

28 November 2017

17119

Carolyn McNally  
Secretary  
NSW Department of Planning and Environment  
GPO Box 39  
SYDNEY NSW 2000

Attention: Anthony Witherdin (Director – Modification Assessments)

Dear Anthony,

**REQUEST FOR SECRETARY'S ENVIRONMENTAL ASSESSMENT REQUIREMENTS  
CALDERWOOD CONCEPT PLAN – MP 09\_0082 (MOD 4)**

I am writing on behalf of Lendlease Communities (Calderwood) Pty Ltd (Lendlease) to request Secretary's Environmental Assessment Requirements (SEARs) for the preparation of an Environmental Assessment Report (EAR) for a proposed S75W Modification Application to the Calderwood Concept Plan Approval (MP09\_0082) (Approved Concept Plan) for the Calderwood Urban Development Project (CUDP).

Under Schedule 6A of the Environmental Planning and Assessment Act 1979 ('the Act'), as the CUDP is a transitional Part 3A project, repealed Part 3A continues to apply and the Secretary of the Department Planning & Environment (DP&E) may continue to issue environmental assessment requirements for modifications to the Approved Concept Plan in accordance with S75W(3) of the Act.

This request seeks to modify the Approved Concept Plan to allow for increased and more diverse housing supply at Calderwood. The increase in housing supply is proposed to ensure that the existing area of urban zoned land at Calderwood is efficiently used for the continued supply of a range of housing types and sizes that both meet market demand and will assist address housing affordability pressures in the Illawarra region.

Allowing for increased housing supply will support the delivery of more integrated housing product in appropriate locations within the CUDP, including greater diversity in housing product.

The increase in housing supply for the CUDP is proposed without any expansion of the footprint of urban zoned land (residential and mixed use zoned land) and without any change to the minimum lot sizes permitted under State Environmental Planning Policy (State Significant Precincts) 2005 (State Significant Precincts SEPP). It is also proposed without any change to the areas of land already approved for residential and other urban development under the existing Concept Plan Approval.

There is no substantive change between the proposed modified development and that envisaged by the Approved Concept Plan in respect of approved land uses, the area of land that is to be developed for each land use, the configuration and distribution of land to be used for each land use, the urban structure of the development, the road and pedestrian network within the site, the overall range of minimum lot sizes/dwelling types/lot types to be provided, nor the scope of environmental protection outcomes for the land including the quantum and configuration of riparian and environmental corridor and environmental reserve lands.

The modification simply proposes approximately 6,000-7,000 dwellings on the same land as the approximately 4,800 dwellings already approved.

Since the CUDP Concept Plan was originally approved in 2010 the housing market of both the Illawarra and the broader Sydney region has changed. Changes in the local housing affordability price point and ongoing innovation in dwelling design and the development of new housing typologies has driven and is continuing to drive changes in the range and mix of subdivision lot sizes – including an increased demand for access to new housing types on smaller lots – being demanded by the future residents of Calderwood.

According to the UDIA State of the Land Report for 2016, lot sizes in greenfield releases in NSW have reduced by around 25% since 2010, and the average lot size is now just under 400 square metres. This means that, since Calderwood was approved in 2010, changing market preferences have increased the capacity for new dwellings at Calderwood by 25%. If median lot sizes were to remain at 2016 levels, Calderwood could accommodate around 6,000 dwellings. The modification proposes to increase the estimated number of dwellings to between 6,000-7,000 to give Lendlease flexibility to accommodate further reductions in average lot sizes (and potentially a different mix of dwelling types) should market trends over the last 7 years continue.

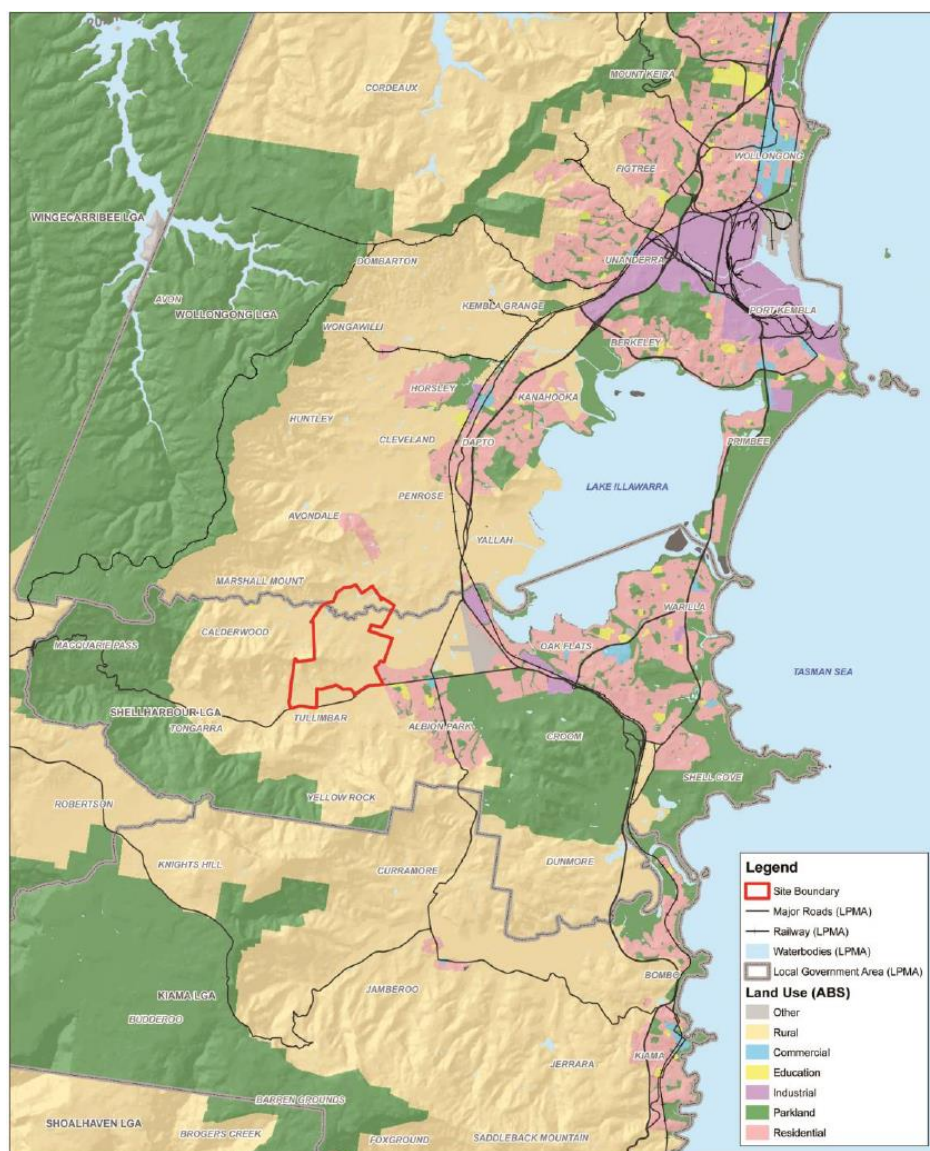
The Illawarra housing market is increasingly influenced by affordability pressures and the cost of land. These are the key drivers of demand for smaller lots. Increasingly diverse and aging communities, where household sizes are trending downwards, also need a wider range of housing choices. The changing mix of housing and lot sizes being demanded by the market provides a significant opportunity for Lendlease to make more efficient use of the existing area of zoned land that is available for urban development to deliver increased housing supply without impacting on the approved conservation outcomes for site, nor on the ability to continue to provide for non-residential development as envisaged by the Approved Concept Plan.

This letter provides background to the Approved Concept Plan, describes the proposed modification to the Approved Concept Plan and provides a preliminary description and assessment of the key planning and environmental assessment issues to inform the preparation of SEARs, and to be addressed in the subsequent EAR that will accompany the modification.

## 1.0 Site Description

The CUDP site is located within the Calderwood Valley in the Illawarra Region. It is approximately 700 hectares in area with approximately 107 hectares of land in the Wollongong LGA (15%) and the balance in the Shellharbour LGA (85%). The regional context of the site and the LGA boundary is illustrated in **Figure 1**.

Calderwood Valley is bound to the north by Marshall Mount Creek (which forms the boundary between the Shellharbour and Wollongong LGAs), to the south by the Macquarie Rivulet, to the south-west by Johnston's Spur and to the west by the Illawarra Escarpment. Beyond Johnston's Spur to the south is the adjoining Macquarie Rivulet Valley within the locality of North Macquarie. The CUDP site extends south from the intersection of North Marshall Mount Road and Marshall Mount Road to the Illawarra Highway.



### Figure 1 – The site and regional context

Source: Lendlease Communities

## 2.0 Background

### 2.1 Approved Concept Plan

Lendlease is the proponent of the CUDP. On 8 December 2010 the Minister for Planning determined (with modifications) the Approved Concept Plan. Following approval of the Concept Plan, on 14 January 2011 Schedule 3 of State Environmental Planning Policy (Major Development) 2005 (now the State Significant Precincts SEPP) was amended to establish zoning and other planning controls for the CUDP.

The Approved Concept Plan comprises the plans, drawings and documents cited by the proponent in its Environmental Assessment, Preferred Project Report and Statement of Commitments, subject to the modifications and further assessment requirements set out in Schedule 2 of the Concept Plan notice of determination. A Consolidated Concept Plan was prepared in March 2011 that includes the approved Concept Plan documentation.

Together, the planning controls at Schedule 3 of the State Significant Precincts SEPP and the Approved Concept Plan establish the statutory planning regime for the development of the CUDP.

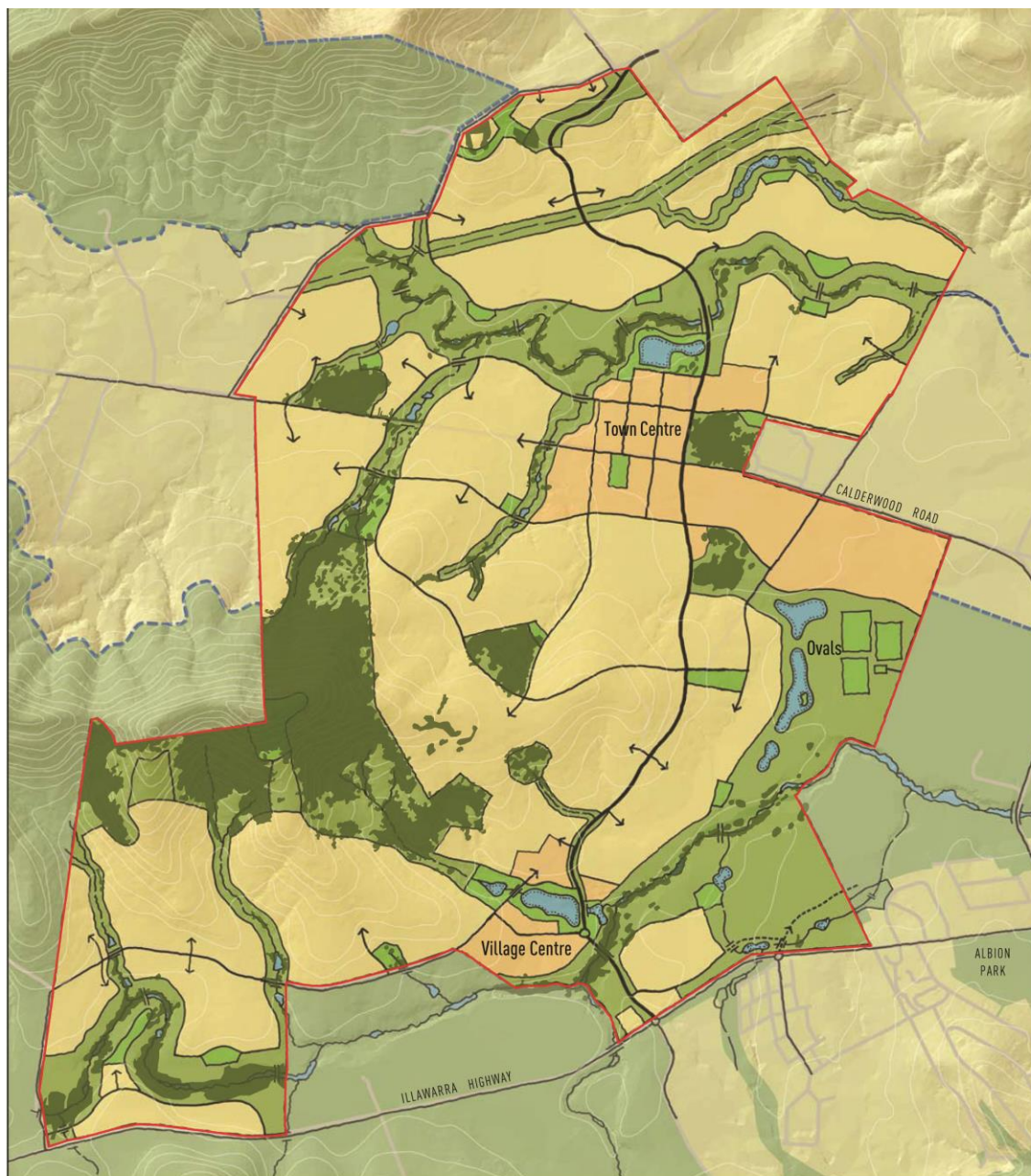
The Approved Concept Plan provides for the development of a total of approximately 700 hectares of land. Relevantly, Condition A1(1) of Schedule 2 of the Concept Plan determination states that approval is granted to the carrying out of development of approximately 4,800 residential dwellings and 50ha of mixed use employment land, open space and protection of environmentally significant lands, internal roads, service infrastructure and community facilities (including three schools).

The approved Calderwood Concept Plan is at **Figure 2**.

Lendlease is the developer of the majority of the CUDP (i.e. it is the developer of approximately 600 ha of the overall 700 ha site). The component of the overall CUDP owned / controlled by Lendlease and to be developed by Lendlease in accordance with the Approved Concept Plan is illustrated by the Lendlease masterplan reproduced at **Figure 3** below. At this stage, other areas of land within the boundaries of the Approved Concept Plan are to be developed by separate entities.

Lendlease has commenced the development of its component of the overall CUDP, and will continue to develop the project in stages over an approximately 15+year period. The pattern of development undertaken / proposed by Lendlease to date is also illustrated by **Figure 3** below.





## Concept Plan

## Part 3A | Calderwood Urban Development Project

- Town and Village Centres**  
Mixed Uses including Retail, Employment, Residential, Learning and Community Amenities
- Residential Neighbourhoods**
- Parks**  
eg Citywide, district and local parks
- Principal Open Space and Drainage**  
eg Environmental Conservation, Environmental Management and Drainage Corridors
- Indicative Water Bodies**



**Figure 2 – Approved Calderwood Concept Plan**

Source: Lendlease Communities





## **2.2 State Voluntary Planning Agreement**

A voluntary planning agreement between Lendlease and the Minister for Planning (State VPA) was executed on 3 March 2011. The State VPA requires Lendlease to make contributions towards State infrastructure, comprising the following:

- a monetary contribution for State transport infrastructure (\$5,647 per dwelling (plus CPI)) and
- the dedication of a total of 12 hectares of land for education purposes comprising:
  - 1 public primary school site at 3 hectares
  - 1 public primary school site at 3 hectares
  - 1 public high school site at 6 hectares.

In accordance with the executed State VPA, Lendlease is entitled to offset the value of 3.06 hectares of the land dedicated to the Minister against the obligation to pay part of the transport contribution.

## **2.3 Local Development Contributions**

In determining the Approved Concept Plan, the Minister for Planning considered in detail a series of Schedules setting out the human services, open space and transport contributions proposed by Lendlease to be made to both Shellharbour City Council (SCC) and Wollongong City Council (WCC) in respect of the approximately 4,800 dwellings to be delivered as part of the CUDP.

The Minister subsequently imposed condition C12 on the Approved Concept Plan setting out the general requirements for the scope of contributions to be made towards local infrastructure provision for the whole of the CUDP including community facilities, open space and local roads. Conditions C12(a) and C12(b) identify the local contributions towards community facilities and open space to be delivered as on site works in kind including embellishment / construction works and the dedication of land within both the Shellharbour and Wollongong LGAs.

Subsequent to the judgment of the NSW Land and Environment Court in August 2013 which granted consent to the Stage 1 development application for the CUDP, a voluntary planning agreement between Lendlease and SCC was executed on 15 September 2014. Pursuant to the planning agreement, Lendlease agreed to make contributions to SCC including the delivery of local, district and city-wide parks, sports fields and a multipurpose community centre. The VPA also sets out monetary contributions payable to SCC for transport works (the Albion Park bypass), libraries, other open space and infrastructure and administration costs.

On 29 February 2016 modification application (MP 09\_0082 MOD 1) was submitted to update Condition C12 of the Approved Concept Plan (Local Infrastructure Contributions) to accord with the VPA executed between Lendlease and SCC and to seek certainty with respect to contributions to WCC for the upgrade of off-site local roads. This modification request has not been assessed or determined and is currently on hold.

Lendlease has also subsequently made an offer to WCC to enter into a planning agreement in relation to the contributions that are to be made to the provision of infrastructure within the Wollongong LGA. At its meeting on 31 July 2017 WCC resolved that “The draft Planning Agreement based on the Letter of Offer dated 28 July 2017 from Lendlease Communities (Australia) Limited be endorsed for exhibition for a minimum period of 28 days.” The planning agreement was placed on public exhibition on 11 October 2017 and requires Lendlease to make monetary contributions to WCC for upgrade works to off-site local roads. The notification period has now closed and no submissions were received.

### 3.0 Proposed Concept Plan Modification

The proposed modification to the Approved Concept Plan seeks to increase the total provision of housing (approximate number of dwellings) within the overall CUDP to respond to market demand for the provision of smaller housing types / lot sizes at affordable price points and to ensure the efficient use of urban zoned land within this context for the supply of housing.

It is proposed to increase the overall number of dwellings to be delivered within the existing area of land zoned R1 General Residential and B4 Mixed Use and also approved for urban development as shown on the Approved Concept Plan (refer to **Figure 2**) from approximately 4,800 to in the order of 6,000-7,000 dwellings.

No change is proposed to the urban development footprint of the Approved Concept Plan, and no reduction in the quantum of or change to the configuration of land that has been set aside for recreation and conservation purposes (riparian and environmental corridors, environmental reserves etc) is proposed. The overall urban structure of the CUDP is also unaffected by the proposal which seeks only to make more efficient use of existing developable land for the delivery of housing than was previously envisaged at the time of the original Concept Plan Approval in 2010 when the average lot sizes were larger and housing products anticipated for delivery to market were less diverse than is now the case.

The Approved Concept Plan does not pre-determine how the approximately 4,800 residential dwellings / residential density is to be distributed within the CUDP nor the specifics of lot yield and size by precinct or location.

Rather, distribution of the overall dwelling yield is guided by the permitted residential accommodation types and minimum lot sizes permitted under the State Significant Precincts SEPP (which permits lots ranging in size from 0m<sup>2</sup> to 300m<sup>2</sup> across much of the site), Condition B6(8) of the Approved Concept Plan (which permits residential lots less than 300m<sup>2</sup> subject to certain locational criteria) and by the four Residential Character Areas and Special Character Overlays as set out in the Development Control Strategy (DCS) that forms a part of the Approved Concept Plan.

The proposed modification does not seek to change this approach, which is still considered to provide the most appropriate planning framework for the subdivision and development to continue on a staged basis over a 15+ year time frame.



Within the Approved Concept Plan framework, it is expected that the proposed increased dwelling yield will be achieved via the delivery of a greater diversity of dwelling types and lot sizes within the R1 General Residential and B4 Mixed Use zones generally as follows:

- Within the R1 General Residential zone, additional yields will be achieved through the delivery of a more diverse range of housing types such as seniors housing and integrated housing and also by a different mix of lot sizes than was anticipated at the time of the Approved Concept Plan in 2010 (including a greater number of smaller lots) to respond to the changing and more diverse market expectations and housing affordability pressures;
- Within the B4 Mixed Use zone, the number of dwellings to be provided will be increased through the provision of a combination of more shop top housing, mixed use development and stand-alone residential development. The proposed increase in residential development will not compromise the development of a primarily retail and community services focused town centre at Calderwood. The viability of retail and commercial development at Calderwood will benefit from a stronger focus on retail, commercial and community uses in the main town centre, with the smaller neighbourhood centres to have an increased focus on residential uses with smaller scale convenience retail uses. The proposed changes to land use mix may result in redistribution of retail floorspace from the smaller centres to the town centre, rather than a reduction in retail and commercial floorspace.

A separate modification to the Approved Concept Plan to amend the DCS (Mod 3) will be submitted to DP&E early in 2018 by Lendlease. The purpose of that modification is to streamline the development of integrated housing products in suitable locations and to also ensure that the DCS is consistent with the NSW Housing Code, the State Environmental Planning Policy (Exempt and Complying Development Codes) 2008 and the Growth Centres Housing Diversity Package. This modification (Mod 4) may result in some further consequential amendments to the DCS, the need for which will be reviewed by Lendlease as part of the preparation of the modification application.

Related changes to the approved concept plan will be required to ensure the Calderwood development meets the needs of residents. Lendlease anticipates:

- an increase in the area of land required for local open space,
- the need to review local and regional transport infrastructure, and
- delivery of more capacity in local community infrastructure such as the planned community centre to cater for the increased population.

Modifications to the relevant conditions of the Concept Plan Approval will be required to ensure the needs of the larger resident population are met. Lendlease will provide details of the proposed infrastructure provision and any required modifications to related conditions of approval as part of the modification assessment.

## 4.0 Project Justification

The proposed modification both reflects and will allow for Lendlease to continue to deliver a similar range of housing types and lot sizes as has been delivered through the subdivision applications that have been lodged with / approved by the NSW Land & Environment Court and SCC to date. This includes the Stage 1 Project Application, and the development applications for subsequent stages.

Currently, SCC is approving a range of residential lot sizes within the residential zones at Calderwood that are suitable for the provision of a diverse mix of detached homes, villas, dual occupancy and courtyard dwellings. The range and mix of housing / lot sizes that is being delivered to market by Lendlease including a higher proportion of smaller housing product than originally anticipated in 2010 providing ongoing opportunities for a more efficient use of the developable land than was expected at the time the Concept Plan was approved when average lot sizes were larger and the housing product types accepted and demanded by the residential market less varied than is the case in 2017. In 2010, having regard to the then characteristics of the residential market in the Illawarra region it was expected that the mix of housing types and lot sizes likely to be demanded by the incoming residential population would result in the delivery of approximately 4,800 dwellings across the area of land identified as being suitable for urban development.

The evolution in the mix of housing and lot sizes within the residential and mixed use zones has and will continue to result in the capacity for more dwellings across the Calderwood project, and will mean more efficient use of greenfield land for new housing. It will also mean that the types of housing available at Calderwood are better suited to the affordability and liveability drivers that are influencing consumer preferences for new housing in the Illawarra. The opportunity to provide an increased proportion of integrated housing product such as terraces, low-rise apartments and shop top housing within the town and village centres will also increase the housing choices available to residents, suitably located on land near open space and with good access to shops and services.

The proposed increase in dwelling yield from approximately 4,800 to approximately 6,000-7,000 dwellings will result in the more orderly and efficient use of land within the context of the changed housing market, without any required increase to the footprint of land zoned for urban (ie. residential and mixed use) purposes (as shown in **Figure 1**). Conservation areas and public open space will be maintained in accordance with the Approved Concept Plan. No amendments to the minimum lot sizes in the SEPP are proposed.

The proposed increased yield is commensurate with the increased residential densities that are now a feature of new greenfield development across Metropolitan Sydney and the Illawarra Region. Increases in residential densities is a response by developers, the State government and local councils to rapidly changing market preferences for smaller lot sizes and an increased demand for access to a greater range of dwelling types. The changes are fundamentally driven by changing customer preferences which are a product of housing affordability pressures and changing lifestyles.

The strategic context underpinning the project justification is detailed further below.

## **4.1 NSW 2021 State Plan**

The NSW State Plan was released in March 2010. It sets key strategic priorities for the NSW Government and is to be used to guide decision making and resource allocation. Of particular relevance to the proposed modification application are the priorities relating to accelerated land release for housing, improves housing affordability, reduced time taken to obtain housing approvals and providing housing stock more appropriate for people's needs.

By amending the anticipated dwelling yield within the Calderwood Precinct the proposed modification will increase the supply of housing to respond to the differing needs of the community. It will facilitate the delivery of an additional 1,200-2,200 residential lots capable of accommodating a range of housing types at varying price points. The proposal will contribute to increasing the supply of housing and will help to place downward pressure on housing prices and is consistent with the priorities of the NSW 2021 State Plan.

## **4.2 A Plan to Improve Housing Affordability**

On 1 June 2017, the NSW Government delivered a package of reforms and new measures aimed at improving housing affordability across NSW. The package outlines policies that take into account the difficulty that first home buyers face in entering the market, the state's growing population and the need to ensure that development occurs close to essential infrastructure such as roads, railway lines and schools.

Key principles of the reforms relevant to the CUDP include:

- Boosting housing supply.
- Support for First Home buyers by facilitating the delivery of smarter and compact apartments (for example, with less floor space) in well-designed buildings that complement the neighbourhood.
- Accelerating Infrastructure to support growing communities – providing substantial financial and physical infrastructure contributions as part of project delivery.

The proposed modification will directly facilitate the delivery of the proposed reforms and measures identified as key priorities of the Minister, contributing to relieving current pressures of housing affordability in the Illawarra region.

## **4.3 Illawarra Shoalhaven Regional Plan**

The Illawarra Shoalhaven Regional Plan 2015 applies to the local government areas of Kiama, Shellharbour and Wollongong.

The Illawarra Shoalhaven Regional Plan identifies that the population of the Illawarra-Shoalhaven area is projected to grow to 463,150 by 2036, amounting to an additional 60,400 people. In addition to this population growth, it is recognised there is a growing demand for housing that responds to the needs of lower-income earners. In particular, it is anticipated there will be a strong demand for detached housing and smaller dwelling types, including one, two and three bedroom homes.

A key aim of the plan is to increase the provision of housing and provide a diversity of housing choices which respond to the varying needs and lifestyles of the growing population. A clear direction is that housing delivery must be accelerated to meet the needs of the growing population and changing demographics, including an increasingly ageing population together with improved housing affordability, supply and choice.

The Plan identifies the region will need at least 35,400 new homes between 2016 and 2036, equating to an average of 1,770 dwellings each year. Notwithstanding, a supporting study recognises that there is a declining growth in the average supply of dwellings. Calderwood is identified in the Regional Plan as one of the key opportunities to supply new homes within the Illawarra.

The proposed modification is consistent with the objectives of the Plan in that it will facilitate the delivery of an additional 1,200-2,200 dwellings, including a more diverse range of housing types and sizes suited to the projected housing needs of residents and an increased supply of housing within the Calderwood Town Centre area, a growth area with good connections to the surrounding centres of Wollongong and Shellharbour City.

Due to the rapidly growing proportion of older people, the Plan projects that there will be significant growth in one and two person households resulting in more demand for smaller dwelling types. The proposed increase in residential yield will directly contribute towards the provision of smaller dwelling types and more diverse housing types that cater to the changing lifestyle demands of the community including opportunities for suitable locations and options to deliver housing for seniors and retirement living.

Consistent with Goal 3 of the Plan, the proposed modification and CUDP seeks to deliver a community that is strong, healthy and well connected, demonstrated by the extensive open space and walk/cycle network throughout the site, and the proposed delivery of a range of different housing types to suit a diverse community.

Goal 5 of the plan identifies a focus on a region that protects and enhances the natural environment. The proposed increase in yield will not adversely impact the existing commitments to protection, rehabilitation and manager of important riparian land or remnant vegetation within the site.

#### **4.4 Housing Affordability and Diversity**

The issue of housing affordability is of central concern to the Illawarra Shoalhaven region. The Illawarra-Shoalhaven Regional Plan addresses the need to increase the provision of housing that provides choice and is affordable. The plan has been informed by the supporting study the Review of Illawarra Housing Markets which states there is a need to provide 'a diversity of housing including small lot housing to provide affordably priced homes to satisfy the needs of the Illawarra region'. This is supported by the Illawarra Shoalhaven Regional Plan, which identifies the need to deliver a greater diversity of housing. The Regional Plan also identifies housing stress as a key issue in the region, with 27 percent of the population paying more than 30% of their income on housing costs.

The 12th annual Housing Affordability Survey, from US public policy group Demographia, assesses affordability based on a multiplier of median house price and median income. In Wollongong, the typical house costs more than eight times the median income. According to the Demographia study, this makes Wollongong one of the least affordable cities globally. While Wollongong is more affordable than Sydney, this is primarily because wages are higher in Sydney. The combination of lower wages



and less access to employment with an increasing cost of housing due to constrained supply is increasingly placing pressure on the local community.

The cost of land is a key contributor to the cost of new greenfield housing. The size of lots also relates to the efficiency and costs of infrastructure to support new communities. The proposed increase in residential yield (within the existing approved footprint) has the potential to deliver a range of smaller lots which will contribute towards delivering a diversity of housing types at varying price points. It will contribute to a greater diversity of housing choices to suit the needs of a wide range of household types, and income levels. The combination of access to smaller lot sizes and more housing choices will assist with reducing housing affordability pressures which are particularly acute in the Illawarra region.

Housing choice is not only influenced by income and affordability. Housing must also be suited to the needs of occupants. The Grattan Institute's report 'The housing we'd choose', published in 2011, shows that while there is preference for detached housing, when trade-offs are factored in, many Australians would prefer to live in a different housing type. Their research suggests significant shortfalls of semi-detached housing and apartments of four storeys and over in the middle and outer areas of Sydney. The DP&E's "Missing Middle" reforms, released in 2016, also point to strong demand for a greater diversity of housing, not just in Sydney but across growth areas in NSW like the Illawarra.

Greenfield housing in NSW is becoming more diverse. While families still comprise a large part of the market in growth areas, as the population ages, household sizes generally are shrinking and the proportion of non-nuclear family household types is steadily increasing. While in recent decades the average size (floor area) of houses has been increasing, over the last few years this trend has started to reverse, with a slight decrease in floorspace. Lifestyle changes like an increased proportion of women in the workforce and changing recreational preferences, are leading to preferences for smaller blocks and smaller homes for easier management and maintenance. Anecdotally, developers and home builders are seeing the strongest demand in new subdivisions for compact houses on small lots. The median lot size in the Illawarra in the last 12 months is 387sqm (a reduction of 19%).

The Housing Diversity amendments to State Environmental Planning Policy (Sydney Region Growth Centres) 2006 in 2014 are generally recognised as providing a clear interpretation of changing market preferences for housing in greenfield release areas. The amendments:

- permit a greater range of dwelling types in residential zones to deliver housing choices that are better suited to a range of households;
- permit subdivision to smaller lot sizes, with a base minimum lot size of 300 square metres in low density zones and 250 square metres in medium density zones, with potential to enable smaller lot sizes through different approval pathways or in certain locations. For example, lot sizes as small as 125 square metres are permitted in medium density zones and can accommodate more compact terrace styles houses.

Developers in western Sydney new release areas are responding to demand for smaller lot sizes from buyers, with the typical lot size in low density subdivisions now in the range between 375-425 square metres. Project home building companies now offer a wide range of house designs suited to smaller lots, with dimensions of 9-12.5 metres wide by 25-30 metres deep now commonplace.

Affordability and lifestyle factors are the main drivers of changing market preferences. These drivers are also common to the Illawarra, with Wollongong having recently been identified as one of the least affordable housing markets in Australia.

The proposed modifications will directly respond to affordability and housing supply pressures by delivering a greater diversity of more affordable housing and increasing the capacity to deliver more supply, which is also recognised as a significant influence on housing costs. The resident population capacity of the Calderwood development will increase by a minimum of 3,120 and up to 5,700 residents to a total of 15,600-18,180 residents as a result of the proposed modification.

The Illawarra market is in need of as much land as possible, to meet strong demand. Only 0.5 months of stock was available for trading at the close of the June 17 quarter. In FY17, only 695 lots were released compared to 1,069 (released and sold) in FY16.

The intent of the proposed modification is to deliver additional housing of different typologies that meets the increasingly diverse needs of residents. This includes more compact detached homes on smaller blocks, semi-detached and terrace housing. Some example images are provided at **Figure 1**.

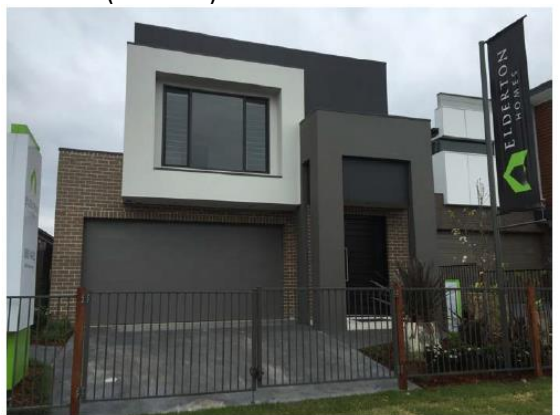
**Terraces with front/rear garages**



**Town homes**



**Narrow lot (8.5m wide) villas**



**Smart Lots (12.5m x 21m)**



**Figure 1 – Example housing typologies**

Source: Lendlease Communities

## **4.5 Speed of Housing Supply to Market**

At the time of lodgement of the CUDP in 2010, the strategic justification underpinning the proposed rezoning of the land at Calderwood and the Concept Plan was based on an anticipated annual rate of production of around 200 new homes at Calderwood commencing in 2012.

Delivery of housing was subsequently delayed, and did not commence on the site until 2014-15.

Notwithstanding, to date nearly 1,000 lots have been approved and/or sold, at a much faster rate than originally anticipated.

The strong demand for new homes in this location is clear evidence of the need to bring more supply to the market quickly to ensure homes are available for the growing population and to assist with housing affordability pressures. The proposed modification will facilitate this outcome.

## **5.0 Key issues for consideration**

The following information has been compiled to assist in the preparation of the SEARs to guide preparation of the EAR for the proposed modification. The key environmental considerations associated with the proposed development are outlined below. Specialist studies will be undertaken as part of the proposal to assist in addressing these issues.

Whilst the proposed modification will result in changes to certain aspects of the Approved Concept Plan, the scope of the proposed modification does not necessitate reassessment of all aspects of the approved CUDP under otherwise applicable planning instruments, plans and policies.

Only those matters directly relevant to the scope of the proposed modification are relevant for further consideration as part of the modification process.

## **5.1 Statutory Planning Framework**

### **5.1.1 Environmental Planning and Assessment Act 1979**

The Calderwood Concept Plan was approved under Part 3A of the Environmental Planning and Assessment Act 1979 (the Act), which has since been repealed. As such, the proposed modification is subject to assessment in accordance with the Transitional Part 3A provisions in Schedule 6A of the Act.

Pursuant to clause 3C of Schedule 6A of the Act, section 75W continues to apply for the purpose of the modification of a concept plan approved before or after the repeal of Part 3A, whether or not the project or any stage of the project is or was a transitional Part 3A project.

### **5.1.2 Environment Protection and Biodiversity Conservation Act 1999**

The CUDP Site and the proposed development are subject to the provisions of the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act). A referral to the Federal Minister for the Environment and Water Resources (now the Minister for the Environment and Energy) was made at the time of the original Concept Plan application. The referral concluded that the

development is unlikely to lead to significant impacts on matters of National Environmental Significance (NES) given that:

- No matters of NES have been recorded on site;
- All measures have been undertaken to retain, improve and manage important vegetation on site, including the vast majority of good condition vegetation that may potentially provide habitat to listed threatened species;
- There will be no loss of connectivity across the site and in a regional context.

As the proposed modification does not include any change to the developable area of land in the CUDP or seek to modify the Approved Concept Plan with respect to vegetation retention, it will not give rise to any further assessment or referral requirement under the EPBC Act.

### **5.1.3 Environmental Planning Instruments**

The relevant statutory planning framework for the CUDP is the State Significant Precincts SEPP together with the Approved Concept Plan. The relevant provisions of the State Significant Precincts SEPP are considered below.

The Approved Concept Plan was assessed against the relevant requirements of State Environmental Planning Policy No.55 – Remediation of Land at the time that approval was granted to the Concept Plan. The proposed modification does not give rise to the need to further consider contamination issues. It is considered that the assessment and mitigation measures identified in the Approved Concept Plan are appropriate in respect of the proposed increase in density.

Other State environmental planning policies, including SEPP 64 – Advertising and Signage, SEPP 65 – Design Quality of Residential Apartment Development, SEPP (Infrastructure) 2007, SEPP (Seniors Living), SEPP (BASIX) 2004, SEPP (Exempt and Complying Development Codes), SEPP (Affordable Rental Housing) 2009 etc will continue to apply to future development applications made pursuant to the Concept Plan Approval.

Wollongong Local Environmental Plan 2009, Shellharbour Local Environmental Plan 2014 and Shellharbour Rural Local Environmental Plan 2004 do not apply to the Calderwood site.

### **5.1.4 State Environmental Planning Policy (Major Development) 2005**

Following approval of the Concept Plan, on 14 January 2011 Schedule 3 of State Environmental Planning Policy (Major Development) 2005 (now the State Significant Precincts SEPP) was amended and the Calderwood Project site rezoned and mapped. The lands which will accommodate the additional dwellings are zoned R1 General Residential and B4 Mixed Use under the State Significant Precincts SEPP. The R1 General Residential and B4 Mixed Use zones permit a range of types of residential accommodation, including dwelling houses, semi-detached dwellings, attached dwellings, and residential flat buildings, with consent.

Under Part 28 of Schedule 3 of the State Significant Precincts SEPP, the Calderwood Lot Size Map identifies five separate lot size categories ranging from 0m<sup>2</sup> to 400,000m<sup>2</sup> (40 hectares).



All land within the CUDP is categorised on the Calderwood Lot Size Map, except for some of those areas of land zoned E2 Environmental Conservation, E3 Environmental Management and RE1 Public Recreation that comprise the riparian / environmental corridors, environmental reserves and public open space. The amendment to the Concept Plan will not require any amendment to the minimum lot size nominated by the State Significant Precincts SEPP.

The median lot size being delivered in the Illawarra region is currently in the order of 387m<sup>2</sup>. To achieve the increased dwelling yield on the site Lendlease anticipates lot sizes on average will continue to reduce, particularly with the development of integrated housing product on super lots.

Amendments to minimum lot size controls (Development Control Strategy (DCS)) may be required in some parts of the Calderwood project to achieve the increased lot yield. These changes will be included in the EAR as relevant.

## **5.2 Other Planning Policies**

The former Director General's Environmental Assessment Requirements (DGRs) for the Calderwood Concept Plan required that consideration be given to a range of policies and guidelines relating to water cycle management.

The Approved Concept Plan addressed these policies and guidelines in detail and this assessment is reflected in the Concept Plan Approval including the approved Water Cycle Management Plan, Flood Mitigation Plan, Open Space Network and Riparian Corridor Network.

These policies and guidelines are therefore considered relevant to the proposed increase in dwelling yield only in so far as the increase in yield may change the assessment of matters relating to water cycle management and water quality arising as a direct consequence of increased site coverage associated with the higher residential yield. The plans and policies considered relevant to the assessment of the proposed modification (in relation to increased site coverage) will be reviewed as part of the preparation of the EAR and addressed as relevant:

- NSW Groundwater Policies
- NSW State Rivers and Estuaries Policy
- NSW Wetlands Management Policy
- Illawarra Floodplain Risk Management Study and Plan 2012

## **5.3 Traffic and Accessibility**

The Approved Concept Plan identified the road upgrades required in order to meet the increased traffic demand arising from the CUDP. Traffic impacts on the local and regional road network, will be reviewed relative to the increase in residential yield.

A preliminary assessment undertaken by Cardno indicates that additional upgrades to local and regional roads may be required to service the proposed development, particularly at critical intersections. Because the concept plan amendment is still being refined, detailed modelling of impacts on the road network to identify specific infrastructure requirements has not yet been undertaken. The need for additional transport infrastructure improvements will be assessed relative to increases in the population cumulatively across the West Dapto and Calderwood release areas, so that responsibility for any improvements resulting from the Calderwood yield increase is appropriately apportioned.

The impact of the amended dwelling yield in respect to pedestrian and bicycle linkages will also be investigated as part of the EAR.

#### **5.4 Community Infrastructure and Open Space**

The demand for community infrastructure and open space arising from the increased dwelling yield will be investigated and assessed in relation to the Open Space Master Plan. The proposed increase to the dwelling yield would necessitate open space to cater to the corresponding growth in population, and a Community Infrastructure and Open Space report will be provided with the application. This report will consider the required quantum and quality of open space, benchmarks and best practice, and opportunities for shared use of green corridors particularly to deliver additional passive open space and encourage active communities.

#### **5.5 Development Contributions**

The assessment of requirements for traffic and accessibility infrastructure, community facilities and open space may require amendments to the existing arrangements for the delivery of development contributions to SCC and WCC. The outcomes of the assessment will inform a review of the development contributions that Lendlease is already committed to providing in the planning agreements.

#### **5.6 Flooding, riparian corridor management, and drainage and stormwater management**

The site is located within the Macquarie Rivulet and Marshall Mount Creek catchments. The application for the Approved Concept Plan was accompanied by a Floodplain Risk Mitigation Strategy prepared by Cardno in accordance with the Floodplain Development Manual 2005.

The increase in residential yield is proposed to be contained within the currently approved urban footprint. Maintaining the established development footprint will largely manage any flooding impacts associated with an increase in dwelling yield. Nevertheless, as part of the EAR, the Approved Concept Plan Flood Mitigation Plan will be considered in respect of any impact that a likely increase in impervious areas of the development might have on flood impacts. Other than in relation to a potential increase in run off resulting from a change to assumptions regarding impervious areas that may arise due to increased densities, no further changes to flood impacts are anticipated.

The additional yield will also be considered in respect to the water cycle management to determine if there will be any increase to runoff volume and intensity which may impact the approved Water Cycle Management Plan or operation of stormwater infrastructure.

It is not considered likely that the proposed modification will result in any need for modification to the Concept Plan Approval Riparian Corridor Network. Notwithstanding, water quality, and amendments to established targets will need to be considered, including improvements to water quality treatment to address additional contaminants from runoff associated with the amended dwelling yield.

## **5.7 Bushfire risk assessment**

The site contains bushfire prone land and a number of Bushfire Asset Protection Zones at known areas of bushland / development interface. As part of the EAR, a review of the location and size of the Bushfire Asset Protection zones with respect to the proposed dwelling lots will be considered, as well as the requirements for any amendment to the access and egress arrangements. However, as the footprint of residential areas is not anticipated to change significantly, there is not expected to be any substantial change to bushfire risk or mitigation measures.

## **5.8 Utilities infrastructure servicing**

The Approved Concept Plan provided indicative sewer layout scheme and an indicative potable water strategy. The water and sewer capacity requirements resulting from the increased dwelling yield will be determined in consultation with Sydney Water. Lendlease will commit to undertaking necessary water supply and sewer infrastructure capacity modelling, in conjunction with Sydney Water, to ensure there is sufficient capacity in the water and sewer networks to cater for the proposed population increase.

To ensure adequate provision of utility services to accommodate the new lot yield the project engineer (Cardno) will:

- liaise with all relevant authorities to ensure the services for Calderwood are delivered strategically, and at minimal cost;
- discuss with the following service providers:
  - Endeavour Energy on zone substation's capacity to service the increased number of lots;
  - Jemena to identify any potential issues with gas supply;
  - Sydney Water regarding capacity of augmented networks; and
- update the services infrastructure master plan to demonstrate that utility services (water, sewer, electricity and communication infrastructure) are available to service the potential increase in yield.

## **5.9 Landscape**

The proposed increase in dwelling yield is not anticipated to result in any significant changes to landscape and visual character, as the footprint of residential and mixed use zones is not proposed to change substantially. Where required, the EAR will include addendum studies related to:

- vegetation management;
- environmental management;
- landscape and visual impact.

### **5.10 Consistency with the Concept Plan Development Control Strategy**

The Approved Concept Plan is accompanied by a Development Control Strategy (DCS) which sets out the approved standards for urban design, built form and environmental management for the site. In particular, the DCS establishes detailed design considerations for public domain areas, open space, and the character of residential areas. The Development Control Strategy will be reviewed and amended as necessary to reflect the proposed modification, particularly the delivery of integrated housing products.

### **5.11 Heritage (European and Aboriginal)**

The increase in lot yield is proposed to be contained within the currently approved urban footprint. Maintaining the established development footprint will largely manage any heritage impacts associated with an increase in dwelling yield.

## **6.0 Conclusion**

The purpose of this letter is to request the SEARs for the preparation of a modification, under section 75W of the Act, to the approved concept plan for the CUDP.

The proposed modification will facilitate the delivery of additional dwellings from approximately 4,800 to 6,000-7,000 dwellings across the CUDP site and contribute to improving housing choice at affordable price points.

The proposed modification is in the public interest for the following reasons:

- in the context of a changing residential market, retaining the approximate 4,800 dwellings would not allow for the most efficient use of land for the purposes for which it has been zoned and in accordance with the minimum lot sizes permitted under the State Significant Precincts SEPP;
- retaining the approximate 4,800 dwelling yield would not best meet the site's capacity to provide new housing in a manner consistent with the State government's objectives for the provision of additional housing and for housing affordability;
- given the changing pattern of market demand towards smaller lot sizes which is resulting in a smaller land take per dwelling than originally anticipated, retaining the approximate 4,800 dwelling yield would ultimately result in the sterilisation of residential zoned land from residential development;
- retaining the approximate 4,800 dwelling yield is not warranted having regard to the potential environmental impacts of the proposed yield.



We trust that the information in this letter is sufficient to enable the Secretary to issue the SEARs for the preparation of the Environmental Assessment Report. Should you have any queries about this matter, please do not hesitate to contact me on 9956 6962 or by email at [probilliard@ethosurban.com](mailto:probilliard@ethosurban.com).

Yours Sincerely

A handwritten signature in blue ink, appearing to be 'P. Robilliard', with a stylized, cursive flourish.

Paul Robilliard  
*Director*