

**13.5.1 DRAFT DEVELOPMENT CONTRIBUTION PLAN - HOMESTEAD ROAD  
OUTLINE DEVELOPMENT PLAN AREA**

Author: L Langford  
Author's Declaration Nil.  
of Interest:  
Application No: PF12/00028  
Applicant: Dynamic Planning and Developments  
Review Rights: Schedule 12 of TPS 6 sets out landowners' rights to have a DCP reviewed.  
Previous Ref: OCM 18 December 2012 (Resolutions 633-634)  
Appendices:  
13.5.1A Homestead Road Outline Development Plan  
13.5.1B Advertised Development Contribution Plan  
13.5.1C Schedule of Submissions  
13.5.1D Revised Development Contribution Plan

**PURPOSE OF REPORT**

For Council to consider final adoption of a revised Development Contribution Plan (DCP) to operate as part of the Homestead Road Outline Development Plan (ODP) Development Contribution Arrangement (DCA).

**BACKGROUND****Homestead Road Outline Development Plan**

The Homestead Road ODP area is located in Gosnells and is bound by Homestead Road along its south-western boundary, the Canning River to the north and the Armadale Railway Line along its north-eastern boundary. The ODP provides a spatial framework for coordinating subdivision and development of an area of approximately 10.7ha comprised of 11 lots in multiple land ownership.

A copy of the Homestead Road ODP is contained as Appendix 13.5.1A.

Town Planning Scheme No. 6 (TPS 6) includes the Homestead Road ODP as a Special Control Area. Clause 6.5 of TPS 6 requires the preparation and approval of a DCP to share the costs of common infrastructure amongst developing landowners. Adoption of a DCP for the Homestead Road ODP area will satisfy this Scheme requirement.

**Proposal History**

On 18 December 2012, Council resolved (Resolutions 633-634) to adopt, for the purpose of advertising, a draft DCP for the Homestead Road ODP as prepared by the City. That draft DCP established a preliminary contribution rate of \$187,207/ha for common infrastructure works and a land valuation basis of \$1,100,000/ha for contributions towards local open space.

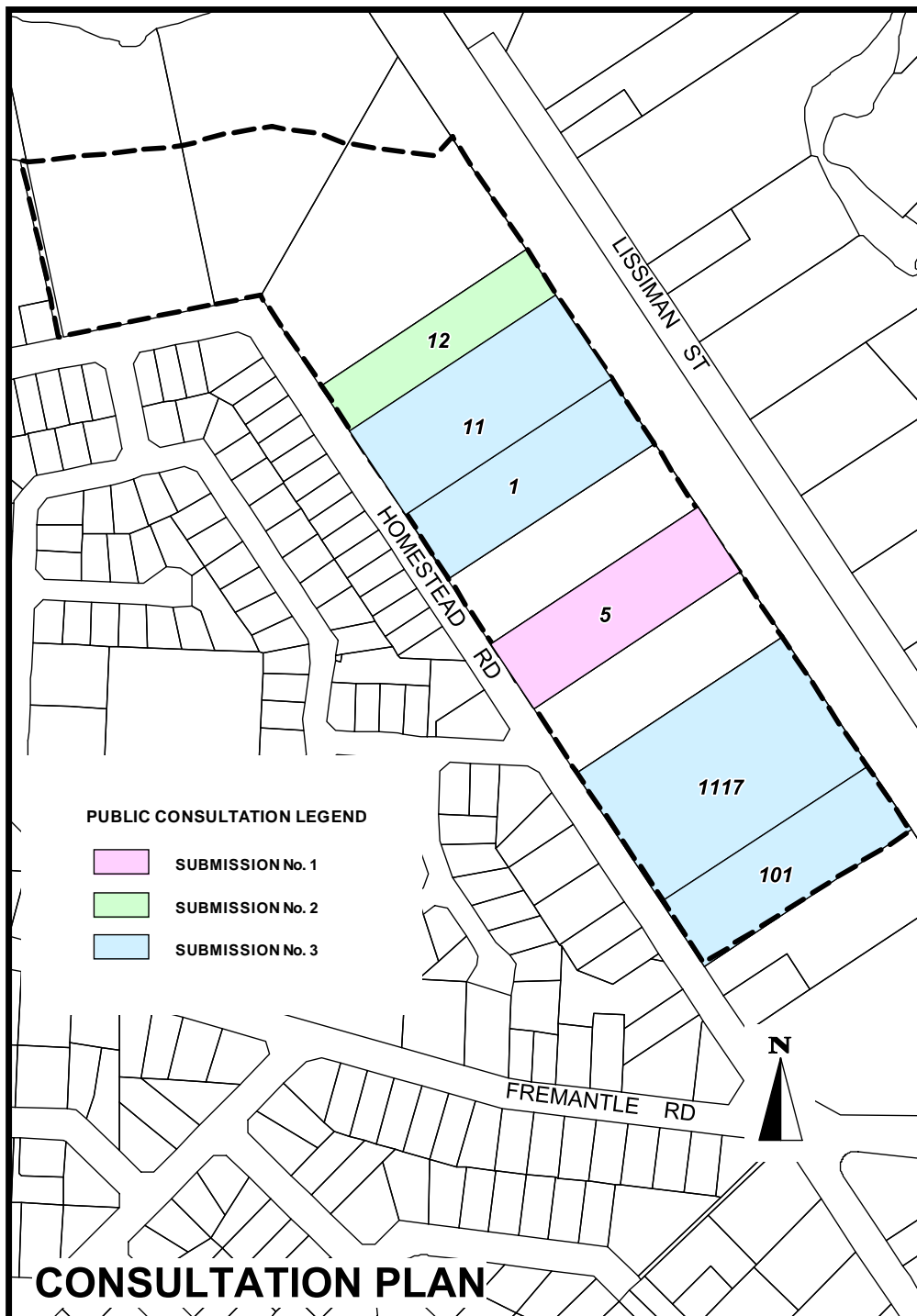
A copy of the advertised DCP is contained as Appendix 13.5.1B.

Item 13.5.1 Continued

**Consultation**

The City sought comment on the draft DCP from all landowners within the Homestead Road precinct. Three submissions were received. A summary of these submissions and comments thereon are contained as Appendix 13.5.1C.

A map identifying the consultation area and the origin of each submission follows:



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The main issues raised in the submissions are as follows:

- The valuation for land required as public open space (POS)
- Whether the drainage upgrade and the construction of the drainage basin are purely to serve the ODP area
- Equitable cost sharing where land has the potential to have a greater demand on infrastructure
- The requirement to contribute towards the cost of constructing roundabouts
- The costs included in the City's draft DCP in relation to shared use paths and POS development
- Justification for the administration costs
- The operational timeframe of the DCP and the trigger for making contributions.

Each is discussed in the following sections, along with any other applicable technical matters.

## **DISCUSSION**

### **Land Valuation**

The proposed DCP is intended to establish a framework for the fair and equitable sharing of costs associated with the Homestead Road ODP area. Central to this framework is the manner in which land required for POS is valued.

The requirements of Schedule 12 of TPS 6 provide for a Licensed Valuer to be appointed by Council to determine an englobo land value that will be applied for the purpose of establishing contribution rates and the reimbursement due for land ceded for public purposes. In accordance with Schedule 12 of TPS 6, a valuation was undertaken by Propell National Valuers in November 2012 which determined a land valuation rate of \$1,100,000/ha.

A submission has raised concerns in respect of the valuation methodology set out in the draft DCP. This submission was made by a landowner who is required to cede land for POS and notes a disparity between the englobo valuation and the current market value that unconstrained land (parent lots) can achieve in the ODP area.

Schedule 12 defines 'Value' as follows:

*"the capital sum which an unencumbered estate in fee simple of the land might reasonably be expected to realise if offered for sale on such terms and conditions as a bonafide seller would require:*

- (a) *on the basis that there are no buildings, fences or other improvements of the like nature on the land;*
- (b) *on the assumption that any rezoning necessary for the purpose of the development has come into force; and*

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- (c) *taking into account the added value of all other improvements on or appurtenant to the land."*

Therefore, pursuant to TPS 6, the valuation is required to be undertaken on the basis of the zoning of the land, which in this case includes portions which are allocated as POS. In considering this, the following should be noted:

- It is more equitable to have a single valuation as all landowners are treated the same, regardless of the current market value of the parent lots
- While landowners who are required to give up land for POS are denied the ability to develop all of their land, they are also not exposed to the risk and cost that goes with land development. The level of risk and cost is a difficult matter to quantify and would further complicate valuation processes and the administration of the DCP.
- The ODP has unlocked the ability for all lots within the area to develop which would have not been otherwise possible.

It will be recommended that \$1,100,000/ha be adopted as the land valuation basis for the DCP. It should be noted that Schedule 12 of TPS 6 provides the ability for a landowner to object to a valuation set by Council.

**Equitable Cost Sharing**

A submission has suggested that the DCP does not provide equitable cost sharing as certain land has the potential to place a greater demand on infrastructure but they are still required to contribute the same as land which places a lesser demand on infrastructure.

While in an ideal sense there may be some merit in the cost of infrastructure and related land being apportioned to developers on the proportion that their particular development contributes to demand on that infrastructure, such an approach would be very difficult to accurately quantify and establish contribution parameters for. This is due to it being virtually impossible to accurately forecast the likely demand resulting from each development and set contribution rates accordingly.

The methodology proposed for equitable cost sharing is consistent with the approach used in other arrangements including in Canning Vale and West Canning Vale ODPs and represents an "industry standard" approach

**Items 1 and 4 - Drainage Upgrade and Drainage Basin**

A submission has queried whether the drainage upgrade and the construction of the drainage basin are purely to serve the ODP area or if they will serve a wider catchment. In this regard, it should be noted that the need for the drainage upgrade and the basin have been brought about by the ODP and the basin will be designed to exclusively cater for the ODP area. The drainage upgrade however, will provide the potential for development further downstream to connect to the drain, but given that much of this downstream area has already been developed, such connection is considered unlikely.

*Item 13.5.1 Continued*

## **Item 2 - Roundabout Construction**

A submitter has objected to the requirement to contribute towards half the cost of the northern roundabout, at the four-way intersection of Homestead Road and Derrick Street, as the comparative increase in traffic created by lots in the northern part of the ODP area would be proportionally less than existing volumes at this section of Homestead Road. The submitter has suggested that an assessment be undertaken of current and projected volumes of traffic at this point in Homestead Road.

In considering this concern, it should be noted that the requirement for the construction of a roundabout at this intersection is not necessarily based on existing or future traffic volumes, but instead the establishment, via the ODP, of a four-way intersection that requires a form of traffic management. Ultimately, if the Homestead Road precinct remained undeveloped, no roundabout would be required. As detailed in the previous report to Council, it is considered appropriate that only half the cost of each roundabout be included as part of the contribution arrangement to factor in any existing demand for traffic management devices on Homestead Road.

## **Items 4 and 5 - Public Open Space Construction**

Two submissions have raised concerns with regards to the estimated cost for the development of the POS, being \$68/m<sup>2</sup>. That figure was based on the average costs of a number of recent park developments undertaken by the City.

One of the submitters sought independent advice from two landscape architects regarding the current market rates for the cost of developing POS to the standards of Liveable Neighbourhoods. This advice estimated that the cost would be between \$28/m<sup>2</sup> and \$35/m<sup>2</sup>, however the advice failed to disclose what these figures were estimated on.

Given the concerns raised, the City has undertaken a detailed re-assessment of this figure, as follows:

<b>Item</b>	<b>Rate per square metre (\$)</b>
Preliminary Costs 10%	2.87
Earthworks	4.26
Test Bore	0.83
Production Bore	4.47
Head works Cabinet, controller, electrical	4.15
Irrigation	5.52
Turfing	5.54
Footpaths	4.85
Project Management	4.18
Contingency 10%	3.48
2 Years Maintenance	13.57
<b>Total</b>	<b>53.72</b>

As indicated in the above table, the revised POS development figure is \$53.72/m<sup>2</sup>. It will therefore be recommended that Council adopt a revised DCP which incorporates this revised figure as well as removes reference to a bore (which now forms part of the revised area rate).

*Item 13.5.1 Continued*

## **Item 7 - Administration Costs**

A submission has sought further information on the administration costs included in the draft DCP. In this regard, it should be noted that the City's figure has been estimated based on the City's prior experience in administering a number of cost sharing arrangements. These administration costs include, but are not limited to the costs incurred to date for the preparation of the DCP, administration, bank charges, audit fees, legal fees, planning reports, valuations and expenses associated with the acquisition of land. By way of comparison, the West Canning Vale DCP includes an administration cost of \$590,105. That being the case, the estimated cost of \$75,000 is considered reasonable, on a proportionate basis as the Homestead Road ODP covers an area which is approximately 15% of the size of West Canning Vale, with the administration cost being proportionately similar.

### **General Administration**

#### Liability for Contribution

A submission has raised a concern with Part 6 of the DCP which deals with the operation and timing of the plan and specifies that in accordance with TPS 6, landowners are to pay the contributions at the earliest date of the following circumstances:

- During the clearance process and before the Council advises the WAPC that the conditions of subdivision approval have been complied with
- Prior to the Commission endorsing its approval on the Deposited Plan of the subdivision of the owner's land
- At the time of carrying out any development or commencing any new extended use on the owner's land
- At the time of applying to the Council or WAPC for approval of any new extended use or development on the owner's land
- At any time in advance of the above if a landowner so chooses.

Notwithstanding the Scheme requirement to pay a cost contribution at the time of carrying out any development or commencing any new or extended use on land, it is standard practice for the City to not require the payment of cost contributions where a development is minor and incidental to an existing use of the site (for example, building a patio for an existing dwelling).

#### Operational Timeframe

A submitter has raised concern with regards to the operational timeframe of the DCP, specifically whether, after the five-year operational period, a landowner who has yet to develop will immediately be liable for contribution payments.

Clause 4.2 of Schedule 12 of TPS 6 stipulates that a DCA shall operate for no more than five years unless otherwise extended. In the event that not all development has taken place within five years (or other period as extended by Council), there is no trigger under Schedule 12 which would force a landowner to be liable for a contribution.

*Item 13.5.1 Continued*

In normal circumstances, the Council will extend the arrangement timeframe to allow the total development to occur.

**CONCLUSION**

It will be recommended that Council adopt the revised DCP contained in Appendix 13.5.1D which includes a contribution rate of \$162,278/ha for common infrastructure works and a land valuation of \$1,100,00/ha for local open space contributions. These rates are reflective of including the recommended POS rate and roundabout funding within the arrangement as described herein.

**FINANCIAL IMPLICATIONS**

The establishment of a DCA for the Homestead Road ODP area represents a significant potential financial burden for Council. The main risk is that the funds to be collected may not be sufficient to meet the cost of the infrastructure required, which could result from an escalation in the cost of infrastructure or delays in the roll-out of infrastructure if landowners choose not to develop.

**STATUTORY IMPLICATIONS**

- Town Planning Scheme No. 6
- Homestead Road Outline Development Plan.

**VOTING REQUIREMENTS**

Simple Majority required.

**STAFF RECOMMENDATION (1 OF 3) AND COUNCIL RESOLUTION****224 Moved Cr W Barrett Seconded Cr R Hoffman**

That Council note the submissions received in relation to the draft modified Homestead Road Outline Development Plan Development Contribution Plan, and endorses the responses to those submissions.

CARRIED 7/0

**FOR:** Cr W Barrett, Cr J Brown, Cr T Brown, Cr R Hoffman, Cr K Jones, Cr O Searle and Cr D Griffiths.

**AGAINST:** Nil.

**STAFF RECOMMENDATION (2 OF 3) AND COUNCIL RESOLUTION****225 Moved Cr W Barrett Seconded Cr R Hoffman**

That Council adopt the draft Development Contribution Plan as contained in Appendix 13.5.1D, including the contribution rate of \$162,278/ha for common infrastructure works and a land valuation of \$1,100,000/ha for local open space contributions.

CARRIED 7/0

**FOR:** Cr W Barrett, Cr J Brown, Cr T Brown, Cr R Hoffman, Cr K Jones, Cr O Searle and Cr D Griffiths.

**AGAINST:** Nil.

*Item 13.5.1 Continued*

<b>STAFF RECOMMENDATION (3 OF 3) AND COUNCIL RESOLUTION</b>
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**226 Moved Cr W Barrett Seconded Cr R Hoffman**

That Council advise all affected landowners of its decision.

**CARRIED 7/0**

**FOR:** *Cr W Barrett, Cr J Brown, Cr T Brown, Cr R Hoffman, Cr K Jones, Cr O Searle and Cr D Griffiths.*

**AGAINST:** *Nil.*