

22 April, 2026

Mr Andrew Moore
General Manager
(Attention City Strategy)
Penrith City Council
PO Box 60
PENRITH NSW 2751

Sent to: citystrategy@penrith.city

Dear Mr Moore

Draft St Marys Town Centre Development Contributions Plan

I write in relation to the Development Contributions Plan for St Marys Town Centre, which was released for public consultation on 26 March 2026.

Urban Taskforce Australia supports the move to rezone and redevelop St Marys but is concerned about the approach being taken by Council to fund local infrastructure.

The developer contributions rate is too high

While we recognise that the proposed section 7.12 levy has reduced from Council's original request for 4.24%, that reduction has been marginal, and we believe that the rate is still too high.

A contributions rate of 4% will put many potential projects in the area at risk, undermining feasibility and deterring development.

It is increasingly becoming difficult to deliver housing density west of Parramatta, with the costs of construction outweighing the amount people are willing to spend on a new home.

Yet, despite this, and during a time of rising interest rates and prohibitive fuel, labour, and materials costs, Council is proposing to charge more than almost every other LGA – to have a higher rate than Penrith is proposing for St Marys, most councils would need a new Aerotropolis.

The proposed local infrastructure contributions rate is too high and will add too much to the cost of construction. This will make projects unfeasible and undermine the intent of the St Marys Town Centre Master Plan.

A 1% rate for section 7.12 contributions, as prescribed in the legislation, would put less pressure on development and make housing more affordable. A 2% rate would put St Marys on the same level as Liverpool City Centre.

Either would make housing delivery more feasible.

Recommendation 1: That Penrith City Council reduce the proposed local infrastructure s.7.12 levy for St Marys to no higher than 2%, in line with Liverpool City Centre.

Show the assumptions

It is not clear how Council believes that 4% is feasible for the precinct.

Council appears to have based its calculations on assumptions about construction costs and estimates of feasibility.

These are based on the report *Economic Feasibility and Market Analysis* delivered by Hill PDA Consulting in September 2024.

This report has not been made public, due to concerns about commercial confidentiality, which means that its assumptions cannot be verified or challenged.

If this report has been used to justify the high rate for developer contributions, it should be made public so that it can be assessed independently.

Recommendation 2: That Penrith City Council release for public review the *Economic Feasibility and Market Analysis* report delivered by Hill PDA Consulting in September 2024 with appropriate redactions to prevent the release of commercial-in-confidence information.

Have less ambitious plans

If projects are not feasible, they will not proceed. No projects means no infrastructure funding.

Urban Taskforce suggests that Council adopt a less ambitious infrastructure plan for St Marys – one that can be reasonably afforded with a much lower rate on the cost of construction.

Housing delivery is already difficult in Western Sydney – high taxes on construction to fund infrastructure wish lists could put St Marys right at the back of the pack, as developers look for more competitive locations.

A lower rate, for a reduced infrastructure spend, would result in more new residents, increasing local rate revenue that can help to fund more infrastructure.

Recommendation 3: That Penrith City Council reduce its infrastructure proposals for St Marys so that a more achievable developer contribution rate can be applied.

Make it easier to contribute

If Council is serious about getting more development within the precinct, it could make changes to the point at which levies are applied.

At the moment, developer contributions are levied at the time of issue of a construction certificate or complying development certificate.

This compels a developer to find additional funds to be able to cover the estimated cost.

It also leads to potential situations where predicted revenue is higher or lower than is delivered post construction.

If Council underestimates the cost of construction, it can seek further payment. If Council overestimates, the developer gets no refund. But the developer still has to find the money to pay the levy.

If the levy were applied post construction, but prior to the issue of an occupation certificate, not only could the right amount be charged, but the developer would be able to pay out of the revenue raised through pre-sales.

It would place less pressure on the developer's funds, reducing the amount they have to borrow, and would help to lower development costs overall.

This means that homebuyers end up paying less, making housing more affordable.

Recommendation 4: That Penrith City Council defer development contributions payments to the occupation certificate stage.

Conclusion

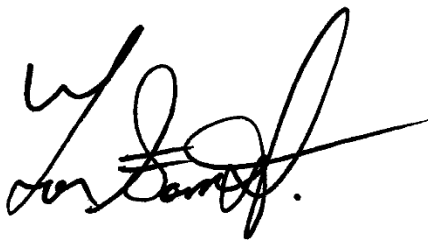
St Marys Town Centre creates opportunity to revitalise a key part of Greater Sydney, but Council's desire to fund extensive infrastructure projects with a large amount of developer contributions will drive up costs and put feasibility at risk.

Penrith City Council should reconsider its approach and take a more pragmatic and practical stance when it comes to local infrastructure funding, rather than simply adding to the already large amount of developer contributions currently sitting in its accounts.

I have attached a copy of our earlier submission, which highlighted some of our concerns, to assist in the current review.

Should you wish to discuss any aspect of this submission further, please contact our Policy, Planning, and Research Analyst, Paul Waterhouse, on 0411-875-366 or via email at paul@urbantaskforce.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tom Forrest', with a stylized flourish extending to the right.

Tom Forrest
Chief Executive Officer

Attachment: Urban Taskforce Submission on the St Marys draft DCP and Contributions Plan, dated 2 April, 2025



2 April 2025

The General Manager,
Penrith City Council,
PO Box 60,
PENRITH
NSW 2751

Sent to: citystrategy@penrith.city

To Whom it May Concern

St Marys draft DCP and Contributions Plan

I write in regard to the exhibited draft St Marys Town Centre Development Control Plan and the exhibited draft Development Contributions Plan for St Marys Town Centre.

Urban Taskforce is concerned with the highly prescriptive nature of the controls provided in the St Marys Town Centre Development Control Plan that threaten to reduce much needed housing supply in the middle of a housing affordability crisis.

Additionally, the 4.24% Section 7.12 levy proposed risks sterilising the majority of sites across St Marys, notwithstanding the substantial investment in the Metro connection being paid for by NSW and Commonwealth taxpayers.

Urban Taskforce submits that this Master Plan requires a significant rethink in relation to provisions that impact development feasibility, attractive investment, housing delivery and infrastructure outcomes in the St Marys Town Centre.

Draft St Marys Town Centre Development Control Plan

Solar access requirements to select public open space

Section 15.3, Controls 3(i) and 3(ii) outlines the requirement for a minimum 4 hours of sunlight to 50% of the open space between 9am–3pm on 21 June. While Urban Taskforce support adequate access to the sun in homes, this technical provision is too stringent and may reduce project yield and feasibility.

Overshadowing limitations are a trade-off for the amount of housing that can be supplied. Date-specific solar minimum methods are arbitrarily specific and inflexible, especially for dense mixed-use areas.

Other models or alternative mechanisms may be more appropriate for St Marys or particular sites in the suburb. There should be provision for other solar access measurement methods to be used to meet the standards of solar access.

There should also be a quota of dwellings in a building or project that need to meet solar access requirements.

Some inhabitants, like shift workers, students, hospitality workers, etc. do not require the high levels of sunlight that the provided controls require. There seems to be no contemplation that consumers might be capable of selecting a home which meets their needs.

Recommendation 1: that the solar access provisions must be more flexible and not act as a black and white mandate.

Minimum tree canopies

The targets of 10% canopy for MU1 zones and 5% for commercial core developments, provided in Section 15.4, Table E15.1, are a significant imposition on the urbanised land in the Town Centre. While Urban Taskforce supports urban greening, arbitrarily restricting projects to quotas will likely reduce the capacities of the town centre.

These percentages should be given as guidance, not mandatory minimums, for sites constrained by lot size or basement parking.

Additionally, in line with modern urban design practices, green roofs, vertical gardens and wall planting should be promoted and presented as an option that counts toward canopy targets.

Recommendation 2: Tree canopies extents should be guidelines should be flexible, with modern urban greening practices counting towards the tree canopy guidelines.

View protections

Section 15.4, Control 16 & Figures E15.8–E15.11 propose the mandatory preservation of regional views to the Blue Mountains. This provision, while a “nice to have”, is likely to restrict development envelopes, particularly on key sites such as Phillip Street. This provision has the potential to limit the heights of multiple sites across the town centre because of one view on the eastern side.

Urban Taskforce does not support constraints on urban development because of view loss. Land should be able to be developed within the height and density controls set by Council and State Government. This is particularly important for gateway or landmark sites.

Recommendation 3: The protection of views should not be considered as to do so would unreasonably constrain the development of the new St Marys town centre.

Controls to implement the Integrated Water Management Plan

Inflexible Application Ignores Site Constraints

Section 15.5, Control 3 outlines proposed mandates to onsite stormwater detention for all new development.

The mandatory requirement for all development in the St Marys Town Centre to provide on-site stormwater detention (OSD) fails to recognise the wide variation in lot sizes and physical constraints, particularly in high-density, mixed-use areas. Sites with 100% site coverage permitted (as per Table E15.6) have limited capacity for on-site detention infrastructure without compromising yield or design integrity.

The imposition of OSD on narrow, infill, or fully built-up sites is impractical and may result in unviable basement layouts, excessive construction costs, and lost developable floor space. Exemptions or flexible compliance pathways for constrained or small sites should be introduced that allow for off-site detention contributions or alternative water-sensitive design measures.

The DCP amendments also propose extensive district-scale stormwater infrastructure upgrades, such as the conversion of the Bennett Park detention basin into a wetland (Control 5) and a new treatment system at South Creek Parklands. These facilities, which are likely to be funded via the Section 7.12 Contributions Plan, are intended to serve the stormwater management needs of the broader centre.

Mandating both onsite and offsite infrastructure contributions results in unnecessary duplication, adding complexity, cost, and potential confusion for developers. This over-scoping of storm water may be one of the factors bolstering the S7.12 levies to unworkable heights.

Exempt developments from OSD requirements where they contribute financially to approved district-level water infrastructure under the Section 7.12 plan.

Recommendation 4: Exemptions, off-site detention contributions, alternative water-sensitive design measures and other compliance pathways should be introduced in the DCP for new developments.

On-site stormwater detention registration on title is administratively burdensome

Control 4 requires that onsite stormwater detention mechanisms be placed on the title of the property. While intended to ensure long-term maintenance, this approach creates administrative and legal complexity that can delay development approvals, complicate property sales and strata titling, and deter prospective purchasers. For small residential or mixed-use developments, these burdens may be disproportionate to the scale of infrastructure being managed. Exemptions and less onerous solutions should be made available for smaller and lower-risk sites

Recommendation 5: The DCP controls should be amended to limit the requirement for title registration to large or high-risk developments and allow simpler mechanisms.

Reducing OSD impacts on housing development viability

OSD systems, particularly those requiring underground detention tanks, reduce usable site area, compete with other essential infrastructure (like car parking and deep soil zones), and add significant construction cost. This is especially problematic in a town centre setting where land values and densities demand efficient land use.

Requiring OSD in all instances will disincentivise investment, particularly for medium-scale developments that cannot absorb the added cost. To remedy this, Water Sensitive Urban Design features such as green roofs, permeable pavements, or rain gardens should be utilised with provision for this to offset the OSD requirements.

Additionally, allowance should be made to make financial contributions in lieu, where physical provision is not feasible.

Recommendation 6: Allow developers to offset OSD requirements through integrated Water Sensitive Urban Design or make financial contributions.

Bicycle parking standards for new development and end of trip facilities

With the advent of public bike-share infrastructure and shifting demographics of essential workers, tradespeople and shift workers who have a dependency on cars, end-of-trip facilities need to remain flexible.

This feature is regularly delivered by developer members of the Urban Taskforce based on market demand, as should stay a flexible offering, delivered where needed and wanted. If adopted at all, these provisions should be more flexible to better reflect development type, size, anticipated demand and location.

Recommendation 7: Bicycle parking and end of trip facilities should be left to the private sector that will deliver based on market demand. When businesses call for these facilities, the private sector will respond.

Car parking rates

Under these amendments, new developments will have to adhere to the requirements found in the Deemed-to-Satisfy Provisions of the *National Construction Code 2022 Volume One Part J9D4 Facilities for electric vehicle charging equipment* and the *Access to Premises Standards, Building Code of Australia, and AS2890*, which will soon involve the mandated Livable Housing parking standards.

Electric vehicle charging stations require additional space and infrastructure which effects basement structure, namely column placement and the number of car parking spaces that can fit between two substructural columns. Inflexible prescriptive parking rates (1 space per 30m² of GFA for residential) only serve to exacerbate the issue.

These aspects of parking rates cause inefficiencies risk driving up the cost of substructural design to a point of infeasibility. This is particularly the case in the Greater Sydney context where car spaces are frequently mandated to be located in underground basements. Parking rates need to be flexible to allow developers the chance to optimise basement parking provision and reflect the future market demand for car parking spaces.

Recommendation 8: Parking rates should be left up to developers to match market demand.

Minimum apartment mix standards

The requirement of 25% one-bedroom, 55% two-bedroom and 20% three-bedroom apartment mix is highly prescriptive. Setting exacting numbers into a DCP negates the requirements of fluctuating market demand. What is vital in meeting the financial requirements of financiers is to convince them that the market will be quickly bought by the market and the project will be viable.

Flexibility is key to allow developers to meet the market, obtain credit and deliver housing. This enables the development community to cater for changes in demand arising from unanticipated events (financial crises, a pandemic or a war.

Developers are sophisticated actors who outlay considerable resources to ascertain exactly what the market will want at the completion of the project. Real Estate agents give real-time advice on actual market demand, which is often contrary to the social engineering dreams and aspirations of council planners.

Leaving the apartment mix, which has no substantive impact on the built form, to the development proponent will allow this flexibility at these early stages of the town centre revitalisation, where demographics will shift and market demand with it. A more flexible range-based approach is needed.

Recommendation 9: that apartment mix is left to the private sector, or that flexible ranges are provided to guide for developers in their informed, expert decision choosing stock type.

Draft Development Contributions Plan for St Marys Town Centre

The fixed-rate levy nominated in the Draft St Marys Town Centre Development Contributions Plan 2025 is significantly too high and opposed by the Urban Taskforce.

Section 7.12 levies have, traditionally, been capped at 1%. Former Planning Minister, Rob Stokes, changed this cap to 3% in 2021 for residential developments. Requiring a fixed-rate 4.24% levy on new developments is an outrageous impost on housing supply, given the established nature of St Marys and the current federal and state governments' push to address the housing crisis.

The requirement for ministerial approval for Section 7.12 levies over 1% should be seen by Council as the guide of what is reasonable. There is no justification for a built-up centre with established hard and soft infrastructure to require such a burdensome levy in this time of a housing crisis. In the current economically-squeezed and highly-competitive market, any taxes, fees and charges levied on new housing is simply transferred over to the buyer.

The 4.24% levy represents either substantial inefficiency in the planned delivery of infrastructure, or an opportunity to make up for the lack of amenity and infrastructure delivery mistakes of the past. Placing this quantum of tax on future development risks under-investment in St Marys as developers explore more competitive areas. St Marys will simply not see the expected uptake.

The approach taken by Council, to envision future infrastructure then price this and divide it up against the calculated additional capacity, is an exercise of fantasy. It

does not take into consideration the land-economic realities that govern urban production and the delivery of housing.

Council should bring the fixed-rate percentage down below the statutory limit in order to allow the private sector a chance to meet financier's credit requirements and then cut cloth to match.

Recommendation 10: the fixed-rate levy should be reduced to a realistic level that will allow the private sector to deliver much-needed housing in St Marys.

Payment timing has been given as either prior to Construction Certificate for projects included in a Development Application; and at Subdivision or prior to the commencement of works for projects included in a Complying Development Certificate.

St Marys already struggles to attract investment to its town centre. Along with a sensibly positioned levy, moving payment away from the periods where a developer is most leveraged (CC and the start of construction) to Occupational Certificate, where final payments on presales have started to come in, would allow the private sector to achieve finance and speed uptake.

This change would reflect the NSW Productivity Commission's Recommendation 4:10 on page 71 of the November 2020 "Review of Infrastructure Contributions in NSW" report, which advised: "defer payment of contributions to the occupation certificate stage".

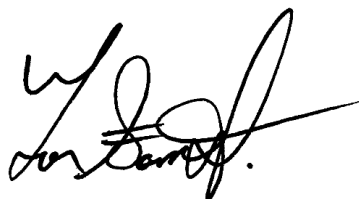
Recommendation 11: Payment of Section 7.12 contributions should be moved to prior to the obtainment of an Occupation Certificate.

Conclusion

Penrith Council should reconsider the position of this DCP in the context of slow investment in the region and the challenges of the housing crisis. Negating land-economic considerations will leave St Marys behind surrounding regions, as they address today's challenges and remain relevant.

Should you wish to discuss any aspect of this submission further, please call our Policy, Planning and Research Analyst, Benjamin Gellie, on 0461 566 807 or via email benjamin@urbantaskforce.com.au

Yours sincerely



Tom Forrest
Chief Executive Officer