



Executive Director
Infrastructure & Delivery
Department of Planning and Environment
GPO Box 39
SYDNEY NSW 2001

Wednesday, 28th February, 2018

Dear Sir / Madam,

Thank you for the opportunity to provide input to the proposed Hunter Special Infrastructure Contribution or SIC. The principle of the contribution, is generally supported by most parties involved in the development industry. It is clear that without the delivery of coordinated infrastructure the delivery of land for housing and employment will be frustrated. We also acknowledge that the current system of providing state contributions through the current VPA process is cumbersome and time consuming and should be changed.

We would request that the Department consider the following matters in their implementation of the SIC;

- **Nexus** - There needs to be a clear nexus between the payment of the contribution and the delivery of housing and jobs. To ensure this is the case we would recommend the following;
 - o An infrastructure plan is prepared for the Hunter, which identifies the availability of infrastructure and therefore demonstrates the historical lack of infrastructure and the infrastructure that is required to meet the demand of new housing.
 - o The infrastructure proposed must then be linked to the actual delivery of houses and jobs. A coordinated approach such as an Urban Development Plan (UDP) which demonstrates where development is most likely to occur together with an Infrastructure Plan which demonstrates how this will assist in the delivery of that development would demonstrate that link.
- **Affordability** – The levy that is proposed must be affordable and not unreasonably burden the final purchaser of the land. In this regard we would recommend;
 - o The levy should be delayed until settlement of the lot occurs to minimize any holding

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costs associated with the levy. It is important to note that the costs of the levy are not just isolated to the levy, they also include the borrowing costs for the developer and the mortgage payments for the end user associated with this additional cost. This also coincides with the demand for infrastructure, as it is closer to the occupation of the lot.

- o The levy should be considered in the context of all Local, State and Federal charges that current apply to the delivery of new homes to ensure that these costs are in aggregate, and do not unreasonably burden the purchaser of new land.

- o The draft levy from 2011, adopted a rate of \$72000 per net developable hectare. Based on a net density per hectare of 12 lots, which was supported in the previous lower Hunter Regional strategy, this previous rate equates to \$6000 per lot. The current proposed rate, of \$10,664 per lot represents a significant increase in cost. The proposed rate is an increase of approximately 75% on the previously adopted figure. The affordability of this must be proven before being adopted as it is too high.

- **Delivery** – It is unclear on the timing of delivery on infrastructure associated with the plan.
 - o The SIC should clearly state what infrastructure will be funded, its connection to development and also when it will be provided.
 - o It is not clear how infrastructure will be delivered until sufficient funds are received to deliver a single piece of infrastructure and what the priority of that spending is.
 - o The opportunities for works in kind, while offered under the proposal, this is very unclear with regard to how this will work and how the proponent will be refunded, particularly where insufficient funds will be available in the SIC fund to reimburse the developer.

- **Education** – The public, in particular the home owners should be educated as to the cost of the levy that has been included in their purchase and they should also be aware of the infrastructure that they should expect in their area to be delivered in return for the levy they have paid.

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Thank you for the opportunity contribute to the discussion regarding the SIC in the Hunter. We would welcome the opportunity to discuss this with the Department further, particularly in relation to the impact on residential development.

Kind Regards,

P. Magnisalis

Peter Magnisalis
General Manager Property Development

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