

Thursday 29 April 2021

City of Parramatta Council
Land Use Harmonisation Team
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Parramatta NSW 2124

Via email planningharmonisation@cityofparramatta.nsw.gov.au

(Ref: F2019/00796)

UDIA NSW Submission on the Parramatta Contributions Plan (Outside CBD)

The Urban Development Institute of Australia NSW (UDIA) is the leading industry body representing the interests of the urban development sector and has over 500 member companies in NSW. UDIA advocates for the creation of liveable, affordable, and connected smart cities.

UDIA welcomes the opportunity to provide a list of recommendations on the *Parramatta Contributions Plan (Outside CBD)*, which has been released by Parramatta City Council. UDIA notes that formal public exhibition period has ceased but we still request Council to respond to the issues raised in this submission.

UDIA supports in-principle the levying of contributions to provide for services and infrastructure. UDIA also supports process improvements by Council to create a single, consolidated and new Section 7.11 Contributions Plan that will provide for the infrastructure needs of future residents and workers outside the Parramatta CBD.

UDIA contends that the levies under the new Section 7.11 Contribution Plans must be reasonable to ensure certainty, affordability, feasibility, and the timely redevelopment of key areas. As such, we have a few concerns with the Section 7.11 Parramatta Contributions Plan which are presented below:

1. Dramatic increase in contribution rate

UDIA understands that the current Section 7.12 Contributions Plan that applies to the Carter Street, Rosehill / Camellia and Wentworth Point Precincts are currently levied in the order of \$3,000 per apartment (i.e., 1% of the circa \$300,000/apartment construction cost). Contributions for apartments under a new Section 7.11 Contributions Plan are now proposed to be levied close to the \$20,000 cap per apartment. This represents a 500% increase based on the current rate, which notably is the maximum rate limit that a council can implement without a referral to the Independent Pricing and Regulatory Tribunal.

UDIA is concerned that the new rate will undermine development viability, especially where significant local infrastructure will be delivered through voluntary planning agreements and result in the effective sterilisation of developable land in the key precincts. We see this as a disastrous outcome. The proposed levies need to be reduced and a transition strategy put in place to allow market pricing to adjust and avoid sterilisation in these precincts.

We recommend a staged implementation of the new contribution levies over three years with annual price increases. This will have the dual purpose of allowing existing developments to proceed with incremental growth and act as pricing signals for sites sales now and for future expectations. This approach was used in the Blacktown and the Hills Local Government Areas from 2018 to reduce the State Government funding under the LIGS Program, which proposed increasing contributions by 50% over three years.

Recommendation 1. Council to review the Draft Contributions Plan to reduce the proposed contribution rates.

Recommendation 2. Council to develop a transition strategy with a view to stage the introduction of new contribution levies over a three-year period from the current Section 7.12 Contributions Plan to the new Section 7.11 Contributions Plan.

2. Influence of the Productivity Commissioners Review into infrastructure contributions

As Council is aware, the NSW Department of Planning, Industry and Environment (DPIE) is leading the reform into infrastructure contributions based on the Productivity Commissioners 2020 reform report. UDIA has a key role in the contributions reform program and our CEO is part of the DPIE External Advisory Group.

UDIA contends that Council should remain abreast of potential reform recommendations that may directly impact on proposed Section 7.11 Contributions Plan. This includes the following recommendations:

- *3.1: Allow councils' general income to increase with population*
- *4.1: Develop infrastructure contribution plans upfront as part of the zoning process*
- *4.5: Section 7.11 contributions plans use benchmark costs*
- *4.6: Contributions plans reflect development-contingent costs only*
- *4.9: Encourage councils to forward fund infrastructure, through borrowing and pooling of funds*
- *4.10: Defer payment of contributions to the occupation certificate stage*

Recommendation 3. As part of the finalisation of the Draft Contributions Plan, Council should review key recommendations contained in the Productivity Commissioners Review and align the DCP with the recommendations. This should particularly apply to Recommendation 4.10, which allows developers to pay their contributions at the Occupation Certificate stage.

UDIA thanks Council for accepting this submission, noting that the public exhibition period ended on Friday 16 April 2021. UDIA requests a meeting with Council's City Planning – Harmonisation team prior to the Contributions Plan being finalised to further discuss our concerns.

Please contact Mr David White, Greater Western Sydney and South Regional Manager on 02 8330 6913 or dwhite@udiansw.com.au to arrange a meeting to discuss the issues raised in this submission on the *Draft Parramatta Contributions Plan (Outside CBD)*.

UDIA also seeks further notification on future Council planning and infrastructure policies to ensure we are granted the opportunity to inform and engage with our members on such matters affecting urban development in the City of Parramatta. For future matters please send all correspondence to Mr Kit Hale on khale@udiansw.com.au

Yours sincerely,



Steve Mann
CEO