

**18SP006 Submission on the Draft Hunter Region Special
Infrastructure Contribution**

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Report By: Strategic Planner - Adam Ovenden

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Moved. Cr. Langford
Seconded. Cr. Harrison

Council endorse and forward the submission on the Draft Hunter Region Special Infrastructure Contribution (Attachment 1), to the NSW Department of Planning and Environment.

(Carried)

NSW Department of Planning and Environment
GPO Box 39
SYDNEY NSW 2001

Dear Sir/Madam

Subject: Submission - Draft Hunter Special Infrastructure Contribution (SIC)

Thank you for the opportunity to comment on the NSW Government's draft Hunter Region Special Infrastructure Contribution (the draft SIC). At its Ordinary meeting of 26 February 2018, Lake Macquarie City Council resolved to make this submission.

Council's specific recommendations in relation to the draft SIC:

1. Funds must be spent in the region where they were collected

It is strongly recommended that amendments to Section 5 of the *Environmental Planning and Assessment Act 1979* are made to ensure that funds collected as part of any SIC, are expended within the same region. This ensures that the cross-subsidisation of different regions does not occur, and the demand for additional infrastructure is satisfied within the vicinity where the development occurred.

2. A feasibility assessment is undertaken to determine the impact of the SIC on the viability of residential and industrial development subject to the levy

Any extra cost on development has the potential to impact on the profitability and hence viability of the development, and the affordability of the product to the end users. To ensure the levies identified within the draft SIC are reasonable, a development feasibility and affordability assessment should be undertaken to assess the impact on viability across localities in each catchment. A similar approach was used for the recently released draft Rhodes East SIC. The analysis must also include the impact on greenfield industrial developments.

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3. A process for future amendments for the SIC is required, specifically the inclusion of infrastructure identified within the North West Lake Macquarie Catalyst Area

Council's submission on the draft Lower Hunter Metropolitan Plan (draft Metro Plan) recommends the inclusion of the North West Lake Macquarie Catalyst Area. As part of this project, an assessment of the infrastructure requirements for the precinct will be identified. It is recommended that a clear process for the inclusion of the infrastructure required to support the development of this important catalyst precinct is considered.

4. Clear analysis showing the nexus between the infrastructure identified, and the demand generated by the increased population should be released

The draft SIC does not provide justification on how the demand for the infrastructure proposed was derived. Therefore, there is no way of assessing whether what is proposed is equitable, or sufficient to support the future population. It is recommended that the draft SIC is supported by detailed analysis, including traffic modelling, to clearly show that the demand for the infrastructure is generated by new development within the region.

Currently, the levy for the Lower Hunter is 16 times that applying to the Mid Coast and Upper Hunter Catchment Areas. Without further information on yields, it is impossible to ensure that the proposed levies are equitable. This is likely to have an impact on the viability of this important employment generating sector.

5. The list of infrastructure to be provided should be expanded to include a regionally significant active transport network

Active transport infrastructure is considered an essential infrastructure to support a growing region as identified in the Hunter Regional and draft Metro plans. The provision of regionally significant active transport infrastructure should be included within the draft SIC. This should include the implementation of safe, grade separated cycleways and pedestrian facilities for State controlled arterial roads connecting areas to schools, train stations, centres, and other significant activity nodes.

Examples include the extension of the Fernleigh Track to Swansea, the extension of the cycleway from Booragul train station to Toronto, and the Richmond Vale Rail Trail.

6. Additional traffic upgrades should be considered for inclusion within the SIC

While it is recommended that the draft SIC be supported by a detailed analysis including a traffic study, other road projects within Lake Macquarie should be considered for inclusion. These include:

- Upgrade to the intersection of Hillsborough Road, Macquarie Road, Medcalf Street, and King Street Warners Bay.
- Signalisation of the intersection of King Street and The Esplanade, Warners Bay.
- Widening of Main Road / Toronto Road from Fennell Bay to Booragul.
- Implementation of traffic calming along the Pacific Highway through Charlestown.
- Upgrade of the intersection of Munibung, Myall, Macquarie Roads, Cardiff.

- Upgrade of the intersection of Fishery Point Road and Macquarie Street, Morisset.
- Upgrade of the intersection of Main and Minmi Roads, Edgeworth.

7. Levies for industrial development should be amended to reflect the demand generated within each catchment

The draft SIC proposes an equalisation of industrial levies across all three catchments. This approach is inequitable, as it does not reflect the demand generated for infrastructure within each catchment. The draft SIC should be based on the projected industrial demand for each catchment.

8. Industrial levies should be based on floor space and use, and not a net developable area

The draft SIC proposes to level industrial development on a net developable area (NDA). This is considered to be inequitable, and it is recommended that the draft SIC levies industrial development based on floor space and the proposed use. This approach reflects the actual demand created, as opposed to an assumed demand across the region.

In addition, the approach of levying on the floor space and proposed use enables the payment of contributions closer to the actual creation of demand for infrastructure stemming from the development.

9. Seniors Housing should be subject to the SIC, irrespective of classification as a social housing provider

Seniors housing is an important and growing form of housing in the region. Based on the project demographic profile, demand for this development will accelerate over the life of the SIC. The level of demand for new infrastructure of this type of development is similar to dwelling houses.

Exemptions for Social Housing Providers for seniors housing is not equitable. There is a difference between a Social Housing Provider, and a seniors living development site that operates at not-for-profit. In order to be a Social Housing Provider the organisation only needs to demonstrate they are a not-for-profit organisation and they are a direct provider of rental housing for a single development site. They are then able to operate one or more senior development sites at a profit, with the profits being used to fund their other services. When a site is operated for profit, it does not result in housing being cheaper and more affordable. This situation creates inequity between Social Housing Providers and private senior housing developments, where the latter pay contributions, but both developments operate for profit.

10. Detailed consultation with all stakeholders must be undertaken prior to the expansion of the SIC into infill development

The expansion of the draft SIC into infill development is likely to have a significant impact on development within Lake Macquarie, and is of great concern to Council. Further consultation with all stakeholders is required prior to the expansion of the draft SIC.

Some issues that should be discussed in an open and transparent manner are:

- The type of infrastructure required to support new development;
- Impact on viability and affordability;
- Delineation of regional significant infrastructure; and
- The use of levies within the draft SIC as a pricing tool to encourage the greenfield and infill housing development splits identified within the draft Metro Plan.

11. Alternative options for the timing of payments of contributions should be investigated

The timing of payments of contributions (both local, and under the SIC) can have a significant impact on the viability of development. Long time periods between the payment of levies and realisation of profits can significantly increase holding costs, placing the viability of some developments in question. In some instances, developers are unable to access funding for these payments, usually placing smaller developers at a significant disadvantage.

It is recommended that options to delay the payment of contributions closer to the point of sale be investigated. This will require a secure legal mechanism to ensure that payments are received by the relevant authority prior to the settlement or operation of the development.

Should you require further information, please contact Council's Strategic Planner, Economic Focus, Adam Ovenden on 4921 0623 or via email at aovenden@lakemac.nsw.gov.au

Yours sincerely



Morven Cameron
Chief Executive Officer