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Submission: Refer to attached submission from the Urban Development Institute of Australia (NSW Division).

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

Western Sydney Aerotropolis Plan and DCP 2019 (Phase 1)

UDIA NSW Response

February 2020

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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 500 member companies include developers, engineers, consultants, local government, and utilities. Our advocacy is focussed on developing liveable, affordable and connected cities.

EXECUTIVE SUMMARY

The Urban Development Institute of Australia – NSW (UDIA) welcomes the opportunity to make a submission on the Western Sydney Aerotropolis Plan (the Plan) and Development Control Plan 2019 – Phase 1 (the DCP). We have an excellent working relationship with the Western Sydney Planning Partnership Office, and UDIA's Land Development and Infrastructure Committees includes all the major developers active in the Aerotropolis and these parties have led the response. We bring a high level of industry knowledge and experience to our submission.

The UDIA's Western Sydney Aerotropolis Delivery Program '*Ready for Takeoff?*' has worked back from 2026 and the opening of the Airport to identify key milestones in the planning and construction of the Aerotropolis. It concludes that the Plan, Aerotropolis SEPP and the DCP all need to be finalised in 2020 (in addition to several other key strategic planning issues such as biodiversity conservation and the EPA Bubble Licence). A copy of this document is attached to this submission.

Otherwise, a sequence of delays will be triggered that will mean the development of the land side (off-airport site) Aerotropolis will not have progressed when the Airport opens. We run the risk of creating an airport similar to Avalon Airport in Victoria, which is largely isolated from other land uses, whereas we should be aiming for a similar situation to Canberra Airport, which is surrounded by a vibrant concentration of a mix of supportive logistics facilities and employment land.

We commend the Planning Partnership for progressing planning for the Aerotropolis to meet this timeline. The acceleration of additional precincts, as well as the delivery timeframes detailed in the Plan, indicate the Planning Partnership is committed to providing the planning needed to enable a vibrant Aerotropolis community.

However, UDIA has a number of concerns regarding the planning provisions in the Plan and the DCP, including the implications from the landscape-led planning approach on equally important planning goals, the lack of infrastructure planning and funding details, and the proposed affordable housing provisions.

While a commitment to a "connection to Country" is commendable, innovative and reflective of Western Sydney's heritage, UDIA is concerned it may create contradictory planning provisions and inconsistent, undesirable built forms based upon low-density sprawling landscapes. Ideally, the planning controls should give rise to a place making-led approach where "place" takes "pride of place" because, as our future global gateway and the core of the new Western City, the Aerotropolis deserves to be liveable, affordable and connected.

In summary, UDIA provides the following recommendations:

- RECOMMENDATION 1:** REPLACE THE LANDSCAPE-LED APPROACH TO PLANNING WITH A FOCUS ON EMPLOYMENT AND PLACEMAKING TO CREATE THE AEROTROPOLIS THAT THE WESTERN CITY DESERVES AS A GLOBAL GATEWAY.
- RECOMMENDATION 2:** CLARIFY THE PLANNING REQUIREMENTS IMPLICIT IN CONNECTION TO COUNTRY THROUGH GUIDELINES AND ACCEPTABLE SOLUTIONS, AND ENSURE THEY HAVE THE SAME SCOPE AS EXISTING HERITAGE LEGISLATION.
- RECOMMENDATION 3:** REVISE THE REQUIREMENTS RELATING TO EXISTING MATURE TREES, STREET TREE PLANTING, CANOPY COVER AND LANDSCAPING TO ENSURE ADEQUATE BUSHFIRE PROTECTION AND PARKING PROVISION IN FUTURE URBAN AREAS.
- RECOMMENDATION 4:** REVISE THE ENVIRONMENT AND RECREATION ZONE BOUNDARY TO REFLECT ENVIRONMENTAL ASSETS WITH CONSERVATION VALUE, AND REMOVE FIRST ORDER STREAMS AND FARM DAMS.
- RECOMMENDATION 5:** REVISE THE ENVIRONMENT AND RECREATION ZONE PERMISSIBLE USES TO ENSURE CONSISTENCY WITH ENVIRONMENTAL ZONES IN THE GROWTH CENTRES SEPP.
- RECOMMENDATION 6:** PROVIDE FLEXIBLE BOUNDARY PROVISIONS BETWEEN THE ENVIRONMENT AND RECREATION ZONE AND THE URBAN ZONES TO ENSURE OPTIMAL LAND USE OUTCOMES.
- RECOMMENDATION 7:** INCLUDE MORE DETAIL ON WATER, WASTEWATER AND ELECTRICITY INFRASTRUCTURE IN THE PLAN, TO ENSURE GROWTH AND SERVICING ARE ALIGNED.
- RECOMMENDATION 8:** PROVIDE MORE DETAIL AND EVIDENCE ON THE PLAN FOR THE REGIONAL ROAD NETWORK (ACCESS RAMPS FROM THE M12 TO ELIZABETH DRIVE AT THE AIRPORT GATEWAY AND M5 EXTENSION INDICATIVE CORRIDOR)
- RECOMMENDATION 9:** INCLUDE MORE DETAIL ON HEAVY RAIL INFRASTRUCTURE INCLUDING THE TIMING FOR RELEASE OF GREATER WEST METRO STATION LOCATIONS AND A COMMITMENT TO AN EAST-WEST METRO CONNECTION TO PARRAMATTA.
- RECOMMENDATION 10:** ENSURE THE PLACE-BASED INFRASTRUCTURE COMPACT INCLUDES ONGOING INPUT FROM LOCAL COUNCILS, LANDOWNERS AND INDUSTRY GROUPS AND TRANSPARENCY AROUND THE UNDERLYING PLANS AND ASSUMPTIONS.
- RECOMMENDATION 11:** INCLUDE AN ACTION TO SUPPORT THE RE-INTRODUCTION OF AN URBAN DEVELOPMENT PROGRAM IN WESTERN SYDNEY, INCLUDING THE AEROTROPOLIS.
- RECOMMENDATION 12:** CONSOLIDATE ALL INFRASTRUCTURE PLANNING FOR THE AEROTROPOLIS UNDER ONE AUTHORITY TO ENSURE ALIGNMENT WITH PRECINCT SEQUENCING AND THE AIRPORT.
- RECOMMENDATION 13:** PLACE RESPONSIBILITY FOR STATE AND LOCAL INFRASTRUCTURE FUNDING PLANS WITH THE WESTERN SYDNEY PLANNING PARTNERSHIP.
- RECOMMENDATION 14:** REVISE THE DCP TO SUPPORT TRANSITIONAL INDUSTRIES.
- RECOMMENDATION 15:** ENSURE THE PRECINCT PLANS EMPLOY A GRID PATTERN ROAD NETWORK HIERARCHY TO ALLOW FOR TRANSITIONAL USES ON VARYING LOT SIZES AND SUBSEQUENT SUBDIVISION.

- RECOMMENDATION 16:** REVISE THE AFFORDABLE HOUSING PROVISIONS IN THE PLAN TO REFLECT DEVELOPMENT FEASIBILITY AND THE NEED FOR INCENTIVES, AND ENABLE IT TO BE OWNED BY THE DEVELOPER AS A TRADEABLE PRODUCT.
- RECOMMENDATION 17:** REVISE THE AFFORDABLE HOUSING PROVISIONS TO APPLY A HIGHER AFFORDABLE HOUSING DEDICATION TO GOVERNMENT-OWNED LAND.
- RECOMMENDATION 18:** REVISE THE STRUCTURE PLAN TO INCLUDE GUIDANCE AND CLARITY ON THE LOCATION OF SPECIFIC LAND USES AND THE IDENTIFICATION OF A HIERARCHY OF CENTRES THAT COMPLIMENT THE INTENDED COMMERCIAL PRECINCT IN THE AIRPORT AND EXISTING CENTRES OUTSIDE THE PRECINCT.
- RECOMMENDATION 19:** REVISE THE DCP TO CLARIFY VARIOUS ADMINISTRATIVE ARRANGEMENTS THAT WILL ENSURE A SMOOTH DEVELOPMENT APPROVAL PROCESS.
- RECOMMENDATION 20:** PROVIDE FOR THE REVIEW OF THE DCP EVERY 3 YEARS INSTEAD OF 5 YEARS TO REFLECT TRANSITIONAL LAND USES AND THE URGENCY OF DEVELOPMENT IN THE AEROTROPOLIS.

LANDSCAPE-LED PLANNING

The Planning Partnership is to be commended for the clear line of sight and consistency between the Plan and the LSPSs in Liverpool and Penrith. Section 2.1 of the Plan also clearly explains how the landscape-led approach starts with blue and green networks, then transit networks, and finally urban development patterns.

However, UDIA is concerned that this focus on landscape-led planning will be at the expense of great placemaking that is required to create a true global gateway. A landscape-led approach could foster low-density sprawl dominated by open space, when we should be aiming for walkable density similar to parts of the Central and Eastern Cities. If nothing else, the landscape-led approach is premature because neither the Cumberland Plain Conservation Plan nor South Creek Corridor Strategy have been finalised.

Likewise, aspects of the approach, such as the proposed 'Wildlife Buffers' (the "contours" of which extend across a large part of the Aerotropolis Planning Area) are presented with negligible detail. Importantly, given the aviation safety needs of the airport (which are antipathetic to planning goals that seek to attract and nurture wildlife activity within operational proximity of runways), there appears to be an inerrant contradiction in the 'Landscape Led Approach' to planning that is driving the Vision for the area and the economic development imperative being sought to capitalise on the public investment being made in the area.

Moreover, the landscape-led planning approach has created planning provisions that are inconsistent with existing planning legislation and will lead to delays or unpredictable outcomes during the development assessment process. These potential inconsistencies are between:

- 'Connection to Country', and existing heritage provisions.
- Tree canopy and landscaping requirements, and existing biodiversity and bushfire provisions.
- Environment and Recreation Zone, and existing flood, riparian and dam provisions.

The potential inconsistencies are detailed below.

RECOMMENDATION 1: REPLACE THE LANDSCAPE-LED APPROACH TO PLANNING WITH A FOCUS ON EMPLOYMENT AND PLACEMAKING TO CREATE THE AEROTROPOLIS THAT THE WESTERN CITY DESERVES AS A GLOBAL GATEWAY.

CONNECTION TO/WITH COUNTRY

UDIA commends the Planning Partnership for asserting the importance of indigenous culture in Western Sydney. The Plan states that:

all work will be guided by a single, overarching objective to Recognise Country: Acknowledge Traditional Owners and provide opportunities to Connect with Country, Design for Country and Care for Country when planning for the Aerotropolis.¹

This is reflected in the DCP requirements, which include both an objective and a performance outcome to ‘care for and connect to Country’, as well as a requirement to prepare a Connection to Country Strategy as part of a development application.²

The definition of ‘Connect with Country’ provided in the DCP Dictionary³ is:

Country, for First Peoples, relates not only to the cultural group and land to which they belong, it is also their place of origin in cultural, spiritual and literal terms. Country includes not only the land but also waters and skies, and incorporates the tangible and intangible, knowledges and cultural practices, identity and reciprocal relationships, belonging and wellbeing.

Unfortunately, while this definition seems to reflect the draft Aboriginal Cultural Heritage Act, it is not clear how this translates to development controls. The Plan⁴ refers to ‘Cultural Design Principals’ without describing them. For example, the only tangible direction in satisfying these criteria is to use indigenous plant species where appropriate. However such species are acknowledged to be problematic from a maintenance and safety perspective when located in urban environments this lack of clarity has the potential to lead to significant delays during the development assessment process.

It is unclear what land area section 6.3 of the DCP applies to. There is no ‘and’ or an ‘or’ used in the description of land to which it applies. We cannot see how the terms ‘within an identified cultural landscape’ and ‘that has not been cleared’ are to be interpreted during the preparation of a development application.

UDIA believes the draft provisions have the potential to contradict existing indigenous heritage planning provisions and legislation. For example, the performance outcomes in Section 6.3 of the DCP are far stricter than NSW heritage legislation, requiring no impact on a place or object. We believe the existing legislation provides sufficient protection of indigenous heritage.

¹ Western Sydney Aerotropolis Plan, page 4.

² Western Sydney Aerotropolis DCP, page 54.

³ Western Sydney Aerotropolis DCP, page 60.

⁴ Western Sydney Aerotropolis Plan, page 22.

RECOMMENDATION 2: CLARIFY THE PLANNING REQUIREMENTS IMPLICIT IN CONNECTION TO COUNTRY THROUGH GUIDELINES AND ACCEPTABLE SOLUTIONS, AND ENSURE THEY HAVE THE SAME SCOPE AS EXISTING HERITAGE LEGISLATION.

TREE CANOPY REQUIREMENTS

UDIA acknowledges the importance of tree canopy to the cooling of Western Sydney, and the protection of biodiversity. However, these objectives must be balanced by the need to provide for the future urban character of the Aerotropolis, and the importance of adequate bushfire protection in a changing climate.

The Plan aims to retain existing mature trees, add extensive street tree plantings, and provide landscaping between hardstands, driveways and parking areas. UDIA notes that this should not come at the expense of:

- adequate asset protection zones,
- the ability to efficiently undertake earthworks to ensure civil design satisfies all required design standards (particularly in relation to streets and car parking areas) and;
- the ability to create practical and effective development sites.

The UDIA will be examining this issue further as part of its response to the future Phase 2 DCP.

RECOMMENDATION 3: REVISE THE REQUIREMENTS RELATING TO EXISTING MATURE TREES, STREET TREE PLANTING, CANOPY COVER AND LANDSCAPING TO ENSURE ADEQUATE BUSHFIRE PROTECTION AND PARKING PROVISION IN FUTURE URBAN AREAS.

ENVIRONMENT AND RECREATION ZONE

The Environment and Recreation Zone will apply to all land within the 1:100 flood planning level. In one sense it is pleasing to see that land use planning in the Aerotropolis is following the NSW Floodplain Development Manual by adhering to the 1:100 flood planning level, rather than using Probable Maximum Flood as has been suggested in some recent planning instruments and strategies within the Hawkesbury Nepean catchment. UDIA strongly supports using the 1:100 level as the flood planning level.

However, UDIA does not support using the flood planning level as the zone boundary to define permissible uses. Development in proximity to the flood planning level is based on establishing freeboard above the flood level, in accordance with the NSW Floodplain Development Manual.

Furthermore, the relationship between this Zone and flood management is not apparent in the zone objectives. The objectives of the Environment and Recreation Zone are:

- To protect, manage and restore areas of high ecological, scientific, cultural or aesthetic values.
- To prevent development that could destroy, damage or otherwise have an adverse effect on ecological or recreational values.
- To enable land to be used for public open space or recreational purposes.

- To provide a range of recreational settings and activities and compatible land uses.
- To ensure that development is secondary and complementary to the use of land as public open space, and enhances public use and access to the open space.
- To encourage, where appropriate key regional pedestrian and cycle connections.

There is no mention of flood management in these objectives. If flood management is not an objective of the Environment and Recreation Zone, the zone boundary should only be based on conservation values. This would provide flexibility for flood management and ensure land is being put to its highest and best use without compromising flood mitigation.

The list of permissible uses in this Zone is also more restrictive than in the environmental zones under the Growth Centres SEPP. In addition, the Environment and Recreation Zone as currently mapped seems to include:

- first order or minor streams that can be dammed or otherwise modified to include on-line drainage infrastructure under existing riparian planning provisions, and
- existing farm dams that, if retained, could represent a significant maintenance burden and structural risk for landowners and local councils, including potentially as prescribed dams.

UDIA notes that watercourses within the Northern Gateway and Agribusiness precincts have been mapped and zoned to a finer level of detail (including dams and minor streams) than the Badgerys Creek and Aerotropolis Core precincts. Overall, the approach taken has created an Environment and Recreation Zone that has a high perimeter to area ratio, which makes the protected areas vulnerable to edge effects. This is not an efficient use of land; nor does it facilitate good environmental outcomes.

UDIA believes that given the above issues, it would be appropriate to use flexible zone boundary provisions similar to those in the draft Wilton DCP.

RECOMMENDATION 4: REVISE THE ENVIRONMENT AND RECREATION ZONE BOUNDARY TO REFLECT ENVIRONMENTAL ASSETS WITH CONSERVATION VALUE, AND REMOVE FIRST ORDER STREAMS AND FARM DAMS.

RECOMMENDATION 5: REVISE THE ENVIRONMENT AND RECREATION ZONE PERMISSIBLE USES TO ENSURE CONSISTENCY WITH ENVIRONMENTAL ZONES IN THE GROWTH CENTRES SEPP.

RECOMMENDATION 6: PROVIDE FLEXIBLE BOUNDARY PROVISIONS BETWEEN THE ENVIRONMENT AND RECREATION ZONE AND THE URBAN ZONES TO ENSURE OPTIMAL LAND USE OUTCOMES.

INFRASTRUCTURE PLANNING

As a largely greenfield development, the Aerotropolis will require significant new infrastructure. UDIA notes that the first iteration of plans for the Aerotropolis in 2018 were in the form of a Land Use and Infrastructure Implementation Plan. Unfortunately, infrastructure implementation has been removed from the current draft Plan. It does not contain any detail on the infrastructure required for the Aerotropolis beyond high-level concept maps for transport and three paragraphs covering water, wastewater and recycled water. The Plan indicates that infrastructure planning is

'ongoing'⁵ but there is a lost opportunity to integrate this with land use planning and ensure the sequencing of land release and servicing are aligned.

Enabling infrastructure – trunk water, sewer, electricity, industrial road routes and highway intersections – need to be planned and announced as soon as possible to enable development to occur. In particular, it is vital that the Plan is integrated with Sydney Water Growth Servicing Program to ensure wastewater capacity by 2026 for Aerotropolis employment land and residential communities.

Precinct-by-precinct infrastructure planning can lead to uncoordinated servicing programs and poor timing for major trunk facilities that service multiple precincts. The UDIA's 2018 *Building Blocks* report (attached) highlighted the extent of missing infrastructure items in the land release areas of Western Sydney. UDIA strongly recommends that more detail regarding service infrastructure be included in the Plan, backed by an Urban Development Program similar to the program demonstrated by UDIA in Blacktown and South West, that would coordinate growth and servicing across the Aerotropolis.

An Urban Development Program would also ensure the Airport is not serviced as a 'Commonwealth island'. At present it is not clear to the UDIA whether water, sewer and electricity infrastructure at the Airport will be integrated with the rest of the Aerotropolis. Not making provision for surrounding Aerotropolis land uses when designing and delivering trunk infrastructure for the airport would be a missed opportunity.

UDIA also highlights the lack of a clear regional road network. Two aspects of the plan stand out:

1. North of Elizabeth Drive - There is no indication of any ramps connecting the M12 to Elizabeth Drive. This could lead to problems with access to major employment lands near the Airport; and
2. M5 Motorway Extension Indicative Corridor - The plan identifies a corridor for a Motorway standard link the M9/OSO from the M5. There is no discussion, detail or evidence provided in the Plan to justify this major item of transport planning. Furthermore, no corridor of this nature was identified in Transport for NSW's 'Protection of Transport Corridors in Western Sydney' exhibition in March 2018.

Heavy rail is the key element that will define the urban structure and place outcomes across the Aerotropolis. However the Plan contains no detail on the timing for release of the station locations for the Greater West Metro or any commitment to an east-west metro line connection to Parramatta.

The Plan indicates that a Western Sydney Place-based Infrastructure Compact (PIC) will be prepared to identify more detailed infrastructure needs during precinct planning. While UDIA is broadly supportive of the PIC model, our experience with the PIC model in practice to date (the draft Greater Parramatta and Olympic Peninsula PIC) suggests it lacks the transparency to demonstrate to industry that it provides efficient, accountable, predictable, and equitable infrastructure decision-making which informs planning decisions.

UDIA requests that there is an explicit action for the PIC to:

⁵ Western Sydney Aerotropolis Plan, page 5.

1. Include local government throughout the development of the PIC
2. There is an industry reference group of major landowners and industry bodies, such as UDIA, which can provide strategic input into infrastructure.
3. The PIC is completed in an 'open source' manner, with industry able to scrutinise plans and assumptions.

UDIA finds the dispersion of infrastructure planning across different authorities to be potentially problematic. As it stands, the Aerotropolis will have:

- a PIC prepared by the Greater Sydney Commission
- precinct plans prepared by the Planning Partnership
- a SIC prepared by DPIE and
- s7.11 local contribution plans prepared by Liverpool and Penrith City Councils.

UDA would prefer to see infrastructure planning co-ordinated and consolidated under one authority, similar to the previous Growth Centres Commission model.

RECOMMENDATION 7: INCLUDE MORE DETAIL ON WATER, WASTEWATER AND ELECTRICITY INFRASTRUCTURE IN THE PLAN, TO ENSURE GROWTH AND SERVICING ARE ALIGNED.

RECOMMENDATION 8: PROVIDE MORE DETAIL AND EVIDENCE ON THE PLAN FOR THE REGIONAL ROAD NETWORK (ACCESS RAMPS FROM THE M12 TO ELIZABETH DRIVE AT THE AIRPORT GATEWAY AND M5 EXTENSION INDICATIVE CORRIDOR)

RECOMMENDATION 9: INCLUDE MORE DETAIL ON HEAVY RAIL INFRASTRUCTURE INCLUDING THE TIMING FOR RELEASE OF GREATER WEST METRO STATION LOCATIONS AND A COMMITMENT TO AN EAST-WEST METRO CONNECTION TO PARRAMATTA.

RECOMMENDATION 10: ENSURE THE PLACE-BASED INFRASTRUCTURE COMPACT INCLUDES ONGOING INPUT FROM LOCAL COUNCILS, LANDOWNERS AND INDUSTRY GROUPS AND TRANSPARENCY AROUND THE UNDERLYING PLANS AND ASSUMPTIONS.

RECOMMENDATION 11: INCLUDE AN ACTION TO SUPPORT THE RE-INTRODUCTION OF AN URBAN DEVELOPMENT PROGRAM IN WESTERN SYDNEY, INCLUDING THE AEROTROPOLIS.

RECOMMENDATION 12: CONSOLIDATE ALL INFRASTRUCTURE PLANNING FOR THE AEROTROPOLIS UNDER ONE AUTHORITY TO ENSURE ALIGNMENT WITH PRECINCT SEQUENCING AND THE AIRPORT.

INFRASTRUCTURE FUNDING

UDIA is disappointed by the proposed continuation of separate SIC and s7.11 charges in the Aerotropolis and would prefer the Aerotropolis to be the leading example of the 'one cheque' approach to infrastructure funding being considered by the NSW Minister for Planning. We note that Penrith and Liverpool City Councils have both been exploring a flexible s7.12 infrastructure charge but have experienced long delays in resolving this process.

UDIA acknowledges significant government investment in new infrastructure in the Aerotropolis and a resultant increase in value of many landholdings in the area. UDIA supports the concept of “value capture” where it accelerates Government investment for major land transport infrastructure. The following principles must be considered in designing a value capture mechanism:

- additional value has been generated through Government investment that increases the capacity for uses
- value is captured from all landowners only when and where it is generated
- the proportion of value captured does not diminish the ability for value to be realised
- value cannot be captured after it has already been realised, not retrospectively
- value is not captured in full “up-front”.

“Value Capture” is not:

- an upfront tax, levy or charge for general infrastructure funding
- pure “planning gain” (betterment tax). “Value Capture” is separate in concept and implementation from new taxes, charges and levies
- a mechanism to fund major trunk and social infrastructure. This is a clear responsibility for government and should always be funded through general revenue.

UDIA’s preferred value capture mechanisms are indirect, including:

- Tax Increment Financing – using future tax receipts growth, from the incremental increase in property values, in a declared area, as a result of increased amenity brought about by new public infrastructure; or
- Government Owned Lands – where Government has acquired land, or already owns land, that benefits from new infrastructure investment and sells the land that is surplus to that required for the infrastructure for development, at a higher price due to the increased amenity that has or will be delivered. Governments should also use the value of infrastructure they have already built to fund new infrastructure, through asset recycling; or
- Private Infrastructure Delivery Agreements – where the Government enters transparent development agreements, on government land, with the private sector, in exchange for the developer partially or fully funding and delivering public infrastructure.

UDIA holds concerns regarding so-called value capture mechanisms which are not directed at the true beneficiary of uplift. Capture should occur at the time the uplift in value occurs, most usually at the first transaction after the land is rezoned. Value capture must be managed to ensure vendor expectations have been adjusted to account for the additional charge in the sale price. Otherwise, value capture may make development unfeasible or exacerbate housing affordability.

As the Planning Partnership is responsible for preparing the DCP and precinct plans, and has a close working relationship with local councils, UDIA believes it is best placed to design the infrastructure funding models (both SIC and local) for the Aerotropolis.

RECOMMENDATION 13: PLACE RESPONSIBILITY FOR STATE AND LOCAL INFRASTRUCTURE FUNDING PLANS WITH THE WESTERN SYDNEY PLANNING PARTNERSHIP.

EMPLOYMENT LAND

UDIA commends the NSW Government and the Planning Partnership for prioritising the release of the Mamre Road precinct, and for the establishment of the Dwyer Road precinct. It is vital that the Aerotropolis remains focused on supporting employment-generating development and delivering jobs for the people of Western Sydney as quickly as possible.

UDIA notes that there is currently less than 2 years of zoned and serviced employment land in Western Sydney, which is pushing up land prices. The lack of a clear employment land supply program in NSW continues to drive investment interstate and needs to be rectified immediately. This supply program must promote employment-generating development by increasing industrially zoned areas and facilitating the delivery of infrastructure and services in a timely and efficient manner.

The area around the Aerotropolis has been identified as strategically important employment lands for decades. Whilst the Airport is important, as is the creation of a functional core and a Blue-Green grid to support the future Western City, we cannot lose sight of the fact that the vast majority of the Aerotropolis is to be industrial and employment-generating in nature. UDIA strongly supports the acceleration of precincts that are industrial / employment-oriented to create jobs in Western Sydney.

ENABLING AND TRANSITIONAL LAND USES

UDIA commends the acknowledgement in the Plan⁶ that 'land uses and urban forms will evolve as the Aerotropolis changes' and enabling industries such as building materials production will be required as the area develops. In particular, enabling industries are identified as a focus in the Badgerys Creek Precinct in the Plan and DCP⁷.

UDIA notes that between these enabling industries and the final Aerotropolis will be transitional uses which will mainly taking the form of large industrial sheds and warehouses. It is vital that there are supportive provisions in the Precinct Plans and DCP to enable these transitional uses. Councils will assess development applications for these transitional uses against the DCP, so it should be fully supportive of transitional uses.

UDIA also recommends that the precinct plans use a road layout that has a grid pattern road hierarchy to allow for consolidation and subdivision of lots as transitional uses change over time, particularly on employment land.

⁶ Western Sydney Aerotropolis Plan, page 24.

⁷ Western Sydney Aerotropolis DCP, page 21.

RECOMMENDATION 14: REVISE THE DCP TO SUPPORT TRANSITIONAL INDUSTRIES.

RECOMMENDATION 15: ENSURE THE PRECINCT PLANS EMPLOY A GRID PATTERN ROAD NETWORK HIERARCHY TO ALLOW FOR TRANSITIONAL USES ON VARYING LOT SIZES AND SUBSEQUENT SUBDIVISION.

AFFORDABLE HOUSING

UDIA acknowledges that there is a housing affordability crisis in Sydney. The provision of affordable housing is vital to addressing this crisis. However, placing too much of the burden of providing affordable housing on the industry is likely to reduce development feasibility and stifle overall supply, worsening the affordability crisis.

The Plan indicates that precincts in the Aerotropolis will require 5-10% of the housing in a development to be affordable housing. Later, the document refers to 10% as a 'baseline', and that it may be exceeded in some areas by the local council. The DCP requires affordable housing to be provided in perpetuity, rather than for a set period of time. UDIA is concerned that requiring 10% or more of a development to be provided as affordable housing in perpetuity is overly onerous and will prevent many developments from proceeding.

There is a limit to the amount of value that can be extracted from new development, and there are competing claims for spending that value on infrastructure, affordable housing or other uses. While housing affordability is in crisis across Sydney, Western Sydney is a relatively affordable market compared to the Central and Eastern Cities. Affordable housing is unlikely to be feasible in a greenfield setting, particularly initially when new infrastructure is required and land is scarce. A 5% housing dedication would likely take-up the whole development feasibility, instead of creating an 'affordable market product class'.

Without incentives or bonuses, affordable housing requirements funded by market housing providers simply increases the price of a new (non-affordable housing) home. In addition to incentives, UDIA recommends that government lead on affordable housing provision in Western Sydney by applying a higher affordable housing dedication rate to its own land. We commend Landcom's innovative demonstration projects and encourage further mixed tenure joint ventures in Western Sydney, particularly around the new station precincts.

RECOMMENDATION 16: REVISE THE AFFORDABLE HOUSING PROVISIONS IN THE PLAN TO REFLECT DEVELOPMENT FEASIBILITY AND THE NEED FOR INCENTIVES, AND ENABLE IT TO BE OWNED BY THE DEVELOPER AS A TRADEABLE PRODUCT.

RECOMMENDATION 17: REVISE THE AFFORDABLE HOUSING PROVISIONS TO APPLY A HIGHER AFFORDABLE HOUSING DEDICATION TO GOVERNMENT-OWNED LAND.

A CENTRE HIERARCHY

The Plan indicates the presence of the Aerotropolis Core south of the airport. However, apart from this note on the plan, there is no discernible discussion in the Planning Package on the vision for the core and its role in the Aerotropolis Precinct. In the previous exhibition of the Draft Stage 1 LUIP there was more purpose given to the Core that it was to be the notional “centre” of the Precinct. It was intended to be the perceived ‘heart’ and focal point of the area for visitors, employees/ employers and residents in neighbouring residential areas. This vision and role appears to be missing from the documentation currently on exhibition.

Identification and clarification of a centre hierarchy within the Precinct is important on the following grounds:

- The Enterprise zone is proposed to be broadly applied with common goals and land use controls that will apply cross a large area of the precinct;
- As the Structure plan is based on the proposed road and rail network (and particularly the role and influence of railway stations on land use and movement) it is important that particular and appropriate uses are guided to particular and appropriate areas;
- The airport land itself will be actively promoting itself as a “centre”; and
- The neighbouring existing centres of Penrith, Liverpool and Campbelltown outside the Precinct are also expected to play a role.

RECOMMENDATION 18: REVISE THE STRUCTURE PLAN TO INCLUDE GUIDANCE AND CLARITY ON THE LOCATION OF SPECIFIC LAND USES AND THE IDENTIFICATION OF A HIERARCHY OF CENTRES THAT COMPLIMENT THE INTENDED COMMERCIAL PRECINCT IN THE AIRPORT AND EXISTING CENTRES OUTSIDE THE PRECINCT.

PLAN ADMINISTRATION

UDIA believes there is an opportunity to clarify several aspects of the administration of the Plan and the DCP to ensure the smooth delivery of the Aerotropolis. These clarifications should address:

- Integrating the Phase 2 DCP with the Phase 1 DCP to prevent a proliferation of development controls.
- Preventing DA determinations from being held over by determining authorities until the Phase 2 DCP is finalised.
- Limits on how determining authorities assess acceptable solutions. If these solutions are met in the development application, they should ensure a clear path to approval that cannot be further interrogated or delayed by the determining authority.
- Clear Terms of Reference and delivery deadlines for the proposed DCP Review Working Group.

The Plan also proposes a 5-year review period for the DCP. While this is a fairly standard provision, we believe the urgency of development in the Aerotropolis warrants a shorter review period. Planes will depart the Airport in just 6 years and we will need enabling industries to establish within the first year after the DCP is finalised. We should also be aiming for industrial and residential development to start by 2024 to ensure a vibrant Aerotropolis when the airport opens. We suggest review of the DCP by 2023.

RECOMMENDATION 19: REVISE THE DCP TO CLARIFY VARIOUS ADMINISTRATIVE ARRANGEMENTS THAT WILL ENSURE A SMOOTH DEVELOPMENT APPROVAL PROCESS.

RECOMMENDATION 20: PROVIDE FOR THE REVIEW OF THE DCP EVERY 3 YEARS INSTEAD OF 5 YEARS TO REFLECT TRANSITIONAL LAND USES AND THE URGENCY OF DEVELOPMENT IN THE AEROTROPOLIS.

CONCLUSION

The Aerotropolis will be the core of the Western City and a global gateway. It is vital that the planning and development provisions for the Aerotropolis deliver a workable regime that delivers jobs close to home in Western Sydney.

We commend the Planning Partnership for progressing planning for the Aerotropolis given the Western Sydney Airport is scheduled to begin operations in 2026. UDIA's analysis of the Aerotropolis delivery program indicates these planning decisions must be finalised in 2020 in order to progress the development of the Aerotropolis by 2026. The acceleration of additional precincts, as well as the delivery timeframes detailed in the Plan, indicate the Planning Partnership is committed to a vibrant, productive & sustainable Aerotropolis.

However, UDIA has a number of concerns regarding the planning provisions in the Plan and the DCP, including the implications from the landscape-led planning approach, the lack of infrastructure planning and funding details, and the proposed affordable housing provisions.

With the recommended revisions, UDIA believes the Plan and DCP will ensure the smooth development of the Aerotropolis and the creation of a true global gateway in Western Sydney. Notwithstanding, infrastructure planning, funding and delivery for the Aerotropolis must be urgently resolved.

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Western Sydney Aerotropolis Delivery Program Ready for Take-off?



Western Sydney Aerotropolis Delivery Program

PLANNING

STRATEGIC PLANNING

DEVELOPMENT ASSESSMENT

South Creek Corridor,
Flood Risk, EPA Bubble
Licence finalised

Biocertification Offset
Strategy identified
(EPBC & TSC/BCA)

Land Use & Infrastructure
Implementation Plan &
SIC finalised

Neighbourhood Plans,
DCPs and s7.11 Plans
finalised

Biocertification (EPBC &
TSC/BCA), rezoning,
Servicing Plans finalised

Combined Subdivision
Development Applications
& CCs Lodged

Combined Building
Development Applications
& CCs Lodged

Combined Building
Development Consents
& CCs Issued

2020

2021

2022

2023

2024

2025

2026

Agency, Utility &
Landowner trigger to
commence

Sewer, water and
energy lead-in works
commenced

Subdivision works
commenced

Sewer, water and
energy subdivision
works completed

Section 73 Certificates
issued and landside
lots registered

Landside construction
commenced

First Occupation
Certificates for first
landside development

LEAD-IN WORKS & SUBDIVISION

BUILDING

CONSTRUCTION

Housing affordability and supply pressures continue

Housing supply and affordability continue to be challenges in Western Sydney. The brief peak in approvals has now dropped to below the long-term required levels again. Our UDIA-Urbis Home Purchaser Sentiment Survey in July 2019 indicated most Western Sydney residents believe house prices will increase in the next 12 months.

Sydney continues to lack employment lands supply

There is only 646 hectares of undeveloped, zoned and serviced land in Sydney. That represents only 2 years of employment land supply left in Western Sydney. The quantity has declined by 71 hectares over the past year. In Western Sydney land costs have increased from \$500/Ha in 2016 to \$700/Ha in 2018. This compares with an average value in Melbourne of \$259/Ha. Western Sydney (31 jobs/Ha) needs more land than Eastern Sydney (107/Ha) for the same amount of jobs.

There is slow progress in planning the aerotropolis

The Western Sydney LUIIP – Stage 1 was exhibited in August 2018. We are yet to see the NSW Government's response to submissions, or the Stage 2 LUIIP. Similarly, final Local Strategic Planning Statements have been extended to March 2020. Despite the major strategic planning focus on the Aerotropolis over the last few years, we have not seen shifts in urgency in the delivery programs for servicing authorities.

There are also several environmental issues that need fast track resolution, including flood risk management, the South Creek riparian corridor, biocertification, and wastewater disposal.

Governance arrangements are too complex

The Western Sydney precincts cover 650km², the same urban footprint as Adelaide. Strong, coordinated leadership from the NSW Government is required. At the moment, there are 5 planning agencies with responsibility for the aerotropolis:

- Greater Sydney Commission
- Western Sydney Airport Co.
- Western City & Aerotropolis Authority
- Western Sydney Planning Partnership Office
- Department of Planning, Industry & Environment

There are also 5 authorities providing key infrastructure and 5 local councils.

Industry needs greater certainty to deliver the future city.

The industry needs greater confidence to invest

The aerotropolis has large landholdings and a motivated private sector who can offer expertise and experience to implement the vision and present opportunities for partnerships.

However, a combination of current supply shortages, expensive operating conditions, slow progress in delivering supply, and complex governance arrangements have led to low investment confidence. We are at risk of not achieving the 30-minute city vision for Western Sydney if business as usual continues.

To successfully deliver the Western Sydney Aerotropolis, the NSW Government needs to urgently focus on:

Culture Change- Governance, Resourcing, and Mindset

Coordinate the various aerotropolis agencies & utilities into cohesive structure, with a dedicated champion, preferably a Minister, who takes accountability for ensuring the aerotropolis meets key timeframes with a 'get it done' mindset.

The coordinated agencies will have responsibility for:

- Planning, funding and delivery of infrastructure (roads, rail, sewer, water etc.);
- Standardisation of development (planning and engineering) standards;
- State and Local infrastructure contributions (combined and co-ordinated with sources of forward funding to prioritise and deliver key enabling infrastructure items);
- Strategic Planning (including finding a collaborative approach to resolve South Creek environmental corridor – both an asset & opportunity);
- Coordinated infrastructure delivering along with an Urban Development Program;
- "One stop" Statutory Planning framework including CRM support (e.g. agency consultation & approvals delegated to a Planning Panel with membership from the relevant LGAs);
- Fostering trust and collaboration with the private sector to deliver built outcomes;
- Partnerships with the public services sector to deliver social outcomes (eg employment & training initiatives etc); and
- Branding and Marketing.

Resolve Key Environmental Issues

Identify a fast track planning pathway to resolve environmental hurdles in a holistic way and deliver planning outcomes by 2022, such as an all-encompassing Aerotropolis SEPP which settles biodiversity, flood risk, riparian corridors and Aboriginal heritage.

Employment Land Zoning

Unlock employment lands including consideration of transitional uses that then translate into final uses. This includes providing a structure for out-of-sequence proposals, where key sites in single ownership with servicing capability should be considered in a timeframe equal to initial precincts to meet market demand for short to medium term uses.

Finalise Infrastructure Plans

In the Stage 2 LUIIP, finalise the location and delivery deadlines of stations on the full North South rail line, M12, arterial roads, road hierarchy and other key infrastructure by 2020 to create certainty for investors and local planning. Resolve plans for water, sewer, and electrical servicing.

Simpler Land Use Planning

Fast track the finalisation of Precinct Plans, Neighbourhood Plans, DCPs and Section 7.11 Contributions Plans. There needs to be central coordination of each tier of land use plans to avoid inconsistent application of policy at each stage. Around 2023, fast track arrangements for combined subdivision DA/CC and building DA/CC need to be in place. Allow land in single ownership with service capability to be developed ahead of sequence.

Simpler, Faster Infrastructure Funding

Commit to upfront funding of catalyst trunk infrastructure, capped developer contributions, one payment (local and regional developer contributions) and standard SIC Works-in-Kind agreements.

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