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Australia's property industry

Creating for Generations

29 January 2021

Mr Michael Edgar
General Manager
The Hills Shire Council
PO Box 7064
NORWEST NSW 2153

Email – council@thehills.nsw.gov.au

Dear Mr Edgar

Draft Contributions Plan No 18 – Bella Vista and Kellyville Precincts

The Property Council of Australia welcomes the opportunity to provide Council with comments on the draft Contributions Plan No 18 – Bella Vista and Kellyville Precincts.

As Australia's peak representative of the property and construction industry, the Property Council's members include investors, owners, managers and developers of property across all asset classes. The following comments are provided for your consideration.

Should you have any questions regarding the content of this submission, please contact Troy Loveday, NSW Policy Manager, on 0414 265 152 or tloveday@propertycouncil.com.au

Yours sincerely

A handwritten signature in blue ink, appearing to read "Jane Fitzgerald", is written over the typed name and title. The signature is fluid and cursive, with a large loop at the end.

Jane Fitzgerald
NSW Executive Director
Property Council of Australia

Submission to The Hills Shire Council

**Draft Contributions Plan No 18 –
Bella Vista & Kellyville Precincts**

29 January 2021

1.0 Introduction

The Property Council welcomes the opportunity to provide Council with comments on the draft Contributions Plan No 18 – Bella Vista and Kellyville (the Plan) which has been prepared in accordance with section 7.11 of the *Environmental Planning and Assessment Act 1979*. Contribution rates established by the Plan will be imposed to new development approved within the growth precincts of Bella Vista and Kellyville.

The Plan applies to two high-density mixed residential and commercial precincts adjacent to the Sydney Metro Northwest corridor that together will accommodate homes for over 12,000 new residents and some 176,000m² of employment floor space. These precincts were both rezoned by the State Government in December 2017.

The Plan proposes to levy both residential and commercial development to fund approximately \$143 million of local infrastructure (land and works), including open space, transport/traffic, stormwater drainage and plan administration. A total of \$143 million of land acquisition and works are proposed within the Bella Vista and Kellyville Precincts to be funded under the Plan. A majority of this (more than \$77m) involves acquisition of land for open space.

Following changes made to the *Environmental Planning and Assessment (Local Infrastructure Contributions) Direction 2012*, Council is required to submit the Plan to the Independent Pricing and Regulatory Tribunal (IPART) to levy contributions above \$20,000 per dwelling. Council has indicated it will submit the Plan to IPART for its review following the completion of its post-exhibition process.

Contribution rates for medium and high-density residential development vary between \$17,276 for 1-bedroom dwellings to \$35,704 for 4-bedroom dwellings. Non-residential development will be levied at a rate of \$50.28 per m² of floor area.

2.0 Contribution Rates

2.1 Comparison to other contribution rates

Table 3 of the Plan sets out the proposed contribution rates by dwelling type. Council is proposing contribution rates for residential apartment development within the Bella Vista and Kellyville Precincts in a range between \$17,276 and \$35,704 depending on dwelling size and assumed occupancy rates.

The table below provides a comparison between the proposed contribution rates for the Bella Vista and Kellyville Precincts with rates for nearby Sydney Metro Precincts within The Hills Shire and several other locations nearby.

	1-bedroom	2-bedroom	3-bedroom	4-bedroom
CP17 Castle Hill North	\$21,371	\$22,628	\$31,428	\$38,971
Draft CP18	\$17,276	\$24,186	\$29,945	\$35,704
CP19 Showground Station Precinct	\$9,665	\$13,531	\$16,735	\$19,974
CP8 Kellyville/Rouse Hill	\$7,832	\$12,653	\$16,268	\$22,293
Macquarie Park (Ryde)	\$13,989	\$19,953	\$29,185	-
Hornsby (Hornsby Shire)	\$13,860	\$20,000	\$20,000	-
Chatswood (Willoughby)	\$11,045	\$15,544	\$20,000	

With the exception of the contribution rates for CP17 Castle Hill North, the contribution rates for all other precincts are under the \$20,000 per dwelling threshold that has applied since contribution rates were capped at \$20,000 per dwelling.

As with CP 17 Castle Hill North, Council proposes to submit the Plan to the IPART following the current public consultation and seek the Minister's approval that would allow it to levy contributions above the \$20,000 threshold.

It is important to note that the land within the Bella Vista and Kellyville precincts will be subject to the Western Sydney Special Infrastructure Contribution (SIC) that funds regional infrastructure. As the SIC is levied at a per hectare rate of Net Developable Area, it is not clear on the contribution amount per dwelling. The cumulative impact of both levies will be significant and will have an impact on the affordability of housing around these station precincts.

It is important that Council and the Department ensure there is no overlap between the local and regional infrastructure being funded by these two levies, particularly in respect to open space and transport infrastructure.

2.2 Indexation of Contribution Rate

Section 2.19 of the Plan explains how the contribution rates set out in the Plan will be indexed to account for inflation and increasing costs. Council has proposed separate indexation of land acquisition, capital expenditure and administration costs.

The Property Council does not have any objection to Council's proposed method of indexation, which will be reviewed by IPART at a later time. It is important, however, that Council publishes its current contribution rates for each quarter so that there is a high level of transparency regarding its contribution rates.

3.0 Works in Kind and Dedication of Land

3.1 Works in Kind

Section 2.9 of the Plan sets out the process for seeking Council's acceptance of an offer to provide a material public benefit (also known as 'works in kind') to satisfy an obligation to provide a monetary contribution.

The Property Council encourages Council to allow developers to undertake works in kind where it will allow for local infrastructure projects to be delivered at a lower cost and much sooner than would be possible under Council's normal works program.

3.2 Dedication of Land

Section 2.9 of the Plan also sets out the process regarding the dedication of land required for public purposes. The Plan does not allow for dedication of land to be offset against monetary contributions. Developers will be required to pay their contributions in accordance with the Plan and acquisition of any land needed under the Plan will be considered under a separate process.

We have no concerns with Council's approach to this issue.

4.0 Deferred Payment of Contributions

Section 2.12 of the Plan sets out the required timing of contribution payments to Council. Council has indicated that it will only permit deferred or periodic payments where development is staged. Council requires Contributions to be made at the time of subdivision or construction certificate.

Currently, the payment of certain development contributions can be deferred until the issue of the first Occupation Certificate by virtue of the *Environmental Planning and Assessment (Local Infrastructure Contributions – Timing of Payments) Direction 2020* made by the Minister for Planning and Public Spaces in July 2020. The NSW Productivity Commissioner has also recommended changes to defer payment of contributions beyond COVID-19 period.

Council is strongly encouraged to consider amending the plan to provide for greater flexibility regarding the payment of contributions, such as allowing for deferred payments on permanent basis.

5.0 Conclusion

The Property Council welcomes the opportunity to provide The Hills Shire Council with comments on the Plan. We support the development of these precincts that are adjacent to the Sydney Metro Northwest stations at Bella Vista and Kellyville.

The Plan will support the development of around 8,000 new homes located close to public transport and amenities by funding approximately \$143 million of infrastructure works over the next 20 years. As the contribution rates proposed exceed the \$20,000 threshold, the Plan must be reviewed by IPART before Council can impose a contribution in excess of that amount. We welcome the involvement of IPART to scrutinise the Council's proposed contribution rates and infrastructure works schedule.

We encourage Council to consider amending the plan to provide for greater flexibility for developers regarding the procedures for the timing of payments and opportunities for works in kind agreements.