid upfront.

Value capture taxes are a 'regressive' form of tax. This is made clear in the Independent Public Inquiry into the Long-Term Public Transport Plan for Sydney, which stated that *'these types of levies have equity effects that are generally regressive, because developers pass these charges onto consumers.'*⁶ Property developers require an acceptable rate of return on their investment; and are obliged to secure the highest return to shareholders where possible.

As with all other business transactions, all additional costs such as additional taxes, will be passed onto consumers where there is sufficient demand for that product that the consumer will pay the higher price. Where taxes and costs make investment unfeasible, capital is directed to other investment opportunities or locations.

- **Exacerbates Australia's housing affordability crisis**

Value capture tax increased the underlying cost of development, which in turn has a flow-on effect on housing affordability. During the 'boom' period, the cost of housing will rise as a result of the tax. This is due to the high demand for housing which allows the market to absorb the cost of the tax, as the consumer is willing to pay more. Alternatively, if there is a downturn in the property market, the additional cost of the tax can undermine project viability, pushing projects which may have been financially viable into the red, leading to the developer to abandon the project.

This reduces the supply of housing, drives down employment in the property development, building and construction industries and reduces the property industry's contribution to the economy. Landowners will delay sale or development of their land until the tax can be absorbed or passed on.

As the entire city benefits from transport infrastructure through increased accessibility, a small contribution from all residents and businesses within the Sydney Metropolitan Area on an annual basis could be introduced, which will raise significant funds over time. The collection mechanism would be either through an extra levy (the 'Sydney Metropolitan Transport Levy' on council rates for a set period of time (for example, 20 years) or through a land tax. Transport for London's Cross-Rail 2 project in London is successfully raising funds through a levy on all business rates for 30 years⁷.

⁶ *Independent Public Inquiry into Long-Term Public Transport Plan for Sydney*, Christie J Ron (2010)

⁷ PWC, (27 November 2014) *Crossrail 2: Funding and financing study*

An alternative metropolitan wide collection method could be through an increase in land tax and applying this to all properties over a fixed period of time. The rate or land tax levy could be increased in some areas closest to new infrastructure. This is a far more equitable approach and does not inflict financial burden upon a particular industry or group of buyers.

There is concern that funds collected from any value capture policy will go into general government revenue but as infrastructure is funded from consolidated revenue, this is reasonable (see recommendation 7)

Recommendation:

12. The Urban Taskforce does not support the introduction of value capture policies to development in the Aerotropolis.

13. The Urban Taskforce proposes a broad-based land tax, such as a 'Sydney Metropolitan Transport Levy' applicable across the entire Greater Sydney Region as a better option to raise funds for transport infrastructure.

The cumulative impacts of development taxes and levies must be monitored

The Aerotropolis Plan states that: *The cumulative impact of development contributions and other levies on businesses and households will be considered against the expected and realised value uplift from major public investment. Geographic coverage and timing, as well as the appropriate instruments through which value uplift can be captured and shared, are important considerations*⁸.

The Urban Taskforce strongly supports this initiative as there has been a rapid and alarming increase in property-development related costs from various levels of government all of which flow onto housing costs or deter investment. These include:

- The removal of the cap on local development contributions levied under section 7.11 of the *Environmental Planning and Assessment Act 1979*
- Introduction of the "strata building bond" a mandatory bond of 2% of the construction investment value of any strata-titled residential or mixed-use building over four storeys in height
- Introduction of a "Special Infrastructure Contribution" for various areas and levies associated with 'Place Infrastructure Compacts', including the Western Sydney Aerotropolis
- Discontinuation of the NSW Government's Local Infrastructure Growth Scheme
- Adoption of various 'value capture' tax policies by local councils
- Introduction of affordable housing schemes by local councils which introduce contributions and levies on development
- Payments associated with voluntary planning agreements

⁸ *Western Sydney Aerotropolis Plan*, p85, Department of Planning, Industry and Environment (December 2019)

The random nature of government-imposed levies has created considerable uncertainty and has undermined feasibility. The 2010 Federal report on tax, *Australia's future tax system: Final Report* (the Henry Tax Review) notes that "*where developer charges are set in an ad hoc fashion or are subject to unexpected changes, they can create certainty around new developments. If charges are increased after a developer has bought land from its original owner, they cannot be factored into the prices previously paid for the raw land. In this case, the charge would lower the expected return from the development. In return, general uncertainty about charging is likely to discourage investment activity, which would reduce the overall supply of housing.*"⁹

The Henry Tax Review concluded that development levies were only justifiable when they reflected the avoidable costs of development. The report explained that "*where infrastructure charges are poorly administered,*" particularly where they are complex or set too high, "*they can discourage investment in housing, which can lower the overall supply of housing and raise its price*"¹⁰.

There is no government authority or organisation which keeps track of the cumulative detail of local, state and Commonwealth taxes, levies and charges related to housing supply.

Recommendation:

- 14. The draft Plan should include as a measurable action the development of a program to monitor the cumulative impact of taxes, levies, contributions and fees upon development, and take action to prevent the introduction of these costs if it is clear that these costs are impact developer feasibility and deterring investment and development. This should be done in consultation with stakeholders, including the property industry.**

Out of sequence development proposals must be permitted

The process for the review and determination of out of sequence development proposals is uncertain and should be clarified.

The Western Sydney Aerotropolis Plan identifies several new 'initial' precincts. The Stage 1 LUIIP lists the Northern Gateway and Aerotropolis Core Precincts as the first two precincts to be released. The Aerotropolis Plan now includes the Agribusiness, Badgerys Creek and Mamre Road Precincts as 'initial' precincts.

The Urban Taskforce supports the identification of these initial precincts to proceed as part of the 'first round'. However, opportunity should be provided to landowners in other

⁹ Commonwealth of Australia (2010), *Australia's Future Tax System: Final Report*

¹⁰ Commonwealth of Australia (2010), *Australia's Future Tax System: Final Report*

precincts who can demonstrate the ability and merit of progressing their land out of the "sequence" outlined in the Plan.

Recommendation:

- 15. An out of sequence development pathway should be developed for landowners who are capable and can demonstrate the merit of allowing their land to be developed ahead of the sequence.**

Identification of Transport Corridors

UTA notes that plans for the Aerotropolis include the development of transport corridors including the North-South Rail Link, Fifteenth Avenue Smart Transit Corridor, Sydney Metro Greater Sydney and other areas. Stations or stops suitable for higher density development should be identified along these corridors and. An area of 800 metres around these stations should be master-planned and rezoned by the state government for residential or mixed use to ensure the public benefit of these areas can be maximised.

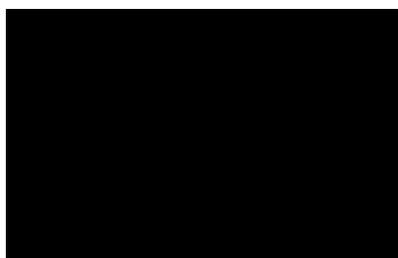
Recommendation:

- 16. An 800m 'opportunity zone' should be mapped around stops and stations suitable for higher-density development along rail corridors in and out of the Aerotropolis. This zone would be used for higher density residential or mixed-use development to ensure the public benefit of new transport infrastructure is maximised.**

The Urban Taskforce force supports the overall vision for the Western Sydney Aerotropolis.

The Urban Taskforce is always willing to work closely with the Government to provide a development industry perspective on these issues.

Yours sincerely



Tom Forrest
Chief Executive Officer
Urban Taskforce Australia

Appendix 1

Priority Paid Pilot Program model (Vic example):

Working with the Victorian Planning Authority, Wyndham City Council is leading the program, designed to allow major landowners to resource the fast-tracking of development applications. The Priority Service will be available to all large scale, sequential developments within Wyndham (nominally 1,000+ lots per developer). It is envisaged that this will ultimately apply to around 7-8 developers. The annual pilot fee is currently set at \$100,000 per developer per annum.

The program is designed to be transparent with all parties signing and adhering to a Memorandum of Understanding (MOU), signed in March 2017. Under the MOU, Council is required to meet key KPIs for application assessment, with objectives set by the State Government. The pilot will fund 10 new staff, including engineers, subdivision officers, architects and landscape planners, to assess and deal with the consent process from beginning to end.

Agreement is attached, there is a link to further information about the Vic Govt's streamlining for Growth Program here: <https://vpa.vic.gov.au/victorian-government-extending-streamlining-growth-program/>