

**13.2.2 SOUTHERN RIVER PRECINCT 3 DEVELOPMENT CONTRIBUTION PLAN REPORT - FINALISATION**

Director:	C Terelinck
Author's Declaration of Interest:	Nil.
Property Number:	Various
Application No:	PF09/00022
Applicant:	City of Gosnells
Owner:	Various
Location:	Southern River Precinct 3
Review Rights:	Yes, pursuant to Town Planning Scheme No. 6
Area:	Approximately 253ha
Previous Ref:	OCM 11 May 2021 (Resolutions 82-90) OCM 12 November 2013 (Resolutions 459-462) OCM 28 February 2012 (Resolutions 77-80) OCM 22 March 2011 (Resolutions 100-104)
Appendix:	13.2.2A Ministerial Approved Scheme Amendment Map 13.2.2B Ministerial Approved Scheme Amendment No. 110 Text 13.2.2C Modified Southern River Precinct 3 DCPR 13.2.2D Southern River Precinct 3 Guide Plan (2019) 13.2.2E Modified Southern River Precinct 3 Guide Plan (2022)

**PURPOSE OF REPORT**

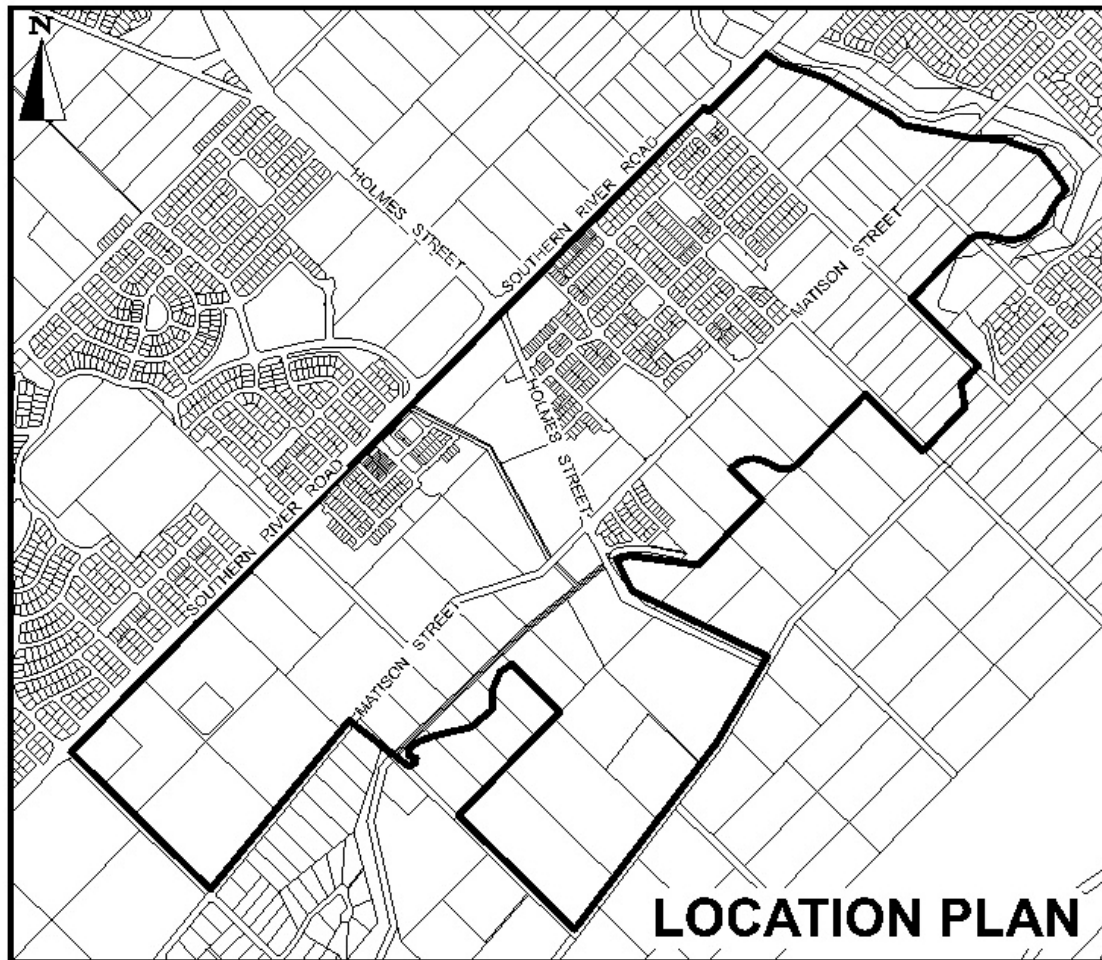
For Council to adopt a modified Development Contribution Plan Report (DCPR) for the Southern River Precinct 3 (Precinct 3) Development Contribution Area (DCA).

**BACKGROUND**

Precinct 3 lies within the area generally bound by Southern River Road, Ranford Road, the Kennel zone, Passmore Street and the Southern River.

A map showing the location of the Precinct 3 DCA follows.

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In March 2011 Council initiated Amendment No. 110 to Town Planning Scheme No. 6 (TPS 6) to establish a Developer Contribution Plan (DCP) to fund the provision of infrastructure in Precinct 3. Council also resolved to include a draft Development Contribution Plan Report (DCPR) in the amendment documentation that establishes how the DCP will operate.

Amendment No. 110 and the draft DCPR were then forwarded to the Environmental Protection Authority (EPA) and the Western Australian Planning Commission (WAPC) for review. The EPA advised no environmental assessment was required and the WAPC indicated it would grant consent to advertise the proposal subject to minor modifications.

On 22 February 2012 Council adopted the modifications to the amendment and in March the WAPC granted consent to commence public consultation. Amendment No. 110 and the draft DCPR were advertised for 42 days between April and June 2012.

On 12 November 2013 Council considered the submissions received on Amendment No. 110 and the draft DCPR. Council resolved that the draft DCPR be revised to reflect various matters raised during public consultation and then re-advertised. The resolution and the amendment were subsequently forwarded to the WAPC seeking approval to re-advertise. However, it was not until 13 January 2018, approximately 50 months later, that the Minister for Planning (Minister) directed the City to modify the amendment and update the draft DCPR for the purpose of re-advertising.

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The City raised concerns with the Department of Planning, Lands and Heritage (DPLH) about the Ministerial directive as aspects of the directions were, in the City's opinion, poorly considered and sought reconsideration. The City did not receive revised directions from the Minister until 18 December 2019.

The City subsequently engaged Wood + Grieve Engineering consultants to design and cost (85% design-level) the common infrastructure required to service Precinct 3. This process ensured the infrastructure and servicing costs that informed the updated draft DCPR were accurate.

The modified amendment and updated draft DCPR were re-advertised in October 2020 and endorsed by Council on 11 May 2021 (Resolutions 82 – 90). The proposal was then forwarded to the WAPC and the Minister for approval.

On 23 December 2021 the Minister directed the City to make a final set of modifications to the amendment which included the removal of District Open Space (DOS). Following modifications in accordance with the ministerial directive, Amendment No. 110 received final approval on 19 April 2022, which allows Council to finalise the DCPR.

The Ministerial approved amendment text and map are contained in Appendices 13.2.2A and 13.2.2B.

**DISCUSSION****Review of the Development Contribution Plan Report**

The key change to Amendment No. 110 has been the removal of DOS, which was previously considered by Council on 11 May 2021. In addition, the DCPR has been modified to reflect updated land valuations, design considerations involving the Forrestdale Main Drain (FMD) and text changes to provide greater clarity on administration and implementation. The changes include:

- All references to DOS have been removed.
- Land requirements for the FMD have increased from 2.6607ha to 3.6524ha. This increase was necessary to achieve the State Government's requirement for the FMD to be upgraded to a 'living stream' standard. This effectively means the width of the drainage corridor has increased from 50m to 62m.
- As a result of the removal of DOS and the widening of the FMD, the total net contribution area has decreased from 164.5264ha to 164.3839ha.
- Land valuations have been updated to inform the reimbursement for land required to widen Southern River Road; Holmes Street; Balannup Lake Drain (BLD); FMD and the provision of Local Open Space (LOS) in sub-precincts 3A North and 3E.
- Common infrastructure works costs have been indexed in accordance with the Australian Bureau of Statistics (ABS) construction indices and the Consumer Price Index (CPI).
- *Section 3.1 – Calculation of Net Contribution Area* has been amended to provide clarity in relation to levying a contribution on all developable land in Precinct 3.

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- The Southern River Precinct 3 Guide Plan (GP) 2019 has been amended to replace the designations on Lots 9000 Southern River Road, Lot 18 Matison Street, Lot 1789 Passmore Street and Lot 1790 Passmore Street from 'District Open Space' to 'Subject to Further Planning'. Further, the GP has been updated to include the approved Structure Plans (SP) within sub-precincts 3C and 3D.
- Appendix C and Appendix H have been amended to reflect a change in the City's procedure in dealing with claims for reimbursement of common infrastructure works.
- Minor text and mapping changes have been undertaken to reflect the Ministerial directives.

The changes to the DCPR have the effect of reducing the overall costs in the arrangement from \$31,640,641.20 to \$27,197,746.02. For convenience the changes detailed above are highlighted in Appendix 13.2.2C.

**Removal of District Open Space**

At the Ordinary Council Meeting of 11 May 2021 Council resolved to recommend that the Minister remove 4.09ha of DOS from Lot 18 Matison Street and Lot 9000 Southern River Road leaving the balance of the 8.5ha of DOS to be located on Lots 1789 and 1790 Passmore Street.

The reasoning underpinning the request to remove almost 50% of the DOS included the proximity of Precinct 3 to Sutherlands Park; the future rationalisation of uses at Sutherlands Park and the existing over-supply of DOS throughout the City. It should be noted that the City had consistently maintained that Precinct 3 did not need to provide any DOS for the reasons mentioned above.

Previous Ministerial advice had, until this point in time, consistently required an area of 8.5ha of DOS in Precinct 3. However, following two deputations from landowners and one from City Officers to the WAPC, this requirement was set aside.

This change has resulted in the contribution rate of \$52,263.46/ha for DOS being deleted from the DCPR.

**Updates to Southern River Precinct 3 Guide Plan**

The GP is a strategic land use plan established under *Local Planning Policy 3.3 – Southern River Precinct 3 Planning Framework*. The 2019 GP is contained in Appendix 13.2.2D.

The purpose of the GP is to guide the assessment of amendments, SP's and associated financial arrangements for Precinct 3. The GP identifies a variety of land uses, including urban and commercial development and a range of public purposes such as conservation areas, recreation, schools, drainage and roads, and is intended to guide and inform the amendment process. Notwithstanding, as a result of the removal of DOS, the 2019 GP has been updated.

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The DOS designation on Lot 18 Matison Street and Lot 9000 Southern River Road has been replaced with a designation of 'Subject to Further Planning' which is consistent with the approved structure plan for sub-precinct 3E.

Similarly, the DOS designation on Lots 1789 and 1790 Passmore Street has been replaced with the designation 'Subject to Further Planning'. However, unlike Lot 18 Matison Street and Lot 9000 Southern River Road, the zoning of these lots is 'General Rural' under TPS 6. The subject lots are located within sub-precinct 3D, of which the northern portion has an approved SP with the balance of the area (including the subject lots) requiring further planning to determine zoning and development potential.

During the amendment assessment process a request was received from the owners of Lots 1789 and 1790 Passmore Street for portions of these lots to be designated as 'Urban' and 'Rural Living and Semi-Rural Living' on the GP. The City refused this request on the basis that an 'Urban' or 'Rural Living and Semi-Rural Living' designation on the GP would support residential dwellings being situated within the kennel buffer which could potentially comprise the integrity of the Kennel zone.

The City's position on this matter is also consistent with advice received from the Department of Water and Environmental Regulation (DWER) in relation to an acoustic assessment report prepared for Lot 1790. DWER's advice was unequivocal in its opposition to residential development within the kennel buffer. The 'Subject to Further Planning' designation is an appropriate designation at this point in time as it provides landowners with an opportunity to investigate options for their landholdings through formal planning proposals.

Since the GP was last adopted by Council, two SP's have been approved within sub-precincts 3C and 3D. The GP has been updated to reflect these approved SP's.

It is recommended that Council adopts the updated GP (contained in Appendix 13.2.2E) which is consistent with the Ministerial modifications to the amendment and the current planning framework for Precinct 3.

**Forrestdale Main Drain Land Requirements**

An allowance has been provided in the DCPR for the land required to upgrade the FMD to the standard of a 'living stream'. Essentially this means the existing drainage channel is upgraded to mimic a natural stream. This is the preferred State Government approach to water management and provides benefits such as improved amenity through attractive natural landscaping, the creation of diverse habitats which can restore environmental characteristics in urban areas and the removal of pollutants.

The upgrade of the FMD initially proposed a 50m wide landscaped drainage corridor. An additional 6m of widening on each side is required to ensure the upgrade will seamlessly interface with abutting land, which will result in the creation of a 62m wide corridor.

The land requirements for the FMD will therefore increase by 9,917m<sup>2</sup> and increase the costs to the DCP by \$872,832.50 based on updated valuations.

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### Revised Valuation Advice

An allowance has been included in the DCPR for the provision of land required to widen Regional Roads, the FMD and the BLD and establish LOS. To determine the value of this land the City engaged McGees Property Valuers (McGees) to prepare valuations which will be used to inform the reimbursement for landowners affected by public purpose reservations. Valuations were prepared by McGees in March 2021 which comprised two englobo valuations and two site-specific valuations. These valuations were updated in May 2022 to inform the latest DCPR (contained in Appendix 13.2.2C). The change in valuations is shown below.

<b>Comparison of Valuation Figures from March 2021 to May 2022</b>		
	<b>March 2021</b>	<b>May 2022</b>
Urban Englobo	\$132.50/m <sup>2</sup>	\$145.00/m <sup>2</sup>
Rural Englobo	\$24/m <sup>2</sup>	\$28/m <sup>2</sup>
Lot 1000 Holmes Street - road widening	\$539,000.00	\$517,000.00
Lot 8 Holmes Street - road widening	\$580,437.50	\$619,300.00

TPS 6 provides for landowners to object to a valuation within 28 days of adoption of the DCPR by Council and seek a review. Following a review, should the valuation figure not change or an amended valuation figure not be acceptable to the landowner, an application can be made to the State Administrative Tribunal for arbitration.

### Common Infrastructure Works Costs (Indexed)

Infrastructure costs estimates in the draft DCPR were informed by Wood + Grieve Engineering consultants and provided to the City more than two years ago, however, these costs are now considered out of date and require adjustment. The City reviews and adjusts the cost of works set out in DCPRs on an annual basis and this occurs to ensure the estimated cost of works not yet completed are aligned to changes in costs over time therefore reducing the risk of a shortfall in the arrangement.

As required by *State Planning Policy 3.6 – Infrastructure Contributions* the higher of the average of several Australian Bureau of Statistics (ABS) indices (which includes Building Construction, House Construction and Road/Bridge Construction) or the annual CPI rate are used to index estimated infrastructure costs. Accordingly, an indexation rate of 14% has been applied as this represents an average of ABS indices and is higher than the annual CPI rate. The only exception to this indexation rate are actual (known) costs that have been expended and are able to be reimbursed once the DCPR is operational. As such the following costs have not been indexed:

- Southern River Road upgrade
- Design and Costing Report (Wood + Grieve Engineering)
- Preparation of Precinct 3 GP
- Preparation of Structure Plan – Sub-Precinct 3A North

Following adoption of the DCPR by Council, subsequent annual reviews will apply either the averaged group of construction indices or annual CPI, whichever is greater,

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to outstanding infrastructure cost estimates while the annual CPI rate will apply to completed works and administration costs.

**Net Contribution Area**

The Net Contribution Area (NCA) is calculated by deducting land exempt from contributions from the DCA's gross land area. The gross land area is calculated by excluding land reserved under the MRS as 'Recreation', regional roads, conservation, drainage, existing local roads and other public purpose land.

The majority of Precinct 3 is covered by approved SP's which define developable areas and provide certainty in relation to land required to contribute towards CIWs. In relation to the balance of Precinct 3 there are portions of sub-precincts B, C and D which are not subject to an approved SP and therefore the final contribution area is not yet known.

In order to determine contributions required under the DCPR it is necessary to establish the areas of land required to contribute. In sub-precincts where approved SP's are in place the land areas are based on the relevant plan. In sub-precincts without an approved SP, area plans have been prepared to establish contribution areas. Precinct 3 contributions are fixed on the basis of the sub-precinct area plans and land tables in Appendix N of the DCPR.

Any future amendments to individual SP's or other development outcomes that reduce contribution areas will not alter the requirement for developers to contribute on the land areas stated in the DCPR. In situations where additional land is proposed (above the areas nominated in the sub-precinct area plans), contributions will be required on the revised land area. This ensures funding shortfalls do not materialise as a result of diminished contribution areas and all development areas contribute.

The DCPR has been modified to specifically refer to all land which is developable, but currently falls outside of the contribution areas identified in the DCPR, to contribute towards the provision of CIWs. The previous document only refers to additional residential zoned land instead of all developable land. This amendment ensures an equitable levying of contributions.

**Local Open Space Development and Maintenance Reimbursements**

Appendices C and H contained in the DCPR have been amended in relation to reimbursements for local park development and maintenance to align with the City's recent approach to this process. That is to say, the City has now adopted a more flexible approach to assessing claims for reimbursement by allowing overspends for individual unit items to be recovered from underspends in other items. This also applies to reimbursements for CIW's associated with the broader Precinct 3 costs.

**CONCLUSION**

It is recommended that Council adopts the modified DCPR, as contained in Appendix 13.2.2C, so as to ensure consistency with the recently gazetted amendment to TPS 6.

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## FINANCIAL IMPLICATIONS

The financial integrity of the DCP will to a large extent rely on the adjustment of preliminary contributions made under legal agreements and the collection of additional contributions to satisfy financial obligations. This will be undertaken once the DCP has been finalised.

## STATUTORY IMPLICATIONS

- Town Planning Scheme No. 6
- *Planning and Development Act 2005*
- State Planning Policy 3.6 – Development Contributions for Infrastructure

## VOTING REQUIREMENTS

Simple Majority required.

### STAFF RECOMMENDATION AND COUNCIL RESOLUTION (1 OF 2)

#### 162 Moved Cr S Patterson Seconded Cr P Abetz

That Council, pursuant to Clause 5.4 of Town Planning Scheme No. 6, adopts the modified Development Contribution Plan Report, as contained in Appendix 13.2.2C.

CARRIED 10/0

**FOR:** Cr P Abetz, Cr A Adams, Cr D Goode, Cr D Griffiths, Cr A Hort, Cr K McDonald, Cr S Patterson, Cr S Williamson, Cr E Zhang and Cr T Lynes.

**AGAINST:** Nil.

### STAFF RECOMMENDATION AND COUNCIL RESOLUTION (2 OF 2)

#### 163 Moved Cr S Patterson Seconded Cr P Abetz

That Council adopts the modified Southern River Precinct 3 Guide Plan, as contained in Appendix 13.2.2E.

CARRIED 10/0

**FOR:** Cr P Abetz, Cr A Adams, Cr D Goode, Cr D Griffiths, Cr A Hort, Cr K McDonald, Cr S Patterson, Cr S Williamson, Cr E Zhang and Cr T Lynes.

**AGAINST:** Nil.