



Planning

REVIEW OF GREENFIELD LAND SUPPLY BENCHMARKS IN THE SYDNEY REGION



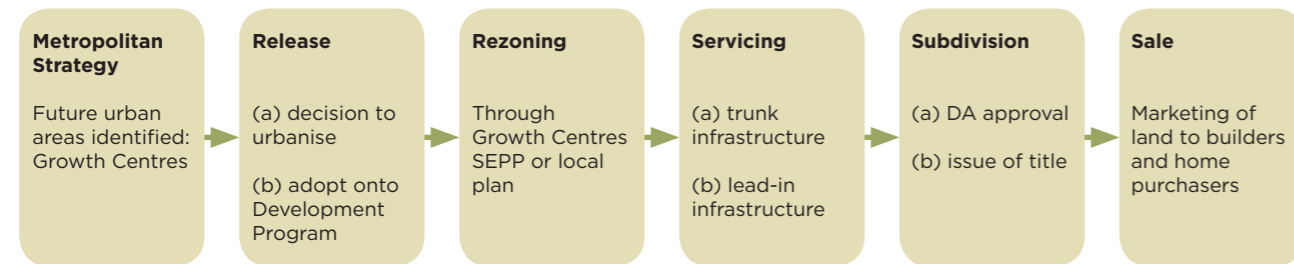
The Review

The NSW Government is reviewing the greenfield land supply benchmarks for the Sydney Region. This brochure provides information about the current benchmarks and identifies matters for consideration as part of the review.

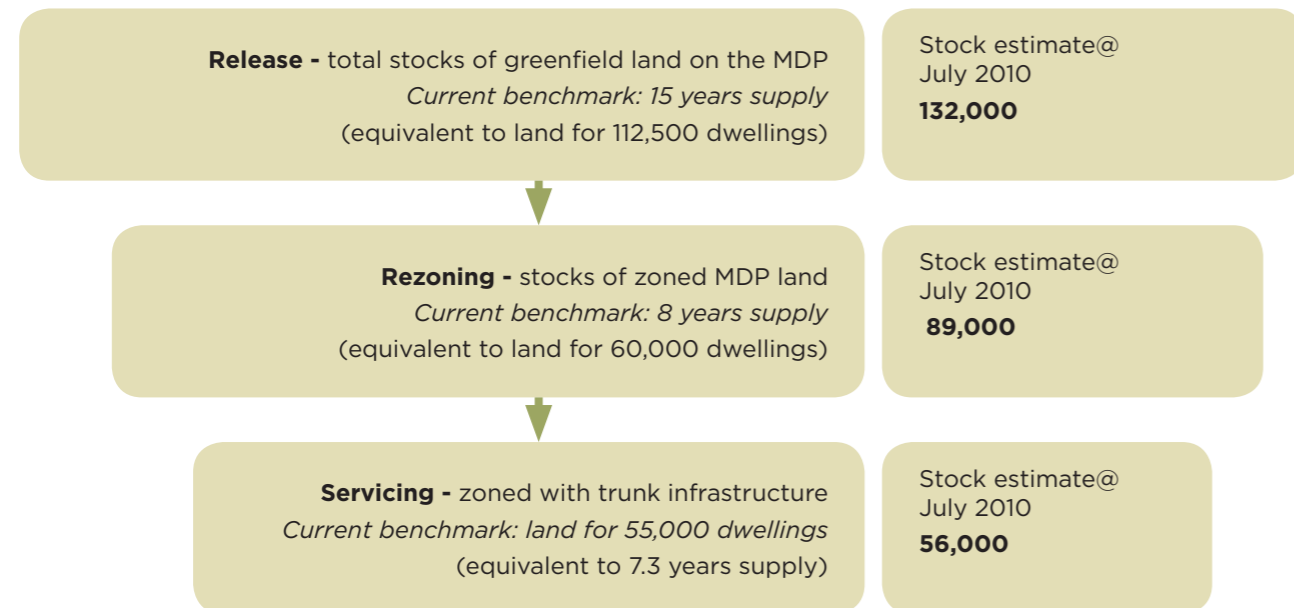
The Benchmarks

Land supply benchmarks are the primary measure of the NSW Government's performance in providing greenfield land for housing in the Sydney Region. Their aim is to ensure a continual flow of land to meet housing requirements.

The Government has identified the main steps in the land supply process as follows:



In 2006 the NSW Government set benchmarks for those stages of the land supply process for which it has primary responsibility:

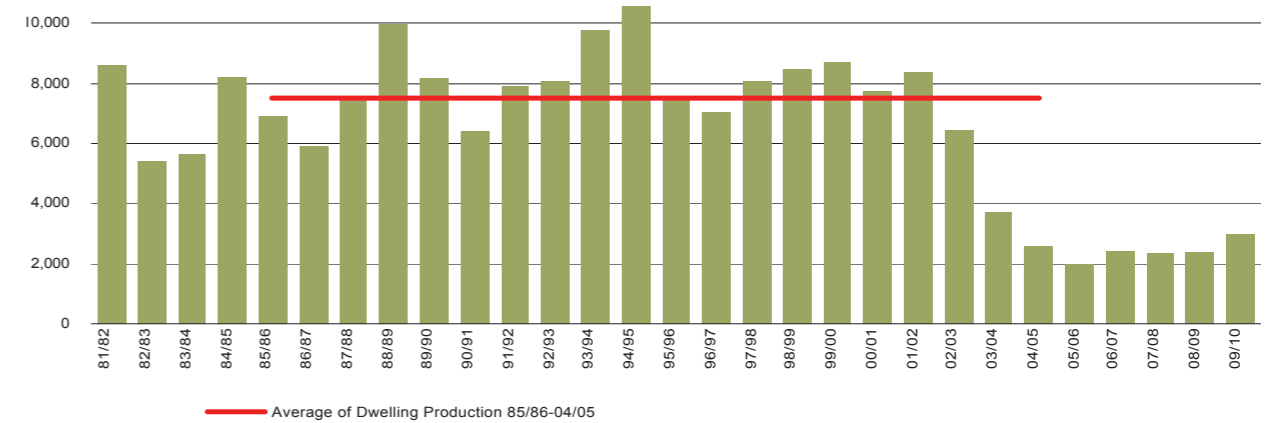


How the benchmarks were developed

Following investigations by the 2006 Land Supply Taskforce into the overall land supply process, the NSW Government adopted three land supply benchmarks.

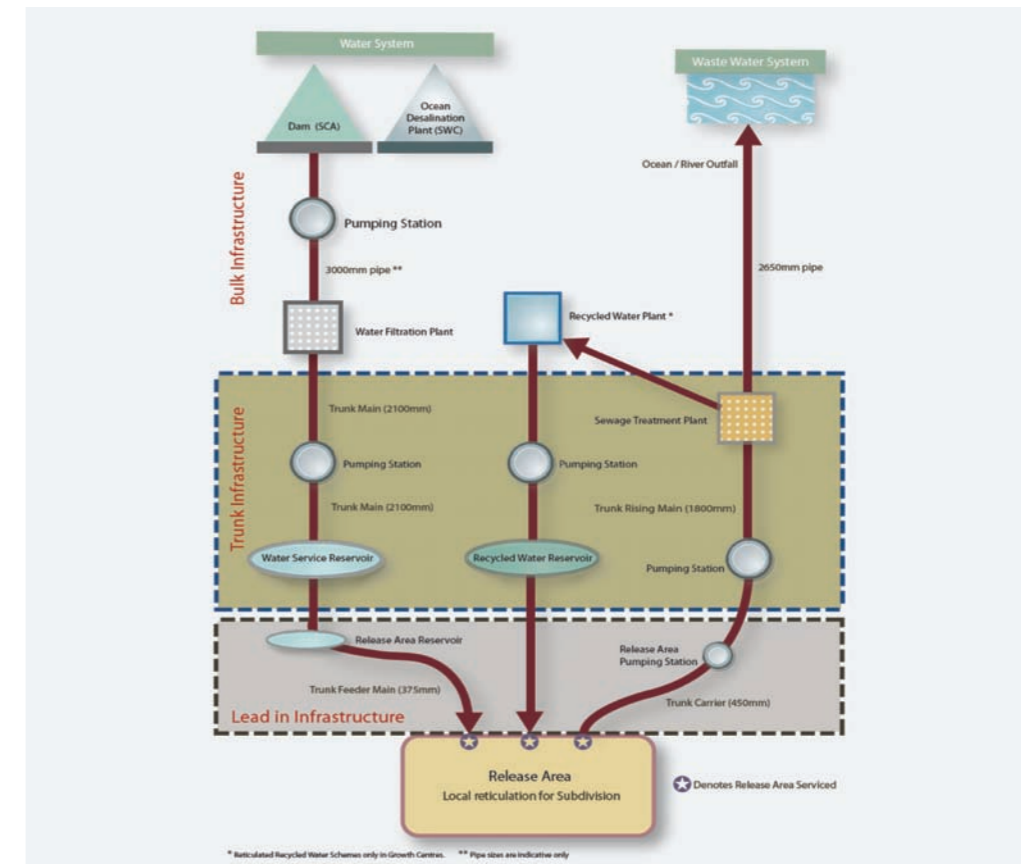
The benchmarks broadly reflected the time taken for land to move through the key steps in the land supply process. They were expressed as 'years of supply'; and were quantified by applying the historic average annual dwelling production in greenfield release areas over the 20-year period from 1985/86 to 2004/05, which equates to 7,500 dwellings per year.

Figure 1: Sydney Region greenfield dwelling production



The benchmarks were developed as a tool, rather than a target, to guide the Government on the rate of greenfield development, and ensure supply remained well ahead of demand.

The servicing benchmark was reviewed during preparation of the 2010 State Plan to ensure it focused on State Government responsibility. It relates to the provision of trunk infrastructure capacity at water reservoirs and sewage treatment plants



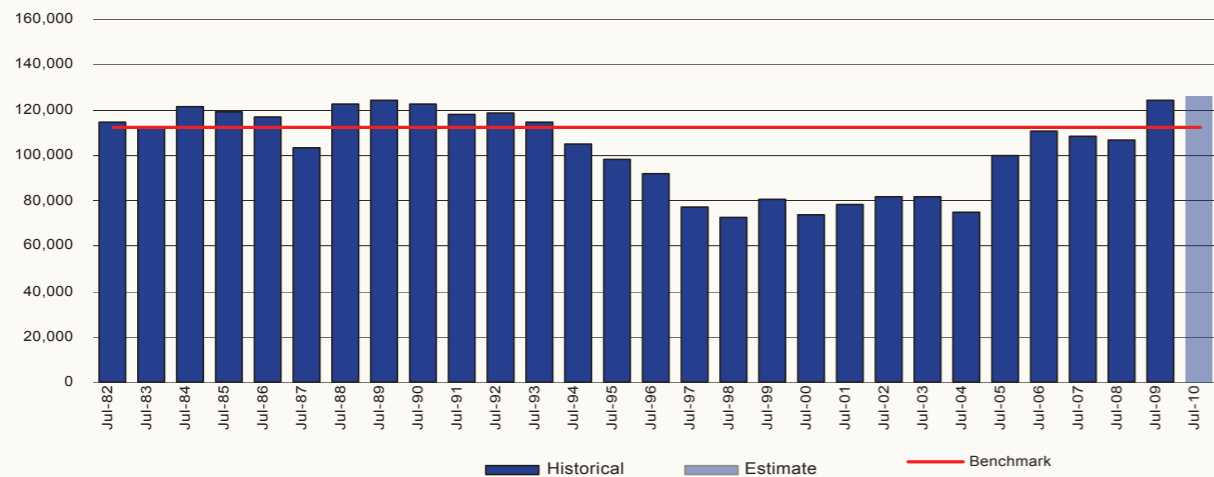
The need for review

The benchmarks need to be reviewed to keep them relevant and effective. Circumstances have changed since they were introduced in 2006.

1. Land stocks have increased substantially

Released and zoned stocks are now at record levels as a result of the rapid release and rezoning in the Growth Centres over the last five years. All land supply benchmarks have been met.

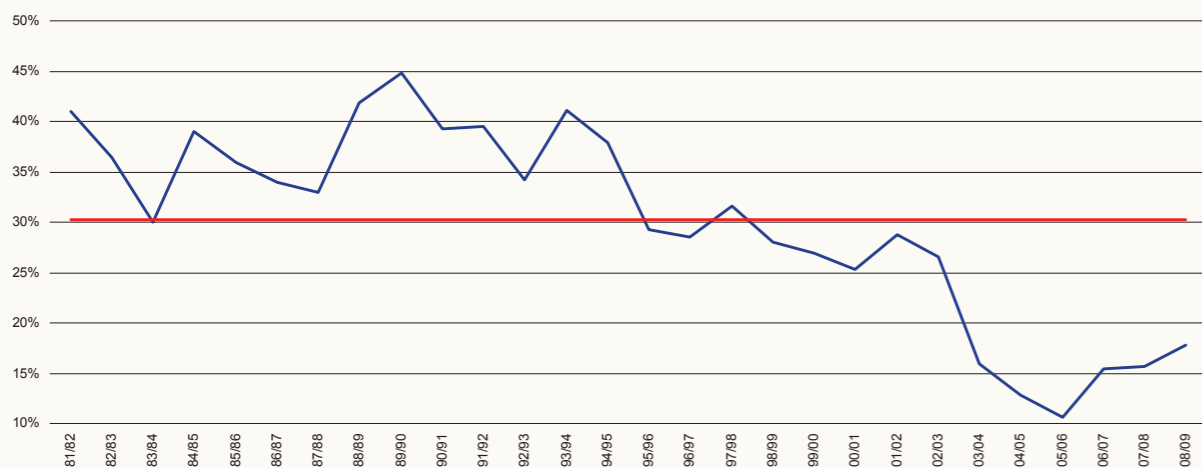
Figure 2: Total stocks of greenfield land released for housing in the Sydney Region (dwelling potential)



2. There is less reliance on the fringe to meet Sydney's future housing needs

The contribution of greenfield housing development to total dwelling production has been declining since 1990. The Metropolitan Plan for Sydney 2036 aims for at least 70 per cent of Sydney's housing to be located in established areas.

Figure 3: Historic Sydney Region greenfield dwelling production share: Average annual and long-term average dwelling production



3. Release and rezoning of land is happening at a much faster pace

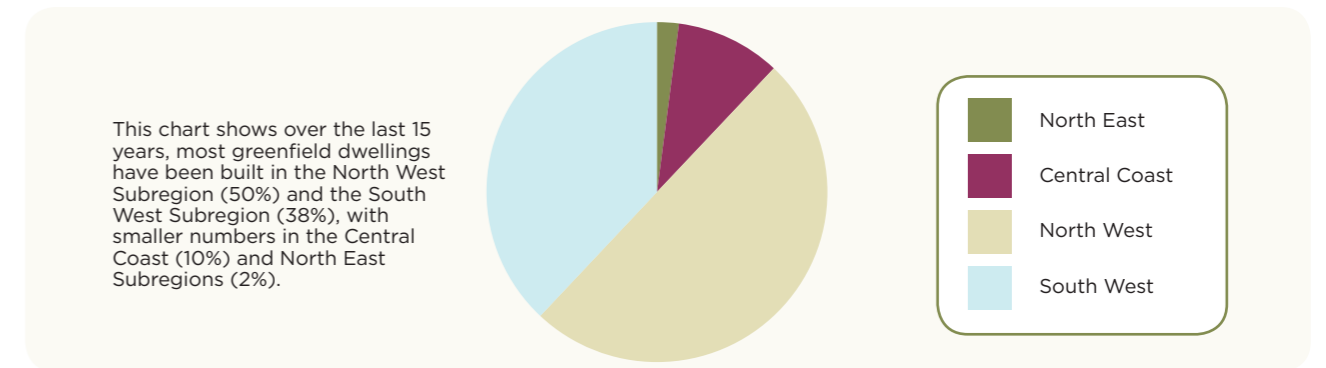
On average, it takes about two years to rezone precincts in the Growth Centres. Previously it was taking seven to ten years to rezone greenfield land outside the Growth Centres. Rapid rezoning in the Growth Centres will continue and will be extended to priority land release outside the Growth Centres.

4. Infrastructure contributions have been reduced

Sydney Water levies have been abolished and developer contributions for other state infrastructure reduced. Local S94 contributions have also been reformed with a cap being introduced.

5. Demand for greenfield housing found to be very localised

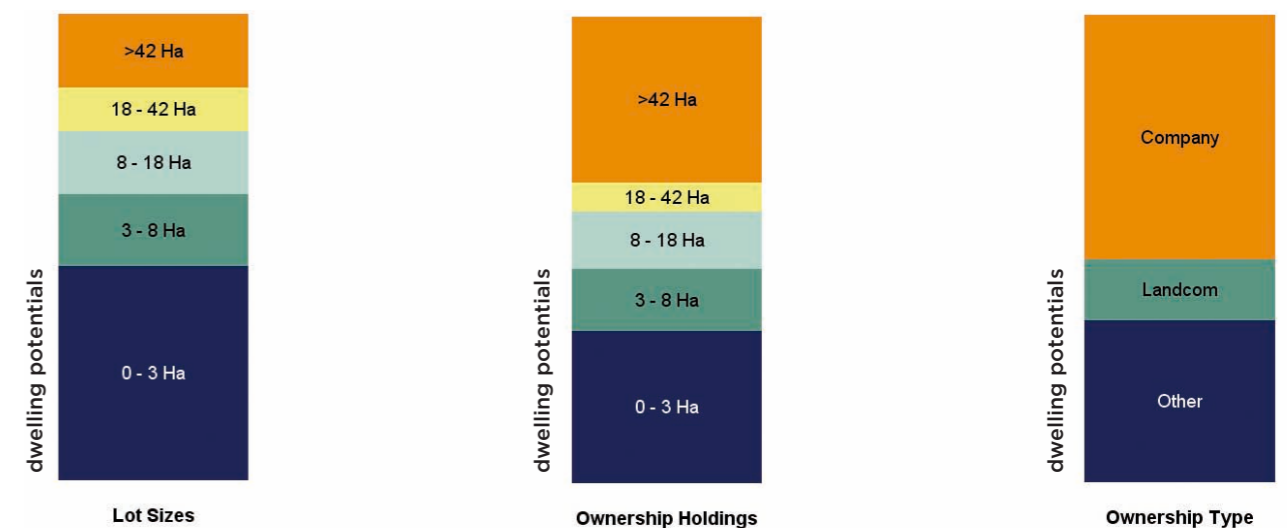
Sixty-nine per cent of people who move to greenfield release areas come from the same or a neighbouring Local Government Area. The release areas and their catchments have very different demographic and socio economic characteristics. Supply in one subregion or submarket will not necessarily satisfy demand in another.



6. Greenfield dwelling production dipped

Dwelling production from greenfield land fell to its lowest levels in 2005/06 and has remained relatively low. New dwellings are generally more expensive than existing dwellings in nearby established suburbs. Raw land costs three times more than in Melbourne or Brisbane. Developers therefore prefer larger parcels to achieve economies of scale.

Figure 4: Characteristics of developable land-zoned land with lead in infrastructure





Invitation to comment

You are invited to comment on the review of the land supply benchmarks for the Sydney Region and consider the following questions.

1. Are we measuring the right stages of supply?

The benchmarks currently apply to the early stages of land supply for housing where State Government has primary responsibility. Subsequent stages are primarily market-driven.

2. What should we be measuring at the servicing stage?

The current servicing benchmark applies to trunk water and wastewater capacity. Should other types of infrastructure be included?

3. What should the benchmark levels be?

The benchmarks were first developed based on the number of years to progress land through release rezoning and servicing. The conversion rate for a year's supply is based on a previous high production period.

4. Are we measuring the right areas?

The current benchmarks apply to the entire Sydney Region. Greenfield release areas primarily serve a more localised demand.

Submissions should be made in writing to:
mdp@planning.nsw.gov.au

or

Metropolitan Development Program
Department of Planning
23-33 Bridge Street
Sydney NSW 2000

by 28 February 2011