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29th March 2011

Chief Executive Officer
City of Swan
PO Box 196
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Dear Mr. Foley

**Proposed Amendment to Local Planning Scheme 17:
Amendment 57 – Draft Development Contribution Plan for Albion
Amendment 58 – Draft Development Contribution Plan for West Swan East
Amendment 59 – Draft Development Contribution Plan for Caversham**

The Urban Development Institute of Australia (UDIA WA) is pleased to provide comment on the City of Swan Development Contribution Plans for Albion, West Swan East and Caversham. UDIA is the key representative body of the land development industry in Western Australia with members drawn from the land development, planning, engineering, urban design, legal and financial professions.

UDIA was closely involved with development of State Planning Policy 3.6 Development Contributions for Infrastructure and we support the adoption of development contribution plans by local government where they are consistent with and comply with the principles of SPP 3.6.

We understand that the City has undertaken extensive negotiations with affected developers over the last four years in relation to the draft Development Contribution Plans and that agreements have been reached between the City and these parties on Standard Infrastructure Items as set out in the DCP's. UDIA does not wish to interfere in this process but note that it does not comply with the principles of SPP 3.6. Our matter is related to Community Infrastructure calculations proposed in the DCP's.

Principles of State Planning Policy 3.6: Developer Contributions for Infrastructure

SPP 3.6 identifies eight principles to underpin the process of setting development contributions and the purposes for which the application of development contributions are appropriate. These are: Need and Nexus; Transparency; Equity; Certainty; Efficiency; Consistency; Right of Consultation and Arbitration; Accountable.

Development contributions for infrastructure are required to be calculated on the basis of an understanding of:

- the catchment area that the infrastructure would service;
- the need for that infrastructure based on an analysis of the demand;

- the nexus where the relationship between the need for infrastructure and the new development is clearly established; and
- the cost of providing the infrastructure which should be based on the latest or best estimates available to the local government.

UDIA considers that Amendments 57, 58 and 59 are in conflict with SPP 3.6 in the following critical areas:

Principle 1: Need and the nexus

The need for the infrastructure included on the development contribution plan must be clearly demonstrated (need) and the connection between the development and the demand created should be clearly established (nexus).

The DCP's should demonstrate the Need and Nexus principle more clearly. The principle is that the 'beneficiary' pays and recognises that sometimes benefits will be largely confined to the residents of a new development, while at other times the benefits will accrue to both existing and new residents. New residents should only be funding that proportion of the infrastructure or facility that relates to the additional population. Where existing rate payers will also benefit this should be included in the calculation along with any state or federal government funding that is likely to be received.

We note that in each of the respective cost schedules for Community Infrastructure 100% of the contribution is attributed to development within each development contribution area meaning total costs are attributed entirely to new residents whereas they should only be accountable for a proportion of the costs. This approach defies the Need and Nexus principle and is not supported by UDIA.

Principle 2: Transparency

Both the method for calculating the development contribution and the manner in which it is applied should be clear, transparent and simple to understand and administer.

The DCP's do not uphold the Transparency principle. The Albion, West Swan East and Caversham DCP's provide no evidence of the use of rates, grants or additional funding sources that the City might access to contribute to the cost of infrastructure; the proposal is for it to be 100% developer funded.

There will be no motivation on the part of Council to seek alternative funding if the total costs are already accounted for and little likelihood that funds will be granted from other agencies to projects which are already fully funded. The DCP's also require greater clarity on how credits will be distributed.

The costs of the community infrastructure will be entirely borne by new residents who will also be ratepayers and thereby making a financial contribution to community infrastructure elsewhere in the City of Swan. This is clearly inequitable.

Land values

UDIA has been advised that the land valuation rates at \$98 per square metre in the structure plan areas are excessive and do not reflect current market values for land in the area. We refer the City to the advice provided by Savills Valuers submitted by Brookfield Residential which suggests an appropriate site rate of \$60-\$65 per square metre. We request that the land rates be reassessed to reflect current site values.

Conclusion

The draft Local Planning Scheme 17 - Amendment Numbers 57, 58 and 59 are inconsistent with SPP 3.6 in a number of areas and fail to apply the principles of the policy which seek to ensure contributions are applied equitably to provide certainty to developers, the City and the community about the charges that apply and how funds will be spent.

UDIA is unable to support the City of Swan Proposed Amendment to Local Planning Scheme 17 - Amendment Numbers 57, 58 and 59 in their current format and we recommend that further consideration be given to the issues raised in this submission. We appreciate that DCP's are complex documents and that the careful planning and coordination of infrastructure is difficult but fundamental to the economic and social well-being of any community.

Thank you for the opportunity to comment.

Yours sincerely



Debra Goostrey
Chief Executive Officer