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Submitted on Mon, 09/03/2020 - 10:56
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Submission file:
[submission---housing-industry-association.pdf](#)

Submission: Please see attached

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

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HOUSING INDUSTRY ASSOCIATION



Housing Australians



Reforming Building & Planning Laws

Submission to Western Sydney Planning Partnership

Western Sydney Aerotropolis Planning Package

28 February 2020



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ABOUT THE HOUSING INDUSTRY ASSOCIATION

The Housing Industry Association (HIA) is Australia's only national industry association representing the interests of the residential building industry, including new home builders, renovators, trade contractors, land developers, related building professionals, and suppliers and manufacturers of building products.

As the voice of the residential building industry, HIA represents a membership of 60,000 across Australia. HIA members are involved in land development, detached home building, home renovations, low & medium-density housing, high-rise apartment buildings and building product manufacturing.

HIA members comprise a diverse mix of companies including residential volume builders, small to medium builders and renovators, residential developers, trade contractors, building product manufacturers and suppliers and allied building professionals that support the industry.

HIA members construct over 85 per cent of the nation's new building stock.

The residential building industry is one of Australia's most dynamic, innovative and efficient service industries and is a key driver of the Australian economy. The residential building industry has a wide reach into manufacturing, supply, and retail sectors.

Contributing over \$100 billion per annum and accounting for 5.8 per cent of Gross Domestic Product, the residential building industry employs over one million people, representing tens of thousands of small businesses and over 200,000 sub-contractors reliant on the industry for their livelihood.

HIA exists to service the businesses it represents, lobby for the best possible business environment for the building industry and to encourage a responsible and quality driven, affordable residential building development industry. HIA's mission is to:

"promote policies and provide services which enhance our members' business practices, products and profitability, consistent with the highest standards of professional and commercial conduct."

HIA develops and advocates policy on behalf of members to further advance new home building and renovating, enabling members to provide affordable and appropriate housing to the growing Australian population. New policy is generated through a grassroots process that starts with local and regional committees before progressing to the National Policy Congress by which time it has passed through almost 1,000 sets of hands.

Policy development is supported by an ongoing process of collecting and analysing data, forecasting, and providing industry data and insights for members, the general public and on a contract basis.

The Association operates offices in 22 centres around the nation providing a wide range of advocacy, business support services and products for members, including legal, technical, planning, workplace health and safety and business compliance advice, along with training services, contracts and stationary, industry awards for excellence, and member only discounts on goods and services.

1.0 INTRODUCTION

The Housing Industry Association (HIA) welcomes the opportunity to provide comments on the Western Sydney Aerotropolis Planning Package (Planning Package) released in December 2019. HIA acknowledges the value that the Western Sydney Planning Partnership (WSPP) is placing on feedback from the community, government agencies and stakeholders during the public exhibition period.

Although predominantly an employment precinct, the Western Sydney Aerotropolis (the Aerotropolis) will include some residential development making it important for HIA members to be involved in the consultation process. The identification of two initial precincts (Aerotropolis Core and Northern Gateway) for mixed use development, including higher density residential uses, is supported.

The comments in this submission will focus on the parts of the Planning Package which concern the mixed use precincts and also the longer term precinct of Rossmore, which is intended to support residential development with a broader diversity in the range of housing styles. However, HIA supports the position that housing must only be located where environmental conditions are favourable and are not impacted by aircraft noise.

The Planning Package outlines the future development of the Aerotropolis within the wider Western Parkland City and provides the foundation for the establishment of planning controls to guide the area's staged development.

The Western Sydney International Airport (the airport) and the associated infrastructure investment will lead to a major transformation of the economic and environmental landscape of Western Sydney. The acknowledgement of the transformational potential of the new airport in the Planning Package is welcomed.

The WSPP is placing high importance on collaboration between government, landowners, industry and the community during the planning process. As a key industry stakeholder, HIA would appreciate being consulted across all stages of the planning and building process.

A key point in making this submission is that the longer term governance of the Aerotropolis, beyond the lifetime of WSPP, should be held by the NSW Government. HIA considers that the governance of the Aerotropolis, including the role of for consent authority for development approvals, should stay with the State government. As the Aerotropolis is a project of State importance and governance and consent authority responsibilities should be at the State level, rather than delegated to local government.

2.0 WESTERN SYDNEY AEROTROPOLIS

The Planning Package provides the planning framework for the 11,200 hectare Aerotropolis site, which surrounds the proposed Western Sydney International Airport (the airport). Cooperation between Commonwealth and State Governments and local councils to deliver the airport, infrastructure and the area's development potential has been valuable and arrangements such as the Western Sydney City Deal should provide some certainty about the delivery of enabling infrastructure.

Notwithstanding the fact the planning focus of the Aerotropolis is primarily to leverage the competitive advantage that the airport will have for economic growth and job creation in Western Sydney, it will also deliver outcomes around new housing. The Planning Package provides the foundations for the Aerotropolis to provide a range of housing types and densities. Furthermore, the Planning Package should provide the basis for the establishment of attractive communities close to where people work. This is consistent with the Greater Sydney Commission desire for a 30 minute city.

It is important that whole-of-government support for the implementation of this vision of the Aerotropolis is maintained throughout the planning and design of all stages and precincts.

3.0 WESTERN SYDNEY AEROTROPOLIS PLANNING PACKAGE

There are three planning documents on public exhibition for comment are, as follows:

- Draft Western Sydney Aerotropolis Plan (Draft WSAP).

This plan includes the overarching planning principles, distribution of land uses, the phasing of precincts and identification of high-level transport framework, Blue-Green Grid and other key infrastructure.

- Western Sydney Aerotropolis Discussion Paper on the proposed State Environmental Planning Policy (SEPP Discussion paper)

The SEPP Discussion Paper outlines the intent of the proposed SEPP, establishes boundaries consistent with the Plan, applies zoning to the initial precincts and provides performance criteria for master plans.

- Draft Western Sydney Aerotropolis Development Control Plan Phase 1 (draft DCP)

The draft DCP will guide the precinct planning and master planning and will be delivered in two phases. Phase 1 includes precinct planning principles, planning objectives and performance outcomes.

HIA has reviewed the three documents on public exhibition and provides comments on each one below.

4.0 DRAFT WESTERN SYDNEY AEROTROPOLIS PLAN

Introduction

The draft Western Sydney Aerotropolis Plan (draft WSAP) sets the planning framework for the Aerotropolis and builds upon the Stage 1 Western Sydney Aerotropolis Land Use and Infrastructure Implementation Plan (LUIIP), released in 2018. HIA made a submission in October 2018 to the then Department of Planning and Environment about the LUIIP. Where relevant, HIA has drawn on the LUIIP submission in these comments.

HIA recognises that the primary purpose of the Aerotropolis is to leverage economic and employment opportunities from the international airport and to provide jobs for people in the Western Sydney area. However, as there are some opportunities for residential development built into the planning of the Aerotropolis and HIA is pleased to be able to provide comments on the parts of the WSAP that relate to this.

The initial precincts of Aerotropolis Core & Northern Gateway are proposed to be zoned for mixed uses allowing for higher density residential development and employment. In addition, the Rossmore Precinct will provide opportunities for diversity in housing types in the later stages of the Aerotropolis development - possibly up to 10 to 20 years away.

Overall, HIA is supportive of Objective 9 of the WSAP to provide:

Diverse, affordable and well located housing.

As the planning for the Aerotropolis is still in the preliminary stages, with more detailed work on the Precinct Plans for the six initial precincts being undertaken during 2020, as well as the draft State and Local Infrastructure Contribution Plans, we request that HIA continue to be engaged throughout this important project.

The following strategic planning issues included in the draft WSAP, are of particular relevance to HIA and are discussed in more detail below:

- Infrastructure
- Infrastructure funding
- Airport operations
- Resilience and adaptability
- Precinct planning

Infrastructure & Infrastructure Funding

The draft WSAP identifies high-level transport infrastructure that will shape and support the Aerotropolis. The proposed transport network shows locations of new and upgraded transport corridors that will link the international airport and Aerotropolis to Sydney's wider transport network. Once detailed planning for the transport corridors is completed, there should be planning for adequate buffers between those corridors and areas for new housing. Future residents should be protected from excessive noise associated with trains and vehicles using high-volume transport links.

In addition to the key infrastructure identified in the draft WSAP, local infrastructure needs will be identified in precinct planning. This will be informed by the Western Sydney Place based Infrastructure Compact (PIC), led by the Greater Sydney Commission. This process will identify and estimate the cost of infrastructure and services to support growth in the Aerotropolis over time.

The PIC process will also consider funding sources for the infrastructure including from the State and Commonwealth Governments and also development contributions. However, it is the view of HIA that given the airport and surrounding areas serve as key infrastructure for national, State and regional use, the cost of this infrastructure should be funded from Commonwealth and State Budgets. Therefore, the collection of levies from the development industry, which are ultimately borne by new home buyers, is not considered an appropriate for funding infrastructure that will serve the broader national and regional economy. Any proposal to impose a levy on future residents to pay for State and regional infrastructure would be inequitable and unreasonable.

The draft WSAP discusses options for funding new infrastructure, such as State Infrastructure Contributions (SICs) and local infrastructure contributions. The plan recognise that when setting development contributions, all levels of government must ensure the cumulative amount of contributions payable does not make development unfeasible.

A new SIC will be developed to fund and deliver regional infrastructure for land surrounding the airport. There is likely to be considerable equity and equality issues associated with a SIC in this precinct, as the national, State and regional nature of the airport and the surrounding development will make it very difficult to attribute a tie to the future residents and workforce. HIA does not support the use of a SIC on any residential development in the region.

The draft WSAP indicates that some regional infrastructure will be funded using other 'value sharing mechanisms'. However, the concept of value capture and value sharing, based on land value uplift due to government investment in core infrastructure, is relatively new and not always understood well in Australia.

The draft WSAP indicates that the State and local infrastructure contribution plans for the Aerotropolis are likely to be exhibited in late 2020. As a key industry stakeholder, HIA should be fully consulted about the content of the draft infrastructure contribution plans. The focus should be on those development types that will most benefit from the infrastructure provided, being industrial and commercial uses. Any residual costs should be borne by the State and the Commonwealth given the significant economic benefits that will flow from the Aerotropolis.

Utilities

The timely and efficient provision of enabling infrastructure by utility companies is key to activating precincts. There will be a considerable need to replace, upgrade and provide new trunk infrastructure to the region to support the airport and surrounding development.

The preparation of a flexible strategy to provide longer term direction for certainty of utility supply and to allow for a range of servicing solutions is welcomed. There should be further consultation and collaboration with industry and stakeholder groups during the development of this strategy.

Airport Operations

The draft WSAP introduces policy requirements to safeguard the future operations of the 24-hour operational airport.

The importance of assessing aircraft noise in the initial planning of development surrounding the airport site is critical, and there needs to be a clear process for identification of land suitable for residential development to avoid adverse impacts to residents from aircraft noise. The zoning of land must be informed by available Australian Noise Exposure Concept (ANEC) / Australian Noise Exposure Forecasts (ANEF) maps developed by the airport operator and Commonwealth Government.

Future residents should not be burdened by additional costs to retrofit their homes to reduce intrusion of excessive aircraft noise. The WSPP should determine which locations are appropriate for residential development and avoid zoning land for residential development if it will be affected by excessive aircraft noise.

Resilience and Adaptability

South Creek and its tributaries will play a vital role in the development of the Aerotropolis as they will provide a green corridor for improving the environmental, recreational and hydrological value of the area. The draft WSAP recognises the importance of these waterways and refers to a new approach which brings riparian lands to the centre of urban activity and form, while also improving and preserving environmental values. A program is needed to deliver this outcome with the establishment of a framework that will address environmental, aesthetic, biodiversity and hydrological values. There needs to be stakeholder (industry and landowner) involvement in this program to ensure this type of program produces relevant outcomes.

Land around South Creek and its tributaries is identified as flood affected and bushfire prone. Therefore, as part of the land use planning process for the Aerotropolis, it will be necessary to evaluate the relative risks associated with environmental constraints to prepare appropriate land use controls and restrictions. Any land that is not suitable for urban development (including housing) should be appropriately zoned to avoid burdensome restrictions on future development. HIA refer to this as *truth in zoning*.

The draft WSAP refers to the changes occurring in the energy sector, including new energy technologies, solar, storage and digital metering. Planning for the Aerotropolis should consider how households and businesses can benefit from these changes. A number of proposals being considered include solar rooftop and solar gardens, smart grid technology and on-site battery storage. HIA's GreenSmart training program encourages energy efficient and environmentally responsible solutions to new home siting and design and could provide a useful adjunct to the development process.

It is intended that parts of the Aerotropolis will be developed to very high standards regarding adoption of renewable energy and technology. Take up of those technologies will generally be consumer driven and undertaken on a voluntary basis. Any proposal to require mandatory installation of new energy technology should be subject to full regulatory impact assessment and cost benefit analysis as well subject to further industry consultation.

Precinct Planning

Information is provided in the WSAP about the ten Aerotropolis precincts.

These precincts are as follows:

Initial Precincts

Aerotropolis Core
Northern Gateway
Wianamatta-South Creek
Badgerys Creek
Agribusiness
Mamre Road

Remaining Precincts

Dwyer Road
Kemps Creek
North Luddenham
Rossmore

The draft WSAP provides the strategic outcomes that will apply to all precincts, including *Liveability* outcomes for residential areas within precincts. HIA has reviewed the relevant liveability outcomes and provides the following comments:

- *Create compact residential development that takes advantage of creek lines and other selected high amenity locations outside the 1 in 100 chance per year flood planning levels.*

HIA is supportive of the broader residential objective cited in the introductory sections of the WSAP to provide for a range of housing types and densities. The phrase *compact residential development* suggests that all residential development will be medium to high density, whereas the Rossmore Precinct is intended for greater diversity in housing types.

- *Provide affordable housing consistent with the Regional Plan.*

HIA does not support subsidised affordable housing quotas imposed by governments on the development industry. This approach adds costs which will be borne by the new home buyer rather than the wider community, yet the service provided by such quotas is a community benefit. This approach becomes an inequitable and unfair tax on the new home buyers in the region and is not supported.

- *Integrate residential development with local services, public open and green space, retail and compatible commercial development.*

The intent of this outcome is generally supported by HIA.

HIA notes that the opportunity for residential development will be in Aerotropolis Core, Northern Gateway and Rossmore Precincts, and understands the opportunities to be as follows:

Aerotropolis Core and Northern Gateway Precincts to provide opportunities for medium to high density housing integrated with local services, retail and compatible commercial development. Residential development will be located close to public transport and outside of the ANEC/ANEF 20 and above contours.

Rossmore Precinct to provide mixed-use communities with a diversity of housing types and maximising access to retail, cultural and community services. HIA would not support subsidised affordable housing quotas imposed on the development industry, as part of an implementation strategy for an affordable housing scheme. As stated above, the cost of these quotas will be borne by the new home buyer and not the wider community. This becomes an inequitable and unfair tax on the new home buyer.

As part of the detailed planning of the Aerotropolis precincts, consideration should be given to how proposed land uses within the Aerotropolis will interact with adjoining areas. There should be suitable transition from the land within the Aerotropolis to neighbouring land. Development of appropriate planning controls for land on the boundary of the Aerotropolis should minimise conflicts with neighbouring land uses.

5.0 DISCUSSION PAPER ON PROPOSED STATE ENVIRONMENTAL PLANNING POLICY

HIA acknowledges that the Discussion Paper on the proposed State Environmental Planning Policy (SEPP Discussion paper) has been drafted to ensure that the required planning legislation will support the unique needs of the Aerotropolis. These unique needs arise from the planning challenges of developing large tracts of Greenfield land for urban and open space purposes adjacent to the site of an international airport.

The purpose of the proposed SEPP is set-out in the SEPP Discussion paper, and includes the following:

- implementation of the WSAP
- setting the Aerotropolis boundaries and the area to which the SEPP will apply
- defining the Aerotropolis precincts
- applying land-use zones to the initial precincts
- setting the strategic objectives for future planning in the area
- providing planning controls, including mapping
- identifying transport corridors and utility sites
- outlining approval pathways

The SEPP discussion paper provides details of the range of provisions that will be included in the SEPP to deliver the WSAP. HIA has reviewed the SEPP discussion paper and has comments to make on the following parts:

Land Use Zones

The SEPP discussion paper proposes that the Aerotropolis should use an 'urban development zone' approach to provide flexibility for land-use within zones. This approach keeps zone definitions as broad as possible and should eliminate the need for ongoing zoning amendments. This approach also allows for land uses within the Aerotropolis precincts to change and adapt over time, as new proposals emerge and demand for land changes.

This approach is supported by HIA as it provides greater flexibility and reduces frequent and unnecessary changes to zones and other planning controls. HIA advocates for flexibility within the planning system and specifically that planning codes and policy should be designed to accommodate changing housing market trends and to allow for innovation in housing design and housing types.

The SEPP discussion paper proposes four land-use zones and three special activity zones for the Aerotropolis initial precincts, as follows:

- Enterprise Zone
- Mixed Use Zone
- Environment & Recreation
- Agribusiness
- SP1 Special Activities (Airport) Zone
- SP1 Special activities (Commonwealth) Zone
- SP2 Infrastructure Zone

HIA acknowledges that the proposed Mixed Use Zone is intended to focus on a mix of employment and higher density residential uses and that some residential housing will be allowed in the Agribusiness Zone. However, further clarification should be provided about the type of housing allowed in the Agribusiness Zone as the proposed land use table on pages 21 and 22 of the SEPP discussion paper lists 'rural workers' dwellings' as the only residential use permitted with consent in the zone.

There is no information provided within the SEPP discussion paper about the timing or mechanism for the land-use planning for the later stage precincts. This is not specifically addressed, but is of particular interest to HIA as there is no land use zone within the SEPP discussion paper that provides for the development of low-density residential. However, it is understood that the later-stage Rossmore Precinct will support diversity in housing types, including low-density residential.

Affordable Rental Housing

HIA does not support subsidised affordable housing quotas imposed by governments on the development industry. This is because the cost of these quotas will be borne by the new home buyer and not the wider community. This then becomes an inequitable and unfair tax on the new home buyer.

Furthermore, HIA does not support mandatory inclusionary housing policies or affordable housing quotas imposed by governments as they do not address the underlying root causes of the housing affordability problem. Provision of social housing is the responsibility of governments and should be funded by governments through broad based community revenue.

Infrastructure Funding Arrangements

HIA's position on Infrastructure funding has been discussed in detail on pages 4 and 5 above.

Developing Land near Airports

Planning rules for new development, particularly building heights, need to be drafted to prevent any conflict with airport and airspace operations.

HIA acknowledges that the SEPP will identify the triggers for development applications to be referred to the appropriate Commonwealth agency, depending on their potential impact on the safe operation of the airport. Furthermore that the SEPP will formalise the application of the National Airports Safeguarding Framework (NASF) to land within the Aerotropolis boundary and beyond that boundary.

HIA supports the strategic planning position that all residential land uses within the Aerotropolis are located outside the ANEC / ANEF contour 20.

Development Pathways

As outlined above, HIA understands that no decision has been made at this stage about the longer term governance of the Aerotropolis beyond the WSPP. HIA considers that the governance of the Aerotropolis including the responsibility as consent authority for development approvals should be at State government level. It is the view of HIA that the Aerotropolis is a project of State importance and therefore governance and consent authority should be with the State rather than local government.

The intention to use exempt and complying development planning pathways to streamline straightforward development approvals is fully supported. Provisions that encourage greater use of complying development should be evaluated by WSPP to reduce the regulatory cost burden and time delays encountered by businesses and residents when seeking approvals. HIA supports using the proposed SEPP to contain the framework for complying and exempt development.

HIA considers that the proposed master planning approach to the Aerotropolis should enable proponents to use fast-tracked (DA and CDC) approval processes and it is important that the SEPP provides clarity and is supportive of this.

The SEPP discussion paper proposes a process to permit out of sequence proposals, meaning that detailed master planning for sites may be allowed to start before the broader precinct planning process has been completed. This general intent of this proposal is supported.

6.0 DRAFT DEVELOPMENT CONTROL PLAN (PHASE 1)

The purpose of the Aerotropolis Development Control Plan (DCP) is to guide precinct planning and master planning and promote exemplary design.

The draft Phase 1 DCP identifies the precinct planning principles, and sets objectives and some performance outcomes for development of the initial precincts. The Phase 2 DCP will identify additional performance outcomes and specific development controls.

HIA has the following comments to make in relation to the draft Phase 1 DCP:

- The planning framework for the Aerotropolis appears to be complex with six documents for the proponent to consider. Figure 1 on page 11 of the draft Phase 1 DCP lists the following interrelated plans that make up the planning framework and this may become overly complicated for the user. The six plans are:
 - WSAP Structure Plan
 - Western Sydney Aerotropolis SEPP
 - Western Sydney Aerotropolis DCP (Phase 1)
 - Precinct Plan
 - Western Sydney DCP (Site Specific)
 - Western Sydney Aerotropolis DCP (Phase 2)

It is recommended that checks are made by WSPP to ensure that policies and controls are not duplicated amongst the plans and that clear user guidelines are developed for proponents.

- The building design performance outcomes to provide a diverse range of dwelling types to meet a range of household sizes and income needs is generally supported. However, the comments provided earlier in this submission relating to provision of affordable housing and affordable housing contributions stand.
- In regard to building design, HIA would be able to assist the WSPP with the drafting of the typologies of housing types in the Aerotropolis (e.g. height / FSR / materials) in the Phase 2 DCP which is to be exhibited later this year. HIA is keen to see merit assessed DCP controls that allow for creativity in building design, rather than a series of 'tick box' controls.
- HIA would also support policies and controls in the Phase 1 and Phase 2 DCPs that enable and encourage building designs to be more resilient to environmental factors and climate change.

7.0 CONCLUSION

The development of the Western Sydney International Airport will create a significant economic and employment generation opportunity for Western Sydney. Apart from the aviation related activity needed to serve the airport operations, the potential it has to transform land surrounding the site for planned urban development and recreational open space cannot be underestimated. The response from the WSPP to commence precinct planning for the Aerotropolis is therefore supported.

Several announcements from the Commonwealth and State Governments regarding investment in transport infrastructure and the Western Sydney City Deal have ensured that the airport and the Aerotropolis will be well connected to other parts of Sydney and NSW. It is clear the airport will have national and regional significance and governments will need to ensure that they continue to fund and deliver an appropriate level of infrastructure to support the region's growth.

Once the development of the Aerotropolis is underway it is important that an uncomplicated and flexible planning framework is established. It is heartening that the exhibited planning package documents have identified a new suite of flexible land-use zones and has endorsed the use of exempt and complying development. HIA supports the application of streamlined and fast-tracked planning pathways to encourage investment in the Aerotropolis.

It is appropriate the WSPP is taking a staged approach to the planning and development of the Aerotropolis. The scale of the Aerotropolis and the complex infrastructure issues that it involves, warrants the need for a well-planned and well-managed implementation process.

HIA would be pleased to discuss the issues raised in this submission with the WSPP. Please contact Cathy Towers, NSW Planning Adviser on [REDACTED] to arrange a suitable time to meet. We look forward to our continued involvement in the consultation process for the Western Sydney Aerotropolis.

