

Mr Warwick Winn
General Manager
Penrith City Council
PO Box 60
PENRITH NSW 2751

Dear Mr Winn

Penrith City Council Local Housing Strategy

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

The Department commends Council on preparing the robust evidence base to support its LHS, which provided Council with a clear understanding of the housing needs of the Penrith local government area (LGA) and a strong commitment to strategic planning.

We note that the LHS was prepared prior to the identification of station locations for the North-South Rail Line. As discussed with your Planning Directorate, we understand Council is building a new strategic framework *Places of Penrith*, and concurrently updating its evidence base, including an updated LHS, which is proposed to be released over the next nine months. Council has nonetheless requested the Department progress assessment of the current LHS to help inform *Places of Penrith*.

I can confirm that the Department has determined to provide initial approval to Penrith Council's LHS adopted by Council in 2019. Our decision reflects the analysis undertaken to develop a strategic plan and an evidence base to inform your LHS and deliver 7,800 dwellings for the period 2021-26, which is at the lower end of the Greater Sydney Commission's (GSC) 6-10 year target. As there is capacity within the existing controls, progressed planning proposals and major projects occurring within the LGA we would encourage Council, during its LHS review, to work towards achieving the GSC target of 10,000 dwellings.

In doing so, I have determined that:

- The LHS addresses housing supply, including the 6-10 year housing target, to be delivered predominantly through the current pipeline and existing capacity.
- Subject to imposition of the recommended requirements of approval and Advisory Notes, the Department is satisfied that Council has a solid foundation which secure sound housing diversity and affordability outcomes.
- The LHS is generally consistent with Section 9.1 Directions and SEPPs.
- The LHS is consistent with the Western City District Plan (WCDP), subject to the requirements identified below and demonstrates good alignment with the Penrith LSPS.

My approval is subject to the following requirements:

1. Council is to submit to the Department for approval the further and revised LHS (including any amendments arising from the public consultation) by the end of 2021/22 financial year. A summary of key themes raised during consultation, Council's response, changes to the LHS and a copy of Council's resolution should also be provided.
2. Within six (6) months of Council endorsing the LHS, Council is to prepare an updated and prioritised Implementation and Delivery Plan that clearly articulates the actions, yields, roles and responsibilities and timing to facilitate housing supply, diversity and affordability between 2021 and 2026 and beyond. In preparing the Plan, Council should seek input from the Department, Transport for NSW (TfNSW) and the Western Sydney Planning Partnership, to ensure any critical interdependencies are satisfactorily resolved.
3. Future iterations of the LHS be informed by a more comprehensive (than the current) land use opportunities and constraints analysis and mapping to confirm medium- and long-term housing opportunities. This analysis should:
 - a. be contextualised having regard to the Greater Sydney Region Plan, WCDP, the Penrith Local Strategic Planning Statement (LSPS) (including any updates), Future Transport 2056, delivered infrastructure investments and the outcomes of any Council-led analysis undertaken to inform *Places of Penrith*;
 - b. consider the implications that Penrith's Metropolitan Centre and St Mary's Strategic Centre designation could have for housing and the need to balance employment function and jobs growth with housing needs;
 - c. be undertaken in collaboration with relevant stakeholders, including TfNSW and the Western City Councils (particularly in relation to any relevant City Deal considerations);
 - d. consider the implications of the DPIE Population Projections for the LGA;
 - e. clearly articulate existing and future opportunities and constraints as either manageable or insurmountable; and
 - f. identify any State Government-owned sites that may be suitable for redevelopment, and particularly deliver affordable housing outcomes (in consultation with the identified landowners).
4. The revised LHS must provide a 6-10 year target that aligns with the GSC's identified target range, acknowledging the unlocking opportunities that the North South Rail Line offers.
5. Future iterations of the LHS and any supporting studies/investigations must acknowledge and give due regard to the Western Sydney Aerotropolis Plan (WSAP).
6. Future iterations of the LHS and any supporting studies/investigations are required to:
 - a) underpin rezonings for residential development on flood affected land are to
 - b) acknowledge and give due regard to:-
 - o flood modelling undertaken by INSW Hawkesbury-Nepean Valley Flood Risk Management Directorate and any other information known at that stage.
 - o If relevant the Penrith City Centre Adaptive Management Framework.
 - o the evacuation capacity limitations of the Hawkesbury-Nepean floodplain and new guidance which come into effect on 14 July 2021.

<https://www.planningportal.nsw.gov.au/flood-prone-land-package>).

Council should consult with the Department, TfNSW, NSW SES and INSW in relation to flood evacuation capacity of affected areas of the LGA also. It is

acknowledged that implementation of these new and existing considerations may impact or delay Council's ability to deliver additional housing capacity.

4. Council is to work with the Department to confirm the 10+ year forecast for the Penrith LGA to give effect to the WCDP which requires local councils to identify capacity to contribute to the District's 20-year strategic housing target.
5. Council is to consult with the Department during the development of *Places of Penrith*, and in doing so, demonstrate how Council, in the updated LHS, is balancing employment and housing particularly around future Metro Station locations.
6. Council is to manage and expedite planning proposal processes, particularly where they will secure housing diversity and affordability outcomes and in particular support key cohorts such as seniors housing, key worker housing, affordable housing and other typologies that suit the changing needs of existing and future households in identified investigation areas.
7. Any updated LHS should provide the necessary analysis to support proposed amendments to LEP and DCP controls, particularly where their implementation may be reliant on a statutory planning process.
8. Council is to prepare an Affordable Housing Contribution Scheme (AHCS) 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 18 to prepare an AHCS.
9. Further consideration should be given to prioritising precincts and articulating their housing needs particularly as the Metro Station locations are confirmed. In the interim, the LHS should be updated to identify future North South Rail Line stations as "possible" or "potential".
10. 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 LHS (as revised and current).
11. Council is to update or revise the LHS to inform Council's updates/ revision to it LSPS following the making of a future District Plan and Future Transport 2026.

Any planning proposals for new housing development will be assessed against Penrith Council's LHS, the requirements above and advisory notes attached. 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.

Local Housing Strategy Reviews and Updates

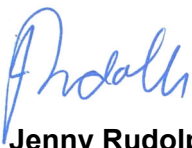
We strongly recommend that Council review and revise (where required) its LHS before the LSPS is required to be reviewed by the GSC. This will help best inform the next update to the LSPS.

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.

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 the letter of support and advisory notes.

Should you have any further questions, please contact Dominic Stefan, Specialist Planning Officer on 02 8275 1024.

Yours sincerely



Jenny Rudolph
Acting Executive Director Local Strategy and Plan Making
Greater Sydney Place and Infrastructure

23 July 2021

Encl: Advisory Notes



Penrith City Council 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 updating the LHS. The Department will expect these same matters to be addressed in planning proposals (where relevant) and that these will be reinforced through Gateway determinations as an interim measure in the absence of the LHS review process.

Matter	Consideration for future LHS updates and preparation and assessment of planning proposals
General	
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 and clarity around delivery and anticipated yields. The Plan should be prepared in consultation with the Department, Transport for NSW (TfSNW) Schools Infrastructure NSW (SINSW) and Infrastructure NSW (INSW), to ensure any critical interdependencies are satisfactorily resolved. This is encouraged to be informed by resourcing and budgets to demonstrate how housing targets will be delivered.</p> <p>The implementation plan should specifically address work streams related to items identified in Councils work program, including:-</p> <ul style="list-style-type: none">• precinct-plan emerging centres around train station precincts to identify locations for increased height and Floor Space Ratio (FSR) to deliver more density (Action A2);• support housing diversity and change within walkable catchments to the east of St Mary’s Town Centre within existing residential zones (Action A3);• program the rezoning of Urban Investigation Areas (UIAs) to provide increased capacity and align with future infrastructure and projected need in the longer term;• support opportunities to deliver housing for specific sub-markets including seniors living, executive housing and rural-residential dwellings;• review the application of the R3 Medium Density Residential zone to prioritise well serviced locations within walking distance to identified centres as follows:



Matter	Consideration for future LHS updates and preparation and assessment of planning proposals
	<ul style="list-style-type: none"> ○ within 1,000 metres of Metropolitan, Strategic and Key Centres ○ within 400m of local and neighbourhood centres • support the provision of seniors housing in established urban centres, rural villages, and new release areas where there is supporting social infrastructure, community facilities and transport; • investigate appropriate locations for executive housing and boarding houses as suitable accommodation for students and key workers in proximity to Western Sydney University, Nepean Hospital and Metropolitan, Strategic and Key Centres; • prepare an Affordable Housing Contributions Scheme (AHCS) that includes a combination of mechanisms including affordable housing contributions and incentive mechanisms so there is flexibility for the housing industry to deliver or make financial contributions towards affordable housing in Penrith; and • investigate the inclusion of affordable housing targets, inclusionary zoning, development incentives and affordable housing funding schemes in identified Housing Diversity Precincts, particularly locations likely to benefit from new public transport infrastructure. <p>The future LHS should also ensure that the supply pipeline data is cross-checked against published data and is inclusive of the scope of imminent developments and planning proposals.</p>
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 Local Strategic Planning Statement (LSPS).</p> <p>The framework should also review the supply and delivery of housing, including the 6-10 year housing target and targets for medium density and seniors housing.</p>
Infrastructure	<p>Future iterations of the LHS should detail the key local and State infrastructure commitments and investment decisions that will support the unlocking of housing supply. This analysis should consider public and active transport, education and health facilities, open space, community infrastructure, drinking supply, wastewater and utility services. Council is encouraged to cross reference any endorsed Council strategies and plans, where relevant, and collaborate with the Department and other State agencies (and in particular Schools Infrastructure NSW (SINSW), Sydney Water and TfNSW) to ensure identified opportunities are realistic and accurately reflect staging, sequencing, servicing and delivery of critical infrastructure such as public transport, education facilities and drinking supply and</p>



Matter	Consideration for future LHS updates and preparation and assessment of planning proposals
	waste water services. Thresholds/triggers, funding, responsibilities for delivery and indicative timeframes should also be identified.
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 inconsistent with the LHS. It will also ensure that changes to land use or development controls do not take place without demonstrating strong strategic merit. Council is encouraged to develop a framework within which to consider such proposals, including but not limited to the following heads of consideration:</p> <ul style="list-style-type: none"> • Strategic merit and case for change • Robust demographic evidence • Housing Affordability and Diversity • Demand analysis and economic impacts • Infrastructure delivery and funding to be borne by the proponent • Stakeholder consultation and outcomes • Sustainability and resilience
Community and Stakeholder Engagement	Incorporate the findings of any future relevant community and stakeholder engagement in the LHS.
Consultation and engagement with agencies	<p>Council should continue consultation with the following agencies and Councils:</p> <ul style="list-style-type: none"> • TfNSW in relation to the future investigation areas, North South metro line and stations. • Western Parkland City Authority (WPCA), Sydney Water, Rural Fire Service and TfNSW as part of the opportunities and constraints analysis. • SINSW: <ul style="list-style-type: none"> ○ Prior to the finalisation of any future strategy or planning proposal that proposes a significant increase in the number of dwellings. ○ When Council is aware of variations in the following: <ul style="list-style-type: none"> - The actual number of lots or dwellings varying from planning proposal estimates/ strategic plans. - An emerging demographic that varies from the planned population profile, either with more or less families with children. - Rates of development and dwelling take-up varying from planned release programs or forecast residential take-up rates.



Matter	Consideration for future LHS updates and preparation and assessment of planning proposals
	<p>This is to ensure SINSW specifically understands where growth, or changes to growth rates are occurring and can effectively respond by targeting appropriate resourcing to impacted Government schools.</p>
Management of risk	<p>To assist in managing the following should be considered:</p> <ul style="list-style-type: none"> • undertake a more comprehensive opportunities and constraints analysis; • consider any emerging work led by Infrastructure NSW (INSW), Hawkesbury-Nepean Valley Flood Risk Management Directorate in relation to the Hawkesbury Nepean Valley flood impacts, mitigation and evacuation strategies; • include and outcomes that may be required due to the Flood package that came into effect in July 2021.
Affordable Housing	<p>Council’s LHS evidence base is considered sufficient to justify the preparation of a SEPP70 affordable housing contribution scheme. An LHS requirement of approval is included for Council to prepare a AHCS that sets out delivery and rent models, tenant eligibility criteria, tenancy allocation, asset ownership and management.</p> <p>Notwithstanding potential issues related to development feasibility, the District Plan requires Council to prepare an affordable housing contribution scheme (AHCS). The AHCS 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. The AHCS should be prepared in accordance with the <i>Greater Sydney Region Plan</i> 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>
Housing Diversity	<p>Future iterations of the LHS will need consider the cohorts such as seniors living, key worker housing, student accommodation and group homes and their housing needs to ensure they are appropriately accommodated. Council is encouraged to investigate the inclusion of seniors housing provisions in its LEP that increase the supply of housing for seniors and people with a disability.</p>
Interdependencies with relevant local evidence base	<p>Incorporate the findings and outcomes of latest studies, policies and State-led precinct plans prepared since the publication and release of the LHS.</p>



Matter	Consideration for future LHS updates and preparation and assessment of planning proposals
Structure Plan	Future iterations of the LHS should include a structure plan(s) that clearly identifies housing growth areas/precincts and their anticipated delivery over the short, medium and longer term horizons. Annotations to identify likely yield ranges and any key threshold assumptions should also be included.
Data	
Clarification of 6-10 year target and 10-20 year housing forecast.	<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 and explain market take-up rates. LHS revisions will also need to include a revised housing delivery forecast for the 10-20 year period as new information becomes available.</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 team to resolve any discrepancies in dwelling forecasts.</p> <p>Council should also consider the actions and timeframes identified in Council’s LSPS and the Greater Sydney Commission’s letter of assurance.</p>