

Mr Cameron Shields
Principal Analyst
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Dear Mr Shields

IPART DRAFT REPORT - ASSESMENT OF THE WEST DAPTO DEVELOPMENT CONTRIBUTIONS PLAN 2020

Thank you for providing Council an opportunity to respond to IPART's draft assessment of the proposed West Dapto Development Contribution Plan 2020. Council welcomes the report and findings. Please accept this letter as a submission to the exhibition.

On 16 March 2020 Council's elected representatives resolved that:

1. *The IPART draft Report Assessment of draft West Dapto Development Contributions Plan, 2020 be noted.*
2. *Council support staff making a formal public submission in response to the IPART draft report consistent with the advice provided in this report.*

Council's report can be read in detail at:

https://www.wollongong.nsw.gov.au/_data/assets/pdf_file/0026/91178/Item-6-IPART-Draft-Findings-Review-of-West-Dapto-Development-Contributions-Plan-2020.pdf

Council staff have considered the IPART draft report in detail. **Attachment 1** provides a summary of our response to each draft recommendation. Overall we generally support 22 of the 24 recommendations. Council requests that IPART reconsiders the following two draft recommendations:

Recommendation 22

Council maintains our position outlined in our initial application to IPART. It is our position that one flat residential contribution rate should apply to the release area. This position was also detailed in Council's 24 June 2019 Council report, endorsed by Councillors. The detailed reasoning is again provided at **Attachment 2** of this letter.

Council's proposed Draft 2020 Plan did not divide the release area into staged or catchment based contribution rates due to:

1. The shared demand nexus nature of infrastructure.
2. Whole release area planning benefits. All 5 stages of West Dapto will experience value uplift benefit from being part of a single release area. One contribution rate for all 5 stages recognises this shared benefit and therefore socialises the contribution to essential infrastructure.
3. Ensuring consistency throughout Contributions Plan reviews. Council has been collecting contributions based on one flat rate for the release area since 2010. Introducing a two-catchment approach at this stage in development of the release area would create an inequitable approach compared to the established approach. It will also result in a shortfall to Council which will impact on the delivery of infrastructure required for the release area.
4. The limitations of the indicative rates provided by IPART in the October 2016 findings report.
5. The views raised in the more recent IPART 2019 discussion paper "Inclusion of roads in contributions plans". The paper refers to a stakeholder workshop where it was generally agreed that the benefits of apportioning road costs across a broad catchment outweigh the complexity of accurately apportioning the costs within smaller catchments.

It is noted that IPART has not costed the separate contributions catchment recommendation and would like to work with Council to calculate the separate rates. We appreciate IPART's invitation to work together. Indicative rates based on the IPART recommended two-catchment approach are provided below to assist with this discussion. It is important to note that the calculation undertaken by Council staff has been done to test the implications of Recommendation 22 only. Council does not support the recommendation but is willing to work with IPART to inform the rates that IPART considers.

Recommendation 5

The reduced cycleway provision proposed by IPART would not allow Council to feasibly deliver this essential infrastructure item for the West Dapto community. Council considers a higher per linear metre unit rate is justified based on three recent comparable projects in the Wollongong LGA as summarised in the table below. Based on our review of these projects within the LGA we recommend that IPART supports the use of a \$679 per lineal metre rate. This rate is less than the IPART benchmark proposed to be used in our draft contributions plan.

	Suburb	Footpath	New	Final Project Costs (\$)	Rate (\$/m)	Lineal metre
a.	Bulli	Shareway	New	\$ 162,380.00	\$232.39	\$ 580.97
b.	Dapto	Shareway	New	\$ 336,459.00	\$281.66	\$ 704.15
c.	Dapto	Shareway	New	\$ 46,668.00	\$300.71	\$ 751.77
					Average	\$ 678.96

Council would be happy to continue to review rates based on actual projects as West Dapto develops over time. This ongoing review would inform subsequent revisions of the Contributions Plan.

Calculating the implications of IPART draft recommendations

Council has made an initial update to our West Dapto financial model to calculate the implications of the draft IPART recommendations and to quantify the change in residential and non-residential contribution rates. We have provided a summary below for IPART's consideration.

Type of Development	Levy Basis	Draft 2020 Plan as exhibited by Council	Indicative Rates in IPART Draft Report*	Indicative rates based on IPART Draft Report Recommendations*	Indicative rates based on Council submission
Residential					
Standard Rate - Stages 1-4	Per lot or dwelling	\$52,951	\$50,953	\$56,484*	\$52,018
Standard Rate - Stage 5	Per lot or dwelling			\$29,600*	
Non-Residential**					
Commercial – Stages 1-4	Per hectare	\$367,320	\$368,570	\$501,574	\$376,592
Commercial – Stage 5	Per hectare			\$120,489	
Industrial – Stages 1-4	Per hectare	\$74,003	\$127,433	\$171,051	\$129,038
Industrial – Stage 5	Per hectare			\$40,636	

*IPART indicated a general saving of infrastructure cost resulting in a single catchment levy of \$50,953. Council has calculated the rate based on all 24 recommendations and considers the overall savings would result in a single rate of \$52,018.

**Stage 1-4: 174ha industrial, Stage 5: 6ha industrial. Stage 1-4: 19.5ha commercial, Stage 5: 3ha commercial.

***Note that the Residential Multi Unit Housing Rates would also be adjusted accordingly.

Council offers the following clarification regarding draft Recommendation 20

Council's approach to provide the estimated cost of land for stormwater basins with adopted Neighbourhood Plans (NPs) is to identify the total number of basins and sizes within each sub-catchment and apply the rates based on their respective zonings/constraints.

Where the basin has already been built or received formal approval (ie DA, Subdivision Certificate, Land & Environment Court approval), the actual/approved basin size will be used to estimate the cost of land.

Where the basin has not been built or approved, the size will be estimated from the contributing catchment area.

The cost estimates from multiple basins within a sub-catchment will be proportioned from the costs currently identified for each sub-catchment (which is based on 1 basin per sub-catchment).

Also during our initial investigation into basins associated with adopted NPs, it was found that the adopted development area for sub-catchment 2040 was underestimated when compared with one of the more recent adopted NPs. Accordingly, this development area will need to be increased in the final contribution plan to reflect the approved NP. Council is seeking IPART's support to proposed increase for this sub-catchment.

Additional minor items raised

Secondary dwellings

The Draft 2020 Plan proposes to levy secondary dwellings on the per bedroom rate, based on the number of bedrooms in the dwelling. Secondary dwellings were raised in a public submission received by Council during exhibition of the Draft 2020 Plan and specifically referred to in a staff report to Council on 2 September 2019.

Council officers have further considered public submission received during the Draft 2020 Plan exhibition in relation to the levying of secondary dwellings and found that:

- it is still considered reasonable that secondary dwellings are levied a contribution as they are a dwelling type that will accommodate part of the population at West Dapto, and therefore contribute to generating the demand for infrastructure
- it is acknowledged that secondary dwellings have different planning controls to the other types of dwellings that are levied the per bedroom rate, specifically, that they cannot be subdivided and have size (floor space) limitations; and
- it would be appropriate to levy the 0-1 bedroom rate for all secondary dwellings (including 2 bedroom secondary dwellings).

Council staff therefore propose to update the Draft 2020 Plan prior to adoption to reflect the intention that secondary dwellings will be levied the 0-1 bedroom multi-unit housing rate.

Residential Development

The Draft 2020 Plan includes the term 'seniors housing', clause 2.8 on page 8. To better reflect the definitions of the *State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004* and to better reflect the intention of where the contribution will be applied this term will be updated to 'self-contained dwelling'.

Council staff welcome the opportunity to work directly with IPART to review all contributions calculations. Noting that council maintains our position that we prefer a single flat rate approach for the release area and not a split catchment approach (Recommendation 22).

I would like to thank IPART and your project staff for continuing to work well with Council staff during your assessment process. We appreciate the working relationship that has been formed by both parties.

This letter is authorised by



Linda Davis
Director Planning & Environment – Future City and Neighbourhoods
Wollongong City Council
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Attach

ATTACHMENT 1

No.	Description	Staff response
Transport		
1.	Remove the cost of transport infrastructure from the plan if grant funding is secured through the NSW Government's Housing Acceleration Fund (HAF) or other sources	Generally support
2.	Increase the cost of transport land by \$382,125 by adding the actual cost of land for three transport projects where a land component was not included in the plan.	Generally support
3.	Increase the cost of transport works by \$944,191 by adding the cost of part of Iredell Road (NR50) and the intersection of Bong Bong Road and Glenlee Drive which were omitted from the plan.	Generally support
4.	Reduce the cost of transport works by an estimated \$10,982,422 by updating cost estimates in the plan for actual expenditure incurred.	Generally support. Council staff to work with IPART on specific costings
5.	Reduce the cost of the cycleway network yet to be completed by \$27,255,864, based on a per linear metre unit rate of \$311, which includes a 15% contingency allowance	Disagree. Staff will provide further justification for higher per linear metre unit rate.
6.	Reduce the cost of the five cycleway bridges by \$21,124 to properly account for indexation to the base period of the plan.	Generally support
Stormwater		
7.	For the next review of the plan, ensure that the scope and location of stormwater management infrastructure is consistent with the revised flood risk management strategy for the WDURA, which the council expects to complete in 2021.	Generally support
8.	Include land and works in four additional sub-catchments for which nexus is established, increasing the cost of land by \$7,616,765 and the cost of works by \$12,816,346.	Generally support
9.	Reduce the contingency allowance applied to detention basins (including wetland areas) from 30% to 25%, reducing the cost in the plan by \$1,260,497.	Generally support
10.	Amend the cost of two gross pollutant traps based on the council's estimates and a 30% contingency, increasing costs in the plan by \$1,038,223, comprising: – An increase of \$871,251 for the GPT in sub-catchment 5050 – An increase of \$166,972 for the GPT in sub-catchment 6070.	Generally support
11.	Amend the cost of three gross pollutant traps based on supplier estimates of infrastructure and installation costs, including a 25% contingency on works and 20% contingency on installation, increasing the cost in the plan by \$137,334, comprising: – A decrease of \$105,472 for the GPT in sub-catchment 6010 – An increase of \$87,528 for the GPT in sub-catchment 7140 – An increase of \$155,278 for the GPT in sub-catchment 4060.	Generally support
12.	In the next version of the plan, use updated estimates to provide a more accurate basis for estimating the cost of remaining GPT works	Generally support
13.	Apportion stormwater management costs between residential and non-residential development based on each land use's relative share of (unadjusted) net developable area (NDA).	Generally support
Open Space		
14.	For the next review of the plan, ensure that the scope and location of open space land and embellishment reflect the progress of	Generally support

ATTACHMENT 1

	development in the release area and ensure that the plan includes: – Sufficient accessible recreation opportunities for all residents. – Sufficient formal recreation facilities (sports grounds) for the release area.	
15.	For the next review of the plan, update the cost estimates of all parks to be delivered using more recent actual costs or cost estimates for similar parks.	Generally support
16.	Remove the cost of a consultant study for the Darkes Town Centre sporting facility, reducing the cost in the plan by \$30,000.	Generally support
17.	Apportion 100% of the cost of the Cleveland outdoor sports facilities (OS13) to development within the WDURA.	Generally support
Plan administration		
18.	Calculate the cost of plan administration for West Dapto CP (2020) based on 1.5% of the adjusted cost of works, which would reduce the cost of plan administration by an estimated \$368,757.	Generally support subject to final adjusted cost.
Cross-category issues (land)		
19.	Amend the plan to include the agreed acquisition cost or dedication value of all land acquired, including through VPAs, as actual costs, indexed to the base year of the plan. This would decrease the cost in the plan by \$603,754, comprising: – An increase of \$288,559 for transport land – A decrease of \$892,313 for stormwater land	Generally support
20.	Update the estimated cost of land for stormwater basins in areas of the WDURA with adopted neighbourhood plans, based on the relevant underlying zoning and any constraint applying to the land.	Generally support
21.	Reduce the cost of land for enhanced stormwater storage areas by \$9,922,500 to reflect the flood constrained nature of the land.	Generally support. Staff will further review the costings with IPART
Cross-category issues (other)		
22.	For the apportionment of costs across stages: – Maintain the current approach of having the same contribution rates across all stages for open space and community facilities costs. – Create two separate contribution catchments for the apportionment of transport, stormwater management and plan administration costs: Catchment 1 comprising Stages 1-4 of the release area; Catchment 2 comprising Stage 5 of the release area.	Disagree. Staff recommends Council maintains preferred approach for one single residential contribution rate apply to stages 1-5.
23.	Include land for state schools in the residential NDA and apportion costs to residential development on a per person basis.	Generally support
24.	Comprehensively review the plan within the next three years to ensure assumptions about the scope, cost and apportionment of works reflect the progress of development in the release area.	Generally support. Staff recommend an additional sentence at the end of the recommendation: "subsequent plan reviews are undertaken every three to five years".

IPART Recommendation	Response
<p>29: To improve the links between demand for infrastructure and contributions in different stages in the plan, WCC consider either:</p>	<p>The two potential scenarios described in the IPART recommendation have been considered in some detail. The overall conclusion is that the suggestion that dividing the release area into stages may result in contribution rates being “more reflective of the cost of facilities to meet demand from the new development in each of the stages” is not apparent.</p> <p>This is due to a number of reasons, each outlined below.</p> <p><u>Shared demand nexus</u></p> <p>The road, public and active transport networks that make up the Transport category are, by some magnitude, the most expensive at \$761m, or 78% of the total cost of the Draft Plan. Transport is the category of infrastructure with the most significant shared demand nexus.</p> <p>A key example of the shared nexus nature of the road network is the “ring road” collector function presented by the network from the Northcliffe Drive extension in the north, which will ultimately connect to the M1 to the Yallah Road connection in the south, which will also link the release area to the M1.</p> <p>Another example is the public and active transport networks, which provide whole of release area connectivity both within each stage and across the release area.</p> <p>In addition to the shared nature of Transport as outline above, the shared nexus nature of the other infrastructure categories has also become apparent. For example, open space at various levels (i.e. local, neighbourhood and city wide) is provided to service all residents across the whole of the release area and are intended to provide a variety of services. Similarity the new and upgraded multi purpose community centres further justify a release area shared nexus approach as they have been planned across the whole site, not for individual stages. All of the open space and community facilities will provide cross stage benefits.</p>
<p>a) removing Stages 4 and 5 from the plan for inclusion in a new or another section 94 contributions plan, or</p> <p>b) introducing separate contributions in the West Dapto CP for developments in Stages 1 to 3 and developments in Stages 4 and 5, which are more reflective of the cost of facilities to meet demand from the new development in each of the stages.</p>	

The contributions plan has been prepared based on the release area in its entirety. If Council were to divide the release area into several parts or stages as a basis to set different contributions rates an equitable division of cost responsibility would be difficult to achieve due to the shared nature of most infrastructure requirements.

Whole of release area planning

West Dapto was identified for inclusion on the NSW Urban Development Program in the 1980's. It has been since this time that the value of the release area as a whole has been continually recognised. Within the same competitive housing market neighbourhood planning areas and individual subdivisions will benefit from urban zoning uplift and all stages will play a role.

The *West Dapto Vision 2018* includes a Structure Plan, which is not presented in stages as it represents a spatial interpretation of the release area as ultimately developed. The traditional five separate stages of West Dapto were an initial indication of how rezoning of the release area could be phased from rural to urban land uses over a fifty plus year timeframe. Since the initial identification of five stages, rezoning has occurred in varied sequence. Stage 1 and 2 were rezoned as one in 2009, stage 5 was rezoned in June 2018 and part of Stage 3 (referred to and known as "Stockland Stage 3") was rezoned for urban development on 8 March 2019.

IPART indicative rates

IPART's inclusion of indicative contribution rates for grouped stages 1-3 and 4-5 in the October 2016 report indicated that contribution rates might be affected by a different approach to apportionment of costs by stage in the release area. The IPART example showed lower costs for stage 4 and 5 however, after further analysis by Council, this is not considered accurate due to the reasons outlined in this table.

Further, the indicative nature of IPART's example is important to note. IPART acknowledged that broad assumptions were made about which stage would be affected by their recommendations for amendments to infrastructure items and costs in the plan. IPART acknowledged that they did not reapportion any costs, including roadworks, to account for any shared demand between stages. Shared demand nexus infrastructure, in particular the transport network is the main contributing factor to the existing approach being maintained.

Consistency throughout Plan reviews

The West Dapto Contribution Plan has been levying and collecting contributions across the whole release area for almost ten years. Although the plan is regularly reviewed to account for changing infrastructure needs, cost estimates and delivery timeframes, these changes are considered minor in that they do not affect the overall fundamental structure of how the contributions plan is prepared and implemented.

Any significant change, such as dividing the release area by stages, would require equitable redistribution of contributions collected to date as development that has been charged to date in stages 1 and 2 have been contributing toward infrastructure across the entire release area. It may also result in an unnecessary shortfall to the Plan, should a staged rate for Stages 1 and 2, which have largely been developed, be higher than the already levied contributions.

IPART 2019 Discussion Paper "Inclusion of roads in contributions plans"

As part of the consideration of IPART's 2016 recommendation number 29, it is also important to note the 18 April 2019 IPART discussion paper: "Inclusion of Roads in Contributions Plans". This discussion paper refers to a workshop held in April 2019 with a number of Councils and Development Industry representatives in attendance. The discussion paper acknowledges that during the workshop stakeholders generally agreed that the benefits of apportioning road costs across a broad catchment outweigh the costs and complexity of accurately apportioning the costs within smaller catchments. This finding is consistent with the approach taken for West Dapto - as outlined above the justification for apportioning the transport infrastructure category equitably across the entire release area outweighs the risks associated with attempting to accurately apportion costs within smaller stage based catchments.

Summary

On 10 December 2018 Council adopted the West Dapto Vision. The Vision document is a Council policy statement that sets the strategic planning direction for the urban release area. The Vision Document includes a Structure Plan that will guide all spatial planning decisions. The local contributions plan the subject of this application reflects the adopted structure plan.

Based on all the above factors it is considered that development within the release area has a shared responsibility to contribute to local infrastructure requirements as all stages, neighbourhood planning areas and individual subdivisions will benefit from urban zoning uplift

	and all stages will play a role in meeting the region's housing supply needs within the same competitive housing market.
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