

May 2025

Ken Liddell
General Manager
Cessnock City Council
62-78 Vincent St
Cessnock NSW 2325
Via email: council@cessnock.nsw.gov.au

RE: Draft Cessnock Local Infrastructure Contributions Plans

Dear Ken,

Urban Development Institute of Australia NSW (UDIA) is the state's leading development industry body. We represent the leading participants in the industry and have more than 450 members across the entire spectrum of the industry including developers, financiers, builders, suppliers, architects, contractors, engineers, consultants, academics and state and local government bodies. We are proud to count Cessnock City Council (Council) as a valued member.

UDIA welcomes the opportunity to provide industry feedback on the Draft Local Infrastructure Contributions Plans (Draft Plans). We appreciate Council's early engagement with industry in recent months to keep us informed on the status and general direction intended for the update.

UDIA supports the approach taken of reevaluating the works schedule with a more realistic lens on what is deliverable.

We appreciate the additional clarity this update seeks to provide, which seeks to better inform both the community and industry about what can be expected. However, much of the background analysis that should inform the new Plans is not publicly available, which leads us to question some of the assumptions made and limits our ability to fully analyse the draft Plans.

To ensure the Cessnock LGA continues to be seen by industry as a good place to invest, UDIA has several comments and recommendations to enhance the level of transparency and confidence in the Local Infrastructure Contributions Plans themselves, as well as Council's related strategies.

Our recommendations are summarised below and expanded upon in our submission.

We look forward to ongoing and further constructive conversations with Council staff about these and other development-related plans and strategies.

Recommendations Summary:

1. Consider the cumulative costs developers must pay and avoid any additional fees or charges being placed on developers in addition to Contributions Plan costs.
2. Provide a breakdown as to how the residential dwelling yield has been geographically calculated.
3. Provide the methodology and/or formula that has been used to calculate the Infrastructure Works and the Land Values and ensure these do not inappropriately inflate the contribution.
4. Discount forecast approvals by 10% and base the Plans on approvals from January 2024 to July 2034.
5. Provide the supporting analysis of the capacity of existing infrastructure to support infill development. If such analysis is not available, undertake this research before finalising the updates to the Local Infrastructure Contributions Plans.
6. Update the UGMP prior to the finalisation of the Local Infrastructure Contributions Plans.
7. Improve the Figure on page 11 (s7.11) with better colour differentiation.

Affordability Considerations

UDIA is pleased to see that significant steps are being taken to progress the delivery of new infrastructure, housing and employment generating developments in the Cessnock local government area (LGA). Cessnock plays an important role meeting demand for housing in the Hunter region, and it is imperative Council ensures that infrastructure is planned, funded and delivered to support new and emerging communities for the growing region.

Against this backdrop and given the housing supply and affordability crisis, it is also critical that consideration is given to the cumulative impact of development contributions, levies, and taxes imposed on the development industry and which are passed onto the cost of a new home for purchasers. UDIA urges Council to consider this wider economic context in its determination of the draft Contributions Plans.

UDIA remains supportive of comprehensive contributions reform to create a simpler, more transparent and more equitable system in NSW, especially where productivity gains can offset costs. However, industry is currently being asked to accept multiple new and increased contributions, each resulting in increased costs and with no regard to the cumulative impact on development feasibility and no clear evidence that productivity will be improved.

Concurrently and during worsening economic conditions, industry is facing the reintroduction of developer charges at Hunter Water, the Housing and Productivity Contributions (H&PC) charges, changes to the National Construction Code through increased BASIX requirements and increased local infrastructure contributions. Collectively these measures will add tens of thousands of dollars to the cost of a new detached greenfield homes and apartment dwellings. The cumulative impacts of these multiple additional changes impact development feasibilities, which are already precariously low, and place significant stress on the ability of the NSW Government to

meet its National Housing Accord target of 75,600 new, well-located homes per annum over the next 5 years, including 3,900 new dwellings in Cessnock.

We urge Council to keep these cumulative costs in mind and avoid any unwarranted additional costs on development and new home buyers.

Recommendation:

Consider the cumulative costs developers must pay and avoid any additional fees or charges being placed on developers in addition to Contributions Plan costs.

Methodology

Geographic distribution

The forecast 884 dwellings per year is significantly greater than the 450 dwellings per year estimated by both Council's Urban Growth Management Strategy¹ (UGMS) and the Department of Planning, Housing and Infrastructure's (DPHI) Housing Accord target of 780 dwellings per year for Cessnock.

We would like to understand how the updated forecast was calculated and is distributed across the LGA. This is especially important given that the catchment boundaries have changed.

From the 884 forecasted dwellings, the Options Paper states infill (267 dwellings) makes up 30%. However, the current UGMS states that:

Across the Cessnock LGA in 2020/21 and 2021/22, around 40-45% of all new dwellings were provided within existing urban areas each year through densification, brownfield and infill development. It is reasonable to assume that this trend will continue. This means that a substantial proportion of new dwellings will occur in existing urban areas.

The UGMS then goes on to state that 630 dwellings per year have been distributed across the three greenfield categories.

A moderate risk identified in the Council Report dated 19 March 2025, is that the forecast dwelling yield will not be achieved (p.66).

To reduce this risk:

- the UGMS should be updated prior to the adoption of the final Local Infrastructure Contributions Plans (see our Recommendation #6, discussed below), and

¹ The referenced Options Paper refers to the Cessnock Urban Growth Management Strategy (UGMS). While we are familiar with this document as the Urban Growth Management Plan (UGMP), we have adopted the title UGMS in our submission.

- Council should provide a breakdown as to how the residential yield has been geographically calculated, i.e. update Appendix A: Land Supply Data (Table 9) in the current UGMS.

Recommendation:

Provide a breakdown as to how the residential dwelling yield has been geographically calculated and distributed.

Costings

UDIA member feedback on cost inputs to the methodology is that a) Council's costings for the works are significantly greater than members' own estimates, while b) the value of the land (when it needs to be dedicated) is significantly undervalued. We note the Draft Plan utilises englobo land values, which do not reflect the development potential of that land under the Land Acquisition (Just Terms Compensation) Act 1991.

Such assumptions may represent hidden costs and a form of double dipping on the development and should be avoided.

Recommendation:

Provide the methodology and/or formula that has been used to calculate the Infrastructure Works and the Land Values and ensure these do not inappropriately inflate the contribution.

Approvals vs completions

While it is acknowledged that Contributions Plans are based on forecast approvals, approvals do not translate to completions. UDIA estimates that completions typically run at around 90% of approvals across all dwelling types, with an almost 18-month lag converting approvals to housing completion. See this UDIA media release for reference: [link](#).

To reduce the risk:

- discount forecast approvals by 10%, and
- base the Plans on approvals from January 2024 to July 2034 (given these Plans are set to commence in July 2025 and be completed in 2035).

Recommendation:

Discount forecast approvals by 10% and base the Plans on approvals from January 2024 to July 2034.

Infill analysis

The Options Paper cites the UGMS that infrastructure costs are substantially lower for infill development (as opposed to greenfield development) because much of the supporting infrastructure already exists and generally has surplus capacity to accommodate additional development (p.4).

We have not seen relevant analysis to substantiate this assumption for the Cessnock LGA. We recommend supplying such an analysis before applying the assumption. Without the supporting evidence, the policy agenda favouring infill development is not adequately substantiated.

While we acknowledge it is a common assumption that infill can often rely on existing infrastructure, we have seen examples in other LGAs where existing infrastructure capacity in urban areas is severely limited, such as:

- Raymond Terrace and Shoal Bay are two locations targeted for infill, but significant stormwater constraints are preventing infill development², and
- Broadmeadow Place Strategy identifies that \$3b is required for 20,000 homes, which translates to \$150,000 per home³.

In comparison, the 2024 update of the UDIA Lower Hunter Building Blocks Report identifies \$1.2B would unlock 54,000 greenfield dwellings, which averages to \$22,000 per home.

Typically, the costs of infill development are borne by the general taxpayer (e.g. Honeysuckle Revitalisation was funded by the Building Better Cities Project), whereas the cost of greenfield is borne upfront by a single developer. Greenfield can appear to be more costly because of the costs being more transparent.

We urge Council to ensure adequate analysis has been undertaken to substantiate the position that infill development is more cost effective in the Cessnock LGA specifically.

Recommendation:

Provide the supporting analysis of the capacity of existing infrastructure to support infill development. If such analysis is not available, we urge Council to undertake this research before finalising the updates to the Local Infrastructure Contributions Plans.

² Source: <https://www.planning.nsw.gov.au/policy-and-legislation/housing/regional-housing/regional-housing-strategic-planning-fund/round-1>

³ Source: <https://haveyoursay.newcastle.nsw.gov.au/broadmeadow-place-strategy>

Update to UGMS

Cessnock City Council's Urban Growth Management Plan or Strategy (UGMS) is the best example of transparent monitoring of land use in the Lower Hunter. We believe the UGMS should be updated before the draft Plans are finalised to ensure assumptions are aligned and industry has certainty in Council's vision.

In the most recent version ([*UGMP Interim Review 2022*](#)), UDIA appreciates the stated purpose as a plan that:

- 1. clearly signals to the Development and Housing industries where Council expects development to occur and when;*
- 2. helps inform the logical sequencing of growth across our area;*
- 3. ensures that essential infrastructure is planned for, paid for and delivered to support new development, and*
- 4. ensures that resources are available to deliver sound planning outcomes for our community.*

Within the Interim Review 2022 document, Council articulates its understanding about the conditions needed to support the delivery of housing, in that:

...[c]ertainty is very important to [the Development and Housing] industries, who rely on significant front-end investment to inform development decisions. There is significant risk associated with these decisions and a clear policy framework that sets when and where Council will support future development minimises that risk.

The UGMS describes itself as a dynamic plan that is monitored annually, updated on an interim basis as needed, and comprehensively reviewed every 5 years. UDIA strongly supports Council's approach to managing land supply via the UGMS, and we encourage Council to maintain the document's integrity.

The original UGMS in 2021 adopted 450 dwellings per annum as its planning basis. This was updated by the 2022 Interim Review to 630 dwellings per annum. The NSW Department of Planning, Housing and Infrastructure (DPHI) gave Cessnock a 5-year Housing Accord target of 3,900 dwellings, averaging 780 dwellings per annum. Based on Council's 2025 Local Infrastructure Contributions Plans Options Paper, exhibited with these Draft Plans, Council's analysis identifies that 884 new dwellings are now forecast to be delivered each year. Changes in forecasts create uncertainty for industry especially if the methodologies supporting the analyses are not publicly available.

The assumptions underpinning the Draft Plans are a significant increase, being 100% increase over the 2021 UGMS forecast, and 40% increase over the UGMS 2022 Interim Review. Given this substantial change in assumptions, UDIA requests that the UGMS be updated prior to the finalisation of the Local Infrastructure Contributions Plans to provide that necessary certainty described above.

Recommendation:

Update the UGMP prior to the finalisation of the Local Infrastructure Contributions Plans.

Accessibility

With reference to the Figure on page 11, the colours for the Kurri Kurri District Catchment and Local Catchment for Branxton-Greta are very difficult to distinguish from one another. To enhance the useability and accessibility of the document, we recommend changing the design through use of different colours or labels for those catchments so that they can be easily distinguished from one another.

Recommendation:

Improve the Figure on page 11 (s7.11) with better colour differentiation.

Conclusion

For further discussion or follow up, please contact UDIA's Regional Manager Elizabeth York on eyork@udiansw.com.au.

Kind regards,



Hon Stuart Ayres
Chief Executive Officer