Submission No. 01

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(DHA Kellyville)
Date: 19/06/12



PROPOSED DEVELOPMENT AND CONSTRUCTION OF HOUSING FOR DEFENCE

KELLYVILLE, SYDNEY

Statement of Evidence

To the

Parliamentary Standing Committee

On Public Works



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PROPOSED DEVELOPMENT AND CONSTRUCTION OF HOUSING FOR DEFENCE AT KELLYVILLE, SYDNEY

Need for works

Identified need

- There are currently about 600 Defence members with dependants who reside in the RAAF Base Richmond area, not including those living in the adjacent locations of Sydney, Liverpool and Glenbrook. The majority of these personnel work at RAAF Base Richmond.
- 2. To service the needs of these families, DHA manages approximately 540 dwellings in and around RAAF Base Richmond. At 21 February 2012, an additional 117 families were in private rental accommodation (19% as of February 2012) and receiving their housing subsidy in the form of Rent Allowance (RA). The proportion of families on RA is higher than the DHA target of 15% for the Richmond region. This project will assist DHA to reduce the proportion of Defence families in private rental accommodation.
- 3. In addition to an absolute increase in the size of its Richmond housing portfolio, and in order to reduce the proportion on RA, DHA must cope with the 'churn' created by leased houses reaching end of lease and needing to be replaced. While every effort is made to extend leases on suitable houses¹, there remains a substantial number that need to be replaced by additional leases, direct purchases and new constructions.
- 4. In order to increase the overall number of houses in the portfolio while also replacing houses that do not meet the new standard and houses for which leases will expire, DHA has programmed the addition of 135 dwellings, through

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¹ In 2006, Defence introduced its New Housing Classification Policy that increased the minimum standard for Defence housing. Some of DHA's portfolio does not comply with the new minimum standard. These dwellings cannot be candidates for lease renewal, adding to the 'churn'.

- 34 constructions at its proposed Kellyville estate, over the financial years 2011/12 to 2015/16.
- 5. An additional 34 dwellings at Kellyville will contribute to the reduction of the RA level around RAAF Base Richmond closer to the 15% target by 2014/15. Furthermore, this housing is expected to be highly sought after by Defence families because of its ideal location relative to the proposed Kellyville shopping and education precincts, being well located within the Kellyville Masterplan
- 6. The Kellyville estate is proposed to accommodate a total of 65 allotments, 34 allotments will be made available for DHA to construct new dwellings for its own use and 31 allotments that do not meet DHA's requirements are proposed to be sold to the general public.

Options considered for meeting the need

- 7. The acquisition of 'broadacre' sites followed by development and construction is DHA's preferred delivery method because of the economies of scale associated with bulk procurement of new constructions, the surety of supply that accompanies securing large development pipelines, and the higher development margins associated with wholesale rather than retail land purchase. This delivery method is even more attractive when well-located and suitably priced land is available, such as in this proposal.
- 8. Other options include the construction of housing on-base, where opportunity presents, the purchase of developed land (serviced allotments) where available followed by construction, the purchase of suitable established houses, and the direct leasing of suitable housing where possible.
- 9. In relation to this proposal, there is no opportunity in the RAAF Base Richmond area to construct housing on-base. DHA then depends upon a combination of new constructions on developed land and the purchase of suitable housing where economically viable and direct leasing wherever possible.
- 10. However, the reality of the north-western Sydney market is that these alternatives have not been able to economically keep pace with the Defence housing requirement and the churn created by the need to replace existing houses at end of lease. To this end DHA acquired the Kellyville site as a means of cost-effectively provisioning serviced residences for RAAF Base Richmond.

11. The Kellyville site is a well located greenfield parcel of land. DHA's proposed constructions are considered generous in size and display a high level of design amenity. The combination of a well located parcel of land and generous sized dwellings is expected to provide Defence members and their families with a pleasant and desirable living environment (Supplementary Item 1 – Locality Map).

Historical background

- 12. The Kellyville sites at 22 and 24 Withers Road were acquired in November 2011 for \$1028 million. The site at 22 Withers Road has historically been utilised as a residence and 'hobby farm', including the use of the site as an orchard from the late 1940's until the early 1960's.
- 13. Until its time of acquisition in November 2011, a majority of the land at 24 Withers Road had largely been used as a poultry farm, which included a significant number of poultry sheds. The site also contains two residential detached dwellings (Supplementary Item 2 Kellyville Site),

Environmental matters

- 14. As part of the Development Application lodgement and pre purchase due diligence processes, DHA and the former vendor have had prepared a Phase 1 Contamination and Salinity Assessment Report over both 22 and 24 Withers Road.
- 15. The outcome of this Phase 1 testing concluded that the site at 22 Withers Road was largely free of any contamination issues with no further testing being recommended. The report also noted and required that an appropriately experienced and qualified contractor be engaged to ensure removal of asbestos materials (within the existing house and shed) be carried out in accordance with WorkCover and other regulatory requirements.
- 16. The outcome of the Phase 1 testing at 24 Withers Road confirmed that further analysis would be required of this site as a result of influences from the historical poultry farming land use.
- Further discussions with the consultant who prepared the Phase 2
 Contamination and Salinity Assessment Report and with DHA's surveying

consultant confirmed that, subject to site remediation of those affected areas (and appropriate disposal), that the site would remain suitable for its intended residential use. DHA will ensure that all conditions of consent of the (soon to be granted) Development Approval (DA) will be complied with.

Key legislation

- 18. The following key legislation is relevant to this project:
 - a. Environment Planning and Assessment Act 1979;
 - b. Defence Housing Australia Act 1987; and
 - c. Building and Construction Industry Improvement Act 2005.

Planning process and consultation

- 19. DHA's development of the Kellyville site will occur in accordance with the North Kellyville Precinct Development Control Plan (DCP) 2008 and the North Kellyville Masterplan (Supplementary Item 3 North Kellyville Masterplan).
- 20. The Kellyville Precinct DCP 2008 and the North Kellyville Masterplan was prepared by the New South Wales Growth Centres Commission via an extensive local planning process involving various interest groups including The Hills Shire Council, NSW Department of Planning, NSW Government Agencies and authorities, with the DCP and Masterplan subsequently being approved and adopted by the State Government through its NSW Planning Department in 2008.
- 21. The intent of the North Kellyville Master Planning process was to ensure that all social and physical infrastructure to meet the needs of future residents is considered prior to dwelling construction within the area.. The Master Planning process is also designed to ensure the timely provision of these required services is delivered as population growth occurs.
- 22. DHA engaged the services of Elton Consulting (whom were also engaged by the NSW Growth Centres Commission to prepare the North Kellyville Community Facilities and Open Space Assessment) to review the proposed Kellyville Masterpan and report on the proposed social and physical infrastructure.

- 23. To this end the Elton report concluded that sufficient levels of community facilities and open space is proposed to be provided for to accommodate future residents. Additional information on local services and amenities can be found at paragraph 34.
- 24. Once developed, the North Kellyville Precinct is expected to accommodate a minimum of 4,500 additional dwellings and be home to around 15,500 new residents. In relation to this total development, an additional 34 Defence families will have minimal impact.
- 25. The Director of Relocations and Housing, Department of Defence, Mr Alan McClelland, has been briefed on the project and has written a letter of support (Supplementary Item 4). The National Convenor of Defence Families of Australia, Ms Julie Blackburn, has also been briefed on the project and has provided her support (Supplementary Item 5).
- 26. Discussions have also been held with the President of the Kellyville and Rouse Hill Progress Association Mr Simon Hillel, who is fully supportive of the development and has supplied DHA with a letter of support (Supplementary Item 6). Additional consultation has also taken place with adjoining land developers who have expressed their desire to work collaboratively with DHA.
- 27. DHA's Social and Cultural Planning consultants have also held discussions with the Principals of the Iron Bark Ridge Primary School and Rouse Hill High School, the New South Wales Department of Education, Baulkham Hills Shire Council and local child care centres advising of DHA's development.

Project selection and location

- 28. DHA purchased this well located land from the private market via private treaty in late 2011.
- 29. The site is a 4 hectare greenfield parcel of land over 2 existing Certificates of Title, both fronting Withers Road. The site is approximately 21 kilometres from the Parramatta Central Business District (CBD), 47 kilometres from the Central Sydney CBD and is 24 kilometres from the RAAF Base Richmond.
- 30. The site was selected due to its close proximity to established shopping and service facilities at Rouse Hill and its central location between RAAF Base Richmond and the Parramatta CBD.

Project description and objectives

- 31. The proposal is for DHA to develop the site for residential construction consistent with the approved North Kellyville Masterplan (Supplementary Item 7 DHA Proposed Kellyville Development Layout).
- 32. The key objectives for this project are to complete the development of the site over a single stage, comprising two components as follows:
 - Component One consisting of general civil and road works for the development of 65 serviced allotments.
 - Component Two consisting of construction of 34 dwellings for Defence personnel in the form of 26 integrated townhouses and 8 detached dwellings.
- 33. The remaining 31 housing lots will be sold to the general public as individual lots.

Local services and amenities - community facilities, shops and schools

- 34. The North Kellyville Masterplan has been prepared as a guiding overlay over the North Kellyville growth corridor. This masterplan has been prepared to ensure the provision of the required facilities and amenities for residents in a coordinated and planned manner.
- 35. The Kellyville site will be served by a mixture of both existing and yet to be constructed social infrastructure.
- 36. The site is approximately 2 kilometres from the award winning Rouse Hill Town Centre, a major shopping centre housing two major supermarkets, a discount department store, a cinema complex and approximately 200 specialty shops.
- 37. The established Rouse Hill Town Centre will provide Defence families with extensive opportunity to meet many of their immediate shopping and service needs. This centre also represents a good source of local employment opportunity for family members of future residents (Supplementary Item 8 Photographs of the Rouse Hill Town Centre).
- 38. In addition to the established Rouse Hill Town Centre, the North Kellyville Masteplan has earmarked a medium sized retail/commercial precinct to be established in the vicinity of the DHA site.

- 39. This new centre is expected to be established by private sector commercial developers within the next three to six years (2015-2018) and is likely to house a major full line supermarket, specialty shops, medical centre and fast food outlets. This new retail and commercial precinct is located within walking distance of the DHA site.
- 40. The North Kellyville Masterplan has also earmarked an educational precinct which is approximately 500 metres from the DHA site and is expected to accommodate a community centre, three local parks and one to two primary schools.
- 41. The development of the proposed community centre is expected to be funded via The Hills Shire Council and its Section 94 Contribution receipts. The establishment of the new school(s) remain the responsibility of the NSW Department of Education and Training.
- 42. The timing of the establishment of both the community centre and new primary schools will be determined by the Hills Shire Council and Education NSW, pending funding availability and demand. Both sites have been earmarked for their respective use.
- 43. New residents would most likely be required to utilise the existing Ironbark Ridge Public School and the Rouse Hill High Schools until these new facilities were established. Both schools are approximately two kilometres from the subject site.
- 44. A map of the Kellyville residential area showing the established social infrastructure is at Supplementary Item 9.

Public transport

- 45. The area is moderately well served by public transport with prospects of improvement. There are dedicated bus services from Rouse Hill to both the Parramatta and Sydney CBDs, including a number of express services to Parramatta and onto Sydney CBD.
- 46. Future bus services along Withers Road through to the Rouse Hill Town Centre and onto the Parramatta and Sydney CBDs are expected to commence once the proposed North Kellyville Local Centre is established in approximately 2 to 5 years.

47. In addition, the New South Wales Government intends to extend the North-West rail link to Rouse Hill, which is anticipated to commence construction in 2014.

Local road and traffic concerns

48. Local streets are expected to have low levels of traffic. Withers Road is considered a 'collector' road and will likely result in higher levels of traffic generation than other roads within the Estate. Appropriate noise attenuation methods will be applied to those dwellings that front Withers Road to ensure compliance with relevant acoustic requirements from within the North Kellyville Development Control Plan (DCP).

Zoning, land approvals and land acquisition

49. The site is predominately zoned R2 – Low Density Residential, with a small portion being zoned R1 – General Residential (which allows for smaller lot sizes) under the provisions of the State Environmental Planning Policy (Sydney Regional Growth Centres) 2006. The zoning accords with the North Kellyville Masterplan, as does DHA's Development Application which was lodged in the first quarter of 2012 with Development Approval expected early in the second half, also of 2012.

Design concepts

50. DHA envisages a mix of both integrated townhouses and detached style dwellings. The numbers of each, allotment sizes and street frontages are included in the table below. The allotment design and mix prepared by DHA accords with the requirements of the North Kellyville Masterplan.

Allotment Type	Lot Numbers	Lot Areas	Lot Frontage
Integrated townhouse			
Allotments	26	314m2 - 345m2	10.48m - 13.7m
Detached style			
Allotments	39	360m2 - 677m2	13.06m - 17m
Total	65	N/A	N/A

51. DHA has prepared seven designs that are contemporary in style using a mix of different external materials and finishes with a view to diversity in the built form. Floor plans and elevations have been developed (Supplementary Item 10) to ensure that DHA's requirements in terms of space and amenity can be met on the smaller integrated lots that will front Withers Road, and similarly on the detached dwelling allotments. A total of five of the proposed townhouse style dwellings are also proposed to contain a small studio space above the double garages, in the form of a bedroom and bathroom (*Fonzie Flat*).

Structural design and civil works

- 52. All design and construction works carried out as part of this project will comply with or exceed Local Government, State and Federal Government controls and requirements, and all housing works will meet the requirements of the Building Code of Australia.
- 53. Civil works and all building construction requiring certification will be undertaken by approved Certifiers and the head contractors for civil works and construction of houses will be accredited by the Federal Safety Commission.

Utilities, stormwater, soils and flood control

- 54. High voltage power supplies are available, along with appropriate gas and telecommunications infrastructure.
- 55. Sewerage and potable water facilities are available or will be made available on or at the boundaries of the site. Numerous developments are currently already underway. DHA will 'tap' into these facilities as it commences construction of the Kellyville estate.
- 56. Stormwater will be disposed of in accordance with Baulkham Hills Shire Council requirement for discharge including incorporation of appropriate water sensitive urban design initiatives.
- 57. DHA understands that no flood calculations have been prepared for the site to date. Notwithstanding this, DHA has had advice from its consultants confirming that the Kellyville site is near the top of the local rainfall catchment area and the

amount of overland flow in a 1:100 year event is unlikely to impact on allotments within this Estate.

Electrical services, fire protection and home security

58. Dwelling construction will conform to Australian standards and the Building Code of Australia. Combined security/insect screens will be fitted to all external doors, including sliding doors, and security screens will be fitted to all opening windows on the ground floor level.

Acoustics

59. Appropriate noise attenuation methods will be applied to those 13 dwellings that front Withers Road to ensure compliance with relevant acoustic requirements from within the North Kellyville DCP.

Landscaping

- 60. The private outdoor spaces for each dwelling will meet or exceed Defence requirements.
- 61. Landscaping of these spaces will be in accordance with the DHA specification using drought resistant native plant species appropriate to the Sydney climate. The Landscape Masterplan and a sample dwelling landscape plan are at Supplementary Item 11.

Water and energy conservation measures

62. DHA constructed dwellings will comply with DHA's Design and Construction Specification. In particular, these dwellings must achieve a minimum 6 star Energy Efficiency Rating (EER) as certified by an independent accredited assessor, using Accurate (NatHers replacement) or other equivalent method. Reduction of demand on the potable mains supply will be achieved through a combination of water efficient shower heads, flow regulators to basins and sinks, and dual-flush toilet cisterns.

Housing choice

63. The dwellings to be constructed will fulfil a requirement for a range of dwellings around RAAF Base Richmond for allocation to families. The development will

consist of 26 rear loaded 4 bedroom, two storey detached townhouses, together with 8 small allotment, 4 bedroom, two storey detached dwellings.

Silver level access

- 64. Due to the limitations imposed by site topography, 29 of proposed 34 dwellings are to be designed to the Silver Level of the Liveable Housing Design Guidelines, Revision 1 of May 2011 and to be 'adaptable' for people with disabilities through:
 - Designated dwellings able to be easily converted to being wheelchair accessible; and
 - Provision of wheelchair accessibility between the designated dwellings, and the street.

Work health and safety measures

65. DHA contractors delivering works valued more than \$3 million will be accredited by the Federal Safety Commissioner. Work contractors will also adhere to relevant legislative requirements, including the Workers Compensation Act and the Work Health and Safety Act 2011.

Cost-effectiveness and public value

Outline of project costs

66. The estimated overall project cost is approximately \$22.8 million including GST and escalated costs but excluding the cost of the land. The cost will be met from DHA equity and debt funding and will be recovered through sale of individual lots and the sale of DHA constructed housing through its Sale and Lease back program.

Details of project delivery system

67. Site development and dwelling construction packages will be contracted on a fixed price lump sum basis through an open tender process. The successful tenderers will be required to comply with the Design and Construction Specification for DHA Residences Version 4.0 of December 2011. This document can be found on the DHA website at www.dha.gov.au

Construction schedule

68. Subject to Parliamentary approval by late 2012, the significant milestones to achieve completion of the project by December 2014 are:

Date	Milestone
Nov 11	Finalise site acquisition
Nov 11	Subdivision Design and Architectural Design commenced
Feb 12	Subdivision Design and Architectural Design works complete
Sep 12	PWC Approval process complete
Apr 13	Civil construction commence
Feb 14	Dwelling construction commence
Dec 14	Dwelling construction complete

Public value

69. This proposal will contribute 'public value' by adding to the stock of housing used to meet Defence obligations to members of the Australian Defence Force and their families posted to RAAF Base Richmond and enhancing key objectives for retention of Defence personnel. More broadly, the Kellyville project will create jobs in the construction industry and through the sale and development of serviced lots bring additional dwellings to the Kellyville housing market, thus alleviating pressure on the rental market.

Revenue

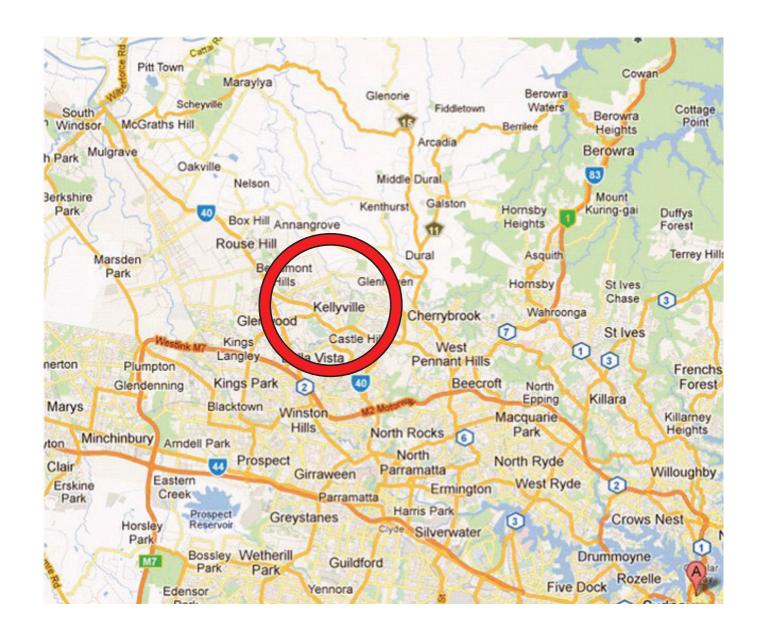
70. Details of the financial aspects of the project are included in a separate commercial in confidence briefing to the PWC.



Item 1	Site location map
Item 2	Subject site
ltem3	North Kellyville precinct
Item 4	Letter of support - Department of Defence
Item 5	Letter of support - Defence Families Australia
Item 6	Letter of support - Kellyville Rouse Hill Progress Association
Item 7	Proposed Kellyville development layout
Item 8	Rouse Hill Town Centre pictures
Item 9	Social and physical infrastructure map
Item 10	Indicative design elevations
Item 11	Landscape plan



Site location map

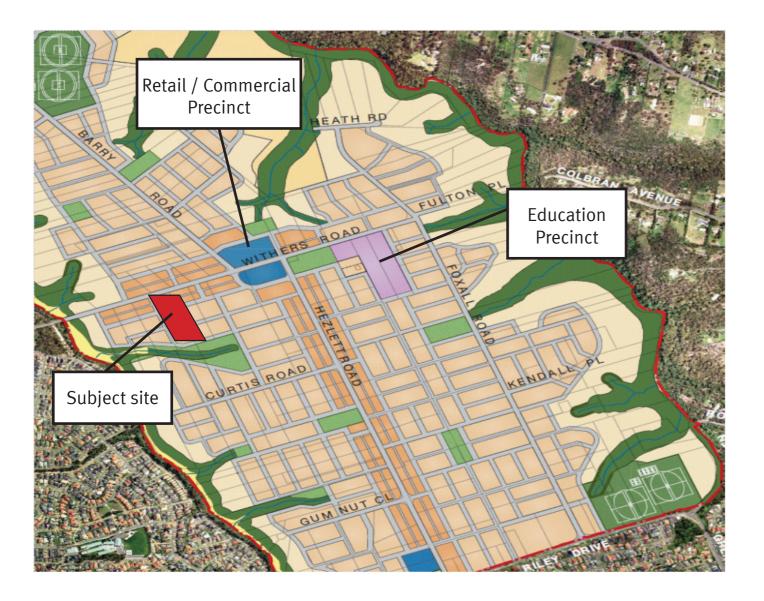


Supplementary item 2

Subject site



North Kellyville precinct



Supplementary item 4

Letter of support - Department of Defence



Minute

Director Relocation & Housing Garrison Estate & Business Support Campbell Park Offices (CP2-2-140)

DRH SP/OUT/2012/30

Mr Vern Gallagher General Manager External Relations Defence Housing Australia 26 Brisbane Avenue BARTON ACT 2600

Dear Mr Gallagher,

PROPOSED HOUSING DEVELOPMENT AT KELLYVILLE, SYDNEY NSW

Thank you for providing details of the proposed Defence Housing Australia (DHA) development at Kellyville. I have reviewed the proposal and consider the development is consistent with ongoing Defence requirements. I support the proposed plan to provide Defence housing at Kellyville.

The RAAF Base at Richmond is strategically important to Defence. I am satisfied the housing site at Kellyville offers benefits to ADF members posted to the RAAF Richmond area. The planned development at Kellyville will enhance the housing options available to incoming Defence members and their families and help to ease the pressure in the private rental market. The proposed development is close to Parramatta CBD and has easy access to community facilities such as schools, shops and public transport. This is a good opportunity for DHA to address the long term requirement for well designed, quality Defence housing close to RAAF Base Richmond.

Approval of this proposal will assist Defence and DHA to meet Defence's provisioning requirements. I am confident that the proposed development will be popular with ADF members and their families.

Yours sincerely,

Alan McClelland

Director Relocations and Housing

li lleland

(02) 6266 3114

22 May 12

Letter of support - Defence Families Australia



Defence Families of Australia CP2 – 1 – 11 Campbell Park Offices Canberra ACT 2600

Mr Peter Howman Chief Operating Officer Defence Housing Australia 26 Brisbane Avenue BARTON ACT 2600

Defence Housing Project: Kellyville, NSW

5 June, 2012

Dear Mr Howman

Thank you for the recent update for proposed housing development for Defence Families at Kellyville, NSW.

As you know, Defence Families of Australia feel it is important for Defence Housing to be in keeping with Defence requirements, which allows a mobile workforce to resettle quickly to a new environment. It is important that housing options be located with consideration to member's work location, access to schooling, amenities, and work opportunities for the family members. My understanding from this presentation is that the development of housing at Kellyville will be in line with these areas of importance for families, given the proximity to RAAF base Richmond and large surrounding suburbs and cities.

Therefore, so long as this development will not negatively impact on those individuals intended to reside in this area, Defence Families of Australia supports the Kellyville project as presented at this time, and would welcome updates on its progress.

Yours Sincerely,

Julie Blackburn

DFA National Convenor

Ph: 0410 626 103 Email: julie.blackburn1@defence.gov.au

Supplementary item 6

Letter of support - Kellyville Rouse Hill Progress Association



10th May 2012

Peter Howman

DHA

26 Brisbane Ave

Barton ACT 2600

RE: Development at 22-24 Withers Rd Kellyville.

Dear Peter,

Following on from our meeting on Tuesday 8th May 2012 Adam Newband from Defence Housing Australia, I am pleased to say that the Progress Association is fully behind the proposed development at 22-24 Withers Rd Kellyville.

After reviewing the plans and listening to a presentation regarding this development I feel the proposal should not meet with any issues as it fulfils the local LEP & DCP requirements. The designs of the properties will likely match into the surrounding developments as they utilise the modern style that is becoming prevalent to the local area.

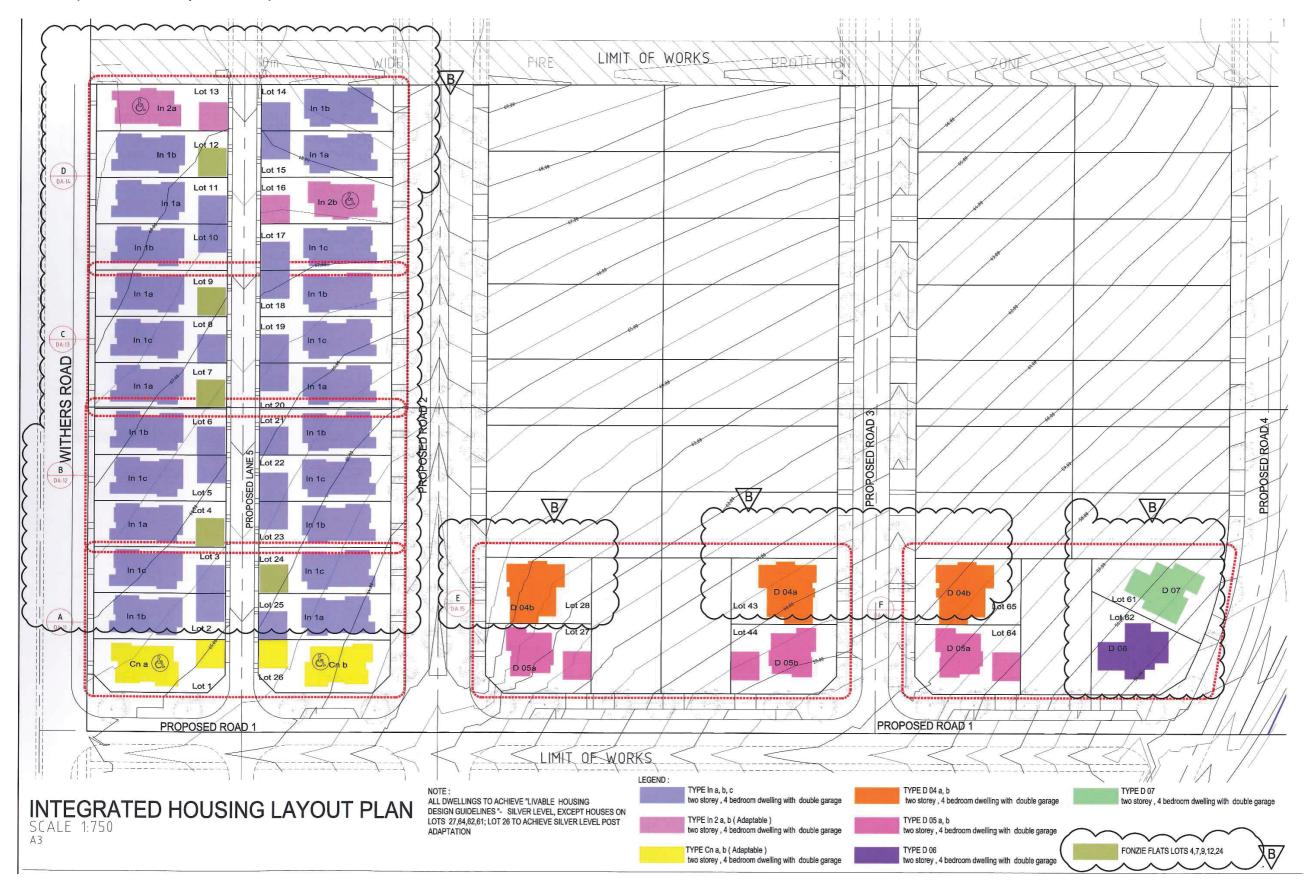
I would like to take this opportunity to thank you for the time you have provided to share with the community your intentions as this is a much needed resource for the local area and the RAAF base at Richmond.

Yours sincerely,

Simon Hillel President

Business/Home: 9629 9699 Mobile: 0408 240 601

Proposed Kellyville development layout



Rouse Hill Town Centre pictures

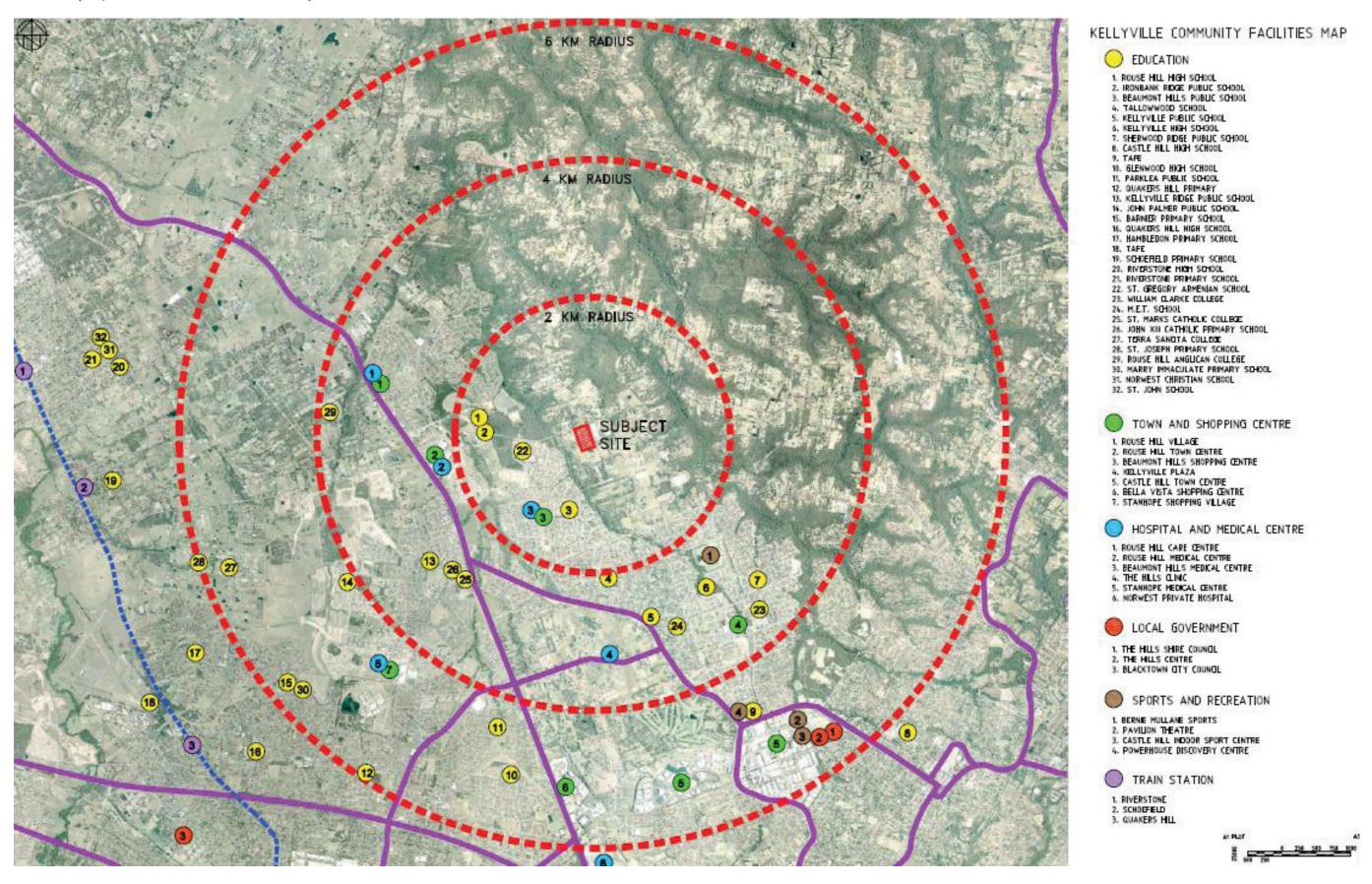








Social and physical infrastructure map



Indicative design elevations









NOTE:

NOMINATED MATERIALS CAN BE SUBSTITUTED BY EQUIVALENT UPON CLIENT'S AND ARCHITECT'S APPROVAL.

COLOURS USED MAY VARY FROM THE PRINTED COLOURS - CONFIRM COLOURS BEFORE USE.

Landscape plan

