

## 13.5 PLANNING AND SUSTAINABILITY

### 13.5.1 REVIEW OF CONTRIBUTION RATES - CANNING VALE OUTLINE DEVELOPMENT PLAN - DEVELOPMENT CONTRIBUTION ARRANGEMENTS

Author:	B Saward
Author's Declaration of Interest:	Nil.
Previous Ref:	OCM 23 October 2012 (Resolutions 500 and 501) OCM 22 November 2011 (Resolutions 538 and 539) OCM 10 August 2010 (Resolutions 362 and 363) OCM 08 September 2009 (Resolutions 443 and 444) OCM 25 March 2008 (Resolutions 104 and 105) OCM 27 February 2007 (Resolutions 39 and 40) OCM 6 December 2005 (Resolutions 584-587) OCM 8 June 2004 (Resolutions 292 and 293) OCM 11 February 2003 (Resolution 49) OCM 18 December 2002 (Resolution 1036)
Appendix:	13.5.1A Canning Vale Outline Development Plan - Draft Revised Schedule of Common Infrastructure Works - July 2013

#### PURPOSE OF REPORT

For Council to review the applicable common infrastructure works (CIW) contribution rate associated with the Canning Vale Outline Development Plan (ODP) development contribution arrangement (DCA) as required by Clause 7.4 of Town Planning Scheme No. 6 (TPS 6).

#### BACKGROUND

The City administers a DCA for the shared provision of infrastructure and land for public purposes in the Canning Vale ODP area and is required to review the DCA on an annual basis.

The DCA has operated since 2001. A substantial proportion of land in the ODP area has been developed and much of the identified infrastructure has been completed. There still remains some land to be developed and infrastructure to be provided, meaning the DCA is likely to operate for some time.

Part of the DCA involves the collection of development contributions to be used for the acquisition of land for public open space (POS), which includes land for conservation, drainage and recreational purposes and the provision of the following CIW:

- Wetland protection works (fencing and boardwalks)
- Re-alignment of existing 132kV powerlines traversing the Canning Vale ODP area
- Traffic management devices (roundabouts and signals)
- The acquisition of land for road widening (along Nicholson and Warton Roads)

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- A proportion of the cost of regional road works (Nicholson and Warton Roads and Garden Street)
- Service relocation works involved in widening Nicholson and Warton Roads.
- Shared use paths
- Drainage infrastructure
- Administration and technical reports associated with designing and managing future community assets.

The annual review of DCA rates involves adjustment of contribution rates to account for changes in land values and construction costs. Council last reviewed the DCA for the Canning Vale ODP at its meeting on 23 October 2012 and resolved to adopt a CIW contribution of \$55,182/ha. Council also resolved to set the land valuation at \$1,500,000/ha. This figure is used to calculate contribution rates and in circumstances where it is necessary to acquire land identified on the ODP for public purposes. To conform to the requirements of TPS 6, it is necessary for Council to again review the land valuation basis and contribution rates.

**DISCUSSION**

DCA values and rates for the Canning Vale ODP area typically require adjustment in respect of:

- The basis for land valuation
- CIW contribution rates.

The table below shows the history of adjustments made to values and rates over the life of the DCA. Each of those adjustments has occurred after obtaining qualified expert valuation advice.

<b>HISTORY OF ADJUSTMENTS TO LAND VALUATION AND CONTRIBUTION RATES</b>				
<b>Date of Revision</b>	<b>POS cash-in-lieu</b>		<b>Common Infrastructure Works</b>	
	Valuation rate/ha	% increase	\$ rate/ha	% increase
Gazettal - 6/4/2001	\$250,000/ha	N/A	\$27,563/ha	N/A
OCM - 18/12/2001	\$350,000/ha	40.00%	\$28,622/ha	3.80%
OCM - 11/2/2003	\$400,000/ha	14.30%	\$29,532/ha	7.30%
OCM - 8/6/2004	\$500,000/ha	25.00%	\$31,250/ha	8.20%
OCM - 6/12/2005	\$800,000/ha	60.00%	\$40,663/ha	30.10%
OCM - 27/2/2007	\$1,350,000/ha	68.80%	\$44,541/ha	9.50%
OCM - 25/3/2008	\$1,350,000/ha	0.00%	\$47,032/ha	5.60%
OCM - 08/9/2009	\$1,200,000/ha	-11.12%	\$49,280/ha	4.78%
OCM - 10/8/2010	\$1,350,000/ha	12.50%	\$50,532/ha	2.90%
OCM - 22/11/2011	\$1,300,000/ha	-3.70%	\$52,630/ha	5.00%
OCM - 23/10/2012	\$1,500,000/ha	15.40%	\$55,182/ha	4.25%

*POS contribution = 12.74% of net developable area multiplied by valuation rate.*

*CIW contribution rates have been adjusted based on statistical trends sourced from the Australian Bureau of Statistics (ABS). An average between the Consumer Price Index and relevant indices of allied Construction activities has been set. The rate increase has been applied to the individual costing of various CIW components. Where applicable, those items linked to land rates are adjusted in line with the revised engloba valuation that applies to the POS component of this Plan.*

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### **Land Valuation**

To ensure that adequate funds are collected to acquire the land identified on the ODP for POS and other public purposes, it is necessary to set contribution rates based on a current englobo land valuation. The land valuation is also used as a basis to determine the amount of compensation for the acquisition of land for public purposes, such as local open space and the widening of regional roads.

Previous adjustments have been adopted on the basis of valuation advice from Propell National Valuers. Propell was again engaged to provide a valuation report based on current market conditions in the Canning Vale area.

Propell's latest valuation was undertaken in June 2013 and its report details that over the previous 12 months land values in the Canning Vale area have increased. The report concludes that the typical englobo value within the ODP area is currently \$1,600,000/ha.

It is therefore recommended that Council increase the land valuation used by the Canning Vale ODP DCP to \$1,600,000/ha.

### **Common Infrastructure Works (CIW) Contribution Rate**

Adjustments to the CIW contribution rate have previously been determined on the basis of increases to the general construction price index, changes to infrastructure unit cost rates and other inflationary indicators, in addition to factoring in the impact of changes to land values given that certain CIW include a land component.

A recent review of data released by the Australian Bureau of Statistics indicates that an appropriate adjustment would result in an increase of 2.50% over the 12 months to June 2014. It is therefore recommended that a 2.50% increase be applied to the unit cost rates for CIW required in the Canning Vale ODP.

The draft revised Schedule of Works for the DCA, contained in Appendix 13.5.1A, reflects increases to CIW cost rates of 2.50%. Those CIW that involve a land component have been adjusted against the englobo valuation rather than applying a percentage increase, as has been the case when undertaking previous reviews. The resulting change to the CIW contribution rate is a recommended new rate of \$56,948/ha (an increase of \$1,766/ha or 3.2% from last year).

Schedule 12 of TPS 6 provides for landowners to object to the adopted contribution rate and land valuation basis.

### **CONCLUSION**

In accordance with Schedule 12 of TPS 6, Council is required to review the Canning Vale ODP DCA. The application of a revised land valuation and an adjustment to the CIW rates is considered an appropriate measure to ensure that the provision of common infrastructure and the acquisition of land for public purposes can be achieved.

It is recommended that Council adopt a land valuation basis of \$1,600,000/ha and adopt a revised CIW contribution rate of \$56,948/ha for the purposes of the Canning Vale ODP DCA.

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## **FINANCIAL IMPLICATIONS**

Should Council accept that the land valuation be based at \$1,600,000/ha, there will be an increase to the amount payable by developers for POS contributions, and the amount payable to landowners for the acquisition of POS.

Revisions to the CIW contribution rate are necessary to ensure that infrastructure identified in the ODP is equitably provided, without placing a financial burden on the City and the wider community to deliver those works.

## **STATUTORY IMPLICATIONS**

Town Planning Scheme No. 6 - Schedule 12.

## **VOTING REQUIREMENTS**

Simple Majority required.

### Notation

7.52pm - *Cr T Brown left the meeting. As this resulted in the lack of a quorum, the Mayor adjourned the meeting until Councillor T Brown's return.*

7.53pm - *Cr T Brown returned to the meeting and the Mayor re-opened the meeting.*

<b>STAFF RECOMMENDATION (1 OF 2) AND COUNCIL RESOLUTION</b>
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### **262 Moved Cr R Hoffman Seconded Cr J Brown**

That Council adopts a revised contribution rate of \$56,948/ha for common infrastructure works and a revised land valuation basis of \$1,600,000/ha for public open space contributions and the acquisition of other land necessary to satisfy the objectives of the Development Contribution Arrangement for the Canning Vale Outline Development Plan as detailed in Appendix 13.5.1A.

**CARRIED 6/0**

**FOR:** *Cr J Brown, Cr T Brown, Cr R Hoffman, Cr K Jones, Cr O Searle and Cr D Griffiths.*

**AGAINST:** *Nil.*

<b>STAFF RECOMMENDATION (2 OF 2) AND COUNCIL RESOLUTION</b>
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### **263 Moved Cr R Hoffman Seconded Cr J Brown**

That Council inform all landowners with outstanding contribution obligations within the Canning Vale Outline Development Plan area of Council's decision.

**CARRIED 6/0**

**FOR:** *Cr J Brown, Cr T Brown, Cr R Hoffman, Cr K Jones, Cr O Searle and Cr D Griffiths.*

**AGAINST:** *Nil.*