

13.5.6 CENTRAL MADDINGTON OUTLINE DEVELOPMENT PLAN - DRAFT DEVELOPMENT CONTRIBUTION PLAN REPORT

Author: R Windass
Author's Declaration Nil.
of Interest:
Previous Ref: OCM 13 December 2011 (Resolutions 582-583)
OCM 28 July 2009 (Resolutions 338-345)
OCM 25 March 2008 (Resolution 103)
OCM 12 February 2008 (Resolutions 22-27)
Appendices: 13.5.6A Central Maddington Outline Development Plan
13.5.6B Draft Development Contribution Plan Report

PURPOSE OF REPORT

For Council to consider adopting a draft Development Contribution Plan (DCP) report associated with the Central Maddington Outline Development Plan (ODP) for the purposes of undertaking stakeholder consultation.

BACKGROUND

The Central Maddington ODP was approved by Council and the Western Australian Planning Commission in December 2011. The current ODP is contained in Appendix 13.5.6A.

Various items of infrastructure and new parkland areas are required as part the development of the ODP area. As land is fragmented among multiple owners, development is likely to be undertaken by numerous parties over many years and a development contribution arrangement is necessary to facilitate infrastructure provision in a co-ordinated, equitable and shared manner.

Amendment No. 89 to Town Planning Scheme No.6 (TPS 6) provided for the formal establishment of a development contribution arrangement by broadly defining where the arrangement would operate (known as the Development Contribution Area (DCA)) and the items of infrastructure that are to be funded by land owners through contributions payable at the time of subdivision or development.

A draft DCP report, as contained in Appendix 13.5.6B has been prepared to detail the intended operation of the development contribution arrangement. It expands upon TPS 6 provisions by detailing the extent and estimated costs of required common infrastructure works (CIW) and public open space (POS). It also details the method by which costs will be apportioned to land owners in the form of development contributions. Collected contributions are to be held in a City-administered fund to be drawn upon to provide the required CIW and POS.

DISCUSSION

The draft DCP report is by necessity very complex. This is due to the task of applying the arrangement to an area where some, but not all, necessary infrastructure exists.

The key considerations made in preparing the draft DCP report include:

Item 13.5.6 Continued

- Identification of the required items of infrastructure needed in the ODP area
- Determination of which infrastructure items are of common benefit to the DCA, that is the CIW, (and those that should be individual developers' responsibility)
- Estimation of the cost of CIW provision
- Estimation of the cost of acquiring land identified on the ODP for POS
- Identification of properties that are to be liable to pay contributions (and those that are not)
- The method of apportionment of CIW and POS costs in the form of contributions
- Potential financial implications of the contribution arrangement for the City and land owners
- Effective co-ordination, staging and timing of provision of CIW and POS.

The draft DCP report reflects the outcome of the above considerations. At its core is the requirement for development of land within the DCA to contribute towards the cost of providing CIW and acquiring land for POS, identified as providing a broad benefit to development of the area.

The following key operational aspects of the contribution arrangement are set out in the draft DCP report.

Common Infrastructure Works

The draft DCP report identifies the following CIW:

- Land acquisition for selected roads
- Construction of new roads and drainage
- Construction of shared paths
- Traffic infrastructure improvements
- Construction of sewer mains
- Construction of water mains
- Upgrade of existing stormwater drainage
- Installation of low voltage underground power and street lighting
- Installation of telecommunications
- Public open space development
- Administration of the contribution arrangement

The cost of providing the CIW has been estimated at \$31,056,275. Cost estimates are based on advice from an independent engineering consultant, in addition to the City's observations of prevailing land values in the DCA and its recent experience in developing infrastructure.

*Item 13.5.6 Continued***Public Open Space**

The provision of POS is a key component of the planning that underpins the ODP. Collectively, approximately 7.5ha of land is identified for various POS purposes, including recreation, conservation and drainage.

The requirement for land to be set aside for POS is not evenly distributed across each property in the DCA, in that some owners will be required to provide a substantial proportion of their land for POS, whereas many others will not.

A key objective of the development contribution arrangement is to equalise the cost of assembling land for POS among the collective of land owners in the DCA. Achieving this objective will involve the collection of contributions from owners who are able to develop their land in accordance with the ODP to fund compensation payable to owners who are required to provide land for POS.

A contribution will be payable for much of the land to be developed for residential purposes in the DCA to fund the acquisition of 5.7ha of the 7.5ha land required for POS by the ODP. This is estimated to cost \$19,950,000. Acquisition of the balance 1.8ha of POS will be achieved through the following means:

- 0.94ha of the new POS is classified as wetland, which will need to be ceded by the affected land owners without payment of any compensation from the development contribution arrangement, in accordance with State Government policy
- Funds generated from the sale of 0.86ha of existing POS in the DCA, which has been identified as unsuitable to be retained for recreational use and targeted for disposal by Council's Local Open Space Strategy, will be used to purchase land for new POS in accordance with the ODP.

Calculation of Contribution Rates for CIW and POS

Contribution rates have been calculated by apportioning the total CIW and POS costs to the land that is anticipated to be developed in the DCA, with adjustments made using a sliding scale based on the variable residential density codings that apply to land under the ODP.

The following contribution rates for CIW apply:

- R20 - \$222,769/ha (22.28/m²)
- R30 - \$334,153/ha (33.41/m²)
- R40 - \$445,538/ha (44.55/m²)
- R80 - \$891,076/ha (89.11/m²).

The following contribution rates for POS apply:

- R20 - \$160,596/ha (15.90/m²)
- R30 - \$240,894/ha (24.09/m²)
- R40 - \$321,192/ha (32.12/m²)
- R80 - \$642,384/ha (64.24/m²).

Item 13.5.6 Continued

The method of calculation of contribution rates for CIW and POS is explained in the draft DCP report.

Valuation Approach

An important component of the development contribution arrangement is the adoption of what is referred to as the land valuation basis. The land valuation basis is used to estimate the cost of acquiring land required for public purposes in the DCA. In turn, the estimated cost is used to determine the value of CIW and POS contributions needed to fund this cost.

The land valuation basis will initially be set and then regularly reviewed over the life of the development contribution arrangement on advice from an independent, licensed valuer who will analyse market conditions and the prevailing values of land within the DCA.

Adopting a land valuation basis is intended to ensure that the development contribution arrangement is operated in a manner that is financially sound, efficient, fair and transparent.

Schedule 12 of TPS 6 provides for a valuer to be appointed by the City following agreement with owners. Should the owners be unable to come to an agreement regarding the appointment of a valuer, an appointment shall be made by the President of the State division of the Australian Property Institute.

Formal appointment of a valuer for the DCA has not been made at this time.

A preliminary land valuation basis of \$3,500,000/ha (\$350/m²) has been used to inform cost estimates in order to prepare the draft DCP report for consultation with all stakeholders. This figure is based on valuation advice received in relation to specific properties and general observation of values achieved through recent property sales in the DCA.

Formal appointment of a valuer will be made following consultation, but prior to any final adoption of the draft DCP report.

Timing and Staging of Land Acquisition and Works

It is anticipated that implementation of the ODP and the associated development contribution arrangement will occur in a staged manner. The rate of development will have a significant impact on when CIW and POS will be provided, as land owner contributions are needed for their funding.

Accurately forecasting when land owners may undertake development and make their contributions is difficult. The uncertainty of when contributions may be made and how much income may be available at any given time can also make it difficult to devise a workable program for land acquisition and infrastructure provision. In these circumstances no clear indication could be given to land owners in relation to critical implementation issues, such as the anticipated timing of compensation being paid where due or when particular infrastructure works are scheduled to occur.

This level of uncertainty may create practical difficulties for individual land owners who may be affected by the alignment of a planned road or an area of required POS and

Item 13.5.6 Continued

would like to know when construction may occur or land may be acquired. More broadly, the amenity of the DCA may be compromised for the period that infrastructure works remain incomplete.

In recognition of these potential issues, the City will explore the potential to pre-fund infrastructure provision early in the life of the contribution arrangement, with the intention of providing the required infrastructure in a well-planned and co-ordinated manner and making suitable and timely land acquisition arrangements with owners. This will likely involve borrowing funds for these purposes. Provision is made in the CIW estimates for the cost of interest that the City will incur on any borrowed funds.

It is intended to develop a staging program for the provision of CIW and acquisition of land for POS. This program will be informed by the borrowing capacity of the City to fund required CIW and POS and results of a survey of land owners to be undertaken to ascertain their development intentions.

Consultation

Land owners in the DCA will have a significant interest in the draft DCP report, given the potential financial implications for property development.

Consultation will occur through the usual means (letters, newspaper advertisements and library, civic centre and website displays) to allow land owners the opportunity to obtain information about and comment on the proposal. The views of relevant government authorities and servicing agencies will also be sought during the consultation period.

A survey of land owners in respect to their development intentions will be undertaken as part of the consultation. The intent of the survey is to ascertain when owners may be intending to undertake development. If it emerges that early development may be more concentrated in certain areas than others, this could inform the preparation of the CIW and POS staging program referred to above.

City Growth branch staff will be available during normal office hours to provide responses to any telephone, counter or written enquiries about the proposal.

A report on any submissions received and issues raised during the consultation period will be presented to Council as part of the process of considering the final adoption of the draft DCP report and any modifications necessary to address concerns raised.

CONCLUSION

The proposed development contribution arrangement is necessary to facilitate the equitable provision of CIW and POS required as part of the development of the Central Maddington ODP area.

It will be recommended that Council adopt the draft DCP report for the purposes of stakeholder consultation.

*Item 13.5.6 Continued***FINANCIAL IMPLICATIONS**

The establishment of a development contribution arrangement for the Central Maddington ODP area has significant potential financial implications for the City and land owners.

CIW and POS costs for the DCA are currently estimated to be in the order of approximately \$51 million, which need to be met through contributions from developers.

In establishing the arrangement, the City will take on the responsibility of ensuring it is operated in a well-coordinated, transparent and effective manner. This responsibility will include:

- Collection and holding of contributions
- Provision of the various CIW
- Acquisition of land for new roads and POS
- Financial reporting
- Addressing any shortfall in funds required to provide required CIW and POS.

STATUTORY IMPLICATIONS

- Town Planning Scheme No. 6
- Central Maddington Outline Development Plan
- State Planning Policy 3.6 - Development Contributions for Infrastructure.

VOTING REQUIREMENTS

Simple Majority required.

STAFF RECOMMENDATION AND COUNCIL RESOLUTION

302 Moved Cr R Lawrence Seconded Cr W Barrett

That Council adopt the draft Development Contribution Plan report for the Central Maddington Outline Development Plan area, as contained in Appendix 13.5.6B, for the purposes of advertising for public comment.

CARRIED 9/0

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

AGAINST: Nil.