



Our reference: InfoStore
Contact: Claudia Amendolia
Telephone: [REDACTED]

26 June 2024

Ms Sheridan Rapmund
Director
Independent Pricing and Regulatory Tribunal

Sent by email: ipart@ipart.nsw.gov.au
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bronwen.sandland@ipart.nsw.gov.au

Dear Sheridan,

Review of Penrith City Council's Orchard Hills North Contributions Plan

Thank you for the opportunity to provide feedback on IPART's Review of Penrith City Council's Orchard Hills North Contributions Plan. Council thanks IPART for the collaborative approach in working with Council officers for the review the Plan.

IPART accepted Councils request for an extension to the submission deadline to enable Council officers to achieve reporting timeframes for Councillor feedback and endorsement.

Please find attached Penrith City Council's submission. This submission was endorsed by Council at its ordinary meeting of 24 June 2024

In summary, Council does not object to the recommendations presented in the draft report. Information is also provided in relation to matters IPART have sought additional comment on from Council.

Council is particularly aware of the need to balance the impacts of high development contributions costs on housing affordability and infrastructure delivery risk and seek to find a balance between mitigating risk, delivering the enabling infrastructure and ensuring that the contribution rates are fair with minimal impacts on housing affordability.

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Given the nature of the draft recommendations, Council officers have met with Legacy, the major landowner of the precinct to discuss the recommendations and further questions raised by IPART. Council officers will continue to work alongside Legacy to provide IPART with any additional information where required.

Council would welcome the opportunity to discuss the attached submission with IPART.

If you have any questions about this matter, please contact Natalie Stanowski, Principal Planner on [REDACTED] or Claudia Amendolia, Planner – Contributions on [REDACTED]

Yours sincerely

[REDACTED]

Christine Gough
City Planning Manager

Attachments.

1. *Penrith City Council submission.*

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Submission – Draft IPART review OHN Development Contributions Plan

IPART RECOMMENDATION	OFFICER COMMENT
<p>1. Ensure that only open space embellishments that are consistent with the essential works list are included in the plan. This means the plan should not include any public art or skate parks that are inconsistent with the essential works list.</p>	<p>CONSISTENT - Open space embellishment as proposed in the draft contributions plan is consistent with the essential works list.</p> <p>It is noted that Council may, through the negotiation of future planning agreements for the precinct, facilitate open space embellishment works that are in addition to those in the essential works list.</p>
<p>2. Update cost of plan administration to be 1.5% of the revised total work costs.</p>	<p>NO OJECTION</p>
<p>3. Use the following contingency allowances:</p> <ul style="list-style-type: none"> a. 20% for stormwater works b. 30% for transport works. c. 20% for open space embellishment 	<p>NO OBJECTION</p> <ul style="list-style-type: none"> • IPART contingency benchmarks are acknowledged and recognised in mitigating uncertainty and potential financial risk to Council, particularly where a contributions plan is based on high level costings/estimates. • Council officers seek to carefully manage risks associated with under costing works items and the impacts of increased development contributions on housing affordability. • At this time in the development process of the precinct, detailed costings are not yet available for infrastructure items. • IPARTs recommendation will result in an overall increase of \$5,839,222 to the plan an additional \$5,807 per residential lot.

<p>4. Adjust the work schedule to correct for the:</p> <ul style="list-style-type: none"> a. underestimated apportionment of non-residential stormwater costs. b. underestimated costs of open space land. c. underestimation of residential and non-residential administration costs. d. the underestimation of residential transport costs. e. the overestimated costs of transport works item EW1. 	<p>No OBJECTION – The recommendations relate to calculating errors within the works schedule.</p>
<p>5. Include indicative timing for the delivery of each individual infrastructure item.</p>	<p>Council notes that indicative timing for the delivery of infrastructure has been provided in the work schedule. Please refer to the document attached to this submission indicating the relative stage for each infrastructure item.</p>

Response to Request for information on the Orchard Hills North Contributions Plan

IPART QUESTION	OFFICER RESPONSE
<p>The council provide further information on the costs of transport works items (SG, SH, SL, SP, SQ) so that we can understand why the costs in the work schedule differ from the individual cost estimates.</p>	<ul style="list-style-type: none"> • The work summary in the provided in the Traffic Infrastructure Concept layouts aligns with the cost estimate by Wyndham Prince dated 24 October 2022 (cost estimate), however it is noted that the costings within the executive summary of this document differ from the individual cost estimates provided in section 4 of the estimate and from the costings in Appendix B. • Council officers sought to discuss this matter with Developer Legacy to provide clarification as to why the costs in the work schedule differ from the individual cost estimates. • Legacy advised that the figures provided in the executive summary of the cost estimate originally included differing rates for contingency and authority fees and was a rounded amount from the cost provided at Appendix B in the cost estimate. • Legacy has had the cost estimate amended and the figures within the executive summary now exclude fees and contingency. It is noted that the updated cost estimate does not replace the previous version (Revision E) but simply responds to IPARTs comments. The figures in the updated document remain in September 2022 dollars. The updated document has been attached to this submission.
<p>The council provide further information for the basis for the costs for transport works items (EECR1-3, EEKRI, EEFRI, OSHR1-7, OSHR9, BOSHRI-3, OSHRB4, SRI-3, and OSHR81-3, EW1, EW2, and NS1)</p>	<ul style="list-style-type: none"> • The extent of infrastructure upgrades required has been measured off the concept plans and the cost of infrastructure upgrades has been estimated using per square metre unit rates from similar projects for the upgrade of both local Council and TfNSW roads. • As no tenders had been received for the proposed works and only concept plans have been prepared to date, the upgrade costs were estimated considering the civil works.

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	<p>Local Roads (OSHRI-7, OSHR9, BOSHRI-3, OSHRB4, SRI-3, and OSHR81-3) Existing Road Works (EEC RI-3, EEKRI, EEFRI):</p> <ul style="list-style-type: none"> • Council officers have reviewed the costings for OHN local roads and existing roads works and have compared them to IPART 2014 benchmarks and the costings providing within the GP3 CP. • Detailed costing of these roads are not yet available. • It is acknowledged that the costs of these items are low in comparison to the benchmarks, however the specifications of the roads differ from those in the benchmarks. • Council officers are receptive to working with IPART to consider this matter further noting we seek to carefully manage risks associated with under costing works items and the impacts of increased development contributions on housing affordability. <p>Collector Roads (EW1, EW2, NS1)</p> <ul style="list-style-type: none"> • Council officers have reviewed IPART's 2014 benchmarks (indexed) for sub arterial roads (4 lanes and 3 lanes), however the road typologies are not consistent and a direct comparison in costs is challenging and likely to be inaccurate. • Council has previously applied a rate of \$9,659 per sqm (indexed), to collector roads in the Mamre Road Development Contributions Plan, which is considered comparative to the subject collector roads and is inclusive of a 30% contingency. Officers would support introducing this rate into the plan, where IPART sought to increase the cost of the road.
<p>The council provide further information for the basis for the costs for roundabouts.</p>	<ul style="list-style-type: none"> • It is noted that IPART considers the costs of the roundabout to be high. • The costs of the roundabouts are estimated as the additional allowance over and above the construction of the road intersection without the roundabout. • The cost is based on the developer consultants' experience and engineering judgement of the costs for the minor increase in road pavement, median splitter islands, kerb, and central island. All were assumed to be single lane roundabouts.

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	<ul style="list-style-type: none"> • Five (5) roundabouts are nominated in the CP for indicative locations, with 1 x located at the east-west road and retail center as per the DCP, and another 1x at the avenue and Castle Road intersection. • The proposed roundabouts in the plan will be located near intersections with existing roads and traffic, with some service adjustments required, for this reason, rates of approximately \$300,000 are considered reasonable.
<p>The council provide further detail on the costs of open space works items OS3, OS5, OS6 and OS8.</p>	<ul style="list-style-type: none"> • The cost for all open space items within the plan was averaged to an overall square metre rate and applied consistently across open spaces (excluding active open spaces) within the precinct. • In IPARTs final report of the Lowes Creek Maryland contributions plan, the NSW Department of Planning, Housing and Infrastructure (DPHI) framework for valuing green Infrastructure and public spaces was referenced and used as a benchmark for the comparable open space items. DPHI's 2023 benchmarks range from \$163 - \$218 per sqm for passive open space and \$272 - \$327 per sqm for active open space which is significantly higher than what is proposed for the open spaces in OHN. • Council Officers and Legacy have acknowledged that there could be merit in considering the reallocation of costs to reflect the relative level of embellishment and purpose. Noting that the total cost for open space embellishment works within the plan should not be reduced. • Further information detail is provided below on the subject open space items: <p>OS3 – This will function as a local park with informal recreation. While it does have a lower level of embellishment to other local parks within the plan, the sites terrain is constrained and contains a heritage item requiring special, therefore requiring greater remediation works and the involvement of a heritage item.</p> <p>OS5- This will provide a significant usable green space, due to its linear nature, it will provide cycle ways, open space lawns and shelters. An outdoor gym/fitness station will also</p>

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	<p>be provided as part of the site-wide fitness loop. As this space is of a linear nature and has a lower level of embellishment, there may be some merit in reallocating costs from this space.</p> <p>OS6/B4 – These spaces are the only open space items in the plan with an individual costing applied. They will provide diverse sporting amenities for the precinct. OS6 will function as a high quality active and passive recreation area, with 2 full sized football fields and a cricket field in summer. To help facilitate this park, additional amenities will also include a new amenities building. B4 is strategically positioned to be an extension of OS6, and acts as a detention basin to mitigate flash flooding, this site will hold picnic shelters, seating, cycle ways, a sports field and an open space area which will be able to incorporate passive recreational activities. For the amenities these spaces are providing, the pricing in comparison to DPHI benchmarks and other active open space items in similar plans is quite low. Council officers have compared the costs for this item to comparable projects delivered by Penrith Council. These projects had an average rate of \$195 per sqm, which is higher than the proposed rate for OS6/B4 (being \$138 per sqm), more information on the open space comparisons can be provided if requested. A reduction in the cost of OS6/B4 is not supported and may create financial risk to Council, it is recommended that should funds from other open space items be reduced, they should be reallocated to this item.</p> <p>OS8 – This will be adjacent to the future school site and village centre. It is envisioned to provide multiple activities for community recreation. The park offers multiple opportunities for engagement for all ages and abilities. Council officers note that it does have a higher embellishment level compared to other parks in the precinct. As noted above, it is acknowledged there may be merit in reallocating the costings for open space to reflect the level of embellishment for each park.</p>
The council provide further information about why non-	<ul style="list-style-type: none"> • Non-residential development has plan administration costs applied at a rate of 1.5% of the total cost of works

IPART QUESTION	OFFICER RESPONSE
residential development has not been charged plan administration costs.	<p>apportioned to that land use being drainage works. This amounted to \$6,1432 for the 2.2 hectares of non-residential development.</p> <ul style="list-style-type: none"> The calculations for this can be seen in the sheet labelled 'Plan admin' within the work schedule and the final rate on the sheet labelled 'summary rates' shows this as having been applied.
The council provide further information on why transport costs have not been apportioned to non-residential development.	<ul style="list-style-type: none"> Council was guided in the application of the nexus and apportionment of costs for transport items by the Transport Management and Accessibility Plan (TMAP), which was prepared in support of the rezoning of the precinct. Assumptions determined by the TMAP are that trips generated by the non-residential development will originate from within the Orchard Hills precinct, as this land use would be to be servicing local demands. Therefore, transport costs were not apportioned to non-residential development as the TMAP does not provide a nexus to do so.
The council provide further information on why non-residential development has not been apportioned plan administration costs for transport.	Non-residential development has only been apportioned plan administration costs for drainage works, as no other works had been apportioned too non-residential development.