



Assessment of St Leonards South
Precinct Contributions Plan: Overview

Final Report

December 2021

Local Government »

Tribunal Members

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The Independent Pricing and Regulatory Tribunal (IPART)

Further information on IPART can be obtained from [IPART's website](#).

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders, past, present and emerging.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

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1 Executive Summary

Lane Cove Council (Council) submitted the *St Leonards South Section 7.11 Contributions Plan* (SLS CP) to IPART in May 2021. The Council seeks to levy a contributions rate that is above the cap in SLS CP. To do so, IPART must review the plan. Our review is then provided to the Minister for Planning and Public Spaces (Minister). After the Council makes any changes requested by the Minister (or the Minister's nominee) and adopts the plan, the Council can levy the contributions rate that is above the cap in the reviewed plan.

We assessed SLS CP against the Department of Planning, Industry and Environment's (DPIE) Practice Note criteria. See our [Information Paper](#) for more detail on our assessment approach.

We found the plan mostly reflects reasonable costs for local infrastructure in the St Leonards South precinct (precinct) development.

Our recommendations would decrease the total cost in SLS CP from \$53.8 million to \$52.6 million, i.e. a decrease of \$1.2 million (2%). This would decrease the contributions rate for a typical dwelling (2-bedroom dwelling), from \$29,629 to \$28,972, i.e. a decrease of \$657 (2%).

We recommend:

- The Council should investigate funding the new local park earlier in the development timeline, before incorporating changes in the next review of SLS CP in 3 years' time.
- Removing shared paths from the works schedule, as they would be delivered via conditions of consent (decrease of \$1.17 million).

Our final recommendations have considered submissions to our Draft Report from the Council and affected landowners. The key issue from the submissions is the timing of delivering the new local park. Currently, the Council plans to acquire land for the park late in the plan's development timeline.

We considered the impact of this delay on incoming residents, landowners and the Council's ratepayers. We also considered the impact of forward funding the park on the Council's finances. We maintain our recommendation that the Council should investigate funding the park earlier in the development timeline, but to incorporate changes when it next revises the plan in 3 years' time. We consider that this approach would balance:

- the risks to Council's financial position of delivering the local park
- the risk of increasing land prices creating a contributions shortfall, that may need to be funded by future incoming residents or potentially by Council ratepayers, and
- the Council managing the disruption to existing residents, to better align the delivery of the park to the development within the precinct, which has not yet commenced.

Our final recommendations by category are listed below and explained in detail in our **Technical Paper**.

Recommendations

Timely delivery of the new local park

1. The Council should investigate funding the new local park earlier in the development timeline, before incorporating changes in the next review of SLS CP in 3 years' time.

Transport

2. Remove shared paths cost (item 9) from the works schedule (decrease costs by about \$1.17 million).

Plan administration

3. Recalculate the costs of plan administration (1.5% of works costs) based on the adjusted works costs we have recommended.

Review contributions plan

4. The Council should review the plan within 3 years to include updated information on planning assumptions, scope and cost of land and works in the plan.

2 Proposed Contributions Plan

2.1 Proposed development in St Leonards South precinct

The precinct is approximately 7 hectares and is located south of St Leonards train station (see Figure 1). The proposed development would replace existing low-density housing with around 2,000 new apartments and increase the population by around 3,600 residents.

Figure 1 St Leonards South precinct map



Note: St Leonards South precinct is highlighted in red.
Source: SLS CP, Figure 1.

The developed precinct would include:

- apartments up to 19 storeys close to St Leonards train station, and 4-6 storeys towards the south of the precinct
- two community spaces inside future residential buildings
- pedestrian paths and green spines throughout the precinct
- open space and public domain networks
- road, pedestrian and cycling links to surrounding networks.

The local infrastructure in the precinct will be delivered through section 7.11 contributions,^a conditions of consent and 'bonus floor space and building height' incentives.

2.2 Infrastructure included in the contributions plan

The proposed cost of infrastructure to be delivered through SLS CP is \$53.8 million (see Table 1), which includes:

- \$37.6 million (69.9%) for land acquisition
- \$15.9 million (29.6%) for works
- \$0.2 million (0.4%) for plan administration.

Table 1 Council-proposed costs by infrastructure category (\$Mar 2021)

Infrastructure category	Land	Works	Administration	Total
Transport	-	9,877,500	148,163	10,025,663
Open space	37,604,455	6,041,700	90,626	43,736,781
Total	37,604,455	15,919,200	238,788	53,762,443

Source: SLS CP works schedule

The proposed contributions rates in SLS CP are shown in Table 2. The proposed contributions rates for residential developments are based on costs in SLS CP and the Council's assumed household occupancy rates for each dwelling.

Table 2 Council-proposed residential contributions rates

Residential development type	Number of dwellings	Occupancy rate per dwelling	Proposed contribution rate (\$Mar 2021)
Studio or 1-bedroom	590	1.4	20,741
2-bedroom	987	2.0	29,629
3-bedroom	397	3.1	45,925

Note: IPART checked the calculations of contributions rates which resulted in minor updates.
Source: SLS CP, Table 2 and IPART calculations.

^a i.e. SLS CP.

3 Summary of IPART's assessment

We assessed SLS CP in accordance with criteria set by DPIE's Practice Note (see our [Information Paper](#)). Our assessment is summarised below. For more detailed analysis, see the **Technical Paper**.

- | | |
|----|---|
| 01 | The proposed infrastructure items in the plan are on the essential works list . However, we recommend the Council remove shared paths costs from the works schedule to avoid a double recovery of these costs. |
| 02 | The proposed infrastructure is reasonable in terms of nexus , i.e. the demand for infrastructure arises from the proposed development. |
| 03 | The plan reflects a reasonable estimate of costs for infrastructure. |
| 04 | The proposed infrastructure can be provided within a reasonable timeframe , except the new local park. We recommend the Council should investigate funding the park earlier in the development timeline, before incorporating changes in the next review of SLS CP in 3 years' time. |
| 05 | The proposed contributions are based on a reasonable apportionment of costs . |
| 06 | The Council has conducted appropriate community liaison in preparing the plan. |
| 07 | We considered other relevant matters including how often the plan should be reviewed and whether it satisfies the requirements set out in clause 27 of the Environmental Planning and Assessment Regulation (see Technical Paper). |

In response to our Draft Report, we received 9 submissions from the Council and affected landowners. The key issue from submissions was the timing of delivering the new local park. The Council anticipates it will need to collect 70% of contributions before it can deliver the park.

The landowners are concerned that they will be subject to disturbance from the surrounding development, potential loss of rental income and/or potential financial hardship. The Council has investigated the impact of a loan to forward fund the park on its financial position, and on the level of contributions rates. The Council does not propose to forward fund the park.

We also considered the impact on incoming residents' access to open space, and Council's ratepayers' risk exposure to a potential contributions shortfall.

We maintain our recommendation that the Council should investigate funding the park earlier in the development timeline, before incorporating changes in the next review of the plan in 3 years' time. We consider that, at that point, Council would be better informed about the stage of development in the precinct, and timing of incoming developer contributions. This would allow the Council to better manage the disruption to existing residents. It would also allow the Council to balance the risk to its financial position of delivering the local park, against the risk of increasing land prices creating a contributions shortfall that needs to be funded by future incoming residents or potentially by Council ratepayers.

A detailed analysis on this issue is in our **Technical Paper** (Section 6.2).

Our proposed costs after assessing SLS CP are shown in Table 3.

Table 3 IPART-proposed costs of infrastructure (\$Mar 2021)

Infrastructure category	Land	Works	Administration	Total	IPART-proposed adjustment
Transport	-	8,702,532	130,538	8,833,070	-1,192,593
Open space	37,604,455	6,041,700	90,626	43,736,781	-
Total	37,604,455	14,744,232	221,163	52,569,850	-1,192,593^a

a. This proposed adjustment includes our recommendation to recalculate plan administration costs based on our adjusted works costs (a decrease of \$17,625)

Source: IPART analysis.

We estimated the residential contributions by dwelling type, using our proposed reasonable costs (see Table 4). Our proposed adjustment would result in a 2% reduction in contributions across residential dwelling types.

Table 4 IPART-proposed residential contributions rates (\$Mar 2021)

Residential development type	Council-proposed contributions rate	IPART-proposed contributions rate	Adjustment
Studio or 1-bedroom	20,741	20,280	-460
2-bedroom	29,629	28,972	-657
3-bedroom	45,925	44,907	-1,019

Note: Figures rounded to nearest whole number.

Source: SLS CP and IPART analysis.

4 Next steps

The Minister (or the Minister's nominee), will consider our assessment and, if appropriate, request the Council to amend the contributions plan. Once the Council has made any requested amendments, the plan becomes an 'IPART-reviewed plan' and the Council may levy contributions in accordance with the adopted plan.