

## FACT SHEET

# Summary of The Hills Shire Council's Contributions Plan No 16

Based on IPART's review of the council's Contributions Plan No 16 – Box Hill North Precinct  
September 2015

### 1.1 Background

In 2010, the Government asked IPART to review section 94 development contributions plans that propose contributions rates above a capped amount. The contributions plans that require review by IPART are:

- ▼ new contributions plans that propose a development contributions rate above the relevant cap, for which a council seeks funding from the Local Infrastructure Growth Scheme (LIGS) or through a special rate variation under the *Local Government Act 1993*
- ▼ existing contributions plans above the relevant cap for which a council seeks funding from the LIGS or through a special rate variation, and
- ▼ other contributions plans referred by the Minister for Planning.

Our current role is detailed in a 2014 Practice Note issued by the Department of Planning and Environment (DPE).<sup>1</sup> It also sets out the criteria against which contributions plans will be assessed.

We reviewed Contributions Plan No 16 for the Box Hill North Precinct (CP16), submitted by The Hills Shire Council (THSC), because it is a new plan with maximum rates above the NSW Government contributions cap of \$30,000 per dwelling for greenfield areas. The maximum contribution rates, as estimated by the council, ranged from \$35,255 to \$64,794 per dwelling.

### 1.2 What are the main features of CP16?

Unlike previous contributions plans that we have assessed, in CP16 all public infrastructure will be provided by a principal developer, E J Cooper and Son Pty Ltd (E J Cooper), as part of a Voluntary Planning Agreement that was executed in February 2015.

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<sup>1</sup> Department of Planning & Infrastructure, *Revised Local Development Contributions Practice Note – For the assessment of Local Contributions Plans by IPART (Practice Note)*, February 2014.

In general, a voluntary planning agreement (VPA) is an agreement between a planning authority and a developer in which the developer agrees to provide or fund public amenities and services, affordable housing, transport and infrastructure. Contributions by the developer can be made through land dedication, monetary contributions, construction of infrastructure and provision of materials for public use.

Under the VPA related to CP16, the principal developer will supply most of the land and the entire public infrastructure for the precinct. As a result, E J Cooper will not pay development contributions. However, E J Cooper may recover some of its costs from the council from the contributions payable by other developers (up to the contributions cap) and from the Local Infrastructure Growth Scheme.

The cost of land and works under CP16 is expected to be around \$241 million, spent over 16 years to 2029-30. The plan envisages that 13,489 residents will be housed in 4,600 dwellings accompanied by open spaces, transport and community facilities and a town centre. The principal developer will construct 3,920 of the dwellings; the balance of 680 will be constructed by other developers.

### 1.3 What are the contribution rates in CP16?

Table 1 shows the main types of residential dwellings in the precinct, how much the council has proposed that these developments will contribute per person and the indicative contributions rates per dwelling type.

**Table 1. Contributions rates for 2014-15 based on council modelling**

Development type	Estimated number of dwellings	Contributions rate per person	Persons per dwelling type	Contributions rate per dwelling(\$)
Dwelling houses	1,855	19,057	3.4	64,794
Large lot subdivisions	190	19,057	3.4	64,794
Small lot/Medium dwelling housing	1,911	19,057	2.8	53,360
Residential flat buildings	645	19,057	1.85	35,255

**Source:** THSC CP16 and IPART calculations. Numbers may not add due to rounding.

## **1.4 Assessment against the criteria**

### **1.4.1 Criterion 1: Essential works**

All land and facilities in CP16 are on the Essential Works List.

### **1.4.2 Criterion 2: Nexus**

There is reasonable nexus between the infrastructure and the development in the precinct, except for \$17.5 million of riparian planting. The area assigned for riparian planting seems larger than is required so we have excluded all the planting, pending an accurate estimate of the amount required.

### **1.4.3 Criterion 3: Reasonable costs**

Because the VPA has been entered into by the council and the developer and is supported by technical studies, we consider it unreasonable to recoup costs that are higher than in the VPA, unless there is supporting documentation to justify the higher costs.

Nearly all of the cost of land is reasonable because it reflects the price paid to acquire it. An exception is the cost of land for the community facility which is priced at three times its value in the VPA.

Costs of infrastructure works are reasonable, with minor exceptions. Transport facilities include a roundabout which is not in the VPA and more open space in one local park to be embellished than agreed in the VPA. District sporting ground costs are relatively low, but as agreed in the VPA. Stormwater facilities costs are reasonable, based on a consultancy stormwater study.

It is not reasonable to include the \$2.1 million cost of administration because such costs were not agreed in the VPA.

### **1.4.4 Criterion 4: Reasonable time frame**

The 16-year timeframe over which the infrastructure is to be supplied seems reasonable. We note that the expected rate of development in the plan is somewhat different from the rate assumed in the NPV model and recommend that the Council use consistent timeframes.

#### 1.4.5 Criterion 5: Reasonable apportionment

Costs have been apportioned in a reasonable manner except for the roundabout at Terry and Old Pitt Town Roads. Based on relative populations, 69.5% of its cost should be apportioned to Box Hill precinct.

#### 1.4.6 Criteria 6 and 7: Appropriate community liaison and other matters

The council conducted appropriate community liaison. The council should include in CP16 information about E J Cooper's role and publish the VPA in a readable format on its website.

### 1.5 Effect on costs of our recommendations

The effect of the cost reductions we recommend, up to \$21.6 million, is summarised in Table 2. The reduction may be smaller once the council has more accurately estimated the area over which riparian planting is to occur. Currently \$17.5 million for riparian planting has been removed from the plan.

**Table 2. Total cost of CP16 and our assessment (\$2014-15)**

Component		Cost in CP16	Adjustments		IPART assessed reasonable cost
Transport	Land	16,391,088			16,391,088
	Facilities	88,845,456	-700,000	Remove roundabout at Old Pitt Town Road and Box Hill North Access Road East	87,658,956
			-486,500	Apportion cost of roundabout at Old Pitt Town and Terry Roads	
Stormwater	Land	28,200,860			28,200,860
	Facilities	50,104,800	-17,536,800	Remove riparian planting	32,568,000
Open space	Land	38,404,712			38,404,712
	Embellishment.	17,241,120	-548,000	Reduce cost of embellishment for CPW Park	16,693,120
Community	Land	360,000	-241,027	Reduce land cost for community centre	118,973
Admin. costs		2,100,000	-2,100,000	Remove admin. costs	0
<b>Total</b>		<b>241,648,036</b>	<b>-21,612,327</b>		<b>220,035,709</b>