

**13.5.7 CENTRAL MADDINGTON DEVELOPER CONTRIBUTION PLAN REPORT
- REVISED DEVELOPMENT CONTRIBUTION PLAN REPORT**

Author: R Windass
Author's Declaration of Interest: Nil.
Previous Ref: OCM 17 December 2013 (Resolution 536-539)
Appendix: 13.5.7A Draft Revised Central Maddington Outline
Development Plan - Development Contribution Plan
Report

PURPOSE OF REPORT

For Council to consider revisions to the interim-adopted Development Contribution Plan (DCP) report associated with the Central Maddington Outline Development Plan (ODP) to incorporate recently obtained land valuation advice and reviewed costs of infrastructure.

BACKGROUND

The Central Maddington ODP was approved by Council and the Western Australian Planning Commission in December 2011 to provide a framework for redevelopment of the ODP area, including new road connections, public open space (POS) and various other infrastructure improvements.

Following consultation with stakeholders, Council resolved to adopt a DCP report on an interim basis on 17 December 2013. The interim-adopted DCP report sets out how the required POS and infrastructure improvements for the ODP area will be funded through contributions payable by land owners at the time of developing their land.

The interim-adopted DCP report assumed a preliminary value of \$350/m² for the compensable land to be acquired for various public purposes identified by the ODP.

Preliminary land values were based on only limited valuation information available at the time the draft DCP report was prepared, rather than through valuation advice provided by a licensed valuer appointed in accordance with the provisions of Town Planning Scheme No. 6 (TPS 6).

TPS 6 stipulates that land values adopted in association with a development contribution arrangement need to be based on advice from a licensed valuer engaged through agreement between land owners and Council.

With approximately 550 land owners in the ODP area, the process of reaching agreement with owners on the appointment of a valuer is somewhat problematic.

Council had previously awarded a tender to Propell National Valuers (Propell) to provide valuation services associated with the various development contribution arrangements operating in the City.

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On 7 February 2014 the City wrote to all owners of land in the ODP area to propose the appointment of Propell to provide valuation services for the ODP area and provide the opportunity for owners to object to the proposed appointment if they considered there were valid reasons for rejecting Propell.

Six objections to the proposed appointment were received, however none of these provided any valid reason setting out why Propell was considered unsuitable to perform the required valuation tasks. Instead the objections expressed broader concerns in relation to planned redevelopment in the ODP area. Due to the desire to progress the work on a timely basis and to avoid potential delays Propell was engaged to provide valuation advice for the ODP area so that Council could consider the results earlier than would otherwise be the case.

Propell subsequently advised that it considered a figure of \$320/m² is a fair current value for land in the ODP area.

In association with obtaining valuation advice from Propell, it was also considered prudent to review the cost of infrastructure contained in the DCPR, as the original costs were obtained well over a year ago. The original cost information was based on the City's own experience in the provision of specific infrastructure, as well as advice from Porter Consulting Engineers who prepared an infrastructure servicing report on behalf of the City in September 2012.

For the purpose of the review, Porter Consulting was engaged to review its original servicing report which showed an across the board increase in costs for providing infrastructure at today's current market rates.

It is imperative that both the value of land and the cost of infrastructure be as accurate as possible to ensure that developer contribution rates, and subsequent collection of contributions meet the cost of providing complete infrastructure works to the area, as outlined in the DCP report. Any shortfall in funds required to provide the infrastructure would otherwise be at cost to the broader community.

DISCUSSION

The adoption of 320/m² as the land valuation basis would reduce the total cost of land required for POS from \$17,150,000 to \$15,880,000 which represents a 7.4% reduction in costs to the arrangement.

A review of the common infrastructure costs has seen an increase in the cost of its provision from \$17,979,636 to \$19,423,347, which represents an 8% increase in costs to the arrangement.

These changes will have different impacts for different landowners in the ODP area dependent on their location and circumstances. For instance, the owner of a property required to contribute a significant amount of land for POS will receive less compensation for the loss of land and have higher costs due to the increased costs of infrastructure. For other properties, exempt from the requirement to pay POS contributions, the overall development contribution payable on these properties will be slightly more. As an average, the extent of overall development contributions payable on individual properties has increased slightly due to the changes proposed in this report.

Item 13.5.7 Continued

It should be noted that changes to valuations, cost schedules and contribution rates occur regularly during the operation of a DCP. Indeed, the valuations and infrastructure costs are typically reviewed each year. Consequently, the changes suggested in this report are likely to be the first of many changes which will occur over coming years.

The Council, in adopting an interim DCP report for Central Maddington on 17 December 2013, decided to significantly subsidise the cost (which was equivalent to 33.33% based on the interim DCPR) of providing common infrastructure required for the area, which is to be recouped from the rate base of the ODP area as development occurs gradually overtime. This is akin to seed funding the arrangement.

The value of Council's subsidy is \$9,213,893 for Precinct 1 and \$496,323 for Precinct 2 in today's terms. It is proposed that the subsidy be applied once at the adoption of the DCPR at today's dollar amount. In this way the Council's contribution to this initiative is proposed to be capped, just as it would for any other major project.

The impact of the formal valuation advice and the review of infrastructure costs are reflected in the revised contribution rates set out in the draft revised DCP report, as contained in Appendix 13.5.7A and detailed in the tables below.

| Common Infrastructure Works Contribution Rates | | | |
|---|---|---|---|
| Interim-adopted rates Precinct 1 | Interim-adopted rates Precinct 2 | Revised rates Precinct 1 | Revised rates Precinct 2 |
| R20 - \$140,993/ha (\$14.09/m ²) | R20 - \$50,877/ha (\$5.09/m ²) | R20 - \$152,900/ha (\$15.29/m ²) | R20 - \$53,665/ha (\$5.37/m ²) |
| R30 - \$211,363/ha (\$21.14/m ²) | R30 - \$76,315/ha (\$7.63/m ²) | R30 - \$229,350/ha (\$22.94m ²) | R30 - \$80,497/ha (\$8.05/m ²) |
| R40 - \$281,805/ha (\$28.18/m ²) | R40 - \$101,753/ha (\$10.18/m ²) | R40 - \$305,800/ha (\$30.58/m ²) | R40 - \$107,329/ha (\$10.73/m ²) |
| R80 - \$563,610/ha (\$56.36/m ²) | R80 - N/A | R80 - \$611,600/ha (\$61.16/m ²) | R80 - N/A |

| Public Open Space Contribution Rates | |
|--|--|
| Interim-adopted rates | Revised rates |
| R20 - \$137,740/ha (\$13.77/m ²) | R20 - \$127,540/ha (\$12.75/m ²) |
| R30 - \$206,593/ha (\$20.66/m ²) | R30 - \$191,294/ha (\$19.13/m ²) |
| R40 - \$275,480/ha (\$27.55/m ²) | R40 - \$255,080/ha (\$25.51/m ²) |
| R80 - \$550,773/ha (\$56.36/m ²) | R80 - \$509,987/ha (\$51.00/m ²) |

The revised contribution rates tabled above also reflect a minor change made to the classification of one parcel of land identified within the interim-adopted DCP report as being Precinct 1. Lot 14 (49) Phillip Street was originally included in Precinct 1. However the Department of Planning in reviewing the interim-adopted DCP report suggested that this property be included in Precinct 2 as it is part of a joint subdivision application with neighbouring Lot 35 (45) Phillip Street which is in Precinct 2, is in the same ownership and will be providing specific infrastructure at the expense of the individual developers of that land.

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CONCLUSION

It will be recommended that Council:

- Endorse the appointment of Propell National Valuers as the licensed valuer for the development contribution arrangement associated with the ODP
- Adopt the draft revised DCP report, as contained in Appendix 13.5.7A, incorporating a land valuation basis of \$320/m² and a minor change to the composition of the Precincts 1 and 2 contribution areas
- Inform all land owners within the ODP area of its decision.

FINANCIAL IMPLICATIONS

As discussed in this report.

STATUTORY IMPLICATIONS

Section 6.4 - Town Planning Scheme No. 6 provides a right for land owners to dispute any adopted land valuation or contribution rate through independent arbitration.

VOTING REQUIREMENTS

Simple Majority required.

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| STAFF RECOMMENDATION (1 OF 3) AND COUNCIL RESOLUTION |
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153 Moved Cr G Dewhurst Seconded Cr P Griffiths

That Council pursuant to Section 6.4 of Town Planning Scheme No. 6 endorses the appointment of Propell National Valuers as the licensed valuer for the development contribution arrangement associated with the Central Maddington Outline Development Plan.

CARRIED 10/0

FOR: *Cr W Barrett, Cr J Brown, Cr G Dewhurst, Cr D Goode, Cr P Griffiths, Cr R Lawrence, Cr R Mitchell, Cr O Searle, Cr P Yang and Cr D Griffiths.*

AGAINST: *Nil.*

Item 13.5.7 Continued

STAFF RECOMMENDATION (2 OF 3) AND COUNCIL RESOLUTION

154 Moved Cr G Dewhurst Seconded Cr P Griffiths

That Council pursuant to Section 6.4 of Town Planning Scheme No. 6 adopts the draft revised Development Contribution Plan report associated with the Central Maddington Outline Development Plan, as contained in Appendix 13.5.7A, incorporating a land valuation basis of \$320/m² and minor changes to the composition of the Precincts 1 and 2 contribution areas.

CARRIED 10/0

FOR: Cr W Barrett, Cr J Brown, Cr G Dewhurst, Cr D Goode, Cr P Griffiths, Cr R Lawrence, Cr R Mitchell, Cr O Searle, Cr P Yang and Cr D Griffiths.

AGAINST: Nil.

STAFF RECOMMENDATION (3 OF 3) AND COUNCIL RESOLUTION

155 Moved Cr G Dewhurst Seconded Cr P Griffiths

That Council informs all land owners within the ODP area of its decision.

CARRIED 10/0

FOR: Cr W Barrett, Cr J Brown, Cr G Dewhurst, Cr D Goode, Cr P Griffiths, Cr R Lawrence, Cr R Mitchell, Cr O Searle, Cr P Yang and Cr D Griffiths.

AGAINST: Nil.

12. REPORTS OF COMMITTEE MEETINGS

Nil.