

*The Mayor advised the meeting that the Director Corporate Services had disclosed a Financial Interest in the following item in accordance with Section 5.60 of the Local Government Act 1995.*

### **13.5.5 REVIEW OF CONTRIBUTION RATES - CANNING VALE OUTLINE DEVELOPMENT PLAN - DEVELOPMENT CONTRIBUTION ARRANGEMENT**

Author:	B Seward
Author's Declaration of Interest:	Nil.
Previous Ref:	OCM 8 September 2009 (Resolutions 443 and 444) OCM 25 March 2008 (Resolutions 104 and 105) OCM 27 February 2007 (Resolutions 39 and 40) OCM 6 December 2005 (Resolutions 584-587) OCM 8 June 2004 (Resolutions 292 and 293) OCM 11 February 2003 (Resolution 49) OCM 18 December 2002 (Resolution 1036)
Appendix:	13.5.5A Canning Vale Outline Development Plan – Draft Revised Schedule of Common Infrastructure Works – August 2010

#### **PURPOSE OF REPORT**

For Council to consider recommendations in respect to the land valuation basis and common infrastructure works (CIW) contribution rate associated with the Canning Vale Outline Development Plan (ODP) development contribution arrangement (DCA).

#### **BACKGROUND**

DCAs are used to share the costs of major infrastructure across an ODP area so that those owners who benefit from development can contribute equitably to the cost of providing those works. The normal method used to achieve the arrangement is to establish a contribution rate for each landowner based on the physical area of land that they propose to develop. This is expressed as an amount (in dollars) per hectare. Town Planning Scheme No. 6 (TPS 6) provides that the City administers the fund, and reviews the contribution rates annually.

The City administers a DCA for the shared provision of infrastructure and land for public purposes in the Canning Vale ODP area. Part of the arrangement involves the collection of development contributions to be used for the acquisition of land for public open space (POS), which includes land for conservation, drainage and recreational purposes and the provision of the following CIW:

- Wetland protection works (fencing and boardwalks) within the ODP area.
- Alignment of existing 132kV powerlines traversing the Canning Vale ODP area
- Traffic management devices (roundabouts and signals)
- The acquisition of land for road widening (Nicholson and Warton Roads)
- A proportion of the cost of regional road works (Nicholson and Warton Roads and Garden Street)
- Service relocation works involved in widening Nicholson and Warton Roads
- Shared use paths

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- Drainage infrastructure
- Administration and technical reports associated with designing and managing future community assets.

The annual review of DCA rates involves adjustment of contribution rates to account for changes in land values and construction costs. Council last reviewed the DCA for the Canning Vale ODP at its meeting on 9 September 2009 and resolved to adopt a CIW contribution rate of \$48,498/ha. Council also resolved to set the land valuation at \$1,200,000/ha. This figure is used to calculate contribution rates and in circumstances where it is necessary to acquire land identified on the ODP for public purposes. To conform to the requirements of TPS 6, it is necessary for Council to again review the land valuation basis and contribution rates.

## DISCUSSION

DCA values and rates for the Canning Vale ODP area typically require adjustment in respect of:

- The basis for land valuation
- CIW contribution rates

The table below shows the history of adjustments made to values and rates over the life of the DCA. Each of those adjustments has occurred after obtaining qualified expert valuation advice.

<b>HISTORY OF ADJUSTMENTS TO LAND VALUATION AND CONTRIBUTION RATES</b>		
<b>Date of Revision</b>	<b>Land Valuation Basis</b>	<b>Common Infrastructure Works (CIW)</b>
	<i>Valuation rate/ha</i>	<i>\$ rate/ha</i>
Gazettal – 6/04/01	\$250,000/ha	\$27,563/ha
OCM – 18/12/02	\$350,000/ha	\$28,622/ha
OCM – 11/02/03	\$400,000/ha	\$29,532/ha
OCM – 8/06/04	\$500,000/ha	\$31,250/ha
OCM – 8/12/05	\$800,000/ha	\$40,663/ha
OCM – 27/02/07	\$1,350,000/ha	\$44,541/ha
OCM – 25/03/08	\$1,350,000/ha	\$47,032/ha
OCM – 8/09/09	\$1,200,000/ha	\$48,498/ha
Proposed - 2010	\$1,350,000/ha	\$50,532/ha

## Land Valuation

To ensure that adequate funds are collected to acquire the land identified on the ODP for POS and other public purposes, it is necessary to set contribution rates based on a current englobo land valuation. The land valuation is also used as a basis to determine the amount of compensation for the acquisition of land for public purposes, such as POS and the widening of regional roads.

Previous adjustments have been adopted on the basis of valuation advice from Propell National Valuers.

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Propell's latest valuation was undertaken in May 2010 and its report details that over the previous 12 months land values in the Canning Vale area have increased. The report concludes that the typical englobo value of land within the ODP area is currently \$1,350,000/ha.

It is therefore recommended that Council increase the land valuation used by the Canning Vale ODP DCP to \$1,350,000/ha.

**Common Infrastructure Works (CIW) Contribution Rate**

Adjustments to the CIW contribution rate have previously been determined on the basis of increases to the Australian Bureau of Statistics (ABS) general construction price index, changes to infrastructure unit cost rates and other inflationary indicators, in addition to factoring in the impact of changes to land values given that certain CIW include a land component.

The most recent price index date, released by the ABS indicates that in general, costs have increased by 2.9% over the 12 month period to June 2010.

It will therefore be recommended that a 2.9% increase be applied to the unit cost rates for CIW required in the Canning Vale ODP.

The draft revised Schedule of Works for the DCA, contained in Appendix 13.5.5A, reflects increases to CIW cost rates of 2.9%. Those CIW that involve a land component have been adjusted against the englobo valuation rather than applying a percentage increase, as has been the case when undertaking previous reviews. The resulting change to the CIW contribution rate is a recommended new rate of \$50,532/ha, an increase of \$2,034/ha from the previous rate.

Schedule 12 of TPS 6 provides for landowners to object to the adopted contribution rate and land valuation basis.

**FINANCIAL IMPLICATIONS**

Should Council accept that the land valuation be based at \$1,350,000/ha, there will be an increase to the amount payable by developers, and the amount payable to landowners for the acquisition of land, where necessary.

Revisions to the CIW contribution rate are necessary to ensure that infrastructure identified in the ODP is equitably provided, without placing a financial burden on the City and the wider community to deliver those works.

It will be recommended that Council adopt a land valuation basis of \$1,350,000/ha and adopt a revised CIW contribution rate of \$50,532/ha for the purposes of the Canning Vale ODP DCA.

**STATUTORY IMPLICATIONS**

Town Planning Scheme No. 6 – Schedule 12.

**VOTING REQUIREMENTS**

Simple Majority required.

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STAFF RECOMMENDATION (1 OF 2) AND COUNCIL RESOLUTION

**362 Moved Cr D Griffiths Seconded Cr L Griffiths**

That Council adopt a contribution rate of \$50,532/ha for common infrastructure works and a land valuation basis of \$1,350,000/ha for the acquisition of land necessary to satisfy the objectives of the Development Contribution Arrangement for the Canning Vale Outline Development Plan.

CARRIED 11/0

**FOR:** Cr W Barrett, Cr J Brown, Cr T Brown, Cr C Fernandez, Cr D Griffiths, Cr L Griffiths, Cr R Hoffman, Cr S Iwanyk, Cr K Jones, Cr B Wiffen and Cr O Searle.

**AGAINST:** Nil.

STAFF RECOMMENDATION (2 OF 2) AND COUNCIL RESOLUTION

**363 Moved Cr D Griffiths Seconded Cr L Griffiths**

That Council inform all landowners with outstanding contribution obligations within the Canning Vale Outline Development Plan area of Council's decision and of the potential for review, as is allowable under Town Planning Scheme No. 6.

CARRIED 11/0

**FOR:** Cr W Barrett, Cr J Brown, Cr T Brown, Cr C Fernandez, Cr D Griffiths, Cr L Griffiths, Cr R Hoffman, Cr S Iwanyk, Cr K Jones, Cr B Wiffen and Cr O Searle.

**AGAINST:** Nil.