

UDIA NSW President's Taskforce on Infrastructure Contributions Reform

Policy Issue Paper

Adopt Transport Contributions for Major Projects

Summary

One of the 29 recommendations of the Review of Infrastructure Contributions is Item 5.3 being:

Adopt transport contributions for major projects

- i. Prepare and implement a transport contributions plan for major projects that:
 - a. is additional to regional infrastructure contributions, where these apply
 - b. applies to properties within a service catchment and benefits from additional development capacity created as a result of the investment.
- ii. Contribution charges should be established for residential and non-residential uses. A minimum charge of \$5,000 per dwelling should be applied, with Transport for NSW required to apply higher charges where costs and benefits are relatively higher.

Challenge

The key challenge to address is the equitable distribution of both cost and derived benefit of providing transport solutions within areas of growth. Increasing the costs associated with development could potentially slow down the delivery of housing, further impacting supply to meet the housing needs of the people of NSW. Transport infrastructure also provides wider economic benefits outside its direct service catchment which need to be considered prior to introducing an additional development contribution. Wider economic benefits include, but are not limited to, productivity (including health and well-being), employment, business activity, investment and tax revenues.

Solutions

Solutions to the challenge need to address the following key issues as it relates to contributions being levied on developers:

- Prior to the implementation of a transport contributions plan the impacts of Developer Contributions need to be considered holistically, including with all other developer contributions.
- Transport contributions should be considered upfront and prior to rezoning based on consultation with the Development Industry. This will also give certainty to developers on costs prior to making development and investment decisions.
- The impact on financial feasibility should be well understood before contributions are imposed on lower density greenfield release areas, given their importance to meeting future housing supply needs.
- The provision of transport solutions should be largely funded by Government, given the economic multiplier effect of transport solutions on the broader economy.
- A clear nexus needs to be determined between the transport project and where the land value has been derived by landowners, prior to imposing developer contributions.