

City of Stonnington's Submission to:

Standard Development Contributions Advisory Committee

31 October 2012

Introduction

The City of Stonnington welcomes a review of the Development Contributions system. This submission aims to provide initial comment on the review. Council looks forward to providing further comment during consultation which forms part of stage 2 in January/February 2012.

It is understood that the new system will:

- Provide a set of standard development contributions levies for different development settings based around infrastructure categories
- Cater for different development settings
- Require a structure plan or equivalent strategic plan to be prepared that identifies future growth.
- Pool contributions to deliver infrastructure
- Require individual infrastructure items to be funded specified

The City of Stonnington's main experience in preparing a Development Contributions Plan (DCP) is for the Forrest Hill Precinct, South Yarra; an inner Melbourne example of urban renewal within an Activity Area. This DCP is currently used to negotiate contributions and in kind works and was not introduced into the Stonnington Planning Scheme due to reasons similar to those listed in Attachment 1 (Issues with current DCP system) of the discussion paper prepared as part of this review 'A Prepared Way Forward (July 2012).'

Discussion

Stonnington's experience:

When *Melbourne 2030* was introduced, the area known as the Forrest Hill Precinct in South Yarra (land bound by Chapel Street, Toorak Road, Alexandra Ave and Yarra Street) was presented with the opportunity to undergo urban renewal. The current zoning at the time allowed for applications to be immediately lodged for higher density development, prior to the opportunity to strategically plan for the area. This area witnessed substantial growth in unprecedented time, and prior to the State Government's guide to Activity Centre Planning and/or current approaches to planning for strategic redevelopment areas.

In December 2005, Council adopted the Forrest Hill Precinct Structure Plan. In April 2006, Council adopted a draft Development Contributions Plan (DCP) to assist in implementing contribution agreements as part of planning permits. Council adopted the Chapel Vision Structure Plan for the Prahran/South Yarra Activity Centre in December 2007. A public realm/streetscape masterplan for the precinct prepared by Tract Consultants prepared in 2008 in consultation with key stakeholders in the area as part of a place making and positioning project to provide strategic direction for the streetscape upgrade.

The City of Stonnington Public Realm Strategy was adopted in October 2010 which recommended a higher quality streetscape environment and public realm for the precinct, as a form of public open space, for the gradual rising community. A Streetscape Improvements Implementation Plan and associated update to the DCP was prepared in March 2010. Unlike greenfields sites, a rezoning of the area was not required to facilitate an amendment which introduced a DCP ahead of development proceeding.

As the precinct is undergoing substantial urban renewal for higher density mixed use development, streetscape improvements are critical to the function, liveability and place making of this new inner urban area. A higher quality public realm is the current Vision for the area. Approximately 2722 dwellings are expected based on existing development constructed and permits granted, with 1758 either under construction or granted a permit to commence. Based on current proposals, there is in excess of \$2 Billion of capital improved value anticipated in the precinct.

General comments

As Activity Areas differ from strategic redevelopment sites/established areas; and inner areas in Melbourne differ from outer areas, a system should be developed which includes flexibility to cater for much needed infrastructure to inner urban areas undergoing renewal. A different standard or type of infrastructure is expected for such areas where intensification is expected. It is recommended that this is not confused with Council's wishing to 'gold plate' local infrastructure.

In summary, the proposed new system appears to continue its bias towards greenfield development areas and needs to be further explored to incorporate the needs to brownfield areas. Rationale and examples of this observation will be highlighted as a key focus throughout this submission.

Comments to consultation questions:

1. Are the five infrastructure categories appropriately defined?

- Community facilities
- Open space facilities
- Transport infrastructure
- Drainage infrastructure
- Public land

A new and separate category is recommended that broadly includes improvements to the public realm such as streetscapes environments and associated infrastructure. This category could include the provision of 21st century planning practices and initiatives (as essential and basic provisions), particularly in areas that act as important commercial and social hub for communities. For example the provision of undergrounding power in Activity Areas.

Public realm improvements which improve existing public spaces in inner brownfield areas can be considered as a form of public open space (passive or active). In particular, brownfield areas within Activity Areas. For example, the Forrest Hill Precinct in South Yarra as mentioned above is/will experience substantial growth and the streetscapes at ground level will play a fundamental role towards the liveability and pedestrian experience in the precinct.

Recommendation: A new category titled Public realm and streetscape improvements.

2. Are the different development settings appropriately defined?

- Growth areas
- Regional settlements
- Rural settlements
- Established areas (urban infill)
- Strategic redevelopment sites

It is anticipated that Activity Areas will continue to be an important location for urban intensification and growth in the new Melbourne Metro strategy. It is important that these areas are provided with the opportunity for a tailored system to collect funds for infrastructure improvements to cater for anticipated growth. Particularly in established areas where retrofitting infrastructure can be costly and complex.

Recommendation: A new development setting is added to include 'Activity Areas'.

Recommendation: The 'Established Areas' category should include a reference to brownfields areas. For example Established areas (urban infill/brownfields areas)

3. Are the expected benefits of the new system achievable?

The element of 'risk' appears to have been reduced in the new system to make the broader intent of why DCP's are utilised achievable. The system appears to enable more flexibility in delivering infrastructure projects by pooling funds collected, if funds are below the anticipated projected amount, in a way that provides net community benefit. Council's may not adopt the new system as there is onerous strategic work, such as structure planning, required prior being able to proceed.

4. Are the proposed basic and essential infrastructure items appropriately defined?

A new category is recommended within the basic and essential infrastructure section titled public realm and of particular relevance to Activity Areas. The following items could be include under this category :

Public Realm:

- Streetscape improvements, paving and furniture
- Landscaping
- Water sensitive urban design
- Undergrounding of power
- Public art initiatives
- Wayfinding signage
- Underground service relocation

Recommendation: A new category called public realm which includes the items listed above.

In Attachment 3, there is no provision for urban squares and intimate contemporary forms of public open

space (e.g. laneways, plazas and vibrant streetscapes environments) found in dense cities around the world.

Recommendation: Attachment 3 should include a new item urban square/plaza as basic and essential infrastructure in the category of open space.

5. Are the population thresholds for community infrastructure appropriate?

This section appears biased towards greenfields areas with limited consideration for community infrastructure needs if Development Contributions are sought within an established area, brownfields sites or in Activity Areas within inner Melbourne. These areas could include principle activity areas such as the Chapel Street Activity Area.

The list was prepared by the Growth Areas Authority. It is recommended that the list be reviewed by experts familiar with urban renewal areas.

6. Do you agree with the approach to works in kind?

It is recommended that developers be provided with option to deliver ‘works in kind’ or cash contributions, provided the works integrate with the delivery of a broad plan for the area (if applicable).

Works in kind have been successfully implemented within the Forrest Hill Precinct, South Yarra. Key issues and learning’s include:

- Receiving internal Council department approvals / engineering sign off for works in line with meeting developers tendering / delivery requirements
- Auditing the cost of implemented works to ensure costs match in kind amount and keeping a record of this in a coordinated system.
- Managing inspecting the implementation of works

7. Are the proposed funding sources appropriate?

Council’s issues with Attachment 3 and 4 are highlighted within this submission.

The current DCP system requires the provision of a nexus with the proposed works and an external demand amount paid which is usually Council’s cost. This system poses a higher risk for Council as if the DCP produces a significant shortfall Council would be required to cover this shortfall to meet the obligations of the DCP and any external demand amount.

As many established areas have commenced urban renewal and require infrastructure improvements to move Melbourne into the next phase of growth, how would the new system provide a transition which considers existing growth.

8. Are the proposed limitations on s173 Agreements appropriate?

The intent to reduce ‘double dipping’ is considered fair. However, the delivery of infrastructure projects are not simple, and developers may argue they are delivering what would have once been a standard obligation of their planning for the development as an ‘in kind contribution’, particularly in inner areas where a clear prescription of these obligations are not detailed to the extent of a greenfields subdivision

process. This has been witnessed in the Forrest Hill Precinct, and the shortfall continues to contribute towards a lack of funding for other precinct improvements.

A sunset clause to remove 173 Agreements from the title once works are implemented are supported to ensure a clean system, particularly if subdivision is required to generate a large number of lots from a parent title.

9. Do you have any other comments on the operational aspects of the proposed model?

The general approach to the model is supported however it will inevitably be complex and involved. The concept of using development ratios rate which translated to a generated cost per square metre for selected necessary infrastructure requirements for certain geographic locations could be further explored when considering the fixed and variable levy amounts as detailed on page 12 of the discussion paper.

Attachment 2 appears to mainly focus on new communities in greenfields sites, but not focus on retrofitting existing urban renewal areas such as former industrial sites earmarked for mixed used development in inner Melbourne. For example, many infrastructure projects in inner Melbourne require substantial service relocation. In some instances more than 100 years of services underground, and in locations not accurately depicted in a dial before you dig inquiry. The provision of a contingency item could be included as an individual infrastructure item. Substantial increases in costs could hinder or delay the delivery of infrastructure project.

10. Is the proposed approach to each levy fair, appropriate and implementable?

- Fixed community infrastructure construction
- Fixed open space infrastructure construction
- Variable transport infrastructure
- Variable drainage infrastructure
- Variable public land contribution

A different standard could apply depending on the geographic location of Activity Areas and their distance from the Melbourne CBD. This would relate to the associated land values per sqm, with a higher levy collected for inner urban areas.

The review should include an option which provides the opportunity for supplementary work to be prepared further to a structure plan and strategic plan to investigate the type of improvements required, particularly individual infrastructure items, as the structure planning process may be complex and involved, or underway/complete.

11. Is the level of justification required appropriate?

As the level of justification is usually challenged at a Planning Panel during the planning scheme amendment process, the guidelines for the new model should outline the minimum level of information required. It is noted that a plan requiring the listed information would likely be developed for broader infrastructure needs for an area rather than specific initiatives for precincts within the area.

12. Do you agree with the proposed approach to setting each levy?

It is recommended that the charge units be further explored for inner areas as part of this review. If the charge unit for example applies to each dwelling, a three bedroom apartment may occupy more space and generate more demand than a studio apartment in an Activity Centre, yet pay the same amounts. The levy could be associated with the net let-able floor space as a demand unit.

Indexing the levies is supported to accommodate for inflation and associated costs in delivering infrastructure.

General questions

13. How will the proposed new system impact on your organisation?

As the City of Stonnington is currently utilising a draft DCP to negotiate outcomes in Forrest Hill, if Council decided to introduce this DCP into the planning system it would need to prepare a new DCP in line with the current model. This would require a new project to be established and a budget allocated and may affect the current implementation plan for the area. It is recommended that an exemption apply to Council's who are currently utilising draft DCP's to negotiate infrastructure improvements if in place for a period of time.

14. Can you identify any unintended consequences of the proposed new system?

- Basic and essential infrastructure may not deliver the needs of more intensely developed, mixed use areas such as Activity Areas
- The refund option for money not expended should be further considered in this review. This could be better defined to remove complexity, particularly if significant time has lapsed since the introduction of the DCP. This option could be triggered or capped when a number of contributing parties are involved (e.g a refund is only issued when you have less than 10 contributing parties), with a side provision that automatically reallocates funds to providing infrastructure benefits for the area and provided the Minister's permission is received.
- The new system would require a structure plan or equivalent strategic plan to be developed. This would apply even for local centres not under pressure yet in need of infrastructure improvements to stimulate growth. This strategic work could be timely and considered as a low priority whilst the infrastructure works considered necessary and imminent.
- Alternatives could be considered where the public land contribution amount is more than the percentage of the public land contribution specified in the structure plan and Council is required to pay a developer the monetary value for public land. This scenario is likely to arise where land values are high and there is a demand for space. These include areas in inner Melbourne and Activity Areas. The new system could explore the option for Council to consider a development incentive bonus for the provision to cover the delivery of this open space.

Conclusion

- A review of the Development Contributions system is invited and future comment will be provided in stage 2
- General approach to the model is supported however proposed new system appears bias towards greenfield areas and needs to be further explored to incorporate the needs of brownfield areas
- Stonnington's prepared a draft DCP for the Forrest Hill Precinct, South Yarra
- A new development contributions model should recognise that a high quality public realm is essential in Activity Areas for the function, liveability and place making of the area
- A new infrastructure category is recommended to consider Public realm and streetscape improvements.
- A new development setting is added to include 'Activity Areas'.
- The provision of urban squares/plazas should be listed as a basic and essential infrastructure item in the category of open space.
- In principle, works in kind of cash contributions are supported
- It is recommended that the charge units be further explored for inner areas as part of this review
- The refund option for money not expended should be further considered in this review
- The new system would require a structure plan or equivalent strategic plan to be developed which may be problematic for some Councils
- Alternatives could be explored to address Council requirement to pay a developer the monetary value for public land if this value exceeds contributions expected.