

CALDERWOOD URBAN DEVELOPMENT PROJECT

CONSISTENCY WITH ILLAWARRA REGIONAL STRATEGY

Land and Housing Supply Update Report

Concept Plan and State Significant Site Listing

Delfin Lend Lease

August 2010

CALDERWOOD URBAN DEVELOPMENT PROJECT
CONSISTENCY WITH ILLAWARRA REGIONAL STRATEGY – LAND AND HOUSING SUPPLY
UPDATE REPORT

EXECUTIVE SUMMARY

The purpose of this Report is to provide an update to the Calderwood Urban Development Project Environmental Assessment to address concerns raised in submissions about whether the Project is consistent with the Illawarra Regional Strategy.

The concerns expressed rely primarily on the release of the Illawarra Urban Development Programme update and the rezoning of Stages 1 and 2 of the West Dapto Release Area in early May 2010 subsequent to lodgement of the Calderwood documentation. The concerns expressed also suggest that the release of Calderwood will adversely affect existing zoned release areas particularly the West Dapto release Area.

This Update Report addresses these concerns by:

- Updating the population forecast Table to include the April 2010 projections by the Department of Planning;
- Examining the production status of the zoned Release Areas to reflect actual dwelling production rates; and
- Demonstrating the impact of the actual dwelling production rates on the Illawarra Urban Development Programme Update released in early May 2010.

The Regional Strategy was published almost 4 years ago in late 2006 and covers the period 2006 to 2031. The Regional Strategy forecast the need for 38,000 new dwellings based on a projected population of 329,000. The most recent population projections exceed the previous projections. The new dwelling forecast, adjusted to reflect actual production is 30% less than the Regional Strategy requirement to meet population growth even with Calderwood production included in the forecast. In particular, the key Regional Strategy assumption that West Dapto would be producing 500 lots per annum on multiple development fronts across each of its five stages is shown to be flawed.

This Update Report also examines a number of other significant and relevant matters which occurred subsequent to the lodgement of the Calderwood documentation and demonstrates their relevance to Illawarra land and housing supply. These include:

- The release of the National Housing Supply Council 2nd State of Supply Report (late April 2010);
- Commencement of the Productivity Commission benchmarking study into state and territories planning and zoning systems, including unjustifiable restrictions on competition (early May 2010);
- The Henry Tax Review;
- The release, in early June 2010, of the NSW Comprehensive Housing Supply Policy including contributions limits and the establishment of the Independent Housing Supply Task Force; and
- Confirmation by the Department of Planning, on 7th June 2010, of the status of Calderwood as an Illawarra land and housing supply Project.

Each of these significant matters has demonstrated relevance to Illawarra land and housing supply. They provide:

- Reinforcement of the priority at both the Federal and State Government level to implement new land release and development as efficiently as possible, including addressing unjustifiable restrictions on competition;
- Restatement of both Federal and State Government housing supply and affordability objectives; and
- Confirmation of the Regional Strategy land and housing supply targets.

This Update Report shows that the concerns expressed about whether the Project is consistent with the Illawarra Regional Strategy:

- Are narrow in focus and based on the premise that there is sufficient zoned land to meet the Illawarra's land and housing supply needs;
- Fail to recognise the reality of the implementation status of release areas in the Illawarra; and
- Ignore the significant broader forces at play in the strategic, economic and housing affordability framework.

The concerns expressed that the release of Calderwood is not consistent with the Regional Strategy are a perpetuation of the existing failed land supply strategies of the past several years at the Regional level. Each of the existing zoned release areas has significant implementation problems and these have not been recognised, acknowledged or acted upon at the Regional level. In effect the Regional Strategy is failing to meet its dwelling supply targets and Calderwood is required to partly address this deficit.

CALDERWOOD URBAN DEVELOPMENT PROJECT

CONSISTENCY WITH ILLAWARRA REGIONAL STRATEGY – LAND AND HOUSING SUPPLY UPDATE TO ACCOMPANY PREFERRED PROJECT REPORT

INTRODUCTION

The purpose of this Report is to provide an update to the Calderwood Urban Development Project Environmental Assessment to address queries raised in submissions about whether the Project is consistent with the Illawarra Regional Strategy. These concerns were raised by Shellharbour, Wollongong and Kiama Councils and others following exhibition of the Project Documentation, namely the State Significant Site Study and Concept Plan Environmental Assessment Report.

Following lodgement of the Calderwood Project documentation, the Illawarra Urban Development Programme Update and associated Explanation document were released and Stages 1 and 2 of the West Dapto Release Area were rezoned for urban development. These two events provided the stated basis for concerns raised by the Authorities mentioned above.

The Director General's Requirements for the Project identified the need for this matter to be addressed. The matter has been comprehensively addressed in the Environmental Assessment Report lodged initially on 14th March for Test of Adequacy and formally lodged on 1st April 2010. However, as a result of the queries raised in submissions, the Department of Planning has asked that Delfin Lend Lease update this aspect of the Environmental Assessment Report.

The basis for the queries raised in submission is narrow. There have been updates on a range of other equally relevant matters which reinforce the analysis presented in the Environmental Assessment Report and the supporting Illawarra Land and Housing Supply Report.

In particular:

- There has been a continuation of the previous calls for immediate action to increase housing supply at the National level, namely the release of the **National Housing Supply Council 2nd State of Supply Report (late April 2010)**, commencement of the **Productivity Commission benchmarking study into state and territories planning and zoning systems (early May 2010)** and the **Henry Tax Review**.
- The release, in early June 2010, of the **NSW Comprehensive Housing Supply Policy** including contributions limits and the establishment of the Independent Housing Supply Task Force.
- On 7th June 2010 the Department of Planning issued a letter of formal advice to Shellharbour Council on the status of Calderwood;
- An update of the population projections was issued by the Department of Planning in April 2010 and the population projections table has been updated to reflect this.
- Given the dated inputs to the **Illawarra Urban Development Programme Update an assessment of the current implementation status of the zoned release areas** identified in the Regional Strategy and Illawarra Urban Development Programme has been undertaken.
- The release of the **Draft Section 94 Contributions Plan for the West Dapto Release Area** for comment on 3rd May 2010.

The implications of each of these are addressed in more detail below.

NATIONAL HOUSING SUPPLY COUNCIL 2ND STATE OF SUPPLY REPORT 2010

The National Housing Supply Council released its 2nd State of Supply Report 2010 on 27 April 2010. The Council has found that:

- Underlying demand has continued to grow since the last report (by more than 200,000 households) and is projected to increase further by 2029 (by 3.2 million households to 11.8 million);
- Supply is not responding to this increase in demand (and that the impact of the global financial crisis on residential development in 2008-09 is likely to reduce dwelling completions in the next few years);
- State and territory data on future infill and greenfield supply **may be higher than actual delivery of lots (contributing to a larger gap)**; and
- The gap between demand and supply has continued to increase and will continue to increase without any changes to demand and/or supply. (Source: FaHCSIA website)

The National Housing Supply Council also note that information provided by the states and territories on land for greenfield and infill development indicates scope for up to 176,000 additional dwellings (gross) a year for 2009-10 and 2101-11. However the Council expressed concern that **'...if only a small proportion of these potential new dwellings do not proceed to completion (which is highly likely), new dwelling completions will not meet the increase in underlying demand...'** (Source: NHSC Report page xi).

The National Housing Supply Council also stated that **"...the challenges of demand pressures and poor housing affordability are likely to remain unless there is significant supply-side reform..."** (Source: NHSC Report page xvii).

In its second Report, the National Housing Supply Council has made a number of observations of relevance to the Illawarra. In particular, the fact that data on potential supply may be higher than actual implementation and delivery and the implications for affordability are relevant. As is demonstrated in this Report, this situation already exists in the Illawarra as zoned release areas fail to meet Regional Strategy requirements.

PRODUCTIVITY COMMISSION BENCHMARKING STUDY

In May 2010, the Productivity Commission released a discussion paper on the Coalition of Australian Government (COAG) agreed task of benchmarking how the states and territories' planning and zoning systems impact on competition (including unjustifiable restrictions on competition) and the overall efficiency and effectiveness of the functioning of cities. Also, as part of the study the Commission has been asked to report on best practice approaches that support competition, with particular reference to:

- preventing 'gaming' of appeal processes
 - maintaining adequate supplies of land suitable for a range of activities
 - removing any unnecessary protections for existing businesses from new and innovative competitors.
- (Source: Productivity Commission Issues Paper on Performance Benchmarking of Australian Business Regulation: *Planning, Zoning and Development Assessments-May 2010*)

Given the implementation challenges faced by other zoned release areas (which exist irrespective of Calderwood), and their inability to deliver dwellings in accordance with the Regional Strategy, the objections of Wollongong, Shellharbour and Kiama Councils to Calderwood fall into the category of an unjustifiable restriction on competition. The State Plan targets increased land supply as a means of addressing affordability as it introduces competitive tension into the market place.

Wollongong Council has made direct reference to the impact of competition in the Report to the Ordinary Meeting of Council dated 27 April 2010 by the Land Use Planning Manager on Council's Draft Section 94 Plan for the West Dapto Release Area. Council states that **"...The rate of development yield will also be influenced by competition from other release areas such as Tallawarra and Calderwood (if the Part 3A Major Projects application is approved by the Department of Planning). A reduced rate of development will reduce Section 94 income and extend the works program."**

At the Extraordinary Meeting of Shellharbour Council on 8th June 2010, Council declared a potential conflict of interest through ownership of the adjoining land at Tullimbar and stated that a probity plan had been put in place to manage the conflict.

The relevance of the Productivity Commission study to the Illawarra is that the Wollongong, Shellharbour and Kiama Councils, who are key regulatory authorities in the area covered by the Illawarra Regional Strategy, are very active participants in significant residential Projects listed in the Illawarra Urban Development Programme. Each has objected to the timing of commencement of the Calderwood Project on the basis of the potential impact of Calderwood on other Release Areas, including on their own Projects. Details are:

- Kiama Council is the owner and developer of Elambra Estate, specifically nominated in the IUDP as delivering 50 dwellings.
- Shellharbour Council is the owner of Shell Cove, specifically nominated in the IUDP as having capacity to deliver 1,845 dwellings.
- Shellharbour Council is the owner of approximately 40 hectares of residential zoned land immediately opposite the initial stages of the Calderwood project.
- Wollongong Council is the owner of more than 250 hectares of land in Stages 1 and 2 of the West Dapto Release Area. This land has capacity to deliver approximately 1,000 dwellings, part of a proposed town centre and more than 50 hectares of land for employment uses.

As demonstrated below, two of these Projects are facing significant implementation problems and are incapable of meeting dwelling production as forecast in the Regional Strategy.

The Henry Tax Review

The Henry Report makes it clear that the current supply of housing is insufficient, placing upward pressure on home prices. Box 6.1 of the Henry Review states as follows:

Housing supply can be restricted through a range of policies, such as planning and zoning regulations, as well as the approvals processes that govern them. However, such policies are designed to achieve a range of policy objectives, against which their impact on the price of housing should be assessed. The use of infrastructure charges has the potential to improve the allocation of infrastructure. However, where they are not set appropriately, infrastructure charges can reduce the supply of housing, and increase overall house prices.

While they may promote housing affordability, proposals that increase housing supply may reduce existing home values and change the shape of Australian cities in ways that many existing residents do not desire. This suggests a serious community dialogue is needed on the distribution and quality of housing across Australia. As a first step, the Council of Australian Governments should review zoning, planning and development approval policies and infrastructure charges to ensure they do not unnecessarily reduce housing supply.

The relevance of the comment in the Henry Review to the Illawarra is that it reinforces the need to expand supply to address affordability concerns and review zoning, planning and development approval policies to improve housing supply.

NSW GOVERNMENT COMPREHENSIVE HOUSING SUPPLY STRATEGY

The NSW Government announced, on 4th June 2010, measures to improve housing supply by reducing the cost of local council development contributions. These measures, which are part of a Comprehensive Housing Supply Strategy, include a \$20,000 cap on local contributions, limiting local contributions to essential infrastructure, replacing the previous contributions threshold review process and the establishment of a new Land and Housing Supply Taskforce to ensure new land release and development is done as efficiently as possible. In announcing the reforms the Premier stated that “*...These reforms are necessary to increase housing affordability and kick start housing construction...*”.

In the NSW Parliament on 24th June the Minister for Planning confirmed, in response to a question about Illawarra Land and Housing Supply targets in the Illawarra Urban Development Programme Update, the need (annually in the Illawarra) for about 1,520 new homes, which is made up of 760 in greenfield sites and 760 in infill sites, that housing delivery targets are not being met and reinforced State Government concerns about the possibility of house prices rising to an unaffordable situation in the State.

The relevance of this to the Illawarra is:

- Reinforcement of the NSW Government priority to implement new land and release and development as efficiently as possible;
- Restatement of the NSW Government’s housing supply and affordability objectives;
- Confirmation of the Illawarra Regional Strategy land and housing supply targets; and
- Acknowledgement that delivery of Illawarra dwelling targets is not being met through existing zoned release areas.

DEPARTMENT OF PLANNING STRATEGIC PLANNING ADVICE ON CALDERWOOD

On 7th June 2010 the Department of Planning issued a letter of formal advice to Shellharbour Council on the status of Calderwood, a copy of which has been provided to Delfin Lend Lease and which is attached to this document. In summary the letter states that:

- The review of the proposed West Dapto Release Area by the NSW Growth Centres Commission assessed the impact of the early release of Calderwood and concluded that, consistent with Government policy, there may be merit in the early release of Calderwood thereby achieving a higher overall dwelling production rate and delivering a mix of affordable housing by releasing as much land to market as quickly as possible.
- Having regard to the above, and information submitted by Delfin Lend Lease, the Minister for Planning formed the opinion that the proposed development constitutes a potential State Significant Site and authorised submission of a Concept Plan for the site.

The information submitted by Delfin Lend Lease to Government included a detailed Gateway Justification Report and Preliminary Environmental Assessment Report for the Project. (In this respect it is noteworthy that, on 18th March 2010 in relation to a query about Part 3A Projects, the Department advised the Urban Taskforce that “*...the Department will not recommend the authorisation of a Concept Plan to overcome a prohibition unless it is convinced that the proposal has merit and a reasonable chance of successfully negotiating the Part 3A assessment process*”).

The relevance of the Department of Planning letter is that:

- It states the information on which the Government made the decision that Calderwood is a potential State Significant Site and authorised submission of the Concept Plan;
- The Government position is that the release of Calderwood is consistent with Government policy to improve housing affordability by increasing supply levels to meet projected demand to keep pressure off house prices; and
- There is a demonstrated need for the Project and the public interest case has been made in Delfin Lend Lease’s submissions.

Further, the Environmental Assessment Report and supporting studies passed the Test of Adequacy in accordance with the Director General’s Requirements.

ILLAWARRA LAND AND HOUSING SUPPLY

In the time since the Calderwood documentation was lodged a number of events relevant to the matters raised in submissions by Shellharbour, Wollongong and Shellharbour Councils have occurred. These events, which strongly reinforce the need to release Calderwood in accordance with the Regional Strategy, are:

- Release of Updated Population Growth Forecasts;
- Rezoning of Stages 1 and 2 of West Dapto and Exhibition of Draft Section 94 Contributions Plan; and
- Release of the Illawarra Urban Development Programme Update.

In addition to each of the above matters, existing zoned release areas continue to face implementation challenges and are failing to meet forecasts. Each of these matters is addressed in turn.

Illawarra Regional Strategy

The major Population and Housing Challenges of relevance to Calderwood as articulated in the **Illawarra Regional Strategy 2006 – 2031** are to:

- *Deliver the West Dapto new release area, including the provision of infrastructure; and*
- *Enable an additional new release area to be considered at Calderwood should the growth of the Region increase beyond projections or land supply not satisfy housing demand and subject to the development meeting sustainability criteria.*

The **Regional Strategy 2006 - 2031** provides the major context for these challenges as follows:

West Dapto, having capacity for approximately 19,350 dwellings over the next 30 to 40 years, will be the priority new release area for the Region to address regional housing needs as other smaller release areas are exhausted. Planning for West Dapto is well advanced with rezoning of the release area and more detailed precinct planning for the initial stages of development will occur within the required time frame to meet demand for new land. To ensure that West Dapto is able to achieve the required annual lot production of 500, each of its five stages will require multiple development fronts. (IRS p 21).

Housing stress is a continuing problem in the Region. Housing affordability has declined over the last five years due to increasing house prices, in particular in Kiama where 72.3% of low income households are experiencing housing stress. Purchase and rental prices in the Region have now reached a point where many local residents are being excluded from participating in the housing market, especially in Kiama (IRS p 23).

The basic premise that the proposed West Dapto Release Area will produce 500 lots per annum on 5 multiple development fronts for many years, if at all, is demonstrably flawed.

Population Growth

Table 5 of the Environmental Assessment has been updated to take account of the NSW Statistical Local Area Population Projections, 2006-2036 issued in April 2010. The updated is shown below.

Table 1: Updated Population Projection

Source	Population				Dwellings			
	2006	2031	Change		2006	2031	Change	
			No.	%			No.	%
IRS 2006	281,000	328,600	47,600	17	^	^	38,000	
IRS 2009 Update*	278,000	284,200 (to 2008)	6,200	2.2	^	^		
DoP 2008 Projection	278,000	326,650 [#]	48,650	18	110,100	143,640 [#]	33,540	30.5
GCC Dec 2008	277,840	323,040	45,200	16	^	^		
DoP April 2010 Projections	278,000	330,200	52,200	19	^	^	^	^

Notes:

** The IRS 2008 Review does not contain population/dwellings projections. It only updated the latest population/dwelling data. In 2008, there were 284,200 people, which represented a growth of 3,200 since 2006. This represents an average annual growth rate of 1.1% which is significantly higher than the IRS projection of 0.7%. It should also be noted that the IRS 2007 and IRS 2008 used different population base data for 2006 – 281,000 and 278,000 respectively.*

If the annual growth rate of 1.1% continues, the population will reach 349,500 by 2031, way beyond the initial projection suggested in the 2006 IRS.

^ No data

The DoP projections were up to 2036. The figures shown here are estimates up to 2031, based on the growth rates provided in the DoP projections.

The relevance of this to the Illawarra is:

- **Reinforcement of the Regional Strategy dwelling targets as a minimum requirement; and**
- **Confirmation of the need to release Calderwood to meet these targets because population growth is beyond projections.**

West Dapto Release Area – Rezoning of Stages 1 and 2 and Release of Draft s94 Plan

On 5th May 2010 the State Government announced the rezoning of Stages 1 and 2 of West Dapto comprising approximately 6,900 dwellings. This means, in the normal course of events, that the land moves to the infrastructure servicing and delivery phase identified in the Illawarra Urban Development Programme Update Explanation document (Table 6, page 10). However, in the case of the West Dapto Release Area, it means solutions have to be found for the implementation challenges identified by the Growth Centres Commission and consistently highlighted by Industry Associations. Three recent examples highlight the implementation difficulties facing the Project:

The Draft s94 Contributions Plan

The Draft s94 Contributions Plan was placed on public exhibition from 3rd May 2010 for 28 days but the exhibition period was subsequently extended to 8th July 2010. The key features of the Draft s94 Plan as exhibited are:

- It is based on a Master Plan over a 50 year plus timeframe that aims to achieve 1,400 ha of developable residential land, 17,010 homes (6900 in Stages 1 and 2) and 175 ha of developable new industrial land;
- It proposes total infrastructure expenditure of \$730m comprising roads \$467m, public transport \$15m, drainage \$118million, administration \$8m, community facilities \$15m and open space and recreation \$107m (no acquisition of riparian corridors is proposed);
- \$710m or 97% of total infrastructure expenditure is from s94 contributions; and
- It proposes contribution rates of \$593,289 per ha or \$41,923 per dwelling for Low Density Residential and \$41,086 per ha for employment land.

However, the Government announcement of 4th June 2010 to introduce “**...a hard cap of \$20,000 for council-imposed charges on new development (these are commonly known as Section 94 contributions)**...” referred to above, provides a significant impediment to the implementation of the West Dapto Release Area. The impact of this on implementation is as follows:

- Income permitted under the proposed s94 Plan is limited to approximately \$340m;
- There is a shortfall of approximately \$370m of the \$710m required under the Contributions Plan to provide infrastructure that is essential to implementation of the release area; and
- A revised Contributions Plan will need to be developed that is so fundamentally different to the exhibited Plan that it appears as though implementation as envisaged will not be possible.

It is noted that statements attributed to the General Manager of Wollongong Council on 11th July 2010 (Illawarra Mercury) are as follows;

- The alternative to the s94 levy is to increase rates (in excess of 100% for West Dapto or 8% for everyone in the Wollongong LGA) and that is not an option; and
- Council has consulted with developers about ways to reduce the section 94 levies but that a resolution appears some way off.

The West Dapto Release Area Development Timeframe and Production Forecasts

The development timeframe of West Dapto is far from clear. The *Draft Section 94 Plan* states several conflicting timeframes:

- “a 40+ year period” page 5 (Executive Summary);
- “55 years” page 5 (Summary of Infrastructure);
- “year 55” page 11 (Works Program);
- “a 50+ year period” page 12 (Introduction, Section 1.2);
- “a 40 year timeframe” page 28 (Development Staging);
- “40 years” page 33 (Table 3.2)
- “anticipated 42 year” page 82 (Works Program)
- “55 years” page 83 (Contribution Rates)

Spreadsheets provided on Councils website supporting the draft s 94 Plan all suggest a development period of 55 years. Various specific financial calculations and assumptions all appear to have been based upon that timeframe. This timeframe is consistent with the rate of development anticipated in Council’s Report to the Ordinary Meeting of Council on 27th April 2010 (*Source: WCC Report of Land Use Planning Manager (DG) 3/12/09, page 4 (Development Yield)*).

The West Dapto Anticipated Lot Development Program

The *Draft Section 94 Plan* states that “an annual development yield of up to 500 dwellings per year has been included in the plan” (*Draft Section 94 Plan*, page 33 Section 3.6). As noted above, this does not appear to be the case. The Anticipated Lot Development Program suggests development of lots over a 40 year period with a maximum average production rate of 250 lots per annum (specifically during production years 21-30 inclusive). The average annual production rate over the 40 year period is actually 172 lots. This lower figure of 172 lots accords with rate of development anticipated by Council’s Planning Manager of “between 100 and 200 lots” in the Report to the Ordinary Meeting of Council, 27 April 2010.

DLL notes that the figure of 172 lots per annum equates to only **22%** of the annual greenfield lot production rate of 780 lots (IUDP 2008) that are required to meet forecast demand in the Illawarra and less than **12%** of the 1,520 dwellings per annum required under the *Illawarra Regional Strategy (IRS)*. In addition, the average annual production rate of 172 lots equates to less than **35%** of the “required annual lot production [for West Dapto] of 500” as identified in the *IRS* (IRS, page 21). This represents a shortfall of over **65%** per annum from the West Dapto Release Area.

Further, the *Draft Section 94 Plan* identifies the total production from West Dapto for the first 5 years of development as being 280 lots (*Source: Draft Section 94 Plan*, page 33 Table 3.2). This compares with a total predicted production of 830 lots for the same 5 period identified in the *Illawarra Urban Development Program Update 2010 Greenfield Dwelling Forecast (IUDP 2010 page 7)*. The difference of 550 lots represents a shortfall of over **66%** over 5 years.

The cumulative impact of this rate of shortfall is significantly greater than has previously been identified.

The Growth Centres Commission (GCC) review of the West Dapto Project conclusions that “...*The West Dapto release Area presents unique challenges ...*” and “...*that planning and development of this release area are as difficult as such exercises get...*” are presently being reinforced as the implementation requirements of the Project are being tested by industry and Wollongong Council and found to be as stated by the GCC. To date every aspect of the Project has been delayed, extended compromised and/or problematic

The relevance of this analysis is that it demonstrates the:

- Scope of the ongoing implementation challenges faced by West Dapto;
- Funding deficiencies in the infrastructure plan;
- Confusion over release area production rates;
- Obvious shortfall against Regional Strategy production targets and
- Overstatement of dwelling forecast in the Illawarra urban Development Programme.

Status of Other Releases Areas

Planning for, and implementation of, the Release Areas nominated in the Regional Strategy has not progressed as expected and continue to face ongoing difficulties. Each Release Area is addressed in turn together with the implications for the Regional Strategy.

Shell Cove Release Area (IUDP Update Potential Dwellings = 1845)

The Major Project and Concept Plan Application for the Shell Cove Boat Harbour Precinct indicates that this Precinct is proposed to deliver approximately 1100 of the potential 1845 IUDP dwellings. Shellharbour Council has publicly announced that due to global economic factors, work has stopped on the Boat Harbour Precinct. In the absence of Government funding for this Precinct, this Project is presently incapable of delivery of the programmed lots due to the following:

- The inability to source developer funding for Boat Harbour Precinct and associated development components of Project;
- Concept Plan approvals for Boat Harbour Precinct and associated development components of Project remain outstanding; and
- Construction lead times associated with the Harbour Precinct.

A review of the recent Shell Cove Project Quarterly Reports to Shellharbour Council shows that Council has publicly acknowledged that global economic factors are the main reason for failure to deliver the centre piece of this Project which will facilitate delivery of much of the balance of dwellings. As far as existing production is concerned, the Quarterly Reports show the following:

DATE	TOTAL SETTLEMENTS AT START OF PERIOD	TOTAL SETTLEMENTS AT END OF PERIOD	SETTLEMENTS FOR PERIOD	CUMULATIVE SETTLEMENTS
21 Sept 2008	1192	1227	35	35
23 Nov 2008	1227	1235	8	43
15 Feb 2009	1235	1238	3	46
10 May 2009	1238	1241	3	49
16 Aug 2009	1241	1274	33	82
22 Nov 2009	1274	1298	24	106
14 Feb 2010	1298	1308	10	116
23 May 2010	1308	1340	32	148

This Project is presently not meeting forecasts and in the absence of funding for the Boat Harbour Precinct is incapable of delivering future dwellings in that Precinct as programmed.

Tallawarra (IUDP Update Potential Dwellings = 700)

The timeframe for this Project remains uncertain. It is understood that the status is as follows:

- The site has been rezoned by Wollongong Council under the comprehensive LEP at a reduced yield compared to earlier expectations; and
- A major project application has been lodged and Director General Requirements issued for the Environmental Assessment. The Concept Plan approval for the Project remains outstanding.

This Project is forecast to deliver dwellings from 2010-2011.

Tullimbar (IUDP Update Potential Dwellings = 1700)

This Project has been in production since 2005. It opened in late 2006 with 20 completed homes. At the date of this Report a total of 31 homes have been built and another 10 are under construction. In effect this Project is not meeting market and is delivering less than 10 homes per year. In summary:

- Production is at very low levels compared to Regional Strategy and Illawarra Urban Development Programme predicted levels; and
- There is a demonstrated inability to provide diversity, choice and affordable product.

This Project is presently not meeting forecasts and is incapable of delivering future dwellings as programmed in the Illawarra Urban Development Programme Update forecasts.

The Illawarra Urban Development Programme Update and Explanation Document

The Illawarra Urban Development Programme Update and an associated Explanation Document was released on 5th May 2010. The key features of the Update are:

- It is based on information gathered during an industry forum in November 2008 – therefore it is almost 2 years old;
- Greenfield dwelling forecasts are significantly overstated with the several identified release areas not delivering the lots forecast;
- There is no discussion on the reality of the failure of existing release areas to progress and deliver dwellings; and
- It does not recognise the work of the Growth Centres Commission in tabulating likely supply rates from various sources.

Greenfield dwelling forecasts Tables from the Illawarra Urban Development Programme Update have been reproduced and are shown below at Table 3.

An adjusted dwelling forecast has been prepared by Delfin Lend Lease (Table 4) in order to:

- Reflect the empirical evidence of actual zoned release areas production discussed above;
- Detail Wollongong Council assessment of likely production from West Dapto; and
- Provide realistic assessments of other existing release areas based on the facts at this time.

Table 5 presents a comparison of Table 3 and 4 Totals with the Regional Strategy requirements for new Greenfield Dwelling Supply recently confirmed by the Minister.

Adjusted lines can be readily tracked as they are highlighted in red font in the three Tables.

Table 3: Illawarra Urban Development Programme Update - Greenfield Dwelling Forecast

Wollongong Release Areas	Potential	08-09	09-10	10-11	11-12	12-13	5 yr Total
Built Brick Works	450			70	0	0	70
Edgewood	167	68	65	34	0	0	167
Haywards Bay	207	50	50	50	7	0	157
Sandon Point	285	0	0	57	57	57	171
Tallawarra	700	0	0	70	70	70	210
West Dapto	16,000	0	0	160	310	360	830
Total – Greenfield Release Areas	17,809	118	115	441	444	487	1,605
Council Total	17,809	118	115	441	444	487	1,605

Shellharbour Release Area	Potential	08-09	09-10	10-11	11-12	12-13	5 yr Total
Albion Park South	217	100	35	62	0	0	197
Calderwood	8,000	0	65	200	250	250	700
Flinders	420	0	0	0	0	0	0
Shell Cove	1,845	75	125	150	150	150	650
Shellharbour City Centre	1,000	0	0	0	0	0	0
Tullimbar Village	1,700	50	75	150	150	150	575
Total – Greenfield Release Areas	13,182	225	235	562	550	550	2,122

Kiama Release Areas	Potential	08-09	09-10	10-11	11-12	12-13	5 yr Total
Kiama – Greenfield Release Areas	631	42	15	0	0	0	57

Total Illawarra Release Areas	Potential	08-09	09-10	10-11	11-12	12-13	5 yr Total
Total – Greenfield Release Areas	31,622	385	365	1,003	994	1,037	3,784

Table 4: Illawarra Urban Development Programme – Adjusted Greenfield Dwelling Forecast

Wollongong Release Areas	Potential	08-09	09-10	10-11	11-12	12-13	5 yr Total
Built Brick Works	450			70	0	0	70
Edgewood	167	68	65	34	0	0	167
Haywards Bay	207	50	50	50	7	0	157
Sandon Point	285	0	0	57	57	57	171
Tallawarra	700	0	0	70	70	70	210
West Dapto	6,909	0	0	56	56	56	168
Total Wollongong LGA	8,718	118	115	337	190	183	943

Shellharbour Release Areas	Potential	08-09	09-10	10-11	11-12	12-13	5 yr Total
Albion Park South	217	100	35	62	0	0	197
Calderwood	4,800	0	0	0	100	166	266
Flinders	420	0	0	0	0	0	0
Shell Cove	1,845	50	100	150	150	150	600
Shellharbour City Centre	1,000	0	0	0	0	0	0
Tullimbar Village	1,700	10	10	10	75	100	205
Total – Shellharbour LGA	9,982	160	145	222	325	416	1268

Kiama Release Areas	Potential	08-09	09-10	10-11	11-12	12-13	5 yr Total
Total Kiama LGA	631	42	15	0	0	0	57

Total Illawarra Release Areas	Potential	08-09	09-10	10-11	11-12	12-13	5 yr Total
Total – Adjusted Forecast	19,331	320	275	559	515	599	2268

Table 5: Comparison of IRS Target with IUDP and Adjusted Greenfield Dwelling Forecast

	Potential	08-09	09-10	10-11	11-12	12-13	5 yr Total
IUDP Forecast	31,622	385	365	1,003	994	1,037	3,784
Adjusted Forecast	19,331	320	275	559	515	599	2268
IRS Requirement	NA	720	720	720	720	720	3600
Shortfall	NA	(400)	(445)	(161)	(209)	(121)	(1332)

The relevance of the above analysis is that it demonstrates:

- That even with the inclusion of Calderwood in production projections, the Greenfield dwelling forecast is under the Regional Strategy requirement by more than 35%;
- The difference between the Illawarra Urban Development Programme Update and actual delivery of dwellings;
- The problems associated with over reliance on one major source of new land and dwelling supply;
- The failure of the Illawarra Regional Strategy in terms of dwelling supply; and
- The relevance of the concern expressed by the National Housing Supply Council of reliance on limited sources of supply.

SUMMARY AND CONCLUSION

The analysis in the Calderwood Environmental Assessment Report supplemented and updated by this Report shows that:

- The strategic planning context of the Illawarra Regional Strategy has been superseded by the National and State policy frameworks that require increased land and housing supply, positive measures to improve housing affordability and the need for competitive tension in the market place.
- Planning for, and implementation of, the West Dapto Release Area, nominated in the Regional Strategy as the priority Release Area has not progressed as expected and continues to face significant ongoing difficulties.
- Planning for, and implementation of, the other Release Areas nominated in the Regional Strategy has not progressed as expected and these also continue to face ongoing difficulties.
- Land and dwelling supply targets as documented in the Illawarra Regional Strategy are not being met and the alternative Release Area of Calderwood is required to meet these targets.

This Update Report shows that the concerns expressed about whether the Project is consistent with the Illawarra Regional Strategy:

- Are narrow in focus and based on the premise that there is sufficient zoned land to meet the Illawarra's land and housing supply needs;
- Fail to recognise the reality of the implementation status of release areas in the Illawarra; and
- Ignore the significant broader forces at play in the strategic, economic and housing affordability framework.

NSW

The Hon Kristina Keneally MP

Minister for Planning | Minister for Redfern Waterloo

Mr Simon Basheer
Regional General Manager NSW/ACT
Delfin Lend Lease
Locked Bag 1
MILLERS POINT 2000

Y08/3367

Dear Mr Basheer

Simon

I refer to your our recent meeting at which the possibility of Calderwood being declared a State significant site was discussed.

The Guidelines for State Significant Sites under the Major Projects SEPP outlines the processes to be followed when declaring a site to be State significant. If you wish Calderwood to be considered for nomination as a State significant site, you will need to submit a formal request which addresses the criteria outlined in the Guidelines. The Guidelines may be accessed on the Department's website at: <http://www.planning.nsw.gov.au/assessingdev/duapsrole.asp>

I consider that the Growth Centres Commission report on West Dapto now provides a clear way forward for West Dapto and Calderwood and the State Government will be working with the relevant local councils to achieve much needed land release for the Illawarra.

If you have any specific questions on the State significant site declaration process you may contact Mr Michael File, Director Strategic Assessments on (02) 9228 6407. For any other enquiries regarding Calderwood you should contact Mr Neil McGaffin, Regional Director, Southern Region on (02) 4224 9455.

Yours sincerely



The Hon Kristina Keneally MP



NSW GOVERNMENT
Department of Planning

Contact: Michelle Cramsie
Phone: 02 9228 6534
Fax: 02 9228 6570
Email: michelle.cramsie@planning.nsw.gov.au

Our ref: MP 09_0082 & MP 09_0083
File: S09/00671

Mr Bill Mitchell
Project Director - Calderwood
Delfin Lend Lease
PO Box 1124
ST MARYS NSW 1790

Dear Mr Mitchell,

**Calderwood Urban Development Director General's Requirements
Concept Plan Application MP 09_0082 & Stage 1 Project Application MP 09_0083**

I refer to your request for Director General's requirements for the above proposal made on 9 February 2009.

The Director General's Requirements (DGRs) for the proposed Concept Plan and Stage 1 Project Application are attached with this letter, pursuant to Section 75F (2) of the *Environmental Planning and Assessment Act 1979* (the Act). They have been prepared in accordance with the Act after considering relevant guidelines. Copies of submissions made by agencies in relation to the preparation of the DGRs have also been attached for your information.

The DGRs have been based on information provided with your application. Section 75F (3) of the Act permits subsequent modification of the DGRs to address unidentified environmental impacts. If these powers are used, you will be formally notified of changes to the DGRs.

The DGRs require that you, or someone acting on your behalf, prepare an Environmental Assessment (EA) for the project. A single copy of the EA should be lodged with the Department to determine whether it adequately addresses the DGRs. You will then be advised of the acceptance of the EA, the number of copies of the EA to be submitted for public exhibition, and the application fees payable.

The officer, Michelle Cramsie is available during business hours on 9228 6534 or via email to michelle.cramsie@planning.nsw.gov.au

Yours sincerely

Giovanni Cirillo
Executive Director
Urban Renewal & Major Sites

Part 3A – Project Application

Director-General's Requirements

Section 75F of the *Environmental Planning and Assessment Act 1979*

Application No.	MP 09_0082 (Concept Plan) and MP 09_00083 (Stage 1 Project Application)
Project	Concept Plan and Stage 1 Project Application – Calderwood Urban Development Project
Site	Land at Calderwood (refer to attached schedule)
Proponent	Delfin Lend Lease
Date of Issue	10 June 2009 <i>(If the environmental assessment is not exhibited within 2 years after this date, the applicant must consult further with the Director-General in relation to the preparation of the environmental assessment.)</i>
General Requirements	<p>The Environmental Assessment (EA) must include:</p> <ol style="list-style-type: none"> (1) An executive summary; (2) A detailed description of the project including the: <ol style="list-style-type: none"> (a) strategic justification for the project; (b) alternatives considered; and (c) various components and stages of the project in detail (and should include infrastructure staging); (3) A consideration of the following with any variations to be justified: <ol style="list-style-type: none"> (a) all relevant State Environmental Planning Policies, (b) all applicable planning instruments, including relevant Council LEP and DCP instruments, and (c) relevant legislation and policies, including the <i>Illawarra Regional Strategy</i>. (4) A draft Statement of Commitments, outlining commitments to the project's management, mitigation and monitoring measures with a clear identification of who is responsible for these measures; (5) A detailed conclusion justifying the project, taking into consideration the environmental impacts of the proposal, mitigation measures to address these impacts, the cumulative impacts of the proposal, the suitability of the site, and whether or not the project is in the public interest; (6) Identify the development contributions applicable to the site and, if relevant, and any public benefits to be provided with the development, and consider any relevant development contributions plans prepared to date; (7) A signed statement from the author of the EA certifying that the information contained in the report is neither false nor misleading; and (8) A report from a quantity surveyor identifying the correct capital investment value for the concept plan and the stage 1 project application.
Key Assessment Requirements	<p>Strategic Planning</p> <ul style="list-style-type: none"> • Demonstrate consistency with the revised MDP boundary as discussed in the Illawarra Regional Strategy, and justification for any variation. • Demonstrate that the site can be serviced independently of the West Dapto release area, and therefore will not significantly impact upon the provision of infrastructure for West Dapto. <p>Urban Design</p> <ul style="list-style-type: none"> • Undertake a site analysis that identifies the relevant natural and built environmental features. The site analysis should form the basis for justifying the configuration of the development of the land and the mix of land uses. • Provide suggested new controls and urban design guidelines to regulate the development, including the subdivision pattern, lot sizes, development controls and management arrangements. • Details of the proposed landscaping and open space areas.

- View analysis, including artist's perspective and photomontages.
- Staging and timing of the development of the site.
- Linkages with existing and proposed urban development adjoining the site.
- Aircraft noise and aircraft safety issues due to the proximity of the Illawarra Regional Airport.

Transport and Accessibility

- Prepare a Traffic Management Plan that considers the traffic constraints of the site and surrounding locality.
- Demonstrate a strategy for providing linkages to regional transport networks.
- Demonstrate that there is the ability for sites located within the release area, but not within the proponent's control, to connect to infrastructure.
- Detailed traffic modelling to determine level of infrastructure needed plus annual traffic growth/approved development (including Delmo Albion Park).
- Timing/delivery/scope of local and regional road infrastructure.
- Network modelling for impacts on Illawarra Highway, Princes Highway/Southern Freeway, Tongarra Road, Marshall Mount Road, Yallah Road and the future Southern Freeway corridor between Yallah and Oak Flats.
- Intersection modelling using SIDRA for any junctions likely to be impacted by the development as identified in network modelling, including AM and PM peaks, from the occupation of the Stage 1 development to the completion of the full development of the Concept Plan site.
- Identify infrastructure including road, pedestrian and cycling infrastructure to ameliorate the impacts of the development.
- Measures to promote public transport usage and reduce car usage.
- Identify various Travel Demand Management (TDM) measures that will optimise the opportunity provided by the projects sites proximity to public transport.
- Provide a road network plan identifying the proposed road hierarchy including cycleways, footpaths and car parking. Plan should identify public, private roads and typical cross sections and long sections.
- Prepare a Transport Management and Accessibility Plan (TMAP) generally in accordance with the Ministry of Transport's *Interim TMAP Guidelines*, also including:
 - Staging/Sequencing Plan;
 - Measures to maximise public transport, walking and cycling;
 - Proposed pedestrian, cycling and public transport infrastructure, and;
 - Measures to mitigate any potential impacts on pedestrian safety.

Biodiversity

- Address the impact of the development on existing native flora and fauna and their habitats, including identified threatened species (eg. Illawarra Lowland Grassy Woodland, and *Lespedeza juncea* and *Chonzema parviflora* species), having regard to the Threatened Species Assessment Guidelines and recommend offset measures to avoid or mitigate impacts on threatened species and their habitat.
- Evaluate the ecological values of Johnsons Spur and Yallah-Calderwood Regional Habitat Corridor on this site for development (including any road upgrades).
- Identify the ecological attributes of the lands proposed for dedication and how the environmental land offsets scheme will mitigate the impacts of the development.
- Discuss the development of ecological corridors to link flora and fauna corridors both on and adjoining the site.

Flooding

- Assessment of any flood risk for the site should be conducted in accordance with the NSW Government's Flood Prone Land Policy as set out in the Floodplain Development Manual 2005.
- Flood Study Report for existing conditions is to be prepared to include hydrologic and hydraulic models, calibration against existing local flood records, downstream and upstream conditions, and floodplain characteristics.

- Flood Risk Management Assessment Report for the development including estimation of Flood Planning Levels and Flood Planning Area, extent of flood prone and mapping, flood behaviour, flood risks up to the PMF, evacuation, and impacts of climate change.
- Consider Shellharbour Council's Floodplain Risk Management DCP and justify any departure.
- Consideration of upstream and downstream flows and impacts of development yet to be built.
- Assess geomorphic impacts on the watercourses and floodplain area affected by the proposal.

Water Courses/Riparian Corridors

- Detail protection of watercourses of riparian lands in relation to the following
 - The NSW State Rivers and Estuaries Policy;
 - The NSW Wetlands Management Policy;
 - The State Natural Resource Management Targets (particularly Targets 1 & 5);
 - Stream mapping including watercourses on the site, riparian corridors, APZs and proposed revegetation of riparian corridors.
- Surface Water and Groundwater assessment including any proposed surface water and groundwater extraction volumes, function and location of proposed storage/ponds, design, layout, pumping and storage capacities, and all associated earthworks and infrastructure works.
- Details on any water management structures/dams both existing and proposed including size and storage capacity.
- Identify groundwater issues including predicted highest groundwater table at the site, works likely to affect groundwater surfaces, and proposed extraction, prevention of groundwater pollution.
- Provide a scaled plan to detail and wetlands on or adjacent to the site, buffer setbacks, any Asset Protection Zones and the footprint of the proposed development.
- Assess any potential impact on surrounding waterways and wetlands in terms of water quality, aquatic ecosystems and riparian corridors. This should include but not be limited to:
 - Onsite pollution such as accidental spills and sewer overflows;
 - Risks such as weed invasion, encroachment and litter; and
 - Vegetated buffer zones.

Drainage and Stormwater Management

- The EA should address drainage and stormwater management issues, including: on site detention of stormwater; water sensitive urban design (WSUD); and drainage infrastructure.
- Consider Shellharbour Council's Stormwater Policy and Subdivision Code for stormwater design and infrastructure, and justify any departure.

Ecologically Sustainable Development (ESD)

- Detail how the development will incorporate ESD principles in the design, construction and ongoing operation phases of the development including water sensitive urban design measures, water re-use, energy efficiency, energy minimisation/generation, recycling, waste disposal and trip containment.

Heritage

- A heritage impact statement should be prepared in accordance with NSW Heritage Office guidelines. The statement should assess the impacts of the application on the area and any significant components of the site. The heritage significance of the area and any impacts the proposed development may have upon this significance is to be assessed.

- The EA is to identify the nature and extent of impacts on any Aboriginal cultural heritage and address the requirements set out in the draft "Guidelines for Aboriginal Cultural Heritage Impact Assessment and Community Consultation".

Bushfire Risk Assessment

Provide an assessment against *Planning for Bush Fire Protection 2006*. The EA is to identify the ongoing management arrangements of any proposed APZs.

Utilities Infrastructure

- Prepare a utility and infrastructure servicing strategy detailing supply of water, sewerage, stormwater, gas, electricity and telephone services.
- Consideration should be given to technologies which may reduce the demand or need for servicing or provide for the supply of sustainable services.

Social and Community

- Demonstrate that the appropriate housing diversity and affordability are provided.
- Provide a social assessment of the project giving consideration to the range of possible social impacts and identify positive and negative social impacts of the project, including measures to ensure the development will integrate socially with local communities.
- Demand for social and community facilities and proposed S94 contributions.
- Details of open space and community facilities, ongoing maintenance, and arrangement for public use, especially as the site is in 2 local government areas.

Agricultural land

Address the impact of the development on primary production values and practices of adjoining rural areas and whether any impacts on regional significant areas of food production may result.

Planning Agreements and/or Developer Contributions

- The environmental assessment should address and provide the likely scope of planning agreement (should one be proposed) and/or developer contributions between the proponent, Council and other agencies for matters such as community, regional and local infrastructure.
- It should address demand, proposed services, local and regional services and cross boundary/LGA issues.

STAGE 1 PROJECT APPLICATION

Site Preparation Works

The EA should include the following:

- Detailed site survey
- Any likely geotechnical impacts and mitigation measures
- Groundwater details
- Erosion and sediment controls
- Any potential contamination on the site
- Cut and fill proposed and whether any fill is proposed to be imported or exported to/from the site

Subdivision Works

- Detailed subdivision layout, including covenants, easements and notations proposed for each land title.
- Detailed design of infrastructure including roads (including typical cross sections and long sections), drainage, open space, pedestrian and bicycle infrastructure.
- Staging plan.

Test of Adequacy	<p>If the Director-General considers that the Environmental Assessment does not adequately address the Environmental Assessment Requirements, the Director-General may require the proponent to submit a revised Environmental Assessment to address the matters notified to the proponent.</p> <p>The Director-General may modify these requirements by further notice to the proponent.</p>
Consultation Requirements	<p>During the preparation of the Environmental Assessment, you should undertake an appropriate level of consultation with the relevant Local or State government authorities, service providers, and other stakeholders.</p> <p>In addition the EA is to include written evidence of consultation with the following:</p> <p>Agencies, other authorities and groups:</p> <ul style="list-style-type: none"> • Wollongong City Council • Shellharbour City Council • NSW Roads and Traffic Authority • NSW Ministry of Transport • Department of Environment and Climate Change • Department of Water and Energy • Lake Illawarra Authority • NSW Rural Fire Service • Department of Primary Industries • Department of Education and Training • All relevant utility providers <p>A detailed community engagement strategy for the project</p>
Deemed Refusal Period	60 days (see Clause 8E of the <i>Environmental Planning and Assessment Regulation 2000</i>).
Application Fee Information	The application fee is based on Capital Investment Value (CIV) of the project as defined in the Major Projects SEPP and as set out in Clause 8H of the <i>Environmental Planning and Assessment Regulation 2000</i> . To verify the cost of works for this project you are requested to submit a Quantity Surveyor's report to detail the CIVs of the Concept Plan and the Stage 1 Project Application.
Landowners Consent	Landowner's consent is to be provided in accordance with the <i>Environmental Planning and Assessment Regulation 2000</i> .



22 April 2009

NSW GOVERNMENT
Department of Planning

Contact: Michelle Cramsie
Phone: 9228 6534
Fax: 9228 6570
Email: michelle.cramsie@planning.nsw.gov.au
Our ref: MP 09-0082 & MP 09-0083

Mr Bill Mitchell
Project Director – Calderwood Valley
Delfin Lend Lease
Ropes Crossing Boulevard
ROPES CROSSING NSW 2760

Dear Mr Mitchell,

**Calderwood Urban Release Area – Concept Plan, Stage 1 Project Application and
Proposed State Significant Site Listing**

I write in response to the letter of 6 February 2009 from Mr Simon Basheer concerning the above project.

I am pleased to advise you that on 16 April 2009, pursuant to Clause 6 of the Major Projects SEPP, the Minister for Planning formed the opinion that the proposed development constitutes a Major Project and also authorised the submission of a Concept Plan for the site. In doing so the Minister also formed the opinion that a State significant site (SSS) study be undertaken to determine whether to list the site a State Significant site in Schedule 3 of the *State Environmental Planning Policy (Major Projects) 2005*. Please find attached the SSS study requirements (Appendix 1).

As discussed, we intend to hold a planning focus meeting with Council and agencies to assist in the preparation of Director General's Environmental Assessment Requirements. In order to progress this matter please provide eight (8) hard copies of the preliminary assessment report prepared by Delfin Lend Lease dated February 2009, and any other additional information that may assist stakeholders to identify the key issues which may be included in the DGRs.

Should you have any questions please do not hesitate to contact Michelle Cramsie on 9228 6534 or by email at michelle.cramsie@planning.nsw.gov.au

Yours sincerely

Michael File
Director, Strategic Assessments

**Scope of study to be undertaken to determine whether the
Calderwood Urban Development Project should be inserted in Schedule 3 to
the *State Environmental Planning Policy (Major Projects) 2005***

The following issues will be considered and assessed as part of the study to be undertaken pursuant to clause 8 of the *State Environmental Planning Policy (Major Projects) 2005* (Major Projects SEPP) to determine whether the site should be included as a State significant site in Schedule 3 to the SEPP:

- (a) the State or regional planning significance of the site (having regard to the Department of Planning's *Guideline for State Significant Sites under the Major Projects SEPP*);
- (b) the suitability of the site for any proposed land use taking into consideration environmental, social or economic factors, the principles of ecologically sustainable development and any relevant State or regional planning strategy;
- (c) the implications of any proposed land use for local and regional land use, infrastructure, service delivery and natural resource planning;
- (d) those parts of the site which should be subject to Part 4 of the *Environmental Planning and Assessment Act 1979* with Council as consent authority;
- (e) the development controls for the site that should be included in Schedule 3 of the Major Projects SEPP generally in accordance with the provisions of the *Standard Instrument (Local Environmental Plans) Order 2006* and;
- (f) the means by which local and regional developer contributions should be secured in respect of the site.
- (g) ecological characteristics such as critical habitat and threatened species.
- (h) appropriate arrangements for the dedication of land to council for public open space purposes.



The Hon Frank Sartor MP
Minister for Planning
Minister for Redfern Waterloo
Minister for the Arts

COPY

NEW SOUTH WALES

Mr Simon Basheer
Regional General Manager
Lend Lease Communities
Level 4, 30 The Bond
30 Hickson Road
MILLERS POINT NSW 2000

Y08/282
WOL20000986-2

7 APR 2008

Dear Mr Basheer

Subject: Calderwood - Justification Report

I refer to our meeting on Thursday 7th February 2008 regarding Calderwood, and would like to provide the requirements for a justification report from Delfin Lend Lease regarding the need for Calderwood.

The recently released *Improving the NSW Planning System* discussion paper proposes a gateway process for the early assessment of rezoning proposals against clearly established criteria. The paper also includes the suggested contents for such a justification report to address greenfields proposals that are inconsistent with an endorsed strategy (pp39-40) such as the Illawarra Regional Strategy (IRS).

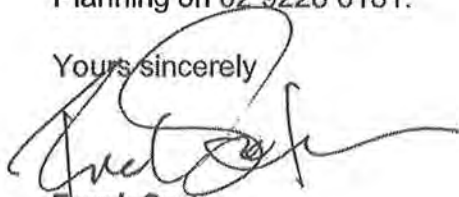
In relation to your proposal, a justification report would address the implications of initiating the rezoning of Calderwood for urban development including associated staging, timing and infrastructure considerations. The suggested terms of reference, using relevant criteria from the discussion paper and the sustainability criteria from the IRS tailored to your proposal, are attached to this letter.

The justification report should not be based on expensive detailed modelling but rather a succinct document of approximately 50 pages that provides full consideration of the entire Calderwood release area. It should clearly address the issues and articulate how Calderwood will be linked to the Illawarra region.

Please note that any submission received from Delfin Lend Lease will only be used to assess whether further consideration will be given to initiating the land rezoning process for the entire Calderwood Valley. If it is decided to give the proposal further consideration, this decision does not constitute an approval or indication of future approval for either the land rezoning or the early release of Calderwood for urban development.

If you have any questions regarding this matter, please contact Mr Richard Pearson, Executive Director, Rural and Regional Planning, Department of Planning on 02 9228 6181.

Yours sincerely



Frank Sartor

Delfin Lend Lease Calderwood Justification Report – Terms of Reference

Note: The Justification Report needs to address implications of initiating the rezoning of Calderwood. Relevant criteria from the Justification Report requirements and the Illawarra Regional Strategy Sustainability Criteria tailored to the proposal, are as follows:

1. Strategic planning validity test.

- Given that the Department's LEP Review Panel and two independent reviews have previously rejected the short term need for rezoning of Calderwood, what are the compelling reasons for allowing the rezoning to proceed now?
- The suitability and timing of development at Calderwood has been the focus of a number of independent reviews. Please address the issues and concerns raised in previous work (attached) undertaken by Cite` Planning (Vince Berkhout) and Planning Workshop (Charles Hill)?
- How does early release of Calderwood meet its strategic role as identified in the Illawarra Regional Strategy?
- Is the proposal compatible with the surrounding or future land uses?
- The Department, on the basis of Independent reviews, has argued that the proposed development may lead to an over supply of residential land in the Illawarra market. There is a concern that Calderwood will interfere with the forecast lot production which underpins West Dapto infrastructure and delivery. How many lots are proposed to be delivered annually and how would you address the impacts on West Dapto?
- Would it set a precedent with other landholders?
- Will release or rezoning of the land impact unreasonably on other planned developments within the Illawarra region?
- Should the site be retained for another purpose?

2. Infrastructure and servicing test.

- It is the Government's view that Calderwood should be linked to regional infrastructure and transport corridors such as the F6 and east to the rest of the region. Please explain how it is proposed to create these wider links at no cost to Government by the time Calderwood is developed?
- What infrastructure and servicing needs (including transport, roads, water and sewerage) are required to support development of the entire Calderwood Valley? How will any shortfall be provided?
- Will the need for local and regional infrastructure be met by the development (either by a levy or physical provision of the works) in accordance with the government policy on infrastructure and levies?
- What is the additional cost to government of providing social and essential services (such as health services, schools, police, ambulance and fire brigades) to the site if it were developed, as compared to providing such services in an already designated development area?
- What are the implications of the early release of land at Calderwood on the take-up rates at West Dapto and the ability to recoup State and Local infrastructure investments?
- What up-front provisions, funding and delivery of lead infrastructure is needed to ensure that development will be at no cost to government?
- What will be the impact on performance of existing subregional road, bus, rail and freight network?
- Is the area accessible by public transport and/or appropriate road access in terms of:
 - Location/land use: to existing networks and related activity centres.
 - Network: the area's potential to be serviced by economically efficient transport services
 - Catchment: the area's ability to contain, or form part of the larger urban area which contains adequate transport services. Capacity for land use/transport patterns to make a positive contribution to achievement of travel and vehicle use goals.

3. Environmental constraints and benefits test.

- What limitations are imposed by topography, flood susceptibility, bushfire hazard, endangered ecological communities, native vegetation, threatened species, Aboriginal cultural heritage, water courses and other environmental considerations?

- What is the environmental impact of proposed uses on neighbouring areas?
- Are there any environmental benefits that would arise from the development, for example:
 - Demonstrates most efficient /suitable use of land?
 - Avoids identified significant agricultural land and productive resource lands (extractive industries and mining)?
- Are there any environmental offsets that would be provided as a result of the development?
- Will the demand for water be within infrastructure capacity to supply water and not place unacceptable pressure on environmental flows? What is proposed to limit water use and encouraging re-use?
- Will the demand for energy not place unacceptable pressure on infrastructure capacity to supply energy?

4. Public benefit

- Does the proposed development, or rezoning, make a significant contribution to stocks of residential or employment land?
- Are regional/local employment opportunities provided within the Calderwood development area?
- What is the likely job creation from the proposal; does the proposal maintain or improve the existing level of employment within the Illawarra, in particular self-containment?
- What is the capital investment value?
- Does the proposal contribute to the geographic market spread of housing supply, including any government targets established for aged, disabled or affordable housing?
- What are the social benefits anticipated from the project, including housing affordability?
- What are the positive flow-on effects to neighbouring communities or businesses?
- Is the project unique in delivering these public benefits?
- Quality and equity in services of health, education, legal, recreational, cultural, community development and other Government services needs to be considered.
 - Do adequate services exist?
 - Are they at capacity or is some capacity available?
 - Has the Government planned and budgeted for further services provision?
 - Is developer funding for required service upgrade/access available?

5. Investment certainty.

- Does the proponent have a sound business plan?
- Is the project likely to proceed?
- Is the proponent sufficiently well resourced to proceed?
- What is the track record of the proponent?

6. Statement of community involvement.

- What level of consultation has already occurred in relation to this proposal through the strategic planning or proposal development phase?
- What further actions for community involvement in the plan are proposed?
- What key issues require specific and focused community assessment and comment?

MEETING TOPICS DEPARTMENT OF PLANNING – 15TH MAY 2008 DLL'S CALDERWOOD VALLEY PROJECT

To confirm the expectations of Government from the Calderwood Project Gateway Justification report and to direct our responses accordingly

- response to Minister's request – "smaller, lighter, faster"
- report format A4, 50 pages plus appendices addressing:
 - Hill & Berkhout – headline issues only in detail
 - PwC – summary report with detail available as required
 - Sustainability Criteria cross reference
 - propose next steps and draft "DGRs" or equivalent

Clarify certain requirements and Terms of Reference

- full consideration in 50 pages
- Agency expectations of Gateway Report (eg: NPWS, RTA)
- approach to the Hill & Berkhout reports
- impact on West Dapto/other Release Areas (response would be somewhat speculative; eg: what are the likely real versus forecast production rates?)
- scope of "Cost to Government" analysis (some baseline/comparative data not available)
- Government housing targets not available for categories mentioned
- broad assumptions about urban capability of balance of Release Area

To understand the processes and protocols involved in the following

(a) Assessment of the Justification Report

- methodology, including Agency and Authority consultation
- CEO Land Release Committee/Senior Officers Committee
- timeframe

(b) Process of Engagement between DLL and Government

- engagement post submission
- opportunity to present and clarify/expand on Report content in accordance with Minister's comments
- engagement pre recommendation - opportunity to respond to issues of fact prior to finalisation of recommendations
- DLL stakeholder management

(c) Processes / timeframes should the Justification Report be "approved"

- Confirm preferred process
- Cross jurisdictional issues to be addressed

Treatment of DLL intellectual property and commercial proposals (governance and probity)

- assume Justification Report "Commercial in Confidence"; ie: not freely available to competitors and conflicted parties
- DLL's proposals to Commonwealth on Housing Affordability and broadband initiatives – State support desirable