

Submission To IPART
With Respect To The Dysfunctional Attempt
To Develop
The Hawkesbury City Council's *Vineyard Precinct*

Our Urgent Recommendation

We recommend – for reasons listed below – that *the Section 7.11 (previously S94) Contribution Fee per lot to be levied by the Hawkesbury City Council* be capped, at the very most, at a value of **\$55,436** as stipulated by IPART's Draft Report released on May 31, 2019.

Furthermore, we recommend that an attempt be made to reduce the Section 7.11 (previously S94) Contribution Fee per lot to less than **\$55,436**.

Putting Our Case Into Perspective

The purpose of this submission is to inform IPART – and the relevant officers in the NSW government – about the *mismanagement* of a governmental project that has been in the planning and implementation stages for 6 years or more.

At the heart of the *dysfunction* and *mismanagement* is the Hawkesbury City Council's proposed \$70,789 Section 7.11 (previously S94) Contribution Fee per lot to be levied on Developers. We will outline the nature of this *mismanagement* further down in the body of this submission.

We were first notified about the proposed rezoning and development of the *Vineyard Precinct* in the second half of 2013. Presumably, planning had been well under way prior to that time. The *NSW Dept of Planning and Environment* has obviously poured an enormous amount of governmental resources into the process of getting this development area up and running – the renting of a large commercial building in the Parramatta CBD and the hiring of a team of skilled staff members being only the beginning of the expenditure. The last thing the Town Planners and the NSW tax payers would want would be for this newly gazetted *Vineyard Precinct* to become a *commercial white elephant*.

Newspapers were recently headlining a dramatic \$8 Billion fall in NSW State Stamp Duty revenue due to the falling numbers of properties being bought and sold. Property Developments such as the *Vineyard Precinct* are in the pipeline to help offset this decline in property revenue – but not if the development falls over.

We begin With Council Rates – An Issue Closely Related To The Rezoning

5 years ago – and even more recently – the Hawkesbury City Council levied *Vineyard Precinct* property owners yearly rates of \$2,000 (approximately) per lot.

However, after the land was rezoned by the NSW State Government Department of Planning in December 2017, those rates were increased to \$8,000 per 5 acre lot (approximately) – and even more for properties that might be only slightly over this area. Despite the fact that the Hawkesbury City Council is allowing for deferral of part of these rates, the deferral amounts to no more than about \$2,000 of the total amount – leaving property owners to continue needing to pay about \$6,000 annually in Council rates.

A Catch 22 situation has therefore arisen for property owners in the Vineyard Precinct. The rezoning has significantly increased the value of their properties, but Council *mismanagement* has made the properties virtually unsaleable, meaning that property owners cannot now access that increase in value, or access any reasonable value at all. And further, they must pay an extra \$6,000 annually for the privilege of owning properties that they now cannot sell!

For example, the owners of a *Harkness Road* property, [REDACTED] and [REDACTED], are both of retirement age. [REDACTED] is retired on only a moderate self-funded superannuation payment, while [REDACTED] being past retirement age, cannot afford to do so because her superannuation is tied up in a property that the actions of the Hawkesbury City Council have made unsaleable. There are many other personal hardship stories – some more dire – to be told about property owners caught up in the Vineyard Precinct property trap.

This has become a matter of *significant inequity*. The Hawkesbury City Council verges on the unethical by taking \$8,000 per property in rates annually, while at the same time involving itself in a form of *mismanagement* that makes the rezoned properties unsaleable.

Developer Interest In The Vineyard Precinct

1. Developers began to show interest in the *Vineyard Precinct* immediately the draft maps were released late in 2013. Many of these were speculators who wanted to pick up a bargain before the serious bidders moved into the market. There were frequent knocks on the doors of property owners, and a constant stream of letters appeared in our mailboxes.
2. A more formalised rezoning map was released by the *NSW Dept of Planning and Environment* late in 2016. Serious Developers began working the precinct early in 2017. The door knocks and Developer letters in mailboxes increased significantly. It was not unusual to have one or two enquiries every couple of weeks. Developers were scrambling to make purchases.
3. Three of our nearest neighbours sold to three different Developers, with deposits being made after one to three months *due diligence* – and with the *options* to be taken up generally after 18 months to 2 years.
4. The *Vineyard Precinct* was *officially gazetted* in December 2017 and we were immediately made a good offer by yet another different Developer. Finalisation of the details were to be organised after the Christmas break, early in January 2018. However, the Developer heard there was a possibility that the Hawkesbury City Council could levy \$80,000 as a Section 7.11 (previously S94) contribution for each building block. Our offer of sale was then withdrawn.
5. In March 2018 we were made another fair offer by yet another Developer. We accepted that offer and agreed to a 90 day due diligence period. Our property passed all the due diligence criteria, but the Developer informed us that he could not proceed at the originally agreed price, principally because the Hawkesbury City Council had announced its intention to levy a \$70,789 Section 7.11 (previously S94) contribution.

6. So, we had **lost 2 sales** because of the Hawkesbury City Council's proposed \$70,789 Section 7.11 (previously S94) contributions. Other adjoining councils – Baulkham Hills and Blacktown – have \$35,000 - \$40,000 Developer contributions.

7. At this point in time (June 2019) virtually all interest from property Developers has dried up – and it's not principally because of a falling property market. Across Boundary Road in the Baulkham Hills Council area, the bulldozers are levelling hills and grading streets everywhere. On the Vineyard/Oakville side of Boundary Road, there is not a piece of earth-moving equipment to be seen.

So, What's The Problem With The Management Of The *Vineyard Precinct*?

1. Both of the Developers who had made us offers, said overwhelmingly that Hawkesbury's proposed \$70,789 – \$80,000 Section 7.11 (previously S94) levy was unworkable.

2. The Developer who had made us the second offer was not as concerned about the falling property market as he was with:

a) Hawkesbury's Section 7.11 (previously S94) contributions – the *deal-breaker*

b) Hawkesbury's inability to process *Development Applications* efficiently and within reasonable time frames.

c) Hawkesbury's refusal to negotiate provision of parks etc in lieu of certain council levies.

d) Hawkesbury's limit of 18 building blocks per hectare.

e) The falling property market (was mentioned but not a deal-breaker)

3. *Sue Lobsey* – Real Estate Agent – has sold a lot of property in the hot development area of Box Hill, not too far from Oakville, but in the Baulkham Hills Council area. When we approached her about finding a buyer for us, she said her Developers were talking amongst themselves to *avoid the Vineyard Precinct* because of all its problems (listed above).

4. *Goldmate* is one of the big Developers about 1 km from Oakville across Boundary Road in the Baulkham Hills council area – and also, just across Windsor Road in the Blacktown Council area. *Goldmate's* buyer will not touch the *Vineyard Precinct*, mainly because of Hawkesbury's excessive Section 7.11 (previously S94) levy and the time delay in the processing of DAs .

In fact, when we spoke to the *Goldmate* buyer, he told us they were beginning to move into Melbourne to find properties to develop. NSW will lose much of *Goldmate's* financial input!

5. *Reward Homes*, has told us that they want to develop properties in the North-West of Sydney but that Hawkesbury's Section 7.11 (previously S94) levy and other factors were too restrictive.

6. We could go on and on mentioning Real Estate Agents and property Developers who have told us the same things about the Hawkesbury City Council's *mismanagement* of the *Vineyard Precinct's* development – but the above examples should demonstrate the point.

The Newly Proposed \$55,436 Section 7.11 (previously S94) Levy May Still Be Too High To Permit Effective Development Of The *Vineyard Precinct*

1. Two of our three neighbours who had made sales last year (2017) have recently had the sales fall through. One of those sales had already had a \$1.6 million non-refundable deposit paid! The other non-refundable deposit amounted to many hundreds of thousands of dollars.
2. The third neighbour who sold last year, had all the due diligence done and extensive promotion carried out to advertise 29 surveyed and laid out building blocks – with the Developer then walking away and losing the \$750,000 deposit.
3. A fourth neighbour part way along Harkness Road, sold to a speculator about three years ago. The high fence that had been surrounding his property as a barrier between the road and the development came down late last year – with no development having been done.
4. Another very large package of five 5 acre lots in the Vineyard Precinct is struggling to be viable, and in fact, we understand that the Developer has recently packed up and walked away.

So, the viability of the *Vineyard Precinct* at this moment has a serious question mark hanging over it. Virtually no sales are being made, and any sale that has been negotiated is at risk of falling through – and Developers and Real Estate Agents are telling us that the main factor affecting the market here is the proposed \$70,789 Section 7.11 (previously S94) contribution being levied by the Hawkesbury City Council.

The Problem In A Nutshell

1. Developers in general are not buying into the newly gazetted *Vineyard Precinct*. In fact, many are actively avoiding the Precinct.
2. *Real Estate Agents* and *Developers* who have communicated with us, all tell us that the proposed \$70,789 Section 7.11 (previously S94) contributions are a severe deterrent to the development of the Precinct – and that the falling property market is not necessarily their primary concern.