

Thursday, 17 December 2020

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NSW Department of Planning, Industry and Environment

via email: illawarra@planning.nsw.gov.au

UDIA NSW Submission on the Draft Illawarra Shoalhaven Regional Plan 2041 November 2020 and Draft Environmental Planning and Assessment (Special Infrastructure Contribution – Illawarra Shoalhaven) Determination 2020

Dear Ms Lees,

The Urban Development Institute of Australia NSW (UDIA) is the leading industry body representing the interests of the urban development sector and has over 500 member companies in NSW. UDIA NSW advocates for the creation of liveable, affordable and connected smart cities.

UDIA has a keen interest in the Illawarra Shoalhaven and has two regional committees (Illawarra and Shoalhaven) which are attended by developers, council staff and consultant members who meet regularly to discuss key issues affecting the broader region. We run these committees to support government in the preparation and application of planning and development policy.

UDIA NSW is pleased for the opportunity to make a submission on the following documents which are presently on public exhibition until 17 December 2020:

- *Draft Illawarra Shoalhaven Regional Plan 2041 November 2020 (the Draft IS Regional Plan);* and
- *Environmental Planning and Assessment (Special Infrastructure Contribution – Illawarra Shoalhaven) Determination 2020 (the Draft SIC).*

UDIA welcomes the planning review of the Illawarra Shoalhaven region undertaken by the NSW Department of Planning, Industry and Environment (DPIE) which has been documented in the Draft IS Regional Plan. There is now a great opportunity for industry, the community and government to work together on the planning vision for the Illawarra Shoalhaven as a diverse, creative and globally connected region with an enviable lifestyle for its residents.

We also recognise that the development industry will need to contribute to key State infrastructure identified for the Illawarra Shoalhaven in the form of a SIC levy or through a planning agreement process. The Draft SIC will underpin the anticipated growth in 45,000 jobs and up to 30,000 dwellings by 2041 to further grow the region, which contains four diverse local government areas including Wollongong City, Kiama, Shellharbour City and Shoalhaven City.

We commend DPIE's vision to commence the initial steps to develop and lead the planning framework for the Illawarra Shoalhaven which needs the support of the development industry, local councils, the community, and key State government and utility agencies.

UDIA supports measures by DPIE to include City Deal projects as recommended by Regional Development Australia. These include the Nowra Riverfront Mixed-Use Precinct and Tripoli Way.

UDIA is strongly committed to the future of the Illawarra Shoalhaven and in 2019 we released our vision for the region in “Unlocking the Illawarra-Shoalhaven” (Refer to attached) based on four key principles:

- Improving housing affordability;
- Fostering a consistent and transparent policy environment;
- Supporting the transformation of the region;
- Ensuring infrastructure keeps up with demand in urban release areas; and
- Diversifying housing choice.

UDIA views the delivery of these outcomes as critical to further grow and properly plan for the Illawarra Shoalhaven beyond 2020.

The proposed Draft IS Regional Plan and Draft SIC contain many good initiatives, however UDIA contends that there are several issues that need to be addressed by DPIE before implementation of the Plan and gazettal of the final Determination.

1. Infrastructure to support development

UDIA supports the proposal by DPIE to identify the infrastructure needed for the Illawarra Shoalhaven to support the proposed URAs. The problem with funding infrastructure via a SIC process is that there is no timeframe for when infrastructure will be funded, prioritised, and delivered. It generally takes several years to build enough funds in the SIC account from which to fund the development and ultimate delivery of an infrastructure item.

Whilst it is recognised that there are other funding mechanisms for infrastructure, this does not give industry confidence that the SIC developer contributions provided to DPIE will result in programmed works within a reasonable timeframe, which can lead to poor planning outcomes.

UDIA supports preparation of an infrastructure phasing plan to ensure greater commitment from DPIE and other State agencies to fund and deliver key infrastructure items in a timely manner. This along with tracking of housing under the DPIE lead Urban Development Program (UDP) for the Illawarra Shoalhaven is more responsive and will support the timely provision of infrastructure as housing is released.

An option would be for the UDP members to monitor the infrastructure phasing plan to determine when infrastructure is needed and then for DPIE to direct relevant State agencies to seek funding to commence the design and then deliver the infrastructure.

UDIA supports the approach undertaken by Wollongong City Council in the *West Dapto Development Contributions Plan 2020* which provides indicative timing for key infrastructure.

UDIA strongly recommends that infrastructure planning should dovetail with Urban Release Area (URA) planning. For example, West Dapto Stage 5 was rezoned in 2018, but still lacks wastewater trunk infrastructure or a clear timetable for delivery of this infrastructure. This has impacted the precinct which has largely remained inactive.

This issue will continue to present a challenge to both State and local government which needs to facilitate up to 30,000 dwellings by 2041 (up to 1,500 per year) to meet the demands of population growth and change.

DPIE must work closely with utility providers to ensure the pipeline of housing supply occurs as planned (Refer to Objective 18.2 of the Draft Regional Plan), for the four Illawarra Shoalhaven Local Government Areas (LGAs), which is presented in Table 1.

Table 1 – Population Forecasts for the four Illawarra Shoalhaven Local Government Areas

LGA	2016	2041
Kiama	22,110	26,107
Shellharbour	70,391	93,962
Shoalhaven	101,942	119,072
Wollongong	210,394	265,769
Total	404,837	504,910

Furthermore, supply is a key driver of affordability, which can place downward pressure on house prices which have risen as much as 12% in the Illawarra Shoalhaven region over the last 12 months (Core Logic), which is higher than many other regional areas. Targeted housing release will ensure that Illawarra Shoalhaven maintains its important affordability margin relative to Sydney (Objective 19).

This is especially relevant as the 7.11 charge for West Lake Illawarra at \$51,428.10 per Net Developable Hectare (subdivision dual occupancy) and around \$46,606 for a four-bedroom house, is comparable with other 7.11 release area charges in Sydney (North West). Coupled with a SIC charge it undermines the potential to provide liveable and affordable communities in the Illawarra Shoalhaven.

Recommendation 1. DPIE to prepare an Infrastructure Implementation Plan that provides a whole-of-government response to the coordinated and timely delivery of infrastructure in key Illawarra Shoalhaven URAs.

2. Proposed SIC Infrastructure to support nominated URAs

A major challenge with the provision of a SIC charge to West Lake Illawarra & Nowra/Bomaderry is that it increases costs for new greenfield housing with no applicable charge for existing urban areas.

This creates a potential distortion of the cost base of greenfield and brownfield housing development. Whilst it is recognised that the SIC charge will support future residents in the new dwellings in the URAs, there is a strong potential that much of the new infrastructure will also benefit existing residential areas located near each URA.

An example is the Albion park bypass (costed at \$43 million), which has been in planning for a long time prior to the release of Calderwood for residential development but once completed the road will provide improved access for existing residents in Albion Park as well as Calderwood.

UDIA is also concerned about the number of road infrastructure items (26 for both URAs), costing up to \$944 million. UDIA suggests that a possible rationalisation of these could reduce the infrastructure cost and provide a more targeted transport upgrade with less reliance on developer contributions. Both the Fowlers Road on-ramp, and Kanahooka Road on-ramp which already exist, and have a combined total cost of \$16 million, may not be needed in the short term and could be funded by other programs.

Further both the Nowra Riverfront Mixed-Use Precinct (\$21 million) and Tripoli Way (\$30 million) are nominated for funding under the City Deal and could receive direct funding by the Federal Government under the *Building Better Regions* program.

In this regard, UDIA supports a review of all infrastructure items to determine that there is a strong nexus with planned growth in the URAs and to ensure that each infrastructure item does not provide a dual benefit to existing areas. Otherwise, the listed SIC infrastructure may be viewed as supporting a broader planning and infrastructure outcome for the Illawarra Shoalhaven outside of the URAs.

Recommendation 2. DPIE to assess all proposed SIC infrastructure to ensure they primarily service the URAs with a possible rationalisation and/or removal of some SIC infrastructure that maybe funded under other programs.

3. Better alignment with the Draft Illawarra Shoalhaven Regional Transport Plan

UDIA is aware that Transport for NSW (TfNSW) recently placed the Draft Illawarra Shoalhaven Regional Transport Plan (the RTP) on public exhibition. Upon reviewing this plan, UDIA is concerned that there is poor alignment between the proposed initiatives in the RTP and the listed transport infrastructure in the Draft SIC which is needed to support the URAs (Special Contribution Areas).

There appears to be no buy-in from TfNSW to the SIC transport infrastructure items, which does not provide confidence to the development industry that these will ever be delivered.

Strategic alignment is critical to ensure the Illawarra Shoalhaven can grow in a coordinated manner with a whole-of-government approach to infrastructure planning and delivery.

Only with RTP Initiative 34 and 44 is there a proper interface between the SIC and RTP, and only with the proposed upgrade to the Princes Highway at Bomaderry in the SIC is there a link with the RTP. This poor linkage undermines the regional significance and relevance of the nominated SIC transport infrastructure items to support development in the Illawarra Shoalhaven.

UDIA therefore questions the validity of the transport related SIC items to support regional growth in the key URAs.

To give confidence to the development industry that the SIC contribution funds will be used in a timely manner, UDIA recommends that DPIE tie-together the infrastructure items in the SIC as part of the RTP. This will provide further justification to the SIC contributions and commit TfNSW to the delivery of road and transport infrastructure to support the Illawarra Shoalhaven URAs by 2041.

Recommendation 3. DPIE to work with TfNSW to ensure the key SIC road and transport infrastructure items are identified as key initiatives in the Illawarra Shoalhaven RTP.

4. Timely delivery of education to support Urban Release Areas

The Draft IS Regional Plan focusses heavily on further growing the education sector to support jobs and economy but also to provide for the education needs of future residents in the URAs, specifically at:

- Nowra Bomaderry - Provision of Primary and Secondary School Student Places); and
- West Lake Illawarra - Provision of Primary and Secondary School Student Places.

UDIA supports DPIE attempts to further grow the education sector, which are important to building place and community in the URAs. This cannot occur without strong involvement from NSW Department of Education / Schools Infrastructure NSW or other school providers, to ensure the timely delivery of schools at each location.

Recommendation 4. That DPIE includes an objective in the Draft IS Regional Plan that commits to the timely delivery of the proposed schools at the key URAs.

5. The proposed West Dapto Biodiversity Certification

UDIA understands that the cost of the West Dapto Biodiversity Certification, including the cost of acquisition of associated credits, is included in the Draft SIC with a cost of \$20 million. This is the first time that industry has had to contribute to a biodiversity outcome for anywhere in the Illawarra Shoalhaven.

To prevent issues during the development application with each developer in West Dapto going through the same biodiversity assessment process, UDIA supports a base cost for biodiversity certification that requires all developers in the region to contribute to an environmental outcome rather than only targeting biodiversity outcomes in West Dapto.

A likely outcome is that developers with sites containing no environmental constraints (existing natural vegetation) will be subsidising developers who have environmental constraints. This ultimately presents an equity issue under the current proposed system between different developers within West Dapto and elsewhere.

Furthermore, the current biodiversity legislation has a system where property owners or developers must consider the financial impact of removing vegetation. Whilst this is an effective mechanism to reduce the quantum of existing native vegetation, which has significant environmental benefit at a local and a global scale, UDIA is concerned that by excluding the acquisition of biodiversity credits from the SIC, it will result in developers retaining vegetation in-order-to reduce costs. This will not occur if the cost of credits is included in the SIC, as developers will take advantage of the credits provided through the SIC and remove all proposed vegetation.

Recommendation 5. DPIE to review the biodiversity accreditation system to ensure an equitable outcome which provides environmental benefits but also incentivises the development industry to adopt a strategic approach for the key URAs and the broader Illawarra Shoalhaven.

6. Environmental conservation and long-term project of environmental assets

UDIA strongly supports the protection of the natural beauty of Illawarra Shoalhaven as advocated in the Draft Regional Plan, which is central to its appeal and unique biodiversity and as a main contributor to the enviable lifestyle enjoyed by its residents. While the Draft Regional Plan aims to protect environmental assets, it is largely silent about ownership and stewardship.

Rehabilitating and preserving large green assets like bushland, riparian zones, etc. (typically zoned E2 and E3 Environmental Conservation) is expensive and best done by government, rather than left to the development industry or remain in private ownership (Objective 11).

Furthermore, and where appropriate, these assets should be publicly available for use by the community for walking and cycling, etc (Objective 14). This can only be achieved if the environmental assets and areas remain in public ownership.

An example of this is the strip of E3 zoned land (Scenic Protection) fronting Moss Vale Road as part of the Nowra Bombaderry URA . Whilst this is a supported environmental outcome for release, its future ownership remains unknown as well as its ultimate use by the community.

Recommendation 6. That DPIE establishes a program for the long-term protection and management of environmental assets and areas, rather than these being left in private control.

7. Proposed objectives in the Draft Illawarra Shoalhaven Regional Plan

UDIA supports the approach by DPIE in the Draft IS Regional Plan to provide a productive and innovative region that is sustainable and resilient; values its people and places and is smart and connected. This is based on 30 objectives which are supported by actions and strategies.

Whilst DPIE is the main agency responsible for the Regional Plan, it will be important to collaborate with key State and local government agencies to ensure they are committed to each objective, action, and strategy. Resourcing will also be important especially when either a local council or a State Government agency is the lead deliverer to align expectations and ensure objectives are followed through.

UDIA supports the establishment of a Coordinating and Monitoring Committee to oversight the implementation of the plan and is keen to track the progress of the Plan at key intervals, working with DPIE and/or through our regional committee meetings.

UDIA also supports a review of SIC infrastructure items on a five yearly basis to ensure they are still required to provide industry support that the SIC contributions are being used in a constructive manner to support growth in the URAs.

Recommendation 7. That DPIE provides scheduled updates to UDIA NSW on progress of the Regional Plan to ensure its implementation and undertakes a five-year review of the SIC infrastructure items.

Conclusion

The Illawarra-Shoalhaven is quickly transforming into one of the most attractive lifestyle and employment destinations in NSW. Wollongong City Council's economic development strategy has seen a huge investment in the city centre, with several mixed-use developments emerging in the last few years, and more to come. Shellharbour, Kiama and Shoalhaven Councils also have big plans for their city centres and communities which will benefit the region.

The State Government is also investing in major road upgrades (Albion Park Bypass etc.) and further transport upgrades will come as part of Illawarra Shoalhaven Regional Transport Plan.

In this push for revitalisation, we must not forget about the driving force behind growth – the thousands of homes being built in West Dapto, Calderwood, Shell Cove and Moss Vale Road which collectively will provide up to 25,000 dwellings or about 80% of total growth.

UDIA can see growing threats to the creation of liveable, affordable, and connected communities in these areas, such as extra taxes on developers and a slow response from government to changes in the kind of homes new homebuyers want and we must ensure infrastructure keeps up with housing.

UDIA is keen to work with the government to enable the Illawarra Shoalhaven to meet its full potential and we are confident that DPIE will work closely with local councils, the community, and the development industry to achieve the planning vision contained in the Draft Illawarra Shoalhaven Regional Plan, which is supported by the Draft Illawarra Shoalhaven SIC.

Considering the above, we recommend the following:

- 1) DPIE prepare an Infrastructure Implementation Plan that provides a whole-of-government response to the coordinated and timely delivery of infrastructure in key Illawarra Shoalhaven URAs.
- 2) DPIE to assess all proposed SIC infrastructure to ensure they primarily service the URAs with a possible rationalisation and/or removal of some SIC infrastructure that maybe funded under other programs.
- 3) DPIE to work with TfNSW to ensure the key SIC road and transport infrastructure items are identified as key initiatives in the Illawarra Shoalhaven RTP.
- 4) That DPIE includes an objective in the Draft IS Regional Plan that commits to the timely delivery of the proposed schools at the key URAs.
- 5) DPIE to review the biodiversity accreditation system to ensure an equitable outcome which provides environmental benefits but also incentivises the development industry to adopt a strategic approach for the key URAs and the broader Illawarra Shoalhaven.
- 6) That DPIE establishes a program for the long-term protection and management of environmental assets and areas, rather than these being left in private control.
- 7) That DPIE provides scheduled updates to UDIA NSW on progress of the Regional Plan to ensure its implementation and undertakes a five-year review of the SIC infrastructure items.

UDIA would like to work further with DPIE in response to the recommendations contained in this submission and be involved with the Coordinating and Monitoring Committee to track the progress of the objectives, tied together with the various initiatives and actions. This will ensure developer confidence and delivery towards achieving the planning vision for the Illawarra Shoalhaven.

Please contact [REDACTED] to arrange a meeting to discuss any further matter related to the NSW Department of Planning, Industry and Environment Draft Regional Plan and Draft SIC.

Yours sincerely,

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Attachment No.1 - Unlocking the Illawarra-Shoalhaven – Illawarra-Shoalhaven Strategy 2019-20