

8 November 2024

Tom Loomes

Executive Director – Strategic Planning & Policy
Department of Planning, Housing and Infrastructure
via email: tom.loomes@dpie.nsw.gov.au

Michael Player

Director, Engagement and Concierge
Department of Planning, Housing and Infrastructure
via email: mike.player@dpie.nsw.gov.au

RE: Metropolitan Rural Areas (MRA) Planning Controls Review Submission

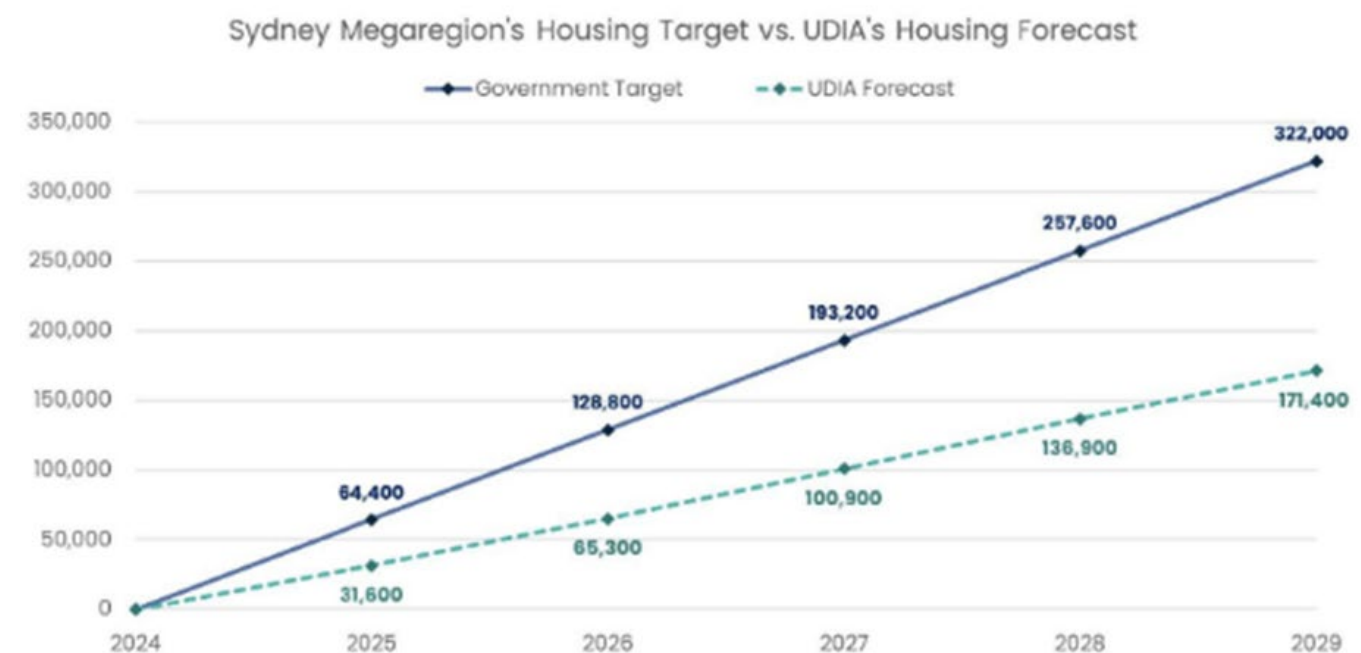
Urban Development Institute of Australia NSW (UDIA) is the state's leading development industry body. We represent the leading participants in the industry and have more than 450 members across the entire spectrum of the industry including developers, financiers, builders, suppliers, architects, contractors, engineers, consultants, academics and state and local government bodies.

UDIA invests in evidence-based research that informs our advocacy to state, federal and local government, so that development policies and critical investment are directed to where they are 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. In NSW alone, the property industry creates more than \$581.4 billion in flow on activity, generates around 387,000 jobs and provides around \$61.7 billion in wages and salaries to workers and their families.

UDIA welcomes the opportunity to make a submission to the Department of Planning, Housing and Infrastructure on practical improvements to the existing provisions governing the Metropolitan Rural Area and existing land use strategies surrounding Greater Sydney. UDIA NSW has long supported a review into the existing impediments to development in the Greater Sydney region, as well as the existing planning controls governing the Metropolitan Rural Area borders.

The MRA has prevented several well intentioned and well-planned developments from commencing in areas which exhibit similar strategic planning merit, to areas which are adjacent to but which sit within the MRA boundary. Amid a housing supply crisis where greenfield housing development is arguably the most feasible to develop, we believe that sensible and pragmatic changes to the MRA could greatly assist in helping achieve the state's housing ambitions without contravening strategic planning principles.

UDIA's first edition of the National Housing Pipeline (NHP)[®] report for New South Wales, released in September 2024, presented real concerns around the capacity for NSW to meet its housing targets. The NHP has identified that without additional interventions from government, the Sydney Megaregion is unlikely to exceed 171,400 completed homes during the five-year National Housing Accord period, representing a shortfall of 150,600 homes.



-ENDS-

Sydney Megaregion: Metropolitan Sydney, Central Coast, Lower Hunter, Illawarra-Shoalhaven

Critically for the NSW Government, the NHP research concluded there will be a significant shortfall in the Government's "Planned" housing targets, which are heavily weighted to greenfield development. UDIA, together with its members, has developed a practical set of recommendations which we encourage the NSW Department of Planning Housing & Infrastructure (DPHI) to consider. These include:

- 1. UDIA recommends updating MRA maps and tools and to assist the development industry in accessing better data relating to the MRA, updating planning controls for the MRA and providing for greater density within the MRA.**
- 2. UDIA encourages the Department to consider essential updates to the Western Sydney Cities Plans and provide long awaited refreshed District Plans, which incorporate previously excluded MRA areas and potential development opportunities.**
- 3. UDIA recommends the MRA be amended to be intentionally more flexible and open to allowing site specific housing opportunities to be informed by locally based investigations.**
- 4. UDIA encourages the Government to divide MRA zoned land into two categories – ‘peri-urban’ and ‘MRA’. This would better reflect the reality – that there is significant amounts of land outside the current growth boundary that often comprises a diverse mix of land-uses and doesn’t truly support the values of the MRA that would be better recognised as ‘peri-urban’.**
- 5. Implement a merit-based approach and checklist of values/attributes that define genuine MRA land, and then allow a technical and merit-based assessment against these to inform whether MRA provisions should be applicable to any site.**
- 6. That the NSW Government considers further investigating the 5 key sites which within the MRA, identified by UDIA for additional dwelling capacity.**

MRA Overview & Need for Greater Resources:

UDIA’s 2023 ‘State of the Land report’ identifies that new dwelling growth in Sydney is not keeping pace with population growth and there are constraints in the forward dwelling supply pipeline. It found that overall housing supply remains low, and rents have been pushed to their highest level on record due to low vacancy rates. Further, it found that land supply constraints played a role in the diminished sales performance in Sydney’s greenfield corridors with rising levels of unmet demand.

A minor adjustment to the Metropolitan Rural Area and urban growth boundary could play an important role in delivering greater housing choice in outer suburbs which offer larger lot sizes, rural-residential lifestyle and greater amenity. The potential new supply of housing for working professionals accessing jobs created by the Western Sydney Airport and new employment areas surrounding growth areas in the Greater Macarthur, Wilton and Appin is needed to keep up with

growing demand from out Sydney based residents and communities. The current rationale for the MRA is imprecise and is confusing to all stakeholders, with UDIA members indicating that existing management of the MRA is very *ad hoc*, and that there is currently no process or criteria to provide guidance for prospective development applicants.

MRA – Objective 29 in the 2018 ‘Metropolis of Three Cities Region Plan’, released by the then Greater Sydney Commission, effectively added an additional strategic planning barrier to housing supply on Sydney’s fringe. The MRA protects all rural land, rural villages, first nations cultural heritage, land with environmental significance, view corridors and vistas, character of town villages and the tourism and recreation opportunities in the area by prohibiting significant residential and commercial developments from occurring. The current interpretation of the MRA in the Region Plan is inflexible. When it was introduced, the MRA was meant to be a guideline, which was open to merit-based considerations of potential development. The MRA was always designed to provide “an urban growth boundary” however was very complicated. Introducing a new ‘peri urban’ zone as part of the existing MRA area would be a significant leap toward addressing this issue by enabling development to occur in a measured way in areas closer to existing infrastructure and urban developments on greater Sydney’s outer urban fringe.

Recommendation:

- 1. UDIA recommends updating MRA maps and tools and to assist the development industry in accessing better data relating to the MRA, planning controls and providing for greater density.**
- 2. UDIA encourages the Department to consider essential updates to the Western Sydney Cities Plans and provide long awaited refreshed District Plans, which incorporate previously excluded MRA areas and potential development opportunities.**

Opportunities for Merit Based Assessments:

The MRA has been used as an overarching designation covering land that can have individual attributes, for example environmental value, scenic values, agricultural uses etc., or some combination of these, which is a very broad stroke strategic planning approach that we believe does not best identify opportunities and sites that are appropriate for housing supply. It is reasonable to ask why appropriate protection can’t simply be achieved through zoning, such as environmental or other LEP overlays such as scenic protection and agricultural designation.

There is an absence of clear guidelines and process for assessing developments which are within the MRA. There is no defined framework for understanding what MRA values and measures are, when assessing developments and concerningly there is a lack of readily accessible information for industry to access. UDIA believes that a strategic review of the MRA should include a site by site strategic and merit-based assessment based on publicly accessible guidelines. We would welcome the opportunity to work with the Department to establish these guidelines on behalf of industry more broadly. In the context of a review, the MRA should overlay any value, along with other land use documents, to identify true and accurate sites that could be development ready. Currently there is no guidance or detail about the values of the MRA or how to apply the action to specific areas. It is noted that the responsibility for implementing this action is councils and other planning authorities. It is assumed that it is left to each council to interpret this through studies and strategies. The varying interpretation of the MRA objectives needs to be clearly detailed to provide precise and clear direction for industry more broadly.

There is an urgent need for greater precision when it comes to planning principles around the mapping and objectives of MRA's, along with the need to show clearly how inconsistencies might be overcome in cases where a merit assessment would support development. For example, where new investments in classified roads enable the development of land that has not been used for any agricultural purpose for a period of time. The MRA should be amended to be intentionally more flexible and open to allowing site specific housing opportunities to be informed by locally based investigations. The Department has unintentionally made the MRA designation so broad, that it undermines the legitimate intent of protecting certain valuable land because of other initiatives aimed at elevating areas that don't have the same value.

UDIA notes that the Department already has an example of 'flexibility' within a strategic plan, namely the North Coast Region Plan 2041. This plan includes an appendix that sets out 'Urban Growth Area Variation Principles' – which is comparable to the idea of varying or developing within the MRA. A key distinction is that this plan, perhaps helpfully, was prepared by the Department and not the Greater Cities Commission. UDIA encourages the Department to consider implementing this assessment off the 'site compatibility certificate' process, which would occur before any proposal is submitted and assessed by certifying authorities. Proponents would go through a process to assess whether MRA applies before committing the investment to a full planning proposal.

Recommendation:

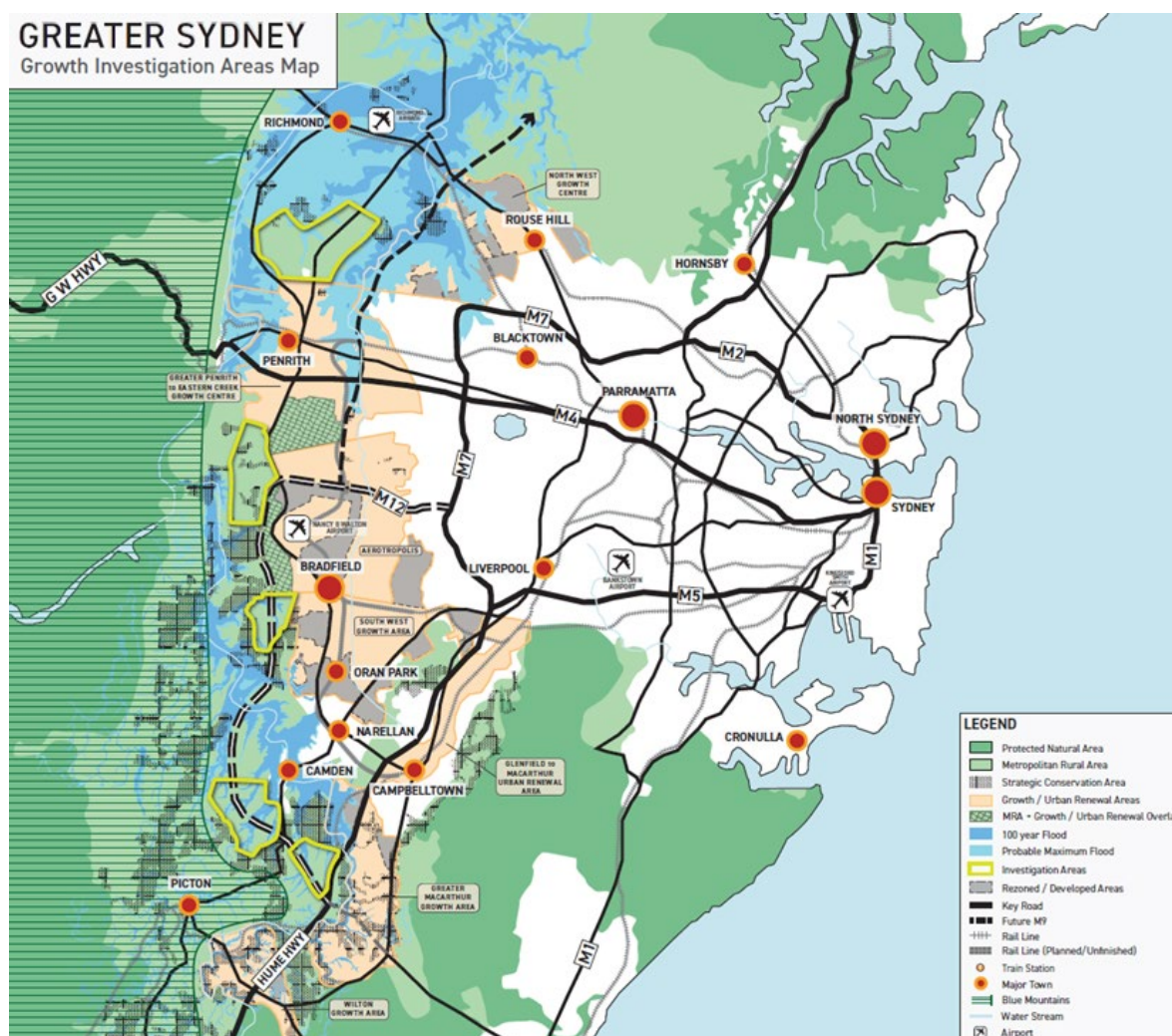
- 3. UDIA recommends the MRA be amended to be intentionally more flexible and open to allowing site specific housing opportunities to be informed by locally based investigations.**
- 4. UDIA encourages the Government to divide MRA zoned land into two categories – ‘peri-urban’ and ‘MRA’. This would better reflect the reality – there is plenty of land that is outside the current growth boundary that often comprises a diverse mix of land-uses and doesn’t truly support the values of the MRA, this is better recognised as ‘peri-urban’.**
- 5. Recommendation: Implement a merit-based approach and checklist of values/attributes that define genuine MRA land, and then allow a technical and merit-based assessment against these to inform whether MRA provisions should be applicable to any site.**

The Department of Planning, Housing & Infrastructure still relies on outdated maps contained in original reports released by the Greater Sydney Commission and Greater Cities Commission and this has left industry without the necessary tools needed to identify constraints on MRA lands across Greater Sydney. UDIA wishes to emphasise the need to better investigate development ready lands which fall within the MRA zones surrounding large swathes of Western Sydney. Wollondilly and Camden Council have developed MRA maps specific to their LGA’s however, strategic opportunities which challenge the planning status quo under the Planning Proposal Process require a rigorous assessment process to determine the community housing and social benefits being derived. The few strategic sites and opportunities available for development are currently hampered by the MRA exclusion zone and require better resources to mapping tools and identification of MRA effected lands to enable more informed decision-making processes to be undertaken.

UDIA and its members have prepared a plan below of Western Sydney, which maps out 5 investigation areas shown to support this submission to DPHI. In relation to areas and potential yields, UDIA has utilised a conservative and measured approach to dwelling yields based on the 5 identified site areas identified in the map below. The table identifies the total dwelling delivery target, along with the impacts on existing total MRA areas.

Investigation Areas	Size (Ha)	% of total MRA area	Potential Yield (dwellings)
Northwest	3400	1.1%	20,000
South Penrith	2000	0.6%	10,000
Greendale	1000	0.3%	5,000
Cawdor	2100	0.7%	15,000
Menangle	900	0.3%	7,500
TOTAL	9,400	3.0%	
Total Dwelling Potential			Up to 57,500

The potential contribution to the National Housing Accord Targets, should the MRA be reviewed and amended to include the 5 key sites outlined above, would be in the order of up to 57,500 dwellings. The appendix to this submission includes more detail on a specific development opportunity in Menangle which is contained in the above investigation areas. UDIA would welcome an opportunity to work with DPHI should it determine to undertake a further investigation of these five areas and further details can be provided upon request for other areas included in the above table.



Recommendation:

- 6. That the NSW Government considers further investigating the 5 key sites which are within the MRA, identified by UDIA for additional dwelling capacity.**

There is not a single silver bullet which will assist NSW in delivering on its National Housing Accord targets of 377,000 homes over 5 years. We need to do what we can now to make sure that together they work to deliver more supply that is so desperately needed. We believe a targeted review of the MRA based on the recommendations we have made above would be a simple, and sensible way to , to bring on more housing supply.

UDIA's Director – Greater Western Sydney, Charles Kekovich is available to work with your team should you have any additional queries regarding the above submission. Charles can be contacted on 0409 776 588 or ckekovich@udiansw.com.au.

Yours sincerely,



The Hon Stuart Ayres
Chief Executive Officer
UDIA NSW

Appendix 1: Mt Taurus and Menangle Accelerated Growth Precinct

There are opportunities in Menangle, Wollondilly Shire, for an unrivalled accelerated Transport Orientated Development on one of the last remaining rural lands east of the Outer Sydney Orbital, within the catchment of Menangle Railway Station and developing village centre.

Strategically located at the southern apex and entry point to Metropolitan Sydney, and adjoining both the Greater Macarthur and Southwest Growth Areas, the Menangle Accelerated Growth Precinct is one of an extremely limited number of areas which is:

- 600 ha in size.
- within 800m – 1,200 m of Menangle Railway Station centre around Menangle Village.
- located between the Outer Sydney Orbital and the Southern Highlands Railway Line.
- flood free and relatively unconstrained.
- serviceable with sewer and water at limited cost.
- estimated to deliver 7,500 dwellings for 21,000 people.
- adjacent to an existing urban area and emerging urban development within Campbelltown and the Greater Macarthur Priority Growth area, and
- undergoing both residential and proposed employment development.

Situated within the rural setting is Mount Taurus comprising a total of 229.5 ha of land currently used for unproductive and unsustainable crop and cattle farming adjacent to Menangle village.

The Tier 1 developers' vision is proposed to deliver an integrated, holistic village community anchored by a sense of belonging and wellness with opportunities in diverse housing, employment, and education. Also underpinned by its rural history with an embedded connection to nature and the environment, the proposal includes significant investment in agriculture and connected retail, eco-tourism, hospitality and wellness business opportunities. With strong emphasis on natural landscaping, the proposal looks to celebrate the Aboriginal and European heritage significance of the area.

Upon completion, the transformation of the site proposed delivers more than 110 ha of open space including 2 major sporting ovals, 740+ ongoing local jobs in 4,500m² of retail GFA and 3,825m² of commercial GFA, provision for a year K-12 education facility, University faculty and "Continued Learning" infrastructure, as well as circa 1,850 low and medium density dwellings.

Submitted as Planning Proposal to Wollondilly Shire Council in 2021, the proposal was rejected largely on strategic grounds with a strong reliance on perceived restrictions of the MRA. The evidence is that, based on existing and proposed development, the strategic setting of the growth precinct is changing and the MRA restrictions need amendment.

By adjusting the boundaries of the Metropolitan Rural Area (MRA) to enable a 'Menangle Accelerated Growth Precinct' to be recognised in the new Region Plan significant diverse and affordable housing opportunities in a location that benefits from existing and planned infrastructure. The identification of the Outer Sydney Orbital corridor has established a new urban growth boundary that needs to be recognised in the strategic framework for the Region Plan.

The key justification for the site's suitability is summarised below:

1. Capacity for transit oriented urban development in Menangle that contributes to housing supply

The Menangle Accelerated Growth Precinct presents an opportunity to increase housing supply, on serviceable, relatively unconstrained land, within the catchment of Menangle Railway Station and evolving urban development in Menangle Village.

2. The Outer Sydney Orbital has redefined the urban growth boundary of Sydney

The Menangle Accelerated Growth Precinct is one of the last remaining areas east of the Outer Sydney Orbital corridor that is capable of urban development. The transport corridor has defined the boundary of urban growth, delineating the MRA from urban development.

3. The current MRA boundary does not accurately represent rural land in Greater Sydney

The MRA is a high level, broad overlay of rural land across Greater Sydney. It does not accurately reflect local place-based characteristics, placing unnecessary and unreasonable restrictions on urban development.

4. There is a misalignment with the MRA in Menangle with existing and planned infrastructure and urban development

The characteristics of the rural land in Menangle do not align with the MRA, particularly the absence of local place-based planning that defines its values. There are land use conflicts in Menangle with existing and planned infrastructure (Outer Sydney Orbital) and urban development that detracts from its agricultural potential. Rural land perceived as economically viable is simply no longer able to sustain a living.

The Mt Taurus Planning Proposal offers a unique opportunity for a sustainable landscaped led, clustered living multi-generational housing model, on highly developable land integrated with agriculture, biodiversity, open space and community.