

Contributions Plan 20 – Riverstone and Alex Ave precincts



25 July 2016



WHAT

IPART has reviewed an amended version of Contributions Plan 20 for the Riverstone and Alex Avenue precincts (CP20), submitted by Blacktown City Council (BCC) in December 2015.

A contributions plan is a public document which sets out a council's plans for assessing, collecting and spending development contributions in a specified development area.

Our cost-related recommendations

Our assessment of CP20 has shown that there is potential for BCC to achieve further net savings in CP20.

Our recommendations could scale back the cost of essential works in CP20 from \$1.06 billion to around \$904 million in the short term.

We recommend removing:

- ▼ \$139.93 million for the cost of soil disposal until these costs are reviewed and resolved to the Minister's satisfaction
- ▼ \$14.61 million for bridge BR3 over the State Conservation Zone, where a culvert presents a lower cost option, and
- ▼ \$1.22 million for a frog habitat which is for environmental purposes.

The total reduction is \$155.8 million (14.7%) compared with BCC's contributions plan.

The final costs in CP20 will depend on the outcome of a number of reviews we have recommended, including of soil disposal costs, stormwater management costs and land value estimates.

- ▼ We recommended that the issue of high soil disposal costs in CP20 be reviewed and resolved by the Department of Planning and Environment (DPE) and BCC, as previously intended by both parties.
- ▼ We also recommended that DPE review the stormwater management approach and costs in CP20 because, compared with other contributions plans, the costs in CP20 are disproportionately high. We consider that a

review by DPE could inform BCC's planned review of works costs in CP20 in the second half of 2016.

- ▼ Lastly, we recommended that BCC review some of its land acquisition cost estimates since, based on advice from our independent valuer, some of the cost estimates require further revision.

Our other recommendations

To provide greater transparency for land costs, we also recommended that:

- ▼ BCC disclose the amount of land acquired and land yet to be acquired in the schedule of values in CP20, and
- ▼ BCC and other councils provide site-specific information, including site details/ addresses, underlying zonings, cost-estimates and any encumbrance, as part of the application to IPART for assessment of a contributions plan.

Our other recommendations are that BCC:

- ▼ consider apportioning the residential component of transport costs on a per person rather than per hectare basis during its major review of CP20 later this year, and
- ▼ exclude land from the precincts' net developable area (NDA) for development contribution purposes only where there is a Ministerial direction to exempt that development.



WHY

In 2010, the NSW Government capped the amount of local infrastructure contributions councils can collect from developers of new housing. At the same time, it provided for funding to meet the gap between the cap amount and the contribution towards essential infrastructure otherwise payable by developers (ie, in the absence of any cap).

This is the third time that we have reviewed a version of CP20. This review was required because the cost estimates in the plan have increased, particularly in relation to land costs.

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File no: 14-584

We completed our previous review in March 2015.

We reviewed CP20 because the maximum residential contribution is above the Government's contributions cap of \$30,000 per lot for greenfield areas, and BCC has indicated that it intends to apply for gap funding through the Government's Local Infrastructure Growth Scheme.



HOW

IPART assesses plans in accordance with the criteria set out in the Department of Planning and Infrastructure's 2014 *Revised Local Development Contributions Practice Note – For the assessment of Local Contributions Plans by IPART*.

This involves us examining the contributions plans in detail to ensure that:

- ▼ the facilities and costs in the plan meet the Essential Works List and do not go beyond the need generated by the new development
- ▼ the costs and the timeframe for the development are reasonable
- ▼ the costs have been fairly apportioned both to developments within the plan and to other developments that are sharing facilities, and
- ▼ the council has adequately consulted with stakeholders on the contributions plan.



WHERE

The Riverstone and Alex Avenue Precincts are located within Sydney's North West Growth Centre, in the Blacktown City local government area.



WHAT NEXT

We have provided our report to the Minister for Planning. The Minister will consider our recommendations and may request the council to amend the contributions plan.

The impact of our recommendations will depend on a range of outcomes. If adopted, the direct cost adjustments could reduce the maximum residential contribution from around \$98,000 per lot to between \$79,000 and \$94,000 per lot in the short term. Further reviews could result in additional revisions to the contribution rates. Developers will still only pay a maximum of \$30,000 per lot.

A copy of our report is also available on IPART's website: <http://www.ipart.nsw.gov.au>