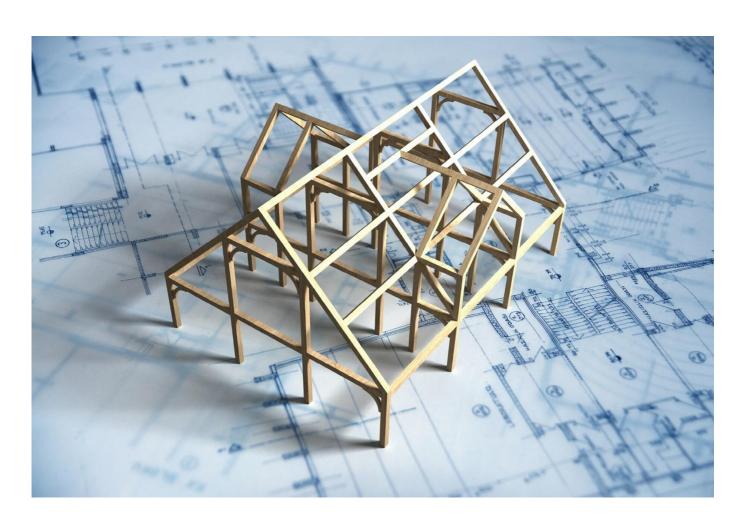


National Planning Reform Blueprint

New South Wales progress report

March 2024



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Acknowledgement of Country

The Department of Planning, Housing and Infrastructure acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land, and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

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National Planning Reform Blueprint

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Background

In August 2023, National Cabinet agreed to a <u>National Planning Reform Blueprint</u> to outline planning, zoning, land release and other reform measures to improve housing supply and affordability. The Blueprint's measures include:

- Updating state, regional, and local strategic plans to reflect housing supply targets.
- Promoting medium and high density housing in well-located areas close to existing public transport connections, amenities and employment.
- Streamlining approval pathways.

This is the first report for New South Wales summarising progress against Measures 2 through 6 and 10 of the National Planning Reform Blueprint.

More information on the National Housing Accord can be found at https://treasury.gov.au/housing-policy/accord

Planning Ministers will report to National Cabinet on state, regional and local strategic plans before 1 March 2024 that reflect their jurisdiction's share of housing supply targets agreed by National Cabinet and links with infrastructure pipelines.

The NSW Environmental Planning and Assessment Act 1979 (EP&A Act) establishes the framework for Regional and City Plans, State Environmental Planning Policies (SEPPs), Local Strategic Planning Statements (LSPSs) and Local Environmental Plans (LEPs) and Development Control Plans (DCPs). Regional and City Plans create the overarching vision for places across NSW.

In 2024, the NSW Department of Planning, Housing and Infrastructure is reviewing the Greater Sydney Region Plan, as well as, the Illawarra-Shoalhaven, Central Coast and Lower Hunter and Greater Hunter Regional Plans, to ensure they remain fit for purpose. The Department will update the Greater Sydney Region Plan following this review.

The Department will publish local housing targets for 5, 10 and 20 years. Strategic plans must have regard to any state infrastructure strategy, 5-year infrastructure plan or sectoral State Infrastructure Strategy statement under the *Infrastructure NSW Act 2011*, and new plans must consider state disaster mitigation plans.

The Department collaborates with other NSW agencies, local government, industry and utility providers on strategic planning and monitoring of land use and housing delivery. This is enabled by an expansion of the Urban Development Program (UDP). The UDPs support the delivery of infrastructure and new development by improving the coordination of the various stakeholders responsible for housing development and infrastructure delivery, and by actively managing a pipeline of future development.

Councils will be required to apply the strategic vision at a local level, including to support the delivery of housing targets. Councils may also need to update local infrastructure contributions plans in place to ensure contributions will adequately address increased demand created by expected housing growth.

NSW has also provided its implementation plan to increase supply of around 1,500 dwellings under its \$610 million share of the Social Housing Accelerator payment.

https://treasury.gov.au/sites/default/files/2023-11/shap-nsw.pdf

Planning Ministers will undertake planning, zoning, land release and other reforms, such as increasing density, to meet their jurisdiction share of housing supply targets agreed by National Cabinet.

Summary of planning, zoning and land release reforms

Transport Oriented Development Program: Accelerated Precincts

Announced December 2023

Eight Sydney transport hubs for accelerated rezoning will provide well-located high and midrise homes within 1,200 metres of metro and rail stations, including up to 15% affordable housing in perpetuity. Residential developments over \$60 million within the precinct will have access to a new state significant development (SSD) pathway and construction will be required to commence within 2 years of approval. \$520 million will be provided for community infrastructure, such as road upgrades, active transport links and good quality public open spaces.

Estimated capacity for 47,800 new homes over 15 years.

https://www.planning.nsw.gov.au/policy-and-legislation/housing/transport-oriented-development-program

Transport Oriented Development Program: State Environmental Planning Policy (SEPP)

Announced December 2023

The SEPP will apply in 31 locations across NSW within 400 metres of Metro or suburban rail stations to make residential flat buildings and shop top housing permissible in all residential zones.

These locations have been identified as being capable of accommodating new homes within existing enabling infrastructure.

Estimated capacity for 138,000 new homes over 15 years.

 $\underline{https://www.planning.nsw.gov.au/policy-and-legislation/housing/transport-oriented-development-program}$

Diverse and well located housing

Announced December 2023

These reforms have been publicly exhibited, and propose:

- Dual occupancies (two separate homes on a single lot), such as duplexes, in all R2 low density residential zones across all of NSW. In Greater Sydney, reduced site area requirements and increased floor space allowance.
- Terraces, townhouses and two storey apartment blocks near train stations and town centres in R2 low density residential zones across the Greater Sydney region, Hunter, Central Coast and Illawarra. In these areas, site area requirements will be reduced and floor area allowances increased.
- Mid-rise apartment blocks near train stations and town centres in R3 medium density zones. In these areas, floor area and heights will be increased to allow 4 to 6 storeys.

The reforms will be finalised in 2024 and will create capacity for up to 112,000 new homes over 5 years.

https://www.planning.nsw.gov.au/policy-and-legislation/housing/diverse-and-well-located-homes

State-led strategic planning and rezoning to deliver additional housing in well-located areas already serviced by major infrastructure

In progress

This includes:

- Completed rezoning to allow for 1,800 new homes in Parramatta's Church Street North precinct, including to allow for increased building heights.
- Progressing rezoning for an additional 7 state-led rezonings and 8 state-assessed planning proposals to deliver 70,000 new homes under the Rezone and Build initiative.
 Examples include:
 - Rezoning proposal for Macquarie Park Innovation Precinct Stage 1 to allow for 3,060 new homes including affordable housing plus an additional 5,040 homes build-to-rent, depending on market demand.
 - Rezoning proposal for Explorer St Eveleigh to allow up to 400 new homes with 30% allocated for social housing and 20% for affordable housing.
 - State-assessed planning proposal at Appin (part) precinct approved to enable
 12,900 homes.

https://www.planning.nsw.gov.au/plans-for-your-area/rezoning-pathways-program

Amendment to dwelling caps in The Hills Showground Station precinct

Enacted September 2023

This will allow for an additional 4,500 new homes, up from 5,000 homes previously. The additional capacity is feasible as a result of planned transport and other infrastructure upgrades, including delivery of the Sydney Metro.

Estimated capacity for 9,500 new homes.

https://www.planning.nsw.gov.au/plans-for-your-area/priority-growth-areas-and-precincts/sydney-metro-northwest-urban-renewal-corridor/showground-stationSummary of other reforms

Introduction of the Housing and Productivity Contribution

Enacted 1 October 2023

For residential developments in Greater Sydney, Illawarra-Shoalhaven, Lower Hunter and Central Coast regions in place of the State Infrastructure Contribution. The Housing and Productivity Contribution delivers the certainty needed to attract investment and funding required to support the timely delivery of infrastructure for new homes and jobs.

When fully implemented, the Housing and Productivity Contribution is expected to collect \$700 million annually across the four growth regions to support the delivery of infrastructure needed to enable housing and productivity.

https://www.planning.nsw.gov.au/policy-and-legislation/infrastructure/infrastructure-funding/improving-the-infrastructure-contributions-system#housing-and-productivity-contribution

\$300 million reinvested in Landcom to accelerate housing construction

Announced September 2023

Estimated to deliver 4,697 new homes, with 30% of these to be affordable housing.

Apartment building case studies

Published March 2023

These case studies have been published by the NSW Government Architect to showcase high-quality apartment buildings to guide consent authorities and industry. The case studies complement the NSW Apartment Design Guide and highlight opportunities to achieve good residential amenity in response to different site constraints.

https://www.planning.nsw.gov.au/government-architect-nsw/case-studies/residential-projects

Development of a pattern book of endorsed building designs for low-rise and midrise buildings

Announced November 2023

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Developers who use the pattern book will have access to an accelerated approval pathway. The pattern book will feature the winning design/s from an international design competition to be run in 2024.

https://www.planning.nsw.gov.au/policy-and-legislation/housing/pattern-book-of-housing-design

Social and affordable housing reforms

Enacted December 2023

Facilitate the increased supply of social and affordable housing for low-income households and essential workers through expanded self-assessment provisions for government housing agencies, a new State significant development pathways and new bonuses for affordable housing to encourage private developers to build more affordable housing and more housing in general. Projects that include at least 10-15% affordable housing will be eligible for height and floor space ratio bonuses of 20-30%.

https://www.planning.nsw.gov.au/policy-and-legislation/housing/housing-sepp

Planning Ministers will identify well-located 'development ready' land before 1 March 2024, having appropriate regard to the protection of land with key attributes e.g. environmental or economic.

Key findings from a development ready land stocktake₁

NSW monitors and coordinates the delivery of development, land supply, and infrastructure through its Urban Development Program (UDP). The UDP supports the delivery of infrastructure and new development by improving the coordination of the various stakeholders responsible for housing development and infrastructure delivery, and by actively managing a pipeline of future development.

The UDPs monitor zoned land supply, development approvals, infrastructure status, issues that are blocking housing and employment land supply and delivery. The UDPs also estimate the forward pipeline of housing and housing needs and provides advice across government on priority development areas, infrastructure needs and development of solutions to overcome housing and infrastructure shortfalls.

In Greater Sydney, upcoming developments are measured through the residential development pipeline (residential development data from several sources) and the greenfield audit, which tracks recently subdivided residential lots and residential subdivision development projects in key rezoned greenfield areas.

In 2022, as part of the UDP, the NSW Government commenced an audit program of the housing supply pipeline in growth areas across regional NSW. The pilot identified 'development ready' lots in a greenfield setting and in major infill release areas to include land zoned, infrastructure enabled, bio-certified and subdivision approved or awaiting development consent. The audit also identified pipeline dwellings including both greenfield and infill lots awaiting development approval, infrastructure funding, biodiversity approval or other strategic planning.

The Department is working with local government to finalise validation of the audit data with councils. Findings will be publicly released on Regional UDP dashboards and in accompanying annual reports in 2024.

¹ For the purpose of this report, it is assumed that development ready means land with infrastructure that is ready to sell and/or construct

Planning Ministers will streamline approval pathways and prioritise planning control amendments to support diverse housing across a range of areas, including promoting medium and high-density housing in well-located areas close to existing public transport infrastructure connections, amenities and employment.

Zoning, planning and other amendments to support dense, well located housing

See the amendments highlighted under Measure 3, in particular:

- Transport Oriented Development Program Accelerated Precincts
- Transport Oriented Development Program State Environmental Planning Policy
- Proposed reforms to low and mid-rise housing

Co-funding local infrastructure projects with councils

Announced July 2023, Projects to be completed by 2026.

\$49.9 million under the Accelerated Infrastructure Fund to fast track critical infrastructure in rapidly growing communities in Greater Sydney and Central Coast. Improved servicing will allow for higher density in well-located communities.

https://www.planning.nsw.gov.au/plans-for-your-area/infrastructure-funding/accelerated-infrastructure-fund

Expanding the Urban Development Programs

Ongoing

This will bring key NSW infrastructure agencies, councils and developers together to provide clearer links between development priorities and investment decisions and improve governance arrangements to better coordinate service delivery and private development. Aligning infrastructure provisions will enable planned housing delivery.

https://www.planning.nsw.gov.au/policy-and-legislation/housing/housing-supply-insights/quarterly-insights-monitor-q2/urban-development-programs

\$24 million establishment of the NSW Building Commission

Commenced 1 December 2023

To support high quality housing and protect home buyers from sub-standard buildings. The Commission is responsible for the oversight and regulation of the construction industry. This contributes to improving community confidence in the industry.

Additional \$70 million debt financing to progress land and site works

The land and site works are required to delivery social, affordable and private homes, primarily in regional NSW. This initiative is led by Homes NSW (Land and Housing Corporation).

\$10 million Modular Housing Trial

The trial, led by Homes NSW, will explore options to reduce the cost of building modular housing at scale and achieve efficiencies of scale in manufacturing. The program will target innovative ways to build social housing, and is expected to reduce costs, increase speed and scale up delivery of diverse housing.

\$65 million supporting new Build to Rent trials in the South Coast and Northern Rivers

These trials, led by Landcom, will enable more long-term, diverse housing in regional markets. 60 Build to Rent apartments, of which at least 20% is affordable rental housing in Bomaderry, north of Nowra, in the South Coast will provide future renters with easy access to transport and other amenities. Landcom is investigating suitable sites in the Northern Rivers region that will enable around 50 Build to Rent apartments to be delivered.

https://www.landcom.com.au/about/housing/buildtorent

Planning Ministers will create accelerated development pathways and streamline approval processes for eligible development types, particularly in well-located areas, including to support the rapid delivery of social and affordable housing.

Reforms to development approval pathways

Introduced standard conditions of development consent

These standards improve certainty and consistency for builders, developers, investors and certifiers who work across multiple local government areas.

NSW has also released a writing guide to help consent authorities prepare appropriate, well-structured and legally enforceable conditions and development consents. Councils are also required to use standard format notice of determination for local DAs.

https://www.planning.nsw.gov.au/policy-and-legislation/planning-reforms/standard-conditions-of-consent/standard-conditions-of-development-consent

Simplification of Clause 4.6 of the Standard Instrument LEP

In place from 1 November 2023

This provides certainty about when and how development standards can be varied. Consent authorities and applicants must consider the same matters. An accompanying guide provides more clarity on applying for and assessing variations.

https://www.planning.nsw.gov.au/policy-and-legislation/under-review-and-new-policy-and-legislation/variations-review

New guidelines on the withdrawal of development applications

Released October 2023

These guidelines encourage councils to contribute to providing more appropriate housing to address the State's housing shortfall through the expeditious assessment and determination of DAs, require councils to adequately resource planning and assessment teams, and strongly encourage councils to avoid practices that delay DA assessment within reasonable timeframes.

 $\underline{\text{https://www.planning.nsw.gov.au/plans-for-your-area/local-planning-and-zoning/strategic-planning-toolkit}}$

\$5.6 million for an Artificial Intelligence in NSW Planning

Launched November 2023

Artificial intelligence (AI) can help accelerate planning processes by harnessing the power of big data, improving productivity and reducing the administrative burden on planners.

The AI in NSW Planning project is focused on delivering 2 key outcomes:

- 1. Enabling councils to assess development applications more efficiently by improving the quality of submitted applications.
- 2. Identifying a selection of fit-for-purpose and ready-to-deploy AI and digital products that councils can start using right away.

Suppliers were invited to submit their AI product solutions by 11 March 2024. Evaluation of applications has now commenced. By June 2024, grants will be awarded to councils to access selected AI product solutions.

https://www.planning.nsw.gov.au/assess-and-regulate/development-assessment/artificial-intelligence-in-nsw-planning

Systems improvements to standardise and automate concurrences and referrals

The Department works closely with partner agencies to remove unnecessary referrals, simplify agency requirements and implement systems improvements. In October 2023, the Department released a guide to help councils and applicants understand if a development application requires input from a referral authority.

https://www.planning.nsw.gov.au/policy-and-legislation/planning-reforms/concurrence-and-referral-reforms

Wait Time Reduction Scheme

Announced May 2023

The Scheme reduces wait time to acceptable levels for State Design Review Panel review of state-significant projects by private developers.

https://www.planning.nsw.gov.au/government-architect-nsw/design-review/nsw-state-design-review-panel

Start Strong Cadetship Program

Program commenced May 2023

The program addresses the planning skills shortage and fills vacancies in council planning teams. The program includes \$1.85 million in grant funding to subsidise the university fees of

new planning cadets they employ, a mentoring program, a centralised employment director, and providing incentives for regional councils.

https://www.nsw.gov.au/grants-and-funding/strong-start-cadetship-program#toc-key-information

Proposed Temporary and Seasonal Workers' Accommodation planning framework and guidelines

Exhibited in August and September 2023

A new clearer planning framework and guidelines to help regional councils plan for more and better housing for the thousands of temporary and seasonal workers was exhibited in August / September 2023. Feedback from submissions is currently under consideration.

https://www.planning.nsw.gov.au/policy-and-legislation/housing/regional-housing/regional-housing-taskforce/temporary-and-seasonal-workers-accommodation-toolkit

Integration of BASIX into the Planning Portal

Released October 2023

The State Environmental Planning Policy (Sustainable Buildings) 2022 encourages the design and delivery of more sustainable buildings across NSW. The Sustainable Buildings SEPP supports net zero goals and sets sustainability standards for residential development. The BASIX tool has moved to the NSW Planning Portal to help streamline the planning process.

https://www.planning.nsw.gov.au/policy-and-legislation/buildings/sustainable-buildings-sepp/sustainability-standards-residential-development-basix

Existing development approvals which have not been acted upon, and barriers to delivering approved housing

According to ABS data, NSW has 16,046 dwellings approved for construction but not commenced as at March 2024.

Industry intelligence and a range of economic indicators show that increases in construction costs – both materials and labour – are caused by supply constraints both internationally and domestically.

There is a very large infrastructure pipeline in NSW, driven by investment in transport infrastructure such as metro rail and roads, accelerating energy transition and increase in health and education infrastructure investment. Materials such as steel and cement and skills such as engineering often overlap with the requirements of residential construction (particularly apartments). The market in NSW will be significantly challenged to deliver these projects simultaneously.

While materials construction costs are still rising, they are not rising as sharply. Cost escalation continues to be driven by key inputs—such as steel, timber, and cement. High freight and energy costs have also flowed into prices for inputs across the sector. Coupled with higher interest rates, the market will continue to face difficulties in achieving required returns to investment.

Skilled labour shortages persist. Construction job vacancies remains at an elevated level as at August 2023 and the Reserve Bank of Australia notes in the August 2023 Statement of Monetary Policy that:

"While constraints on the supply of materials have eased, poor availability of tradespeople- particularly for the latter stages of construction has continued to limit the pace of work done. These delays have contributed to the elevated pipeline of residential construction and, along with substantial increase in costs, have reduce cash flows for some firms and increased insolvencies in the industry over the past years. Construction insolvencies in the June quarter were at their highest level since the series began in 2013."

Slowing construction sector productivity is an issue in Australia and internationally. Australia's construction productivity growth has been slow over the past 30 years and is lagging other sectors of the economy.

There is also a need for capability uplift across the sector to address gaps in the market. For example, there is a need to increase the number of firms certified for the construction of Class 2 buildings (i.e., apartments). This will require specific training and capability uplift across the sector.

Reforms to social and affordable housing approval pathways

State significant development and affordable housing

In place from 14 December 2023

A new state significant development (SSD) pathway has been introduced for residential development with a capital investment value of over \$75 million in Greater Sydney, and \$30 million outside Greater Sydney, which includes at least 10 per cent affordable housing.

 $\frac{\text{https://www.planning.nsw.gov.au/policy-and-legislation/housing/housing-sepp/in-fill-affordable-housing}{\text{affordable-housing}}$

Changes for government housing agencies

Enacted 14 December 2023

The NSW Government implemented reforms to enable state housing agencies to deliver projects more efficiently, including:

- a new state significant development (SSD) pathway for the Homes NSW agencies, Land and Housing Corporation (LAHC) and the Aboriginal Housing Office (AHO), where these agencies are seeking to deliver residential developments of over 75 homes
- Landcom also benefits from this SSD pathway where the development includes at least 50% affordable housing
- Homes NSW and Landcom are now able to self-assess social and affordable developments of up to 75 homes, including residential flat buildings up to 11 m in height where the land use is permissible
- the minimum lot size for dual occupancies being delivered as complying development by Homes NSW and community housing providers (CHPs)/Aboriginal Community Housing Providers has been reduced to 400 m² under the Low Rise Housing Diversity Code, making more land available for this type of development.

Barriers to the timely issuing of development approvals, and reforms to address them

Barriers to timely issuing of development approvals include:

- Council resourcing and shortage of planners, engineers and other technical specialists
- Upcoming local government elections (September 2024) and potential delays due to caretaker period and/or political sensitivities
- Poor quality information from applicants
- Impact of resourcing court appeals by applicants against consent authorities
- Extended lead times for planning panels and design review panels
- Outdated strategic planning requiring more assessment at the DA stage
- Time taken by government agencies to complete concurrence and referrals.

NSW reforms to improve timely issuing of development approvals are detailed above (see Reforms to development approval pathways).

Initiatives to share planning data

NSW data sharing initiatives

Urban Development Programs

Urban Development Programs (UDPs) operate across Greater Sydney and key regional NSW locations. UDPs monitor land supply and development and help coordinate delivery of enabling infrastructure such as transport, water, power, and sewage infrastructure.

The government has established UDP dashboards to monitor key housing data in UDP areas.

https://www.planningportal.nsw.gov.au/online-dashboards

Land iQ

Land iQ is a NSW Government platform to support analysis of different land use scenarios. It includes 40 land use data types on a single platform that covers more than 8 million lots and properties across NSW. It is currently being used by NSW Government departments and nine local councils to assess development. The NSW Government is committing \$9.3 million to further develop Land iQ over the next two years, including to develop license options to make it available to additional local councils, Local Aboriginal Land Councils, researchers and industry. The Australian Government is also investing \$1.8 million under Round One of the Disaster Ready Fund to include hazard vulnerability data and allow for natural disaster risk and resilience analysis to be built into the tool.

https://www.dpie.nsw.gov.au/housing-and-property/our-business/advisory-and-transactions/land-iq

NSW Planning Performance Dashboard

This dashboard shares data on development consent activity across NSW, by local government area, including development approvals performance by local government area, including assessment timeframes.

https://www.planningportal.nsw.gov.au/eplanningreport

NSW Common Planning Assumptions

NSW Common Planning Assumptions are agreed by a group of NSW Government agencies and used in the development of new NSW government policies, strategies, business cases.

https://www.treasury.nsw.gov.au/information-public-entities/nsw-common-planning-assumptions

Local Aboriginal Land Council planning analysis reports

These reports are being prepared to include mapping, imagery and key planning information about sites owned by local Aboriginal Land Councils in NSW. The reports are part of a new initiative to assist local Aboriginal Land Councils better understand the location and characteristics of land they own and inform a process for identifying sites that may align with local Aboriginal land use priorities.

https://www.planning.nsw.gov.au/policy-and-legislation/aboriginal-land-use-planning/aboriginal-land-planning-framework

Interjurisdictional data sharing

NSW shares data from the NSW Planning Portal with the ABS to support dwelling-related ABS data series, including Building Approvals and Building Activity.

Reforms to support permanent affordable, social and other specialist housing in developments²

The Transport Oriented Development Program will establish inclusionary zoning for affordable housing:

- Affordable housing held in perpetuity will make up to 15% of homes in the 8 TOD accelerated precincts.
- The new Transport Oriented Development Program State Environmental Planning
 Policy will mandate a minimum 2% affordable housing contribution on all new
 developments in 31 well-located transport hubs. The affordable housing contribution
 will gradually increase over time to a published schedule.

The State Environmental Planning Policy (Housing) 2021 (Housing SEPP) facilitates development of affordable and diverse housing. The Housing SEPP has planning mechanisms to facilitate delivery of affordable housing.

 Affordable Housing Contribution Schemes which enable the imposition of developer contributions for affordable housing where the council has adopted a scheme. The NSW Government encourages and supports councils to prepare such schemes in order to capture value associated with development uplift.

² Where appropriate and where such zoning and planning does not add to construction costs e.g. through the use of incentives such as density bonuses

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•	Infill Affordable Housing Incentives (height and floor space bonuses) which are available to developments that provide a minimum amount of affordable housing for 1 years.				

All levels of government will ensure the efficient use of government land, including the identification of surplus land suitable for housing and the delivery of best practice projects to support housing supply, diversity and affordability.

Well located government land suitable for housing

The NSW Government will deliver up to 30,000 well-located homes, close to infrastructure and transport, with amenities and work opportunities, with surplus land to be made available for housing over the next four years.

An example of a best practice project to activate and redevelop government land for housing in NSW is described below.

Best practice example of developing government land

Case Study 1 - Former Bulli Hospital

Landcom, the NSW Government's development agency, acquired the former hospital site from NSW Health in May 2022. The buildings were not heritage listed and many had fallen into disrepair and vandalised. The buildings and grounds were also contaminated by asbestos, lead paint and other chemicals commonly used in medical facilities.

In November 2023, Landcom lodged a development application with Wollongong City Council that will allow for 50 new homes, with civil works expected to commence in early 2025.

The project is an example of diverse and well-located housing growth, in a region with a growing and changing population. Bulli is facing increasing demand for smaller and more affordable units for one and two-person households. The Bulli project will suit a variety of households and incomes, with 10% of homes to be set aside as Affordable Rental Housing for low- and moderate-income workers. The hospital site is located close to Bulli railway station and has easy access to local schools, shops and community facilities.

The project will also reflect best practice principles for energy, water and waste management, celebrate and respond to the site's landscape and topography, and recognise its history through landscape and urban design.