

1 May, 2026

Ms Anthea Sargeant
Executive Director, State Rezoning
Department of Planning, Housing, and Infrastructure
Email: orchard.hills@planning.nsw.gov.au

Dear Ms Sargeant

Orchard Hills Draft Rezoning

I write in relation to the Department's redrafted plans for Orchard Hills.

While Urban Taskforce Australia recognises the efforts of DPHI to consider, respond to, and address feedback on the previous draft, we are not convinced that the solutions proposed will deliver the objectives and housing targets identified for the precinct.

These concerns are outlined below.

1. The project has lost some of its ambition

The new rezoning halves the number of homes and jobs that were initially envisaged for Orchard Hills.

It has taken the original plans for 350 hectares, 11,600 homes, and 4,000 jobs to a mere 155 hectares, 5,700 homes, and 2,100 jobs.

This would appear to be an effort to address a lack of housing-enabling infrastructure.

However, it misses an important opportunity to deliver new housing in close proximity to a Metro station and will restrict developers and landholders who may have a direct interest in housing delivery in the region.

At a time when the NSW population is facing an escalating housing crisis, and the State is lagging behind its National Housing Accord targets, reducing the proposed scope for housing is not supported.

Urgent investment is needed in local infrastructure by governments to facilitate housing delivery and reduce costs for new homebuyers.

If the Government wants diversity of housing supply, as it states in the *Explanation of Intended Effect*, then it should do everything within its powers to create the infrastructure that will make new housing in the area more viable.

2. High density housing still doesn't work for Orchard Hills

Currently, the costs of construction along with the impact of rising interest rates are making any medium or high-density development, beyond Parramatta, unfeasible.

So, while the EIE states that higher density residential development is still the goal, even though targets have been reduced, the business case to support higher density residential development in this location does not exist.

DPHI's own consultants found that **only** low-density residential development would be feasible in the Orchard Hills precinct. They predicted that medium density residential

might become more feasible in up-to ten years, while it was likely to take even longer for the business case to stack up for high-density dwellings, as shown in the below table from the study by Atlas Economics:

TABLE 2: Feasibility Analysis of Various Development Typologies

LAND USE	TYPOLOGY	DENSITY (DW/HA)	VIABLE ON OPENING OF METRO?	DELIVERY HORIZON* (YEARS)	TOLERANCE TO 3% AFFORDABLE HOUSING CONTRIBUTION	
					YEAR 0?	HORIZON
Low-density residential	Detached dwellings	17.5	Y	0	Y	0
	Semi-detached dwellings	27.5	Y	0	Y	0
Medium-density residential	Terraces	50	N	0-5	N	0-5
	Apartments (4-storeys)	145	N	5-10	N	10-15
High-density residential	Apartments (5-8-storeys)	204	N	10-15	N	15-20
	Apartments (8-12-storeys)	291	N	10-15	N	15-20
	Apartments (12-22-storeys)	466	N	5-10	N	5-10
Industrial	Light industrial warehouses/urban services	N/A	Y	0-5	N/A	N/A
	Strata-titled industrial suites		Y	0-5	N/A	N/A

Y= Yes, N = No

*Opening assumed at 2027

*Commencing delivery horizon timeframes quoted from Metro opening year of 2027

Source: Atlas Economics

These are exceedingly long times to wait for new housing when supply is desperately needed, now.

If only low-density residential is feasible, that should be the focus. Areas around the Metro station can be rezoned for higher density when the precinct gains enough residents to support retail premises and new apartment housing can be supported.

3. Government infrastructure spending is needed

The push for new housing in Orchard Hills will inevitably require greater contributions from the State Government.

The precinct will not succeed unless the government can increase serviceability for new housing, through water, wastewater, electricity, and road projects.

Leaving the delivery of infrastructure to Penrith City Council, funded by developer contributions, is likely to kill off new development in the area.

Penrith has already overseen a master plan and rezoning in St Marys that introduced a 4% s.7.12 developer contribution levy. That rate will put many potential projects in the area at risk, undermining feasibility and deterring development.

Giving responsibility to Council for Orchard Hills is likely to result in a similarly high contribution rate, which, in our members' view, will kill off feasibility and render the precinct undevelopable. That is an outcome, in an area about to be serviced by a new Metro Station, that must be avoided.

High contribution rates add to the cost of new housing, resulting in prices that may not be supportable within the region.

Further, a Council-led contributions plan would delay infrastructure delivery while the LGA waits for sufficient funding to trickle in from low-rise housing development.

If Orchard Hills is to be a success, it needs to get moving quickly once rezoning is complete.

4. A developer-led rezoning pathway is still the best approach

In our last submission, Urban Taskforce called for a developer-led rezoning pathway.

We believe that this is still the best option for Orchard Hills, as it allows developers to identify and address the unique challenges of the region and the fragmented nature of land ownership.

To support the effectiveness of rezoning, lead developers should be engaged during the masterplan stages to encourage the early delivery of necessary community infrastructure, identified in concert with those seeking to build.

Spot rezoning could allow those developers who can make more density work to seek out opportunities without them needing to be identified upfront, requiring them to amalgamate land before any value uplift can be realised.

It would ensure that existing infrastructure can service the most feasible projects, while new infrastructure is delivered concurrently.

It puts the onus on the developer to take the lead, proposing what they can realistically build, rather than restricting them to what the Department thinks is feasible.

5. Capitalise on CPCP avoided land for open space requirements

Urban Taskforce welcomes the Government's assurances that only a small amount of avoided land will be affected by the rezoning.

This suggests a more pragmatic approach is being taken.

Where such zoning occurs, it should count towards the precinct's open space requirements, to reduce the amount of new open space that developers will be required to deliver.

6. Staging needs clarity

While we recognise the desire to minimise stages to areas that can be currently serviced with infrastructure, this unnecessarily delays housing development.

Timeframes for moving to future stages should be established and infrastructure delivery timetables made clear so that opportunities to deliver housing can be capitalised.

7. Affordable housing levies are unrealistic.

If the Government wants affordability in Orchard Hills, the worst way to achieve it is to tax development for affordable housing.

Affordable housing levies add to the cost of construction.

A 3% levy on a \$600k greenfield could increase the development cost by around \$18k, and this cost has to be passed on to new homebuyers.

It deters new development by increasing the price that dwellings must achieve in order to ensure feasibility.

Further, while the initial EIE proposed a 1% rate rising to 2% in three years for Stage 1, the new EIE has increased that to 2% rising to 3% in one year.

In other words, in a time of rapidly escalating construction costs and poor project feasibility, the Department is doubling, not decreasing, contributions for in perpetuity affordable housing.

This makes no sense, and we strongly urge the Government to reconsider.

If the desire is for affordable housing to be included, an initiative like the infill affordable housing bonus scheme would be more realistic, particularly if the Government still desires for there to be high-density housing. This would enable affordable housing to be delivered without significantly reducing the viability of projects.

8. Be careful about placing additional burdens on an already questionable feasibility equation

The draft DCP proposes several conditions for new housing: 20-30% tree canopy coverage, passive design, bicycle parking, and so on.

While each of these is no doubt proposed with good intentions, they will all add to the cost of housing delivery.

Urban Taskforce recommends caution in relation to these measures, with the focus remaining on increasing housing supply. This is the time for DPHI to give effect to the inclusion of "proportionality" in the objectives of the EP&A Act.

Conclusion

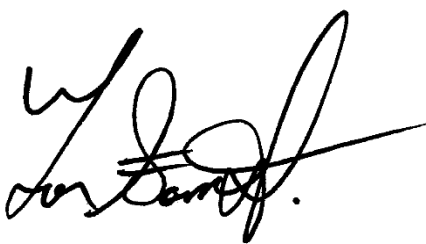
Project feasibility in Western Sydney is a challenge.

The taxes, fees, and charges being applied to new development is proving to be a huge disincentive to creating new housing, and developers are unable to make high-density residential stack up.

Urban Taskforce Australia supports the Orchard Hills rezoning proposal but encourages the Government to take a pragmatic approach that focuses on increasing housing by starting with a housing type which is viable – in this case, low density housing as stated in the Atlas Report referenced above. Reducing fees, taxes and charges will all add to the delivery of a viable new suburb for Sydney.

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

Yours sincerely

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

Tom Forrest
Chief Executive Officer