Urban Taskforce
AUSTRALIA

6 February 2025

Department of Planning, Housing and Infrastructure
4 Parramatta Square,
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Parramatta
NSW 2150

To Whom it may concern

Orchard Hills Rezoning

I write in response to the draft Orchard Hill Rezoning package which is currently on exhibition.

With the upcoming completion of the Orchard Hills West Station in 2026, as part of Metro expansion connecting St Marys heavy rail station with the new Western Sydney Airport, the precinct will enjoy the benefits of being connected to major road and metro infrastructure.

The focus of this rezoning masterplan should be on what is necessary to maximise the new dwelling and employment potential of Orchard Hills.

Urban Taskforce welcomes the policy intention to expand both greenfield development as well as in-fill mid and high-density development across the precinct. However, there are significant challenges that face this rezoning.

Staging for Housing Delivery

The EIE and associated rezoning documentation is too prescriptive in its nature.

The EIE documentation reflects a lack of consultation with industry players and a lack of appreciation of where "quick-wins" can be achieved in terms of housing supply.

It is critical that there is a balance between efforts to deliver desired urban outcomes around Metro Station while drawing in the necessary private sector investment to stimulate short-term housing supply across the entire metro line including Bradfield and Luddenham stations.

Page 38 of the Atlas Report recommends that the Orchard Hills Rezoning approaches staging by prioritising large landholdings surrounding the Metro Station and facilitate low-residential development early, to make retail development viable. The notion of starting with high density and expanding further out to medium density hinges on the capacity of the private sector to deliver a category of dwelling that is, in our view, largely unfeasible in this area, at least for the short to mid-term.

To accelerate uptake, the proposed staging should be reconsidered.

A better strategy would involve a greater focus on building housing stock in the western areas of the Orchard Hills precinct and then moving east towards the Metro Station.

Incentivised development on the western side of the precinct would be supported by main roads, including the Northern Road and would likely build a population base with lower initial infrastructure requirements, that could boost the local economy and support the expansion of retail and commercial, as well as opening up the delivery of mid- and high-rise development projects at the Metro Station through better project viability.

Recommendation 1: that Orchard Hills staging, in addition to metro-centric development, include a staging strategy that also seeks to utilise land parcels where infrastructure already exists on the western side of the precinct.

R3 Minimum Lot Size

Urban Taskforce members advise that in the current property development economic context, the only feasible development will likely be lower-density housing. In order to draw in private sector investment and hasten housing supply, there needs to be early development of the western side of precinct. This would allow densities to increase over time as development moves eastward, closer to the metro station.

The Draft Stage 1 Zoning Map shows a substantial coverage of R3 Medium Density Residential zoned land, with the exclusion on R1 or R2 zoned land. This zone type has typically had the slowest uptake rate in other rezoned precincts.

The minimum lot size of 265sqm per home, proposed by the Orchard Hills Rezoning, does not support the delivery of viable medium-density housing typologies, including attached terraces and townhouses. Considering this with the additional constrains of utility servicing, there is a risk that the current rezoning proposal will repeat the mistakes of Leppington town centre and Austral, where basic errors made by planners rendered those precincts largely undeveloped for a decade or more.

The typical width for this type of housing stock is between 5 and 7 metres. Given a typical lot depth of 30 metres, this would then require a minimum lot size of 150-210sqm. The minimum lot size of 265sqm per home, provided in the rezoning, deviates from common practice, including the Government Architect's recent Pattern Book design competition, that exhibited winners with plans and renders showing these narrow widths.

Without a substantial reduction in minimum lot size, R3 Zoning will not support delivery of housing typologies with lots sizes ranging from 150-250sqm. It will not support increased housing diversity as 300sqm sites will be utilised for detached housing.

Recommendation 2: that the Orchard Hills Rezoning documentation provide the minimum lot size for R3 as 150 metres to allow for attached terraces and townhouses that are being supported by current market interest.

Zoning interfaces and buffers

Many of the boundaries presented in the Stage 1 Rezoning around "*Cumberland Plain Conservation Plan - Avoided Land*" create awkward and sub-optimal development patterns, that are likely to result in poor development outcomes and urban inefficiencies that will continue long into Orchard Hill's future.

While the Cumberland Plain Conservation Plan's intent, to retain established vegetation areas, is a valid urban outcome that contributes to the amenity and value of the precinct, the boundaries should be rationalised. This should take into consideration the trade-offs between areas of established vegetation and areas for revegetation in order to provide the best outcome.

Additionally, the green shaded land buffer zones placed adjacent to the M4 interface, threatens to unnecessarily sterilise a number of sites in close proximity to the Metro Station. The extent should be reviewed with appropriateness and clarity in mind.

Recommendation 3: that DPHI rationalise the 'Cumberland Plain Conservation Plan - Avoided Land' in the Stage 1 area with the focus on better development outcomes and future urban inefficiencies and provide better clarification of future zoning intent along the M4 interface.

In-fill affordable housing provision exemption

Page 27 of the Orchard Hills Explanation of Intended Effect (EIE) switches off the In-fill Affordable Housing provision, giving the reasoning that "*the precinct is subject to a state-led rezoning for a greenfield release area, that has included a recent place-based urban design and infrastructure capacity assessment.*" This is not supported.

Page 31 of the EIE indicates a 1% affordable housing contribution rate be applied at the rezoning of Stage 1 and a 2% rate, 3 years from that date.

The infill affordable housing provisions are one of the most successful policy initiatives currently in effect. This is because they target the issue of project feasibility, and offer a solution: a bonus to height and density with the delivery of affordable housing. This policy is producing additional market and affordable housing, both of which alleviate the housing crisis. This increase is not primarily because there is simply 20-30% more housing stock, but because the whole project was feasible and able to meet the requirements of the banks or financiers and proceed.

This bonus is designed to overlay previously established policy and masterplans. It is an enhancement mechanism designed for the housing crisis. Moreover, not every project will evoke this provision. Orchard Hills will likely face the issue of slow uptake as market conditions disallow the private sector to absorb the cumulative volume of apartments proposed. There is little chance that infrastructure capacities will be of concern in the near- to mid-term.

Removing the In-fill affordable housing provision reduces the optionality of developments that may be ready to go, it significantly harms project feasibility in light of the material costs, labour costs, planning and legislative challenges of the current economic climate.

The "in-perpetuity affordable housing contribution, as proposed, hinders early movers that are much needed for Orchard Hills to be a success. Instead, Urban Taskforce members advise that the application of the infill affordable housing bonus is essential to making Orchard Hills a competitive investment option.

Recommendation 4: that the rezoning of Orchard Hill include the in-fill affordable housing bonus provisions of the Housing SEPP.

Local Contributions

The Local Contributions Background Report does not reflect the nuance of project feasibility.

Urban Taskforce members have advised that the Observations and Feasibility and Up-take analyses provided in the Atlas Economics, Orchard Hills Precinct Economic and Feasibility Study are over-optimistic.

The two methodologies applied: Residual Land Value method and Direct Comparison method do not predict future delivery cost escalation nor the price ceilings existing in the region.

The Study's optimistic "When, not If" attitude to development uptake (housing supply) does not address the fine-grain nature of project viability or how the private sector will meet the feasibility requirements of a project in order to delivery housing or commercial spaces in Orchard Hills.

Page 31 of the EIE proposes local infrastructure contribution rates of $83,960 – $118,654 per dwelling for Wianamatta-South Creek and $86,854 - $132,119 per dwelling for the Claremont Creek sub catchment.

However, these rates are only feasible for detached, low-density housing.

This is a disincentive for larger development proponents that seek to lead precinct expansion through medium- and high-density projects, as it places a fee on each dwelling, regardless of the density efficiency achieved by the project.

Recommendation 5: DPHI should review and change the contributions framework to incentivise movement from lead developers who are focusing on medium and high-density housing projects.

Learn from the mistakes of the past

When planners err in their anticipation of market changes, the results can be dire. This plan risks making this very error.

The rezoning of both the Austral and Leppington North precincts provide cases in point. Incorrect assumptions on the capacity of the market to consolidate land parcels resulted in Austral delivering a meagre fraction of the housing supply anticipated.

In Leppington, the forecasts for the take-up of low rise residential development was good, but the strategic planners who zoned Leppington town centre for high rise commercial development did that precinct a massive dis-service.

They clearly did not consult with industry on the likely take up of commercial GFA in that area.

Case Study: The Rezoning of Austral and Leppington

The rezoning of both these precincts, carried out by the NSW Government then left the delivery to Liverpool City Council and the private sector. This manifest failure in in strategic planning stands as the benchmark worst case for planners acting without adequate depth of consultation with the private sector. They missed the market and Leppington town centre atrophied.

After spending hundreds of millions of dollars building the new Glenfield to Leppington rail line, the only further development in the precinct for many years was to the car park!

Similarly, the failure of Austral's rezoning and subsequent glacial development can be attributed to a lack of detailed analysis from the Strategic Planners of the day. The critical error was the creation of expectation among the five-acre lot holders of unrealistic land values, resulting in virtually no consolidation of the land to a form that would facilitate sensible or feasible development.

In short, the rezoning of this precinct served to bumped up the price of the highly fractionalised lands, making acquisition even more difficult and all but stopping the housing delivery that was the initial intention of the rezoning.

A Developer-Led Rezoning Pathway

The Orchard Hills Precinct has unique qualities that present challenges to development. A primary issue is the fragmented nature of landownership in the precinct. This presents challenges to investment and uptake of development.

Urban Taskforce members are concerned about the apparent reliance on Penrith Council for the delivery of local infrastructure and the likely knock-on effect arising from Council needing to wait for sufficient contributions to trickle in from low-rise development before land acquisition and delivery would be able to commence. In short – we need to get Orchard Hills going with the quick wins early.

For example, the Stage 1 Rezoning proposes a 11,600-dwelling capacity, despite the Servicing Strategy's indication of a capacity limit of 2,500 dwellings with electricity and 3,750 dwellings with water and wastewater. This gap will need to be met with utility upgrades if additional supply is expected. Furthermore, these upgrades or at least their announcement promises, should instil confidence in the private sector and their financiers who will be delivering this housing stock.

To support the effectiveness of the rezoning plan, lead developers should be engaged during the masterplan stages to evoke the early delivery of community infrastrucutre. This should be conducted through a developer-led rezoning pathway.

This pathway could allow spot rezoning to take place from developer proposals, based on a capital investment value or a dwelling number threshold. Landowners and development proponents would then need to work on amalgamation before any value uplift could be realised. Penrith Council, as a large LGA, would be well placed to trial such an iniative.

This would deliver better precinct outcomes by driving amalgamation and bringing investment into infrastructure at the earliest stages.

In order to make early infrastrucutre delivery more potent, this provision should be backed up with a minimum site area amalgamation provision in the LEP. The coordination of loan funding available for Council to acquire and deliver infrastructure early, with these loans being repaid as development contributions are received.

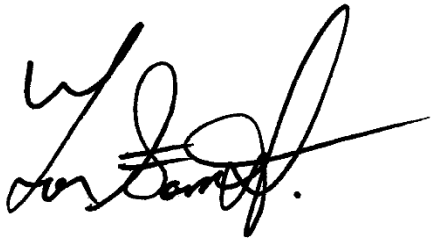
Recommendation 6: that DPHI create a developer-led rezoning pathway focused on driving early delivery of infrastructure supported by an amendment to the minimum site area amalgamation provision in the LEP and a provision for Council to take infrastructure funding credit that can be paid back as development contributions are paid.

Conclusion

The proposals contained in the foregoing seek to mitigate the challenges identified by Urban Taskforce members associated with the early development of Orchard Hills.

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