



Mr Peter Gainsford
General Manager
Inner West Council
PO Box 14
PETERSHAM NSW 2049

Dear Mr Gainsford

Inner West Council - Local Housing Strategy

Thank you for submitting Inner West Council's Local Housing Strategy (LHS) to the Department.

The Department commends Council on preparing a robust evidence base to support its LHS, providing Council with a clear understanding of the housing needs of the Inner West local government area and a strong commitment to strategic planning.

I can confirm that I have determined to approve Inner West Council's LHS adopted by Council on 3 March 2020. My decision reflects the analysis undertaken to develop a comprehensive strategic planning and an evidence base to inform your LHS and deliver 5,000 – 5,700 dwellings for the period 2021-26.

In doing so, I have determined that:

- The LHS addresses housing supply, including the 6-10 year housing target, to be delivered mainly through existing capacity, PRCUTS, the Sydenham to Bankstown Urban Renewal Corridor and Council-identified investigation areas. This is subject to the requirements of approval listed below.
- The LHS addresses the need for housing diversity through place-based approaches to increasing diversity, subject to the requirements identified below.
- The LHS addresses housing affordability and includes a commitment to prepare an Affordable Housing Contributions Scheme (AHCS).
- The LHS is generally consistent with Section 9.1 Directions and SEPPs, except for Section 9.1 Direction 7.3 and subject to the requirements identified below.
- The LHS is consistent with the Eastern City District Plan, subject to the requirements identified below.

My approval is subject to the following requirements:

1. Within four (4) months of Council being notified of the LHS approval, Council is to prepare an updated and prioritised Implementation and Delivery Plan that clearly articulates the actions, roles and responsibilities, sequencing and timing to facilitate housing supply, diversity and affordability between 2021 and 2026 and beyond. The Plan should be prepared in consultation with DPIE, TfSNW and Infrastructure NSW, to ensure any critical interdependencies are satisfactorily resolved.

2. Council is to submit to DPIE for Gateway Determination its planning proposal for the areas of the PRCUTS (Leichhardt, Taverners Hill, and Part of Kings Bay) 3 months (excluding the Christmas and New Year period) from the time when there is finalisation and provision of the results of the Department's associated transport modelling to council. This planning proposal is to be submitted to the Department for finalisation 6 months after Gateway Determination is issued. This approach is necessary for council to achieve its 6-10 year housing targets.

If this doesn't occur council is to undertake one or more of the following actions to enable additional housing in order of 1,600 or more dwellings that will support achievement of council's 6-10 year (2021-2026) housing target:

- Prepare, progress and implement a planning proposal (or proposals) to rezone parts of Marrickville and/or Dulwich Hill as per the LHS; and/or
- Prepare, progress and implement a planning proposal (or proposals) to rezone the sites identified by Council in the LHS, which include:
 - Lilyfield East, Arlington and Waratah Mills (Integrated Light Rail/Metro West/Metro Southwest);
 - Leichhardt South, Leichhardt North and Lilyfield West (Small Lot Conversion);
 - Leichhardt Marketplace/Marion Street Precinct, Summer Hill 'opportunity site' and Marrickville Metro 'opportunity site' (Site Specific Investigations); and/ or
 - other proposed rezonings in the LGA that have arisen since the preparation of the LHS.

One or more of these alternative proposals are to be submitted to DPIE for Gateway Determination by end of March 2022 and should be submitted to DPIE for finalisation 6 months after Gateway Determination is issued.

3. If Council proceeds with its planning proposal for PRCUTS in accordance with the above it is also required to immediately progress with planning work that will lead to rezoning of the Marrickville and Dulwich Hill Stations precincts identified in the Local Housing Strategy.

Specifically, council is to submit to DPIE for Gateway Determination its planning proposal (or proposals) for these areas by or before end of June 2022. This planning proposal is to be submitted to the Department for finalisation 6 months after Gateway Determination is issued. This approach is necessary for council to further achieve its 6-10 year (2021-2026) housing targets in addition to the planning proposal for PRCUTS. These proposals will also enable council to contribute to future housing supply beyond this timeframe.

4. Alternatively to requirement No. 3, Council should proceed with planning work that will lead to rezoning of one or more of the following as outlined in its Local Housing Strategy (not already committed under requirement 2):
 - a. Lilyfield East, Arlington and Waratah Mills (Integrated Light Rail/Metro West/Metro Southwest);
 - b. Leichhardt South, Leichhardt North and Lilyfield West (Small Lot Conversion);
 - c. Leichhardt Marketplace/Marion Street Precinct, Summer Hill 'opportunity site' and Marrickville Metro 'opportunity site' (Site Specific Investigations); and/ or
 - d. other proposed rezonings in the LGA that have arisen since the preparation of the LHS.

These alternative proposals are to be submitted to DPIE for Gateway Determination by end of June 2022 and should be submitted to DPIE for finalisation six months after

Gateway Determination is issued. These proposals will also enable council to contribute to future housing supply beyond this timeframe.

5. Council is to monitor and review the supply and delivery of housing, in particular to track its performance against the 6-10 year housing target and to evaluate what medium density and diverse housing is delivered under the changes adopted through amendments to the LEP(s).
6. Council is to prepare a program to monitor and review the supply and delivery of housing, in particular the 6-10 year housing target, to monitor market take-up and understand whether further incentives to increase housing supply in the LGA may be required. This should also include evaluation of what medium density can be delivered under changes adopted through amendments to council's LEP(s).
7. Council is to consider and include diverse housing opportunities within all place-based planning work, to ensure housing diversity is encouraged and enabled, particularly within identified centres.
8. Council is to prepare an Affordable Housing Contribution Scheme that commits Council to examining the feasibility of levying affordable housing contributions for any new planning proposals that would result in development uplift or an increase in land value. This will ensure that planning proposals give effect to the District Plan, Action 17 to prepare an Affordable Housing Contributions Scheme.
9. Council is encouraged to review the impacts of the proposed Housing Diversity SEPP on the provision of affordable housing, student housing and seniors housing in the LGA, within six months of gazettal of the new SEPP and consider any necessary changes to its controls to continue to support and encourage these forms of alternative housing in the LGA.
10. Council's LHS is identified as being inconsistent with PRCUTS as it proposes an alternative approach to industrial land identified for land use change. To support a strategic led approach under the Eastern City District Plan and the PRCUTS, land use change for industrial land identified in the PRCUTS is to be implemented and is to prevail to the extent of any inconsistency with the approach to industrial land identified in Council's Local Housing Strategy.
11. The *Section 9.1 Ministerial Direction - 7.3 Parramatta Road Corridor Urban Transformation Strategy* (as amended and current) is to prevail to the extent of any inconsistency with the approach identified in relation to PRCUTS within Council's Local Housing Strategy.
12. Council is to prepare a program to undertake place-based planning for the LGA, incorporating a centres hierarchy, to identify broader opportunities for increasing housing capacity and supply across the LGA and to provide a holistic and consistent vision and approach for those places. This place-based planning work is to consider the inclusion of seniors housing, affordable housing, medium density and diverse housing typologies.
13. Council is to continue to collaborate with the Department, relevant State agencies and private consultants to implement PRCUTS and other places outlined in its Local Housing Strategy, in order to ensure sufficient housing capacity and delivery in the Inner West. This requirement is to be undertaken in conjunction with the relevant requirements above.
14. Council is to prepare principles for assessing proponent-initiated requests for Planning Proposals, including out-of-sequence criteria to consider any additional opportunities for growth that are not identified in its Local Housing Strategy HS, or for urban renewal opportunities.

15. The direction and strategic planning approaches endorsed in any State led strategies or plans are to prevail in the event of any inconsistency with this approval and/or the Council's local housing strategy (as revised and current).
16. Council is to update or revise the Local Housing Strategy to inform Council's updates/revision to its local strategic planning statement following the making of a future District Plan.

Any planning proposals for new housing development will be assessed against Inner West Council's LHS, the requirements above and Advisory Notes enclosed. Any State Government policy changes that may occur in the future are to prevail in the event of any inconsistency.

Implementing your Local Housing Strategy

The State Government is committed to reducing the time taken to complete planning proposals that support housing delivery by tailoring the steps in the process to the complexity of the proposal, and by providing clear and publicly available justification for each plan at an early stage.

To meet these commitments, a detailed implementation plan is required. This should reflect a comprehensive work program for all strategic planning work Council commits to undertake to implement its LHS, and should include but not be limited to:

- Preparation of an implementation plan with a priority work program with clearly defined roles, responsibilities and definitive timeframes with risks and dependencies identified. This is encouraged to be informed by resourcing and budgets to demonstrate how housing targets will be delivered.
- Preparation of a place-based and/or centres-based planning program that investigates the opportunities and constraints of broader places in the LGA, identifying areas where greater uplift or changes to planning controls may be feasibly delivered. This is encouraged to ensure a holistic approach to planning is undertaken in the LGA.
- Inclusion of a summary of any community feedback received during exhibition and identify how this has informed the final version of the LHS.
- Ongoing consultation with relevant State agencies and the Department to progress key planning approaches in the LGA (including PRCUTS and impacts arising from Sydney Metro City and Southwest, Sydney Metro West and improved light rail capacities).

Local Housing Strategy Reviews and Updates

A review and update process will provide an opportunity to align Council's LHS and LSPS, together with the housing targets and diversity outlined in the District plan, ensuring a cohesive strategic planning framework is in place for the Inner West LGA.

It will also provide Council with the opportunity to improve and clarify aspects of the LHS. The advisory notes enclosed provide specific guidance on matters that Council is encouraged to consider when updating the LHS. The Department will expect these same matters to be addressed in planning proposals and will be reinforcing them through Gateway determinations as an interim measure in the absence of the LHS review process.

We strongly recommend that council also review and revise (where required) its LHS before the LSPS is required to be reviewed by the Greater Sydney Commission. This will help best inform the next update to the LSPS.

Once again, I would like to take this opportunity to acknowledge the significant amount of work your team has undertaken to develop the LHS. Please be advised that the LHS will be published on the NSW ePlanning Portal alongside this letter of approval and advisory notes.

Should you have any further questions, please contact me on 8275-1128.

Yours sincerely



Amanda Harvey
Executive Director
Local Strategies and Plan Making

8 July 2021

Encl: Advisory Notes

Inner West Local Housing Strategy

Advisory Notes

The following advisory notes identify the further work Council will need to undertake to strongly position future planning proposals and further iterations of the Local Housing Strategy (LHS). The advisory notes provide specific guidance on matters that Council is encouraged to consider when next updating the LHS. The Department will expect these same matters to be addressed in planning proposals, and will be reinforcing them through Gateway determinations as an interim measure until the LHS is further updated in accordance with the approval requirements and these notes.

Matter	Consideration for future LHS updates and preparation and assessment of planning proposals
Supporting the conditions	
Affordable Housing Contribution Scheme	<p>Council's LHS evidence-base is considered sufficient to justify the preparation of a SEPP70 affordable housing contribution scheme. A condition of approval of the LHS is included which requires Council to prepare a scheme that sets out delivery and rent models, tenant eligibility criteria, tenancy allocation, asset ownership and management.</p> <p>Action 17 of the Eastern City District Plan requires Council to prepare an affordable housing contribution scheme. The scheme would be prepared in advance of any out-of-sequence planning proposals and sends a critical signal to the market regarding Council's strategic planning intentions with regard to affordable housing provision. It will also commit Council to examining the feasibility of affordable housing contributions for all new proposals that are likely to result in an uplift of land value. If feasible and appropriate, affordable housing contributions would be required by LEP provisions that implement the contributions scheme.</p> <p>The scheme should be prepared in accordance with the Greater Sydney Region Plan key parameters for successful implementation of Affordable Rental Housing Targets and the NSW Government's <i>Guideline for Developing an Affordable Housing Contribution Scheme</i>.</p>
Making appropriate provision for any additional housing opportunities that may arise out of sequence	<p>The inclusion of a transparent and robust framework to consider additional opportunities will assist Council, the Department and other relevant agencies to assess proposals that are out of sequence and scope of identified priorities in the LHS. It will also ensure that changes to land use or development controls do not take place without demonstrating strong strategic merit.</p>



Matter	Consideration for future LHS updates and preparation and assessment of planning proposals
	<p>Council is encouraged to develop a framework within which to consider such proposals, including but not limited to:</p> <ul style="list-style-type: none"> • Strategic merit and case for change • Robust demographic evidence • Demand analysis and economic impacts • Infrastructure delivery and funding to be borne by the proponent • Stakeholder consultation and outcomes • Sustainability and resilience • Social and affordable housing contribution
Ongoing implementation	<p>Future iterations of the LHS should be underpinned by an implementation plan with a priority work program, clearly defined roles, responsibilities and definitive timeframes with risks and dependencies identified. This is encouraged to be informed by resourcing and budgets to demonstrate how housing targets will be delivered.</p> <p>The updated implementation plan prepared by Council and shared with the Department should specifically address:</p> <ul style="list-style-type: none"> • Council’s work in relation to significant infrastructure, investment and transformation projects, including: <ul style="list-style-type: none"> ○ Sydenham to Bankstown Urban Renewal Corridor ○ Parramatta Road Corridor Urban Transformation Strategy ○ integrated light rail/Metro West sites ○ main suburban rail line improvement sites. • Council’s work in relation to site specific opportunities: <ul style="list-style-type: none"> ○ small lot conversion ○ Balmain and Summer Hill opportunity sites ○ Leichhardt Marketplace/Marion Street Precinct ○ Marrickville Metro site. • The preparation of a place-based and/or centres-based planning program that investigates opportunities and constraints in the LGA, identifying areas where greater uplift or changes to planning controls may be feasibly delivered.

Matter	Consideration for future LHS updates and preparation and assessment of planning proposals
	<ul style="list-style-type: none"> The preparation of an Affordable Housing Contribution Scheme that commits Council to examining the feasibility of levying affordable housing contributions for any new planning proposals that would result in development uplift or an increase in land value. The preparation/progression of the Consolidated LEP planning proposal to implement a single LEP for the Inner West LGA.
For inclusion in future iterations of the LHS	
Review and monitoring framework	<p>Revisions to the LHS may be required in response to significant changes in the LGA such as announcements on new infrastructure investment and employment opportunities, significant changes in projected population growth or updates to the LSPS.</p> <p>The implementation of a monitoring and review system and establishment of housing targets for medium-density and seniors housing to determine whether future changes to the LEP and/or DCP are required to incentivise or encourage housing diversity and diversity of housing typologies, including any necessary changes to the Inner West LEP (once gazetted) in response to the Housing Diversity SEPP (once finalised). The framework should also review the supply and delivery of housing, including the 6-10 year housing target.</p>
Community and Stakeholder Engagement	Incorporate findings from the exhibition of LHS as well as relevant community and stakeholder engagement.
Consultation and engagement with agencies	<p>Council is to continue consultation with TfNSW in relation to:</p> <ul style="list-style-type: none"> Future Transport 2056 initiatives, such as the Parramatta Road public transport improvements, the Eastern Suburbs to Inner West rapid bus links, and Sydney Metro City and Southwest. working with neighbouring councils on place-based planning for areas impacted by planned State infrastructure investment. working with the Department to progress key planning approaches in the LGA (including PRCUTS and impacts arising from Sydney Metro City and Southwest, Sydney Metro West and improved light rail capacities).
Interdependencies with relevant local evidence base	Incorporate the findings and outcomes of latest studies, policies and State-led precinct plans prepared since the publication and release of the LHS.



Matter	Consideration for future LHS updates and preparation and assessment of planning proposals
Clarification of 6 to 10 year and 10-20 year housing target	<p>Revisions to the LHS should provide a breakdown of how the 6-10 year target will be achieved, including when and where anticipated supply will be delivered.</p> <p>Council should ensure that all population and dwelling forecasts are cross-checked against published DPIE projections to provide greater transparency. Additional guidance and support can be arranged with the Department’s Evidence and Insights division to resolve any variations in dwelling forecasts.</p> <p>Revisions to the LHS should also provide a breakdown of how Council will contribute to the 10+year District target, including when and where anticipated supply will be delivered and explain market take up rates and methodology used.</p> <p>Council should clearly identify the capacity of the proposed supply sources, ideally in a table, to demonstrate how many dwellings are anticipated, what type of dwellings are anticipated and when the dwellings are likely to be delivered.</p>