



Wollondilly Contributions Plan

UDIA Response

February 2020

CONTENTS

Contact.....	1
About the UDIA	1
Executive Summary	2
Development Assumptions	3
Works Schedule	4
Impacts on Housing Supply & Affordability.....	5
Conclusion.....	5

CONTACT

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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, connected, and affordable cities.

EXECUTIVE SUMMARY

The Urban Development Institute of Australia – NSW (UDIA) welcomes the opportunity to make a submission on the Wollondilly Contributions Plan (WCP). We proudly count Wollondilly Shire Council as a UDIA member and regularly engage with Council and members active across the Shire.

UDIA's Land Development and Infrastructure Committees include all the major developers active in the Wilton Growth Area. We bring a high level of industry knowledge and experience

We commend Council for progressing contributions planning in the Wilton Growth Area given the impact of clause 270A of the *Environmental Planning and Assessment Regulation 2000* in delaying development in Wilton. We welcome the certainty to industry from the release of the draft WCP.

However, UDIA has a number of concerns regarding the assumptions in the draft WCP, including the population growth, occupancy rates and dwelling take up rates used to derive the proposed charges. We also believe Council has not demonstrated sufficient nexus and apportionment for some of the items identified in the draft schedule of works.

UDIA notes that, in addition to charges under s7.11, development in Wilton will also be subject to a Special Infrastructure Contribution by the NSW Government. It is vital that the design of s7.11 and SIC charges and works schedules are considered holistically to ensure that development in Wilton remains feasible and that only infrastructure for which demand has been generated in Wilton is paid for by development in Wilton.

Sydney is experiencing a deep housing affordability crisis, which UDIA believes is one of the most significant social and economic challenges for this generation. Finding the right balance for infrastructure funding is of critical importance.

In summary, UDIA provides the following recommendations to Wollondilly Shire Council:

Recommendation 1: Revise population projections to reflect the latest NSW Government data.

Recommendation 2: Revise infrastructure demand and the schedule of works to reflect revised population projections.

Recommendation 3: Revise occupancy rates based on lower population projections.

Recommendation 4: Revise dwelling take up projections to reflect delays to the planning and release of land in the Wilton Growth Area.

Recommendation 5: Revise the provision of community facilities in the Wilton Growth Area to reflect demand within the Wilton Growth Area only, by either reducing the capacity of these facilities or adjusting the apportionment of costs.

Recommendation 6: Collaborate with the State Government on a holistic infrastructure charge which enables development.

DEVELOPMENT ASSUMPTIONS

UDIA is concerned that the WCP has used population projections that are too high, which means:

- The projected occupancy rates are too high
- The projected demand for infrastructure is too high.

We suggest that the WCP be revised to reflect a smaller population size and therefore a smaller occupancy rate and potentially fewer or smaller infrastructure items. This should result in a revised charge per dwelling.

In addition, UDIA expects dwelling take up rates to be slightly lower than projected in the WCP.

POPULATION SIZE

The 2018 AEC Housing Market Analysis that supports the WCP projects the Wollondilly LGA population to grow by 59,581 between 2016 and 2036.

However, the 2019 NSW Government population projections project the Wollondilly LGA population to grow by only 23,623 between 2016 and 2036.

<i>Population Growth Projection (additional residents)</i>	<i>Wollondilly LGA 2016-2036</i>
<i>AEC Housing Market Analysis (2018)</i>	59,581
<i>NSW Government Population Projections (2019)</i>	23,623

The population projections underpinning the WCP are therefore more than double the latest projections from the NSW Government. UDIA understands that the NSW Government projections include Wilton Growth Area but were unable to confirm this with the NSW Government at the time of writing. We believe the 2019 NSW Government population projections are more accurate as they better reflect current expected trends.

The implication of reduced population growth may be that demand for infrastructure will be less than Council has proposed in the WCP, and the WCP should be revised accordingly. The reduced demand will affect both the number of infrastructure items and their size/capacity.

RECOMMENDATION 1: REVISE POPULATION PROJECTIONS TO REFLECT THE LATEST NSW GOVERNMENT DATA.

RECOMMENDATION 2: REVISE INFRASTRUCTURE DEMAND AND THE SCHEDULE OF WORKS TO REFLECT REVISED POPULATION PROJECTIONS.

OCCUPANCY RATES

The WCP has increased the occupancy rate of single dwellings from 2.7 to 3.1 people/dwelling based on calculations in the AEC report. It also seems to have increased the occupancy rate for dual occupancies, rural workers' dwellings, attached/abutting/semi-detached dwellings from 1.8 (in the previous WCP) to 3.1 people/dwelling.

Given the lower population projections noted above, UDIA suggests that occupancy rates should be revised to reflect the original projection of 2.7 people/detached single dwelling and 1.8 people/dual occupancy (etc). This would more accurately reflect the scenario of 23,623 people

(NSW Government 2019 projection) into approximately 15,044 dwellings in the Wollondilly LGA 2016-2036.

RECOMMENDATION 3: REVISE OCCUPANCY RATES BASED ON LOWER POPULATION PROJECTIONS.

EXPECTED DEVELOPMENT

The draft WCP projects that 3,506 dwellings will be supplied in the Wollondilly LGA 2016-2021 and 4,162 dwellings will be supplied 2026-2031. UDIA believes these projections are overly optimistic. Dwelling take up has been slowed by the delays in planning for the Wilton Growth Area, including the looming imposition of a SIC, the absence of a s7.11 contributions plan, the VPA negotiation process, and the commencement of clause 270A of the EP&A Regulation.

This slowing of take up is reflected in the UDIA’s State of the Land annual lot supply forecasts for the Wollondilly LGA. The 5-year forecasts were significantly downgraded in the 2019 Report to only 3,150 lots.

Report	2017/18	2018/19	2019/20	2020/21	2021/22	2022/2023	5-year total
2018	250	800	1150	1000	1300		4,500
2019		150	450	850	850	850	3,150

These lower 5-year forecasts will filter through the life of the Wilton Growth Area and mean fewer dwellings are delivered during the life of the Contributions Plan.

RECOMMENDATION 4: REVISE DWELLING TAKE UP PROJECTIONS TO REFLECT DELAYS TO THE PLANNING AND RELEASE OF LAND IN THE WILTON GROWTH AREA

WORKS SCHEDULE

UDIA believes some of the community facilities identified for the Wilton Growth Area in the WCP do not align with demand from within the Wilton catchment. We believe there is a risk these facilities have been over-designed in order to meet existing shortfalls in facilities across the LGA.

For example, the proposed co-located library, multipurpose community centre and cultural centre has been designed to a higher provision standard than the facilities proposed by the NSW Government or the Wilton Junction Landowners Group.

In the WCP Council acknowledges that there is no such facility within the Wollondilly LGA, and based the proposed facility partly on the lack of a similar existing facility within a 30 minute drive time of Wilton. Similarly, the proposed indoor wet/dry recreation facility has been designed to include facilities that do not reflect demand within the Wilton Growth Area only. Nevertheless, 100% of the costs have been apportioned to the Wilton Growth Area.

UDIA believes this demonstrates a lack of nexus with the demand generated within Wilton only, and should be addressed either by a reduction in the capacity of the facilities, or preferably an apportionment of costs to the Wilton Growth Area, which reflects the allocation for residents.

RECOMMENDATION 5: REVISE THE PROVISION OF COMMUNITY FACILITIES IN WILTON GROWTH AREA TO REFLECT DEMAND WITHIN WILTON GROWTH AREA ONLY, BY EITHER REDUCING THE CAPACITY OF THESE FACILITIES OR ADJUSTING THE APPORTIONMENT OF COSTS.

IMPACTS ON HOUSING SUPPLY & AFFORDABILITY

Based on the draft Wilton Special Infrastructure Contributions plan exhibited in 2018, UDIA is anticipating an eventual SIC charge of approximately \$60k/lot. This would mean s7.11 and SIC charges of approximately \$80-90k/lot in the Wilton Growth Area. This would place Wilton at a significant competitive disadvantage with nearby release areas such as Greater Macarthur and West Dapto. While the SIC charge is not within Council's control, it has an obligation to factor this charge into its own consideration of s7.11 charges.

Increased developer charges have two impacts:

- Reduced development feasibility which affect developer investment decisions and reduce the supply of land for housing.
- Higher housing costs and worsening housing affordability as the charges are passed on to homebuyers.

UDIA suggests that Council advocate for the NSW Government to contribute a greater share of revenue to infrastructure provision in Wilton to enable development.

RECOMMENDATION 6: COLLABORATE WITH THE STATE GOVERNMENT ON A HOLISTIC INFRASTRUCUTRE CHARGE WHICH ENABLES DEVELOPMENT

CONCLUSION

We commend Council for progressing contributions planning in the Wilton Growth Area given the impact of clause 270A of the *Environmental Planning and Assessment Regulation 2000* in delaying development in Wilton. We welcome the certainty to industry from the release of the draft WCP.

However, UDIA has a number of concerns regarding the assumptions in the draft WCP, including the population growth, occupancy rates and dwelling take up rates used to derive the proposed charges. We also believe Council has not demonstrated sufficient nexus and apportionment for some of the items identified in the draft schedule of works.

With these revisions, UDIA believes the WCP will impose a reasonable charge for local infrastructure. Notwithstanding, it is vital Council collaborates with the NSW Government to ensure local and SIC charges enable development.

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