

PLAN 02

**Draft Liverpool Contributions Plan 2021 - East
Leppington**

Strategic Direction	Strengthening and Protecting our Environment Exercise planning controls to create high-quality, inclusive urban environments
File Ref	114340.2021
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Approved By	David Smith - Acting Director Planning & Compliance

EXECUTIVE SUMMARY

The East Leppington Precinct was rezoned in 2014 by the NSW Government as part of the South West Growth Centre and includes land in Camden, Campbelltown, and Liverpool local government areas. The Liverpool portion of the Precinct has a total net developable area of 75.59 hectares and is expected to support 1,128 new dwellings and 3,485 new residents.

The existing *Liverpool Contributions Plan 2014 – East Leppington* was prepared to collect development contributions on residential and non-residential development in East Leppington under Section 7.11 of the *Environmental Planning and Assessment Act (EP&A Act)*.

Council has undertaken a review of this Plan and prepared the Liverpool Contributions Plan 2021 – East Leppington (**Attachment 1**), referred to as “the Plan” in this report.

The Plan has been reviewed in line with the Department of Planning, Industry and Environment’s (DPIE) Practice Notes.

The *January 2019 Practice Note* states contributions can only be levied above the cap if the relevant Contributions Plan has been reviewed by the Independent Pricing and Regulatory Tribunal (IPART) and Council has implemented any advice given by the Minister. The review and assessment of this Plan allows Council to levy above the cap to avoid a further shortfall in contributions funding.

The *July 2005 Practice Note* recommends review of a Contributions Plan to ensure Council collects contributions in line with any changes to population growth and demand, as well as any changes in the amount and cost of works or land.

In line with these Practice Notes, the Plan has been reviewed by Council with a focus on the revision of Works and Land costs. These costs have been updated to reflect more detailed infrastructure design studies, the increased cost of materials and changes to the cost of acquiring land.

The review of the Plan has identified a need to increase costs for infrastructure based on changes to property prices, confirmation of design and increased cost of materials. This has resulted in an increase to the per lot contribution of approximately \$14,000 (from the current \$52,000 to \$66,000 for a 450m² lot). It is noted that contributions within the precinct are currently capped by NSW Government policy at \$30,000 per lot.

It is important for Council to update the Plan accordingly to ensure that development is funding the cost of infrastructure and reducing the financial burden on Council, including any shortfall based on the cap on contributions.

Housekeeping amendments have also been made to improve the Plan's readability and to make it consistent with recent changes in the development contributions framework. These are further detailed in **Attachment 2**.

Following Council's endorsement, the Plan will be placed on public exhibition in accordance with Clause 28 of the *Environmental Planning and Assessment Regulation 2000 (EP&A Reg)*. After Council has considered any submissions and made any necessary amendments, the Plan will then be submitted to the Independent Pricing and Regulatory Tribunal (IPART) for assessment.

RECOMMENDATION

That Council:

1. Endorses draft Liverpool Contributions Plan 2021 – East Leppington for public exhibition in accordance with Clause 28 of the *Environmental Planning and Assessment Regulation 2000*;
2. Delegates to the CEO the authority to make any typographical and other minor amendments to the draft Contributions Plan following exhibition and submit the draft Plan to the Independent Pricing and Regulatory Tribunal (IPART) for assessment followed by consideration of IPART's assessment by the Minister for Planning and Public Spaces (or nominee); and
3. Receives a further report following IPART's assessment and the Minister's advice for adoption of Liverpool Contributions Plan 2021 – East Leppington as an 'IPART Reviewed Contributions Plan.'

REPORT

In 2014, the NSW Government rezoned land within Campbelltown, Camden, and Liverpool LGAs as the East Leppington Precinct. The Precinct rezoning identified a total net developable area of 75.59 hectares and is expected to support 1,128 new dwellings and 3,485 new residents within the Liverpool LGA.

The Plan is being reviewed as part of a broad reform program to update Council's Contributions Plans subject to the state government cap. The purpose of this review is to:

- Prepare the plan for submission to IPART;
- Ensure Council is collecting contributions in line with updated Works and Land costs; and
- Improve the general readability of the Plan.

AEC Group Pty Ltd (AEC) have been engaged by Council to assist with updating the Plan by undertaking a current land costs assessment, revising work costs in line with updated designs and modelling the proposed contribution rates for the updated Plan. The consultant's report is included as **Attachment 3**.

The key objective of the Plan review is to revise land and work costs. As the zoning and development controls have not needed revision, the underlying planning assumptions used to develop the original 2014 Contributions Plan did not need to be revisited.

Changes in infrastructure costs

Overall, there is a 22.77% increase in item costs between the 2014 and 2021 Plan, when indexed to the current quarter. The changes in costs are a result of:

- The strong growth of land values in East Leppington and surrounding regions that have exceeded generic indexation assumptions;
- A flood mapping review undertaken in August 2020. The mapping indicated that some of the land earmarked for acquisition is now considered flood prone; and
- The detailed design of infrastructure works, particularly water management infrastructure, reflecting detailed design works undertaken to properly manage potential flooding identified in the Precinct.

The proposed changes will allow Council to move towards cost recovery for infrastructure required to support new development as a part of the IPART review/cap removal process.

The resulting infrastructure costs and contribution rates are outlined in Table 1.

PLANNING & COMPLIANCE REPORT

The 'base' contribution cost per residential dwelling house is \$27,020. Further to this base contribution rate, an additional charge is levied based on a \$ per hectare of net developable area (NDA).

The reason contributions are calculated based on a 'fixed base' cost plus a 'variable' rate per hectare of NDA is essentially for fairness. The fixed base represents infrastructure like roads and open space which can be dependent on the number of new residents. On the other hand, the variable rate more accurately accounts for the difference in lot sizes (i.e. a lot of 400m² would require less drainage infrastructure compared with a larger lot of 650m²).

This approach ensures developers within the East Leppington Precinct pay an equitable contribution rate proportionate to the size of the lots being developed. Applying these proposed contribution rates to a 450m² residential lot results in a contribution of \$66,365 per lot. The existing rate for such a lot is \$52,246 per lot, but Council only collects a capped amount of \$30,000 as required by the *Environmental Planning and Assessment (Local Contributions) Direction 2012*.

Table 1 Proposed Updated Contribution Rate per Dwelling Lot (2021)

ESSENTIAL INFRASTRUCTURE		NON-RESIDENTIAL DEVELOPMENT	RESIDENTIAL DEVELOPMENT	
Item	Item Cost apportioned to East Leppington	\$ per hectare of equivalent NDA	\$ per residential lot for a dwelling house	\$ per attached dwelling, semi-attached dwellings and multi-dwelling housing
Open Space				
Land	\$10,339,325		\$10,087	\$7,714
Works	\$5,519,476		\$5,385	\$4,118
Subtotal	\$15,858,801		\$15,472	\$11,832
Roads				
Land	\$2,650,368	\$33,461	\$2,533	\$1,937
Works	\$9,430,599	\$119,061	\$9,015	\$6,894
Subtotal	\$12,080,967	\$152,522	\$11,548	\$8,831
Drainage		ALL DEVELOPMENT \$ per hectare of equivalent NDA		
Land	\$15,999,950	\$202,096		
Works	\$35,164,370	\$444,163		
Subtotal	\$51,164,320	\$646,259		
Plan Administration				
Allowance	\$751,717	\$9,495		
Subtotal	\$751,717	\$9,495		
TOTAL	\$79,855,805			

The total contribution cost has been apportioned based on the development detailed in the above table. However, other residential development, including secondary dwellings, seniors living and shop top housing will also generate demand for local infrastructure. As such, all other residential development will be calculated at a *per person x average occupancy rate*. This ensures that all future development within the precinct provides funding to deliver the local infrastructure that they will use.

Housekeeping amendments

The Plan has undergone some housekeeping amendments to ensure consistency with recent changes in the contribution's framework. The amendments are also aimed to improve the Plan's readability, transparency, and usability for all stakeholders.

Attachment 2 details the changes made to the Plan compared to the existing CP 2014. Examples of housekeeping amendments in the Plan include:

- Part 1 has been updated to become a better guide / starting point to understanding and using the Plan;
- Inclusion of sample calculations to enhance understanding of the Plan and how the contribution is determined;
- Revision of administrative clauses to ensure consistency with recent changes to the contributions framework; and
- Consolidation of the infrastructure required and the adopted costs. The equations for calculating these costs and resultant contribution rates have also been included.

Contributions shortfall

To date, approximately 412 lots have been approved within the Precinct. Contributions for each lot was capped at \$30,000 in accordance with the *Environmental Planning and Assessment (Local Contributions) Direction 2012*. This policy of the NSW Government has resulted in a shortfall of approximately \$18 million.

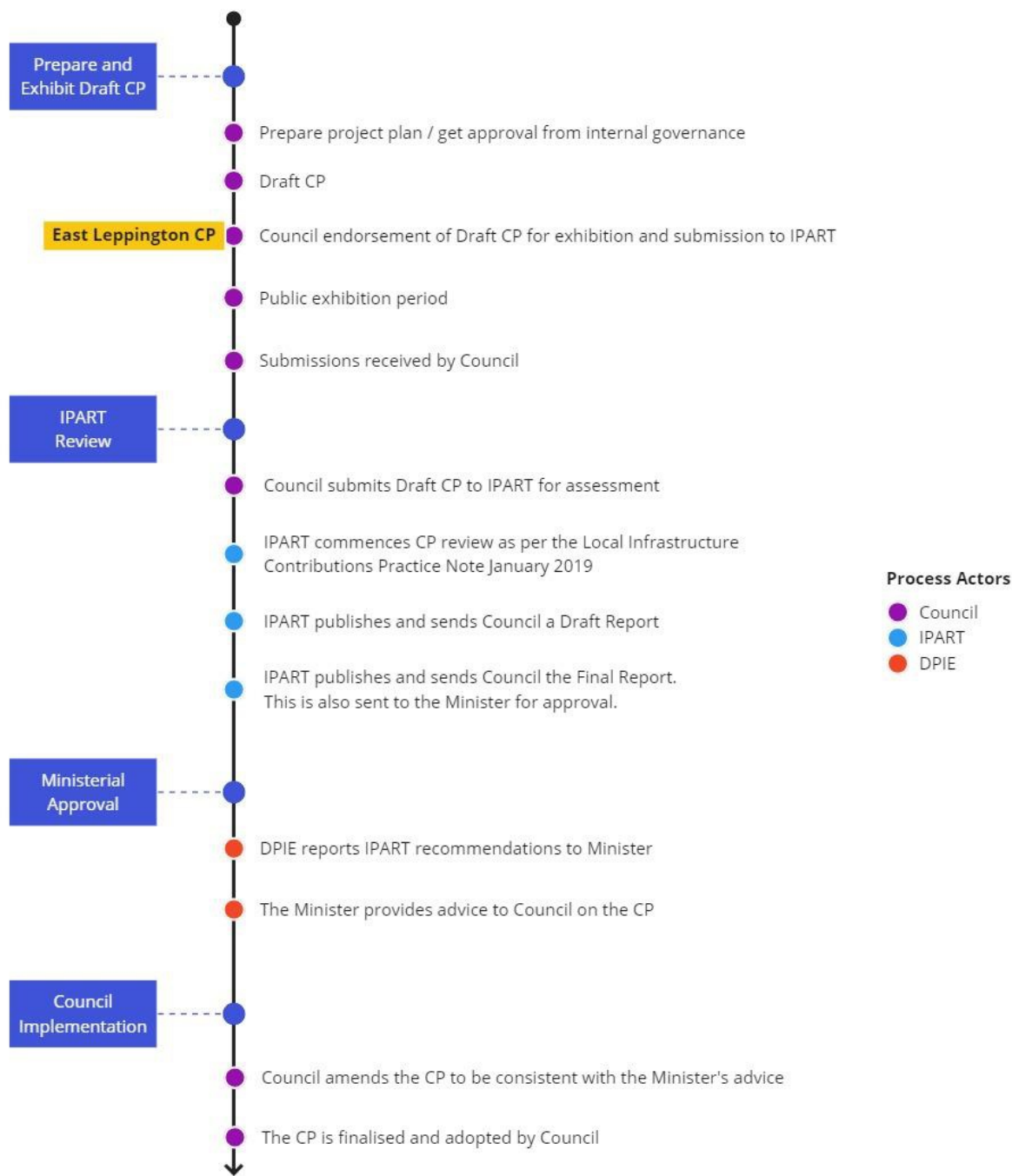
The subsequent *Environmental Planning and Assessment (Local Infrastructure Contributions) Amendment Direction 2017* allows Council to collect contributions uncapped, provided their contributions plan has been reviewed by IPART. This is the main driver for Council reviewing this Plan and submitting it to IPART, as the uncapped amount can immediately be charged following Council's adoption of the IPART reviewed Plan. This avoids an increase in any shortfall because of the cap on contributions.

Following IPARTs review and commencement of the Plan without a cap on contributions, Council will be seeking compensation grant funding from the New South Wales government to address the shortfall incurred to date.

Next steps

The Plan will continue to be processed in accordance with Figure 1 below, which illustrates the next steps and requirements in the plan review process.

Figure 1 The steps involved in reviewing a Contributions Plan



CONSIDERATIONS

Economic	<p>Deliver and maintain a range of transport related infrastructure such as footpaths, bus shelters and bikeways.</p> <p>Deliver a high quality local road system including provision and maintenance of infrastructure and management of traffic issues.</p>
Environment	<p>Manage the environmental health of waterways.</p> <p>Support the delivery of a range of transport options.</p>
Social	<p>Deliver high quality services for children and their families.</p>
Civic Leadership	<p>Deliver services that are customer focused.</p> <p>Operate a well-developed governance system that demonstrates accountability, transparency and ethical conduct.</p>
Legislative	<p><i>Environmental Planning and Assessment Act 1979</i></p> <p><i>Environmental Planning and Assessment Regulation 2000.</i></p> <p><i>Environmental Planning and Assessment (Local Contributions) Direction 2012</i></p> <p><i>Environmental Planning and Assessment (Local Contributions) Direction 2017</i></p> <p>Practice Note (July 2005) – Development contributions as a method of funding public infrastructure</p> <p>Practice Note (January 2019) – Local Infrastructure Contributions</p>
Risk	<p>The risk is deemed to be High.</p> <p>The collection of contributions in East Leppington being capped and remaining at \$30,000 per dwelling caused by not undertaking a review of the precinct’s contributions plan results in insufficient funding to deliver community infrastructure in East Leppington.</p> <p>The risk is considered outside Council’s risk appetite. Endorsing the Plan and moving towards removal of the cap will reduce this risk.</p>

ATTACHMENTS

1. Draft Liverpool Contributions Plan 2021 - East Leppington (Under separate cover)
2. Overview of changes for CP 2021 (Under separate cover)
3. Consultants report (Under separate cover)