

FACT SHEET

Summary of Blacktown City Council's Draft Contributions Plan No 20 reviewed by IPART

Based on *IPART's assessment of Blacktown City Council's Draft Contributions Plan No 20 – Riverstone and Alex Avenue Precincts*

Background

In 2010, the Government asked IPART to review section 94 development contributions plans, which propose contributions rates above a capped amount. Our role is set out in a Practice Note issued by the Department of Planning and Environment (DP&E),¹ which sets out the requirements for submissions of contributions plans to us for review, and the criteria for our assessment.

Blacktown City Council submitted *Draft Contributions Plan No 20 – Riverstone & Alex Avenue (CP20)* to IPART for assessment in December 2014. We are reviewing this plan because it is above the contributions cap of \$30,000 for a greenfield area and the council wishes to be in a position to seek alternative funding sources to fund the gap in development contributions based on the new proposed costs in the plan.

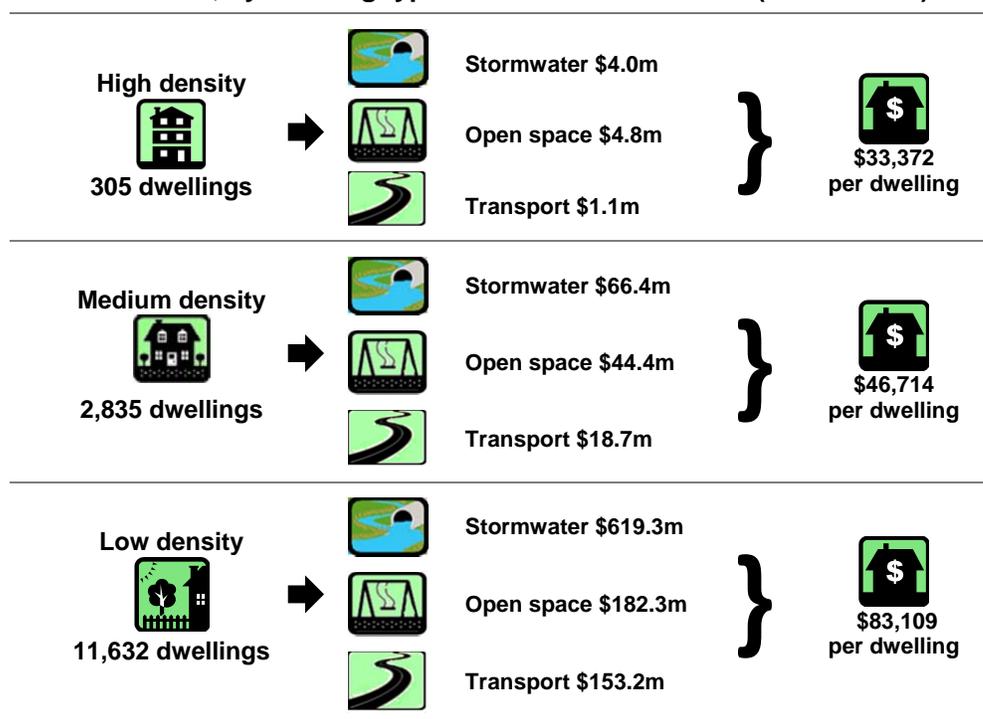
This is the second time that the council has submitted a version of CP20 to IPART for review. We previously assessed the council's application for CP20 as an existing contributions plan in 2011, but the council has now increased the cost estimates in its revised 2014 plan.² We estimate that the council has increased the maximum contribution rate from around \$77,000 in the 2010 plan to \$83,000 per lot/dwelling (June 2014 dollars).

Figure 1 shows the main types of residential dwellings to be developed in the Riverstone and Alex Avenue precincts, how much the council has proposed that these developments will contribute to the cost of infrastructure in CP20 and the contributions rates. Table 1 shows the current indicative contributions rates for the First Ponds Creek and Eastern Creek catchments in the two precincts, and our assessed adjustments.

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

² IPART, *Assessment of Blacktown City Council's Section 94 Contributions Plan No 20 – Riverstone and Alex Avenue Precincts*, October 2011 (IPART's 2011 Assessment of CP20).

Figure 1 The council's proposed maximum contribution rates in the draft CP20, by dwelling type and infrastructure cost (\$ June 2014)



Note: We have assumed 2.9 persons per dwelling in this diagram and the highest contributions rate for that dwelling type in the First Ponds Creek catchment. This figure is for illustrative purposes only and the costs in the figure will not equal the total cost of CP20. We have excluded non-residential development.

Source: IPART calculations based on the draft CP20, submitted to IPART in December 2014.

Summary of IPART's findings against the assessment criteria

Table 1 Impact of IPART's assessment on indicative contributions rates for selected residential dwellings (\$ June 2014)

Dwelling type/zone	Current indicative contributions rate (\$)	IPART assessed adjustments	
		(\$)	(%)
First Ponds Creek Catchment			
Low density (12.5 dwellings/ha)	83,109	-1,571	-1.9
Medium density (25 dwellings/ha)	46,714	-687	-1.5
High density (45 dwellings/ha)	33,372	-294	-0.9
Eastern Creek Catchment			
Low density (12.5 dwellings/ha)	79,421	+82	+0.1
Medium density (25 dwellings/ha)	44,938	+139	+0.3
High density (45 dwellings/ha)	32,386	+165	+0.5
Non-residential (per hectare)			
First Ponds Creek Catchment	750,470	-22,107	-2.9
Eastern Creek Catchment	706,068	-1,443	-0.2

We consider that the total reasonable cost of CP20 should be \$877.0m, which is around \$9.0m (or 1.0%) less than the proposed cost of the plan submitted to IPART in 2014. As shown in Table 1, we estimate that the proposed contributions payable per dwelling/lot would decrease by around \$294 to \$1,571 (or 0.9% to 1.9%) for dwellings in the First Ponds Creek Catchment and increase by around \$82 to \$165 (or 0.1% to 0.5%) for dwellings in the Eastern Creek Catchment.

Criterion 1: Essential works

Consistent with our previous assessment that not all works were on the Essential Works List, the council removed and replaced non-essential works in the plan.

We have reconsidered our previous assessment that the conservation zone is on the Essential Works List. Nevertheless, we consider that it can be retained in the plan because of a previous agreement between the council and the NSW Government about how this zone would be funded.

Criterion 2: Nexus

The only new infrastructure proposed in the plan is a playground (to replace the skate park), more traffic signals to replace roundabouts, and administration costs. We found that there is reasonable nexus between the expected development and these items. However, we found that for some open space, its location and embellishment were not specified in the plan. We recommend that the council locate these works within a reasonable distance to the two precincts and update the plan with details of their locations and embellishment.

Criterion 3: Reasonable costs

We found that the costings are mostly reasonable however we have recommended some further revisions to the cost estimates:

- ▼ We consider that the council should revalue some land it already owns at historical market values, indexed by the CPI, rather than 2014 market values. This would reduce the cost of land by \$1.6m.³
- ▼ For the cost of land already acquired, we found that it is reasonable for the council to include \$3.9m of open space land it omitted from its cost estimates.
- ▼ For the cost of facilities, we recommend further revisions to costs for a detention basin and two road sections; totalling a net reduction of \$11.3m.
- ▼ For indexation, we found that it was reasonable for the council to index the cost of most facilities by the CPI (All Groups Sydney), and recommended that the council consider indexing a small amount of costs incurred for works already provided, which were not indexed.

³ We note that the council is seeking more accurate historical market values for these lands and the amount of the necessary adjustment could change.



We also acknowledge that the council is exploring ways to reduce the amount and cost of disposing of excavated material, as IPART recommended in the 2011 review of CP20. The Waste Levy has increased significantly, which reinforces the need to reduce the volume of excavated material to contain costs.

Criterion 4: Reasonable timeframe

We found that the council has demonstrated commitment to providing infrastructure within a reasonable timeframe, as evidenced in its land acquisitions and updated timeframes for when infrastructure will be delivered.

Criterion 5: Apportionment

The council has not changed its apportionment approach in the plan, except for:

- ▼ The costs of two basins shared with the Riverstone East Precinct, for which we recommend further revision to update and separate the outdated land costs in CP20's share of the costs (\$0.2m).
- ▼ The conservation zone shared with other Blacktown LGA precincts, which is now consistent with the approach we recommended in our 2011 review.

We also recommend that the council considers apportioning the cost of transport infrastructure for residential development on a per person basis, to reflect the recommendation in the supporting transport technical study.

Criterion 6: Consultation

We consider that the council has satisfactorily met this criterion. The council exhibited CP20 in October/November 2014 and did not receive any submissions.

Criterion 7: Other matters

We consider that CP20 satisfactorily meets the information requirements for preparing contributions plans. However, we recommend that the council undertake a quality assurance check of CP20, prior to its adoption, to correct any errors and address any inconsistent information in the plan.

We have also reviewed how transport costs should be apportioned in section 94 contributions plans, more generally. We recommend for future plans submitted to IPART for review, councils should consider using the per person approach for residential development, and the per hectare of net developable area approach for non-residential development. Councils should also consider applying the vehicle trip approach for residential development, but only where relevant information is available (eg, advice in the supporting transport study).

Further information

For the full report, please visit our website: <<http://www.ipart.nsw.gov.au>>.