

Shoalhaven City Council – Draft Submission

Draft Illawarra-Shoalhaven Special Infrastructure Contribution

Introduction

The development and introduction of a special infrastructure contribution for the Nowra-Bomaderry Regional Growth Area is generally supported. The commitment of appropriate funding towards the delivery of essential infrastructure to service future communities is welcomed. However, concerns are raised regarding the:

- inclusion of certain infrastructure already funded or identified for delivery under other mechanisms and how duplication may affect the collection of monetary contributions or delivery.
- accuracy and currency of the listed project costings.
- amount of contributions proposed to be collected (10% of total cost), uncertainty of commitment to "residual" funding, and transitional arrangements will make a meaningful contribution to the early delivery of infrastructure.

Recommendations are provided to improve the transparency, understanding and operation of the proposed contribution. These principally concern the accurate costing and description of infrastructure projects, an explanation of how the exhibited contribution rate was calculated, and how funds will be distributed to assist with infrastructure delivery. Suggestions are also included about annual reporting and review processes.

Noting our concerns, the potential improvements to the proposed contribution identified in this submission, and potential impacts on the delivery of infrastructure, further consultation is requested before the final Determination is published. This is particularly important for the highlighted proposed transport infrastructure and further collaboration is required, particularly with representatives of Transport for NSW. In this regard, of most significance is the need for ongoing dialogue around the possible inclusion of the following:

- *Bells Lane Collector Road* because of emerging and/or other opportunities to fund a greater percentage of this infrastructure item and secure its delivery earlier than provided for in the draft contribution.
- *East Nowra Sub-Arterial* road project because of its status and emerging uncertainty around the feasibility/timing of its delivery. This project requires more detailed consideration between Council and Transport for NSW.

Application

The exhibited draft map indicates the application of the proposed contribution to entire lots (or properties) located within current urban release areas and future investigation areas. In some instances, only part of a lot (or property) is currently included in a release or investigation area. Development on those areas outside of identified release and investigation areas should not attract the contribution, for example, rural-residential development

Recommendation 1: Ensure the published Determination only requires the payment of a contribution for development for the purposes of delivering the release areas.

A comparison of the exhibited draft map with future investigation areas identified in the endorsed *Nowra-Bomaderry Structure Plan 2008* identifies some omissions in the Meroo Meadow and Mundamia areas - see attached maps. The contribution should apply to all properties identified as part of a future investigation area (all blue-hatched areas on attached map).

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***Recommendation 2:** The published Special Contributions Area Map include the additional properties in Meroo Meadow and Mundamia currently identified as a “future investigation area” in the endorsed Nowra-Bomaderry Structure Plan 2008.*

Administration

The exhibition brochure identifies an annual reporting framework to identify the contributions collected and the level of funding allocated to each Special Contribution Area. An annual reporting framework is supported and is essential to ensure transparency in the implementation of the contribution. However, there are no provisions in the draft Determination about the annual reporting framework.

***Recommendation 3:** The published Determination include provisions securing the annual reporting framework.*

The exhibition brochure also confirms the NSW Department of Planning, Industry and Environment will be responsible for periodic reviews and adjustments of the contribution rates, application boundaries, infrastructure projects and any other significant changes.

The proposed review process is strongly supported – the flexibility to update any component of the Determination is essential to allow quick responses to changing development outcomes or the need or feasibility of selected infrastructure. For example, a review process allows the contributions to be updated to reflect ultimate development yield (not yet known for investigation areas), timing of development, local variance in development cost, and site-specific considerations. There are, however, no provisions in the draft Determination detailing the review process or the potential triggers for a review.

***Recommendation 4:** The published Determination include provisions to enable the periodic review and adjustment of contribution rates, application boundaries, and infrastructure projects.*

The exhibited Determination includes the allocation of \$1.8 million towards “Planning and Delivery”. The intended purpose of this funding needs to be clarified as well as the priority allocated to the distribution of funds. This funding should not be limited to the administration of the contribution (collection and distribution of funds) but should also help fund essential technical analysis, such as project costings or apportionment exercises, to refine the contribution over time. Likewise, the payment of money towards this “item” should not be prioritised over the funding of essential infrastructure.

***Recommendation 5:** Include detailed information in the published Determination about how the proposed Planning and Delivery funds will be used or alternatively, publish detailed information on this matter in support of the published Determination.*

Project Selection, Description, Costing, and Apportionment

The exhibition material identifies a list of infrastructure projects to respond to anticipated growth (*Schedule 2 – List of Infrastructure*). As noted in the earlier Recommendation 3, the ability to review and refine the list of infrastructure is essential to respond to changing infrastructure priorities or the delivery of infrastructure by other means.

Some of the identified infrastructure may already be funded or scheduled for delivery through other funding mechanisms. The infrastructure list needs revising to include other infrastructure projects or to identify discrete parts of the infrastructure delivery process to avoid duplication, e.g. scoping studies, concept design, business case preparation, construction etc.

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***Recommendation 6:** Review the draft exhibited list of infrastructure to remove projects already funded or proposed to be funded through local development contributions or other funding mechanisms. Alternatively, the exhibited list should be expanded to identify specific task(s) in the infrastructure delivery process.*

The description of several infrastructure projects are general in nature or contain little to no detail about locations, scale or timing for delivery. For example, the proposed additional school places or new fire station. This information should be provided in support of the published Determination to inform consistent infrastructure planning and funding commitments for delivery agencies. It also confirms infrastructure expectations for Council and communities.

***Recommendation 7:** Include detailed information for each of the infrastructure projects in the published Determination or alternatively, publish detailed information on listed infrastructure projects in support of the published Determination.*

Two of the projects included in the exhibited infrastructure list require updated descriptions to accurately identify/describe the projects. This includes the *New Moss Vale Road North and South Shared User Path (SUP)*, *Cycleway Network (Nowra to Bomaderry)*, *Nowra Riverfront*, and *Shoalhaven Community and Recreation Precinct*.

***Recommendation 8:** Change the description of the relevant projects consistent with the following table:*

1. Current Description	2. Recommended Description
<i>New Moss Vale Road North and South Shared User Path (SUP) Cycleway Network (Nowra to Bomaderry)</i>	<i>New Moss Vale Road North and South Shared User Path (SUP) & Cycleway Network (Nowra to Bomaderry)</i>
<i>Nowra Riverfront (Shoalhaven Community and Recreation Precinct)</i>	<i>Nowra Riverfront & Shoalhaven Community and Recreation Precinct</i>

The exhibited infrastructure list includes cost estimates. Contemporary strategic cost estimates for the listed transport infrastructure indicate significantly greater delivery costs than those listed in the table. This may be due to updated engineering design and construction standards set by Transport for NSW. It's also not clear if increased project costs will be matched with an increase in the contribution rate or alternatively may result in a reduction in the number of infrastructure projects currently included in the draft Determination.

***Recommendation 9:** Review the estimated costs of the selected infrastructure projects to ensure accuracy and currency, including an appropriate contingency to reflect the high-level nature of initial or strategic cost estimates.*

The draft Determination includes provisions for adjusted contribution amounts aligned with annual consumer price index changes. The requirement to adjust contribution amounts to ensure they are current is supported as it will reflect changes to project and delivery costs and reduce the risk of funding shortfalls. This requirement could be improved, and funding shortfalls further reduced, if a quarterly adjustment is selected to align with consumer price index updates.

***Recommendation 10:** The published Determination include provisions requiring the quarterly adjustment of contribution amounts.*

The exhibition material indicates the draft contribution aims to fund 10% of the total cost of the identified infrastructure. However, there is no explanation on how this percentage was settled.

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The mechanism for calculating apportionment should be more sophisticated to reflect the demand for infrastructure generated by growth in the special contributions area. Apportionment calculations also need to be regularly reviewed to reflect changes in planned development outcomes, for example, changes in residential density or yield in response to market demand.

***Recommendation 11:** The mechanism for calculating apportionment of infrastructure adopt the approach proposed in the draft Special Infrastructure Guidelines (e.g. the preparation of strategic and technical studies identifying the infrastructure need generated by new development within the special contributions area).*

Contribution Rates

The exhibition material indicates the selected rate of \$72,044 per hectare of net developable area is informed by, amongst other things, a *Capacity to Pay* Study. Whilst it is appreciated a summary of this study is available, there is little to no information how the conclusions from this study have informed the selected rate. For example, what assumptions were made about potential development yield across the regional Nowra-Bomaderry Growth Area or the identification of an equivalent contribution for individual lots. More information is required in this regard and is essential to provide transparency in the calculations and confidence the selected rate will not adversely impact development feasibility.

***Recommendation 12:** A clear explanation of how the selected final rate has been calculated should be released to support the published Determination.*

The *Capacity to Pay* study makes assumptions about local development contribution amounts, settling on an average amount for new greenfield development of \$13,765 a lot. In most cases the local development contribution arrangements for release and future investigation areas has not yet been settled. The types and amount of infrastructure have not been determined or costed and are likely to vary significantly between areas due to site considerations. When settled, local infrastructure costs may be higher than currently assumed and potentially reduce or impact on development feasibility. The application of the special infrastructure contribution as currently calculated may also limit the ability to charge the necessary local contribution rates to properly service future communities.

As already requested in Recommendation 3 the ability to review and refine the contribution amount in a timely manner is essential to respond to alternative development outcomes and changing infrastructure needs.

Infrastructure Delivery

The explanation provided in the exhibition material about how the contribution may work is limited to the collection of the contribution (or securing works-in-kind agreement). There is currently no confirmation of the process(es) for the selection of priority projects or the distribution of funds to infrastructure delivery agencies.

***Recommendation 13:** The Department publish a final set of Special Infrastructure Guidelines (a draft was exhibited mid-2020) to support the final Determination and provide transparency around the function of the special infrastructure contribution, especially the selection of priority projects and to clarify the distribution of funds to delivery agencies/how delivery agencies will be able to access funds.*

Some forms of infrastructure are “enabling” and act to encourage or accelerate the delivery of new homes. The proposed timing of collecting the contribution (as late as possible) and

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commencement of the funding cycle (only when funds have been collected) means growth will most likely occur ahead of infrastructure delivery resulting in an “infrastructure lag” and poorly serviced communities. There are a range of mechanisms already used by councils to forward fund the early delivery of enabling infrastructure and subsequently recoup costs.

***Recommendation 14:** Investigate the forward funding opportunities to support the early delivery of enabling infrastructure.*

Other forms of infrastructure funding or infrastructure delivery support may result in quicker delivery or secure a greater proportion of the infrastructure cost. These include existing mechanisms like the Housing Acceleration Fund, voluntary planning agreements between developers and councils, and local contribution plans. The inclusion of an infrastructure project in the special infrastructure contribution should not limit or exclude the pursuit of funding under other mechanisms. As previously recommended (Recommendation 3), the ability to review the list of infrastructure projects is important to account for delivery or partial delivery by other means.

A particular example requiring further consideration and dialogue is the proposed *Bells Lane Collector Road*. Whilst future upgrades of this road will make a significant contribution to and assist the State Road network in the longer term, there are emerging and other opportunities to secure the significant funding for this infrastructure item to assist its earlier delivery.

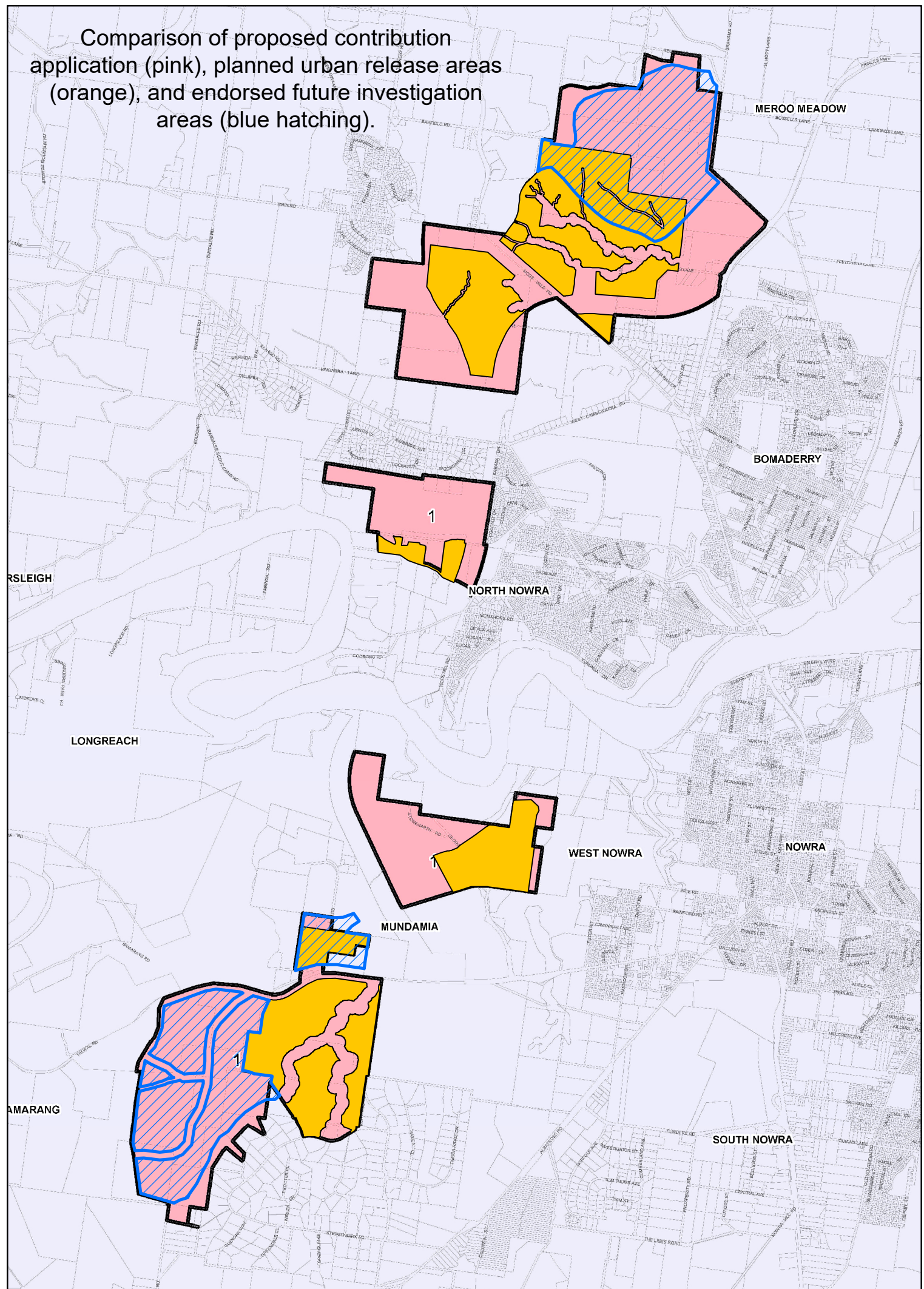
The exhibition material does not clarify or identify a source for the remaining funds (90%) to secure the delivery of the identified infrastructure. Initial engagement and continued liaison with delivery authorities is key to confirming their ability to fund or inform their forward planning for the full delivery of the identified infrastructure projects. This can be achieved by including consistent infrastructure planning commitments in the suite of regional planning documents.

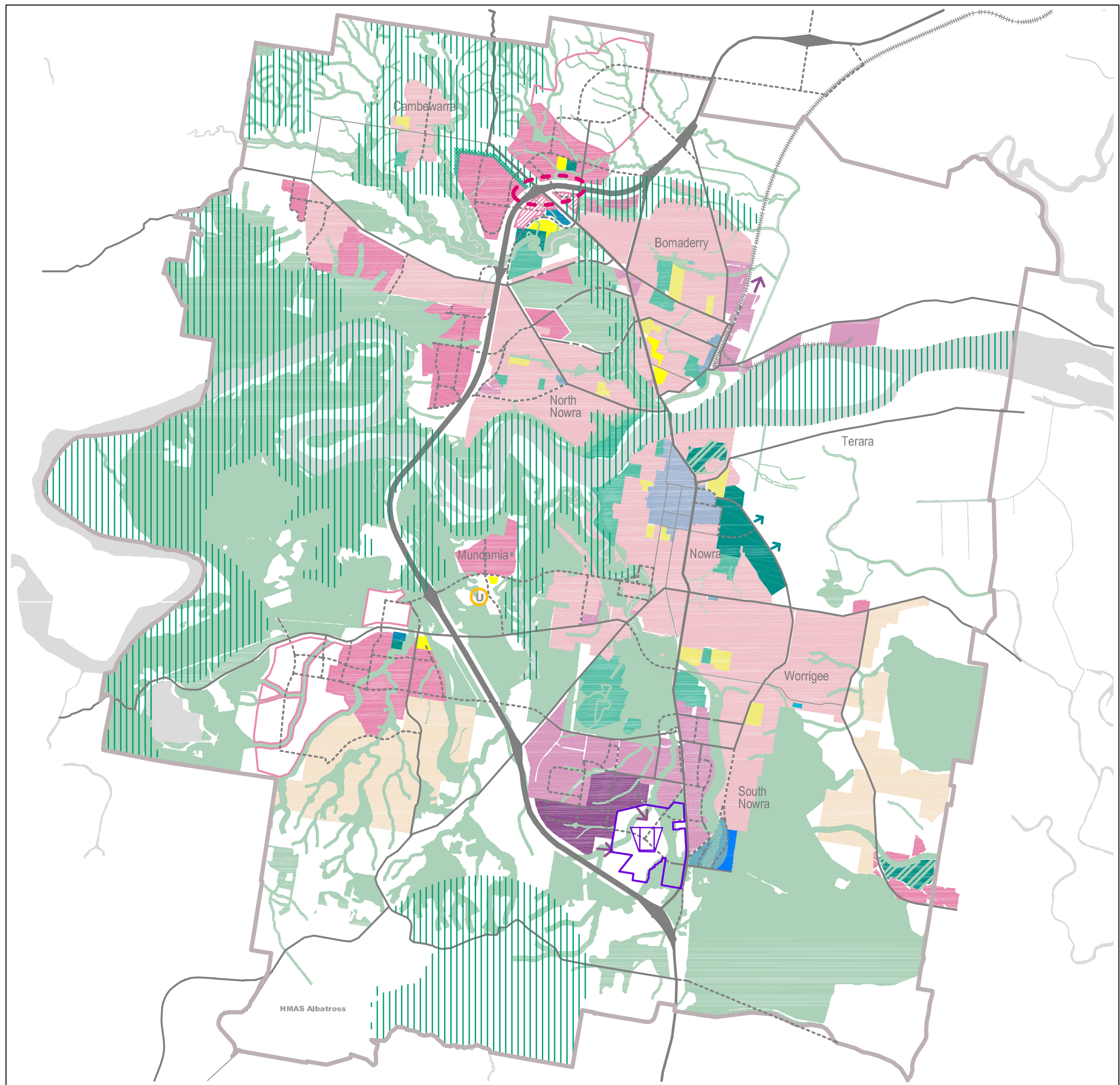
***Recommendation 15:** Examine options to secure complementary funding or require commitment to the overall delivery of identified infrastructure from delivery agencies.*

The ability for a developer to deliver infrastructure as works-in-kind in lieu of making monetary contributions is supported – economies of scale when construction activity is already occurring can lead to significant cost and time savings. However, the total value of any single item of infrastructure is significantly more than any equivalent monetary contribution. This potentially makes any offset arrangements associated with the works-in-kind redundant. The likelihood of a developer selecting to deliver works-in-kind needs to be tested to understand if this mechanism will ever be used/viable or requires additional incentives to occur.

***Recommendation 16:** Test scenarios to understand if the delivery of infrastructure through a works-in-kind agreement is a feasible alternative to making a monetary contribution.*

Comparison of proposed contribution application (pink), planned urban release areas (orange), and endorsed future investigation areas (blue hatching).

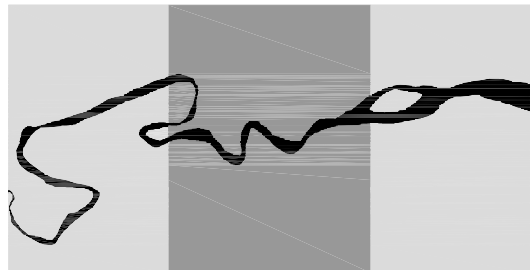




- ### Legend
- Structure Plan Boundary
 - Existing Living Area
 - Future Living Area
 - Possible Future Living Area
 - Future Long Term Living Area
 - Existing Rural Residential
 - Existing CBD Area
 - Existing Neighbourhood Centre
 - Future Neighbourhood Centre
 - Existing Local Centre
 - Future Local Centre
 - Existing Other Commercial
 - Future Other Commercial
 - Existing Industrial Land
 - Future Industrial Land
 - Existing School/TAFE
 - Future School
 - Existing University & TAFE Campus
 - Existing Active Recreation
 - Future Active Recreation
 - Conservation & Riparian Area
 - Future Active/Passive Open Space or Conservation
 - Future Advanced Screening
 - Scenic Protection Areas
 - Rural Area
 - Future Western Bypass
 - Bypass alignment in this location subject to further detailed investigation as part of LEP
 - Main Roads
 - Local Road Network
 - North Nowra Link Road Options
 - South Coast Correctional Centre Site

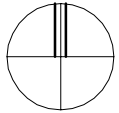
Adopted by Council on 24th October 2006 and 25th September 2007.
 Endorsed by the Department of Planning 28th February 2008.

Structure Plan



Nowra Bomaderry Structure Plan

February 2008



Not To Scale