

1 May 2023

Ms Sharon McLaren
Section Manager – Corporate Planning and Reporting
Central Coast Council
2 Hely Street
Wyong NSW 2259

By email: ask@centralcoast.nsw.gov.au

Dear Sharon,

Re: Central Coast Council Draft Operational Plan 2023 - 2024

The Urban Development Institute of Australia (UDIA) NSW is the state's leading industry body representing the interests of the urban development sector. We have over 450 member companies across the spectrum of the industry, including developers, planners, ecologists, councils and service providers. We have had a Central Coast Chapter for over two decades and we bring an evidence-based, solutions-focused approach to our advocacy for the creation of liveable, affordable, and connected smart cities.

We appreciate the opportunity to provide feedback on the Central Coast Council (Council) Draft Operational Plan 2023-2024 (Draft Plan).

We are very pleased that Council's financial recovery plan put in place in October 2020 has been executed and a surplus position of \$2.8m is forecast for the next term.

The Draft Operational Plan 2023-2024 is a robust and useful document because it covers operational actions that Council is committing to, has a detailed capital works program and is aligned to the Community Strategic Plan (CSP). The most talked-about subject in most UDIA meetings relates to development (DA) and rezoning (planning proposal) applications and this is the focus of our feedback.

UDIA offers the following recommendations to improve delivery outcomes under Council's Operational Plan:

- 1. Provide details on agreements and funding arrangements in place with GCC and DPE to support the delivery of DP 257, 258 and 396 (KPIs for DAs) and work with UDIA to ensure the KPIs are achieved on time.**
- 2. Council should encourage and facilitate face-to-face pre-lodgement meetings wherever possible.**
- 3. Review the requirement for Code 731 (Pre-lodgement review of Planning Proposal and specialist reports) considering it is not required under the DPE Guideline.**
- 4. Assess and better justify the quantum of fees associated with lodgement, assessment and administration of planning proposal applications vis a vis delivering outcomes aligned with the DPE Guideline.**

Financial Outlook

We understand and agree with Council's main focus, since the October 2020 suspension, to re-establish the financial stability of Council's operations. We commend the hard work of the Administrator and Council staff in achieving this goal and it is encouraging to know that Council continues to have tight budget management controls as it moves to a position of financial stability. We are further encouraged that Council is now able to prioritise projects aimed at delivering the future growth of the Central Coast.

UDIA's objective on the Central Coast for this next term is "Delivery". We therefore welcome Council's focus on setting targets and actions that can be measured. This approach is essential to both renewing the faith of Central Coast residents in Council, as well as providing the catalyst for the region's future growth, as its regional significance is elevated when it becomes part of the Six Cities Sydney megaregion plan this year.

With the change in Government and a new Minister for the Central Coast; the expansion of the GCC with dedicated staff resources for the Central Coast; the kick off of the Central Coast Urban Development Program (UDP) Committee; and the continued role of the Hunter and Central Coast Development Corporation, there has never been a better time where dedicated resources, governance structures and grants and infrastructure funding from various levels of government are on offer and available.

We would welcome and support Council in exploring other avenues of allocating funds to key projects on the Central Coast in the longer term to be able to respond to community expectations and renew the spirits of local developers who are trying to make a positive contribution to the region's growth.

Review of Actions

Again, UDIA is encouraged that the Draft Plan has a forward-looking focus, and we welcome the prioritisation of several projects related to achieving outcomes for the planning process and development. However, we are acutely aware and disappointed that the following items have been delayed by a further 12 months:

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| a) DP 257 + DP 258 | KPIs to reduce timeframes for DAs |
| b) DP 076 | Species management plans for squirrel gliders and swift parrot |
| c) DP 265 | Employment Land Strategy |
| d) DP 228 | Integrated Transport Strategy |
| e) DP 263 | Deferred Matters rezoning |
| f) DP 233 + 268 | Review of Wyong District Place Plan and Contribution Plan |

As discussed frequently with Council staff, UDIA is concerned that the Central Coast continues to be unprepared to capture and deliver on growth opportunities, due to many planning matters yet to be resolved, including all those above.

We are observing ongoing strong demand for both housing and employment land on the Central Coast. For housing, this is evidenced by the extremely tight rental market. The residential vacancy rate has hovered between 0.5 and 1.5% over the last two and a half years, with house and apartment rents both around 30% above their 10-year average. There is a widely accepted position that we are seeing a major housing shortage, and the NSW Government is aiming to substantially increase supply over the next five years. As you are well aware, delivering higher levels of new and well-located homes is no meagre ambition, especially considering our persistent economic pressures, availability of

infrastructure funding and environmental constraints. We need to work together to tackle the housing shortage on the Coast across the entire spectrum from social and affordable to market housing, Build-to-Rent and other emerging solutions.

Employment land demand is high, as evidenced by Quarter 1 2023 industrial rents growing at six times the long-term average across Australia,¹ and persistent strong demand from Supply Chain and Logistics companies, with leasing enquiries for manufacturing, warehousing and distribution space at an all-time high. Unfortunately, the Central Coast is unable to benefit from that high demand, with limited supply options available for both greenfield and brownfield sites.

A recent local example of this impact from under-supply is the loss of global player Mars Food, currently on the Central Coast, who are relocating their expanding warehousing and distribution operations to Sydney because they were unable to find suitable premises on the Central Coast.

UDIA seeks to work with Council to address supply constraints, which includes the delivery of key strategic plans and a commitment to deliver more efficient assessment processes.

UDIA strongly supports the inclusion of targets aimed at reducing DA timeframes (as referenced in DP 257, 258 and 396). We would like to understand further details on those key performance indicators (KPI) so we can articulate to our members exactly what agreements and funding arrangements Council has in place with the Greater Cities Commission (GCC) and DPE to unlock housing and employment generating development.

UDIA would like to work with Council and the industry to support the delivery of these projects and accelerate them wherever possible.

Recommendation: Provide details on agreements and funding arrangements in place with GCC and DPE to support the delivery of DP 257, 258 and 396 (KPIs for DAs) and work with UDIA to ensure the KPIs are achieved on time.

Rezoning Process

From a rezoning perspective, as an industry we are guided by the Department of Planning and Environment's (DPE) Local Environmental Plan Making Guideline September 2022 (Guideline) that describes the "six-step process". When it is followed, the Guideline is useful because it provides a degree of clarity and certainty to the development process and ultimately the pipeline for supply. Unfortunately, Council does not always follow the Guideline and as a result, our members are currently expressing a high degree of concern over "what" and "why" developers are paying and "how" they are being engaged in relation to the rezoning process at Council.

We agree and support that early and ongoing engagement is beneficial; however, it is important we share feedback from large developers who have been transparent about no longer doing developments on the Central Coast "as it is too hard and expensive" in comparison to other locations. It is extremely difficult for industry to deliver housing that is affordable, without a clear understanding that there would be an affordable way forward for approvals on developing land. We must keep this compounding effect front and centre.

We have concerns around several of the Draft Plan's proposed fees and charges:

¹ Colliers Industrial Market Commentary , Q1 2023

- **Pre-Lodgement meeting (planning proposal and DA)**

UDIA supports the pre-lodgement/scoping/pre-Gateway meeting as a beneficial step that brings all agencies together in a room and encourages communication and collaboration. However, our members are concerned that Council is conducting these meetings online only, with no option available for face-to-face. This initial meeting is an important first step in setting up the development project for success, including building constructive relationships across government and industry. We appreciate this could be a legacy “way of working” from the pandemic years and acknowledge that online meetings can sometimes offer benefits to bring dispersed parties together in a timely way. That said, we believe the quality of outcomes of an online meeting with 10+ participants can be limited. We recommend that Council take an updated view to the meeting format and encourage face-to-face pre-lodgement meetings wherever possible.

- **Code 731 – Pre-lodgement review of Planning Proposal and specialist reports - Standard Planning Proposal: \$5,874**

This step is not required under the DPE Guideline, and we do not understand the need to charge for this on top of the fee for the pre-lodgement meeting, which we believe should incorporate this work. This further runs the risk of duplicating processes and fees which are incorporated into the existing Gateway assessment. We seek to understand Council’s justification for this fee.

- **Cumulative Planning Proposal fees**

The Council processes do not neatly align with the DPE LEP Making Guideline. Council is permitted to set its own fees, and without paying Council’s fees, a proposal cannot move forward. Industry finds the mismatch in Council’s approach compared to the DPE Guideline leads to a high level of uncertainty on the Central Coast.

Under the proposed new fees, a “standard” planning proposal would require fees totalling around \$40,000. If Council considers the proposal “complex”, the cumulative fees are over \$65,000. These fees are substantial and should result in timely lodgement and assessment outcomes in line with the DPE Guideline.

We encourage Council to assess the justification and quantum of fees associated with lodgement, assessment and administration of planning proposals (Codes 734 – 741), vis a vis delivering outcomes aligned with the DPE Guideline.

Recommendation: Council should encourage and facilitate face-to-face pre-lodgement meetings wherever possible

Recommendation: Review the requirement for Code 731 (Pre-lodgement review of Planning Proposal and specialist reports) considering it is not required under the DPE Guideline.

Recommendation: Assess and better justify the quantum of fees associated with lodgement, assessment and administration of planning proposal applications vis a vis delivering outcomes aligned with the DPE Guideline.

Conclusion

UDIA values this opportunity to contribute to the development of the Draft Operational Plan 2023 – 2024 and appreciates the complexities of delivering cross-functional documents in an ever-changing

political landscape. UDIA looks forward to ongoing dialogue with Central Coast Council as it refines the Draft Operational Plan.

Should you have any questions, please contact Elizabeth York at eyork@udiansw.com.au or 0434 914 901 in follow up or to arrange a meeting.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Steve Mann'.

Steve Mann
CEO

A handwritten signature in black ink, appearing to read 'Caine King'.

Caine King
Central Coast Chapter Chair