

17 May 2022

Mr Warwick Winn
The General Manager
Penrith City Council
PO Box 60, Penrith 2751

By email: citystrategy@penrith.city

Dear Mr Winn,

RE: UDIA NSW submission on the Penrith City Council Local Housing Strategy and Rural Lands Strategy

UDIA welcomes this opportunity to comment on the *Penrith Local Housing Strategy 2022* and *Rural Lands Strategy 2022* (Penrith Housing Strategy). As the peak industry body representing the leading participants in urban development in NSW, UDIA advocates for the creation of Liveable, Affordable and Connected Smart Cities.

While we support the Penrith Housing Strategy, we believe that there are several specific opportunities to address the housing crisis and provide more affordable and diverse housing options in the strategically significant Penrith City LGA.

Background

UDIA understands that the revised strategies have been prepared in response to changes in population forecast for the Penrith City Local Government Area (LGA) and the growth potential provided by the West Sydney Airport Metro and proposed new precincts at Luddenham and Orchard Hills. It is our understanding that the review may result in amendments to the Penrith Local Environmental Plan.

In accordance with our NextGen West advocacy program for Greater Western Sydney, we have formed a special taskforce of land developers, planning practitioners and consultants to inform our submission to help Council provide a robust housing strategy that responds to demand for diverse and affordable housing, including both greenfield and brownfield options.

Now more than ever, it is time for Government and the development industry to work together to improve housing affordability and diversity to address the housing supply crisis in Sydney. There are many issues that have contributed to lack of supply, one of which is the Development Moratorium in the North West Growth Area and servicing constraints in the South West Growth Area. Both these factors are shrinking greenfield housing supply at a rapid rate and making housing less affordable.

Recommendations

We offer the following five recommendations to achieve greater success with the Penrith Housing Strategy and achieve higher levels of stakeholder support of both strategies:

- 1) The Council should investigate other potential urban investigation areas in Penrith LGA to sustain greenfield supply over the long term.**

- 2) **The Council should work with the NSW Government on a program to achieve the staged release of key Urban Investigation Areas in the Penrith City LGA.**
- 3) **The Council should work on a local infrastructure delivery program, with State Government, to support housing growth.**
- 4) **The Council should collaborate closely with industry on the implementation of the Penrith Housing Strategy.**

We have also made a number of other minor recommendations.

Detailed commentary in support of our recommendations is provided below.

Commentary

Recommendation 1 – The Council should investigate other potential urban investigation areas in the Penrith LGA to sustain greenfield supply over the long term.

We are concerned that the Penrith Housing Strategy does not provide for long term greenfield housing beyond 2030 and that Council, in association with the State Government, should investigate potential for new Urban Investigation Areas (UIAs) to sustain greenfield supply in the longer term.

Government and industry must work together to provide housing in accordance with the targets established by the *2021-22 NSW Intergenerational Report*, which identifies that NSW requires 1.7 million more homes by 2060-61, or 42,000 new homes every year. Our *Greenfield Land Supply Pipeline Report (2021)*, which covered the Sydney mega region, revealed that at current land release rates (7,000 per annum), there will be more than 25,600 greenfield homes of unmet demand by 2030.

Further, there remains strong demand for greenfield housing in Greater Western Sydney (GWS) and according to our 2021 Home Purchaser Sentiment Survey, 77% of home buyers in GWS still prefer detached dwellings, as compared to 62% for the rest of Sydney.

We expect that detached dwellings will remain as the preferred housing type for Penrith LGA in the next 5-10 years which will occur at Caddens, Orchard Hills North, Glenmore Park, and Jordan Springs. Higher density housing at existing and future town centres will only increase when key transport projects are completed and preferences change. Based on current land release rates, we contend that all available greenfield housing (15,000 dwellings) in the LGA will be fully exhausted by 2030 or earlier.

We therefore recommend Council investigate The Northern Road Corridor which is fast becoming a major regional collector road that will service the Aerotropolis. This corridor could provide options for greenfield housing at strategic locations which will better align with the integrated corridor approach to development undertaken by Camden Council in their LGA.

UDIA supports a Housing Strategy with diverse housing options that provides for greenfield supply over the long term, and which could be developed at The Northern Road Corridor.

Recommendation 2 – The Council should work with the NSW Government on a program to achieve the staged release of key Urban Investigation Areas in the Penrith City LGA.

The uncoordinated delivery of both state and local infrastructure for growth precincts is still occurring, resulting in development delays (Glenfield) or in some cases, no development at all, for example, Leppington.

Whilst we understand that these issues do not specifically impact growth in the Penrith City LGA, it serves as a reminder that collaboration between Council and State Government has a greater chance of success, especially at the State-nominated precincts of Orchard Hills, Luddenham, and Mt Vernon.

The Council needs to work with all relevant State Government agencies and the industry, on a master program that sets out delivery timeframes for infrastructure and which supports the staged release of these nominated UIAs. This could occur as part of a Western Sydney Urban Development Program that allows for greater coordination of infrastructure and ensure a housing pipeline and target for the future delivery of State and local infrastructure as it is required. It will also lead to greater success with the Housing Strategy as well as shorter development timeframes, and higher returns on investment.

Recommendation 3 – The Council should work on a local infrastructure delivery program, with State Government, to support housing growth.

Based on research undertaken by UDIA in 2021 (*Council Infrastructure Funding Performance Monitor for the Sydney Megaregion FY20*), we identified that some NSW councils are hoarding approximately \$3bn of developer contributions. The type of unallocated developer contributions can prevent the rollout of infrastructure to support growth and undermine investment in growth precincts.

Our research has identified that Council has invested in infrastructure on a consistent basis, and we urge Council to continue to spend accumulated developer contributions on local infrastructure to support growth.

We also urge Council to prepare a coordinated local infrastructure program, in consultation with State Government, for each nominated UIA and growth precinct. This will give industry confidence that developer contributions are being effectively allocated to support growth.

Recommendation 4 – The Council should collaborate closely with industry on implementation of the Penrith Housing Strategy.

Collaboration with Industry is critical to achieving a robust Housing Strategy. We have seen that without collaboration there are usually problems associated with infrastructure coordination, poorly drafted planning provisions and a lack of developer commitment to planning outcomes.

The implementation of the updated Penrith Housing Strategy provides an opportunity to combine the shared knowledge of land and urban development from both government and private sector stakeholders through active participation in the delivery of outcomes. This “partnership approach” has proven to be successful in the development of the growth precincts at Oran Park, Turner Road, Green Square and Shell Cove and can only help Council achieve their goals. It will also help Council to road-test planning strategy and future planning provisions and get a more immediate resolution of challenges as they arise.

Greater collaboration between Council and the development industry will help achieve more successful outcomes with the implementation of the Penrith Housing Strategy.

Other recommendations

UDIA also considers that the Housing Strategy would benefit from the following:

- 1) The inclusion of Landcom as a “Partner Stakeholder” in *Section 9.1 Implementation and Delivery Plan*.

- 2) Investigation of opportunities for shared open space and community facilities including school sporting ovals and use of rooftop gardens. This would be particularly beneficial for proposed town centres, which are space constrained.
- 3) Concentration of additional urban renewal precincts along future proposed rapid bus corridors

Conclusion

Overall, we support the Penrith Housing Strategy and along with our suggested recommendations, we believe that there is a greater opportunity to address the housing crisis and provide more affordable and diverse housing options in the strategically significant Penrith City LGA.

We urge Council to investigate the Northern Road Corridor to provide for sustained greenfield housing supply beyond 2030. We also support collaboration with the State Government and industry, to achieve the implementation of the Housing Strategy, as well as the timely spending of developer contributions to support the coordinated growth of key precincts.

Thank you again for the opportunity to make a submission on the Penrith City Council Housing Strategy and Rural Lands Strategy. UDIA looks forward to continuing to work with Penrith City Council and we seek further engagement to discuss our recommendations further.

Should you have any further questions or to arrange a meeting, please contact David White, GWS and South Regional Manager on 0415 914 612 or dwhite@udiansw.com.au

Kind Regards,

A handwritten signature in black ink, appearing to read 'Steve Mann', with a stylized flourish at the end.

Steve Mann
Chief Executive
UDIA NSW