

## **Submission in relation to the Draft Illawarra Shoalhaven Special Infrastructure Contribution (SIC)**

Fountaindale Group is a medium sized private property development firm, which has operated in the Illawarra & Shoalhaven for many years. We are involved primarily in the development of residential subdivision & housing projects and we have property interests in areas that are potentially subject to the proposed SIC and also in areas where the SIC would not apply. We thank the Department of Planning for the opportunity to comment on the Draft document.

Although no property developer wishes to see additional costs or charges applied to any project they are involved with, we believe that the industry generally acknowledges that it is reasonable for developments to contribute to some of the costs of infrastructure that will benefit it or it's future residents.

Our broad assessment of the SIC is that it appears to be reasonable, with a few exceptions, as follows:

### **1. The Application Area of the SIC.**

We note that the SIC as drafted would only apply to the Urban Release Areas (URAs) of West Lake Illawarra & Nowra/Bomaderry. We do not agree with this as it increases costs for new greenfield housing while not increasing costs for infill & non-urban release area housing in surrounding precincts. This distorts the cost base of these different housing products creating an un-even playing field.

No doubt, part of the logic of only applying the SIC to the URA's is that the list of infrastructure included in the SIC is generally around the location of the URA's involved, however much of this infrastructure will also benefit the infill & other housing that is developed in that precinct. It is therefore both fair & logical that these other housing developments should also contribute to the SIC.

The added benefit of spreading the SIC over a larger area is that the total cost per dwelling will be smaller, assisting in lowering the cost of housing in general and therefore making housing more affordable.

### **2. West Dapto Biodiversity Certification**

We understand that the cost of the West Dapto Biodiversity Certification, including the cost of acquisition of associated credits, totalling \$20Million is included in the Draft SIC. We have no objection to the cost of establishing the Biodiversity Certification being in the SIC. This aspect is a very appropriate cost to have included in the SIC as it will broadly benefit the development industry as it will accelerate the process at DA phase. However, we do not agree that the cost of the associated credits should be included in the SIC, for two reasons.

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Firstly, it will mean that some developers who have no environmental constraints on their development sites would be subsidising developers who have environmental constraints. So, there would be a lack of equity under the current proposed system.

Secondly, the current biodiversity legislation establishes a system where property owners or developers must consider the financial impact of removing vegetation. This is an effective mechanism to help reduce the quantum of vegetation removal. Given the importance of vegetation in relation to biodiversity, the reduction of carbon dioxide in the atmosphere and its associated impact on global warming and the reduction of the urban heat island effect. We believe that excluding the acquisition of biodiversity credits from the SIC will lead to developers retaining vegetation where possible in-order-to reduce costs. This will not occur if the cost of credits is included in the SIC, as developers will take advantage of the credits provided through the SIC and remove all ear marked vegetation.

### 3. West Dapto Spine Road

We note that the SIC includes a contribution to road infrastructure items that are also included in Wollongong Council's Sec 7.11 plan, however there is no mention of a requirement for Council to remove these items from their Sec 7.11 budget, therefore they represent a potential double charge to the development industry. We acknowledge that this detail may still be in the process of being resolved, we would seek a general statement that where the SIC makes a contribution to an items in a Council Sec 7.11 plan that the Council make a downward adjustment to their 7.11 budget and developer charges to ensure the industry is not double charged.

Kind regards,

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