

3 February 2025

Mrs Nicola O'Brien
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Department of Planning, Housing and
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Ms Ellen McCormack
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Department of Planning, Housing and
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RE: Orchard Hills Stage 1 Draft Rezoning Plan – Public Exhibition

Dear Mrs O'Brien,

The 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.

UDIA NSW invests in evidence-based research that informs our advocacy to state, federal and local government, so that development policies are developed to best meet user needs and ensure critical investment is directed to where it is needed the most. Together with our members, we shape the places where people will live for generations to come and in doing so, we are city shapers.

UDIA NSW welcomes the opportunity to make a submission on the Orchard Hills Precinct Draft Rezoning Plan, which has been placed on public exhibition. UDIA NSW is supportive of the Department of Planning, Housing and Infrastructure (the Department) intention and vision for the development of a once in generation Precinct in the heart of Western Sydney. The Precinct is primed to be well serviced by new and existing public transport options such as the new Metro line and existing road capacity and access, however we question the approach of the Department to undertake rezoning which supports only mid and high-rise developments within the commercial core, rather than lower density housing on the periphery of the Precincts.

In preparing our submission we have had an opportunity to canvass the proposal with our members who have experience with infill development across Sydney, and they have provided the following feedback structured under headings.

Summary of Comments & UDIA Recommendations:

Issue	Comments	Recommendations
Vision & Intention	<ul style="list-style-type: none"> UDIA recognises and supports the need to optimise development outcomes at Metro Stations and preserve an appropriate density and yield outcome to leverage the large investment into the new Western Sydney Airport Metro line. UDIA also acknowledges the desire and intent of the rezoning to evolve greenfield development with greater housing densities – namely more medium density. Significant feasibility challenges remain embedded within the development industry, with development types proposed in Stage 1 rezoning unlikely to deliver meaningful housing in the short to medium term. R3 medium density zoned land typically has the slowest take up rate in other release precincts according to UDIA research commissioned in 2024 titled ‘Making TODs Work’. Rezoning does not include any R1 or R2 zoned land. When combined with servicing constraints, there is a significant risk that the current rezoning proposal will repeat the mistakes and challenges of similar precinct rezonings in Leppington and Austral. 	<ul style="list-style-type: none"> UDIA recommends a balanced approach to rezoning of Orchard Hills, which provides an appropriate urban outcome around the new Metro Station while also stimulating short-term housing supply via lower density greenfield development. UDIA encourages the Department to review proposed housing supply projections across the entire Metro line (including Bradfield, Luddenham stations) – acknowledging that the new Metro line is essentially a shuttle service to the airport. It is difficult to see the market having the capacity to absorb the cumulative volume of apartments proposed – let alone whether these apartments are feasible to deliver. Lower density housing is likely to be the only feasible development in the short-term. The Department should consider allowing development to commence in the immediate short term on the lower density western edge of the Orchard Hills Precinct (currently slated as stage 5 of the rezoning). This is in line with UDIA’s view of starting at the edge and working back towards to the Metro, in order to build up critical mass and demand for medium density dwellings and commercial typologies and services.
Fragmented Land Ownership	<ul style="list-style-type: none"> Fragmented ownership presents significant challenges to the orderly development of the precinct. Topography in Orchard Hills magnifies 	<ul style="list-style-type: none"> There should be serious consideration by the Department to not rezone any land, rather create an accelerated rezoning pathway for developer led

	<p>these challenges compared to existing release areas in Sydney. This challenge will be further exacerbated by problems with timely delivery of key public infrastructure, as there will be greater reliance on Penrith Council to deliver localised infrastructure such as roads, and this relies on Council waiting until sufficient contributions are received and accumulated before commencing land acquisition and delivery. This issue is similar to those being experienced in other areas in Western Sydney, such as Austral.</p> <ul style="list-style-type: none"> • Clear evidence across Sydney shows that master planned projects with a lead developer result in better outcomes, including earlier delivery of community infrastructure. 	<p>proposals based on minimum amalgamation thresholds of 500 dwellings or more. This would allow landowners and developers to work together on amalgamation before any value uplift can be realised.</p> <ul style="list-style-type: none"> • UDIA also encourages the NSW Government to establish loan funding facilities for local council to acquire and deliver infrastructure early, with funding repaid as contributions are received. This would speed up the delivery of critical local infrastructure, investment and thus development within the Precinct.
Rezoning & Staging	<ul style="list-style-type: none"> • The proposed staged approach outlined by the Department is based on commencing development at the Metro Station, with high density development and transitioning outwards into medium density and eventually lower density housing towards the Western fringe of the Precinct. 	<ul style="list-style-type: none"> • As noted above, UDIA and its members believe the proposed staged approach from high to low density will not be fully realised, as it relies too heavily on the delivery of housing typologies that are unlikely to be feasible in the short to medium term due to market, regulatory and planning factors. Staging should start at the Western edge of the precinct and work east towards the new Metro Station, thus enabling critical mass and demand to develop from lower density housing, community and population growth. • The western edge of the precinct provides immediate access to the main feeder and arterial road network, such as The Northern Road and is likely to support early development with lower initial infrastructure requirements.

Servicing & Sequencing	<ul style="list-style-type: none"> Stage 1 of the rezoning proposes capacity for 11,600 dwellings, yet servicing strategy documents indicates there is only capacity for 2,500 dwellings with electricity and 3,750 dwellings with water and wastewater. 	<ul style="list-style-type: none"> Industry needs certainty about the timely delivery of utility infrastructure to match the delivery of housing, otherwise commitment to developments cannot occur. UDIA strongly urges the NSW Government and Department to finalise the strategy and investment for infrastructure and service sequencing within Orchard Hills.
Contributions	<ul style="list-style-type: none"> The rezoning documents indicate that contribution rates will be costed at circa ~\$80k to \$130k and are likely to only be feasible for low density, detached dwellings. Per dwelling approach to contributions creates a significant disincentive to deliver medium and higher density housing. Population assumptions of 3.5 people per detached/semi-detached dwelling is excessive and inconsistent with commonly adopted forecasts in other release areas. We note that there is likely to be a delay of 18-24 months between the finalisation of any rezoning and finalisation of a contributions plan following the IPART review. This creates a period of significant uncertainty for developers and Council. 	<ul style="list-style-type: none"> UDIA urges the Department to critically review yield and population forecasts within the Precinct and broader area and revise the level of infrastructure provision required to ensure costs are kept to minimum and contributions charges at levied at appropriate levels. If DPHI is committed to see greater delivery of medium and higher density housing, the contribution framework needs to incentivise this type of dwelling outcome. As it stands, the levy and contributions scheme cannot allow development of this nature to progress.
Stage 1 Rezoning		
R3 Minimum lot size	<ul style="list-style-type: none"> The proposed Minimum Lot Size proposed in the rezoning documents of 265sqm per home does not support the delivery of viable medium density housing typologies – namely attached terraces/townhouses. 	<ul style="list-style-type: none"> Unless R3 zoning supports delivery of housing typologies with lot sizes ranging from 150-250sqm, it will not support meaningful housing diversity, as it will be far more attractive to deliver detached housing on 300sqm lots.

	<ul style="list-style-type: none"> Typical width for these products would range from 5-7 metres, requiring a Minimum Lot Size of 150-210sqm (based on a typical 30m lot depth). Examples are present within the Department's recently released Pattern Book design winners. 	<ul style="list-style-type: none"> UDIA urges the Department to consider changes to Minimum Lot Size requirements to better promote and satisfy needs for viable medium density developments within the Orchard Hills Precinct.
Zoning Interfaces	<ul style="list-style-type: none"> Some boundaries/interfaces within Stage 1 rezoning around CPCP avoided land create awkward and sub-optimal development patterns that are likely to result in poor development outcomes. 	<ul style="list-style-type: none"> While CPCP intent and the retention of these established vegetation area is an important outcome that adds value to the precinct, it would be highly desirable to create more rational boundaries that could involve trade-offs between areas of established vegetation and areas for revegetation.
The Vines community	<ul style="list-style-type: none"> The Vines is a well-established community offering large, detached dwellings on semi-rural acreage lots. The proposed stage 1 zoning of Orchard Hills boundary divides this established community based on flood mapping, which represents a very poor planning outcome and is likely to result in a jarring future interface at this zoning boundary with neighbouring suburbs such as the Vines and future less established suburbs. 	<ul style="list-style-type: none"> UDIA and its members urge the Department to better consider the Stage 1 rezoning for Orchard Hills with that of the Vines. We believe that the rezoning needs to better consider the interface of Orchard Hills with its surrounding neighbourhoods and consider either excluding The Vines community altogether or rezoning the entire Vines area to better reflect cohesive community interfaces and neighbourhood integration and quality.
Structure Plan		
Neighbourhood centres / retail hierarchy	<ul style="list-style-type: none"> There is no specialist or robust retail market assessment to support the identification of the various neighbourhood centres identified in the rezoning and planning proposal for Orchard Hills. This appears to be based on planning aspiration only and not on commercial yield analysis or population growth assumptions. This will have a detrimental impact on significant retail demand and ability 	<ul style="list-style-type: none"> UDIA urges the Department undertake a comprehensive and independent retail market assessment of the Orchard Hills Commercial Core (Town Centre) and provide updated proposals to better support the development of the area in the future.

	for industry to build quality commercial properties in the area.	
M4 interface & Buffer Zone	<ul style="list-style-type: none"> Extent of green shaded land adjacent to M4 motorway suggests a high level of sterilisation that may not be necessary and or appropriate. 	<ul style="list-style-type: none"> UDIA and our members request the Department provide better clarification of future zoning intent along this interface, to ensure land sterilisation doesn't occur unnecessarily.

Other Considerations & Comments:

The property industry in New South Wales is a significant economic contributor and contributes \$22.3 billion through existing taxes to NSW State and Local Governments, making the property industry the state's largest paying taxpayer and accounting for 52.1% of total state and local government taxes and rates. UDIA and our Members have identified significant concerns in relation to the proposed contribution rates outlined under the Orchard Hills rezoning and eventual growth and development.

UDIA believes that the significant cost of the Orchard Hills Precinct proposed local and state contributions and charges will hinder the development and eventual growth of the medium and high-density dwellings desired in the surrounding Metro Station town centre. Industry is already facing the reintroduction of DSPs, the Housing and Productivity Contributions Bill (H&PC) charges, changes to the National Construction Code, through increased BASIX requirements and increased local infrastructure contributions. The cumulative impact of these multiple additional changes will destroy development feasibilities, which are already precariously low, and place significant stress on the ability of the NSW Government to meet its revised National Housing Accord target of 377,000 new, well-located homes per annum over the next 5 years.

Modelling from UDIA has shown the introduction of the Housing & Productivity Contributions regime, re-introduction by Sydney Water of Development Servicing Plans, and increased BASIX requirements will collectively add around \$110,000 to the cost of a new greenfield apartment. **This is before any local contributions are levied.** Figure 1 below highlights the cost of a new apartment and greenfield lots in NSW, which are significant in the context of average assumptions of current local contributions across NSW.

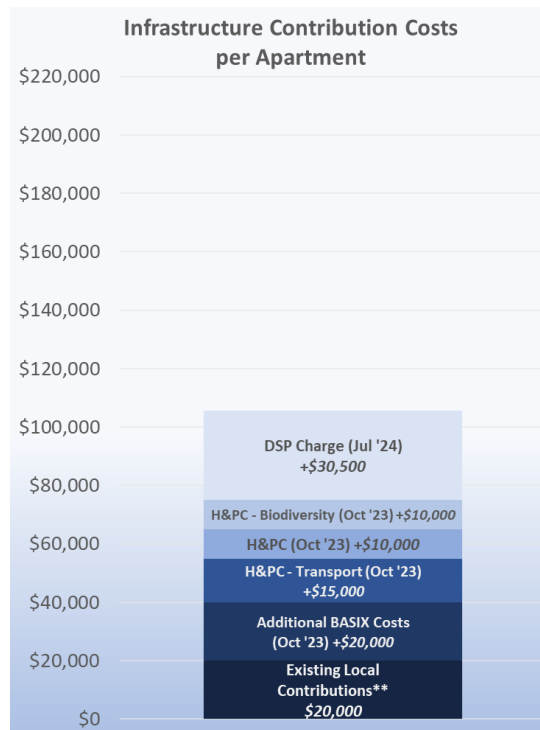


Figure 1: Cumulative Impact of Existing and Proposed Contributions in NSW, by Typology.

Source: UDIA NSW, Homeworld, Rider Levett Bucknall

Recommendation:

- **UDIA recommends the Department reviews the cumulative impact of development charges, taxes, fees and levies for medium and high-density infill housing within Orchard Hills and considers alternative arrangements which lower the burden of costs for investors and developers.**

Need for Diverse Zoning:

The UDIA welcomes the application of Transit-Oriented Development (TOD) principles by the Department in the context of the state led rezoning of Orchard Hills. UDIA and its members do however question the rationale, timing and capacity of the industry to deliver on the intended vision for the development of the Precinct – especially within high density zoned areas within Orchard Hills’ commercial town centre. The proposed increased density across a mix of uses in a location with existing rail services is something UDIA fundamentally supports however, we have commissioned research, conducted by Astrolabe in June 2024 which found that many Western Sydney TOD sites, for which Orchard Hills is one, do not meet feasibility requirements of developers.

Of the 11,600 dwellings forecast, only 94 in total (accounting for less than 1%) are projected as detached dwellings, while 832 (accounting for 7%) are projected as semi-detached. This means that over 90% of the forecast dwellings are fully attached i.e.

Townhouses, Terraces or Apartments. When it comes to tackling the housing crisis in NSW, government needs to provide a diversity of housing choice that will allow people at different life-stages the opportunity to buy a new home. Whether that be an apartment, townhouse or a freestanding home, NSW needs a mix of housing products that provides enough variety of homes to service a wider demographic.

UDIA and its members believe that the current rezoning proposal for Orchard Hills provides too many apartments in the first stage of rezoning for the Precinct. Apartments are always going to be needed near a train and metro stations however, each stage of rezoning should have a mix of R2, R3, R4 and mixed-use zonings to better capitalise and facilitate market demand for services and build on the vision and intention of the proposed zoning. If the zoning mix can't change because of the proximity to the Metro Station, then the boundaries should change to include more R2 land from the Western fringe of Orchard Hills.

Recommendation:

- **UDIA recommends the Department include a greater mix of diverse housing which includes R2, R3, R4 and mixed-use zonings throughout Stage 1 of the Orchard Hills rezoning.**

Environmental Buffers Around Existing Land Uses:

The Patons Lane Resource Recovery Facility is located within proximity to the proposed Stage 1 rezoning of Orchard Hills and is a resource management facility, within the former Erskine Park Quarry. The facility comprises of landfilling activities within a total void space of 4.3 million tonnes. The facility accepts up to 450,000 tonnes per annum of waste, with 350,000 of resource recovery and landfilling of up to 205,000 tonnes. It is critical to ongoing operations that current environmental buffers for the Patons Lane site are maintained and protected to ensure there is no encroachment on site boundaries from potential incompatible sensitive land uses such as residential or commercial sites. The maintenance of appropriate buffers minimises the risk of harm to human health or the environment for sensitive environmental receivers as well restricting the likelihood for land use conflict and operational disruption impacts.

UDIA encourages the Department to draw on best practice guidance documentation for establishing and maintaining appropriate buffers around existing land uses and businesses. As per industry guidelines, the recommended buffer distance for landfills and waste facilities is a minimum buffer distance of 500m. Greater Sydney is expected to see an impending landfill cliff, with current putrescible and non-putrescible landfills set to reach capacity within the next decade. In addition to maintaining existing buffers, UDIA and its members would welcome the opportunity to consult further with the

Department and key stakeholders on the future zoning of the Patons Lane Waste Management Facility.

Recommendation:

- **UDIA encourages the Department to draw on best practice guidance documentation for establishing and maintaining appropriate buffers around existing land uses and businesses.**

Previous UDIA Research:

Making TODs Work concluded that while TOD SEPP is a sound policy intervention that has the potential to deliver much needed housing to the market, many TOD projects will face serious feasibility issues in the current economic climate, meaning the policy is unlikely to deliver at the volumes expected by policy makers unless changes are made which support feasibility. The findings of UDIA's research identify short-term viability for development of medium density residential flat buildings is limited across Western Sydney for build-to-sell models without any additional policy interventions.

Feasibility in all cases was directly impacted by the current high cost to construct, and a limited capacity for consumers ability and willingness to pay. High construction and financing costs and increased development contributions mean an average new unit will need to sell for around \$1.1m to secure project financing – a price that is out of reach for many buyers and significantly above the median apartment price in Western Sydney markets such as Orchard Hills.

Should you need any additional information in relation to this submission, please feel free to contact me directly or **Charles Kekovich, Director – Greater Western Sydney** at ckekovich@udiansw.com.au or on 0409 776 588.

Kind regards,



Hon Stuart Ayres
Chief Executive Officer
UDIA NSW