



# **Draft Parramatta CBD Local Infrastructure Contributions Plan 2021**

Draft for exhibition

# FAQ

## Frequently Asked Questions

### What is a development contributions plan?

Development contributions plans enable Councils to charge fees on new development in order to help fund the delivery of local infrastructure which will be required as a result of additional demand coming from more residents, workers and visitors. Developers pay these fees as a condition of consent on a Development Application or Complying Development Certificate. The contributions plan sets out the types of development that would be charged a contribution.

### Why is there a new Draft Plan?

The forthcoming new planning controls for the Parramatta CBD under the "Parramatta CBD Planning Proposal" will enable the population to grow by an estimated 15,340 additional dwellings and 46,120 additional jobs over the next 40 years. This new population will use local infrastructure and contribute to demand for its use. The Draft Plan takes into consideration development feasibility, infrastructure needs and compliance with the State policy framework.

The Draft Plan ensures certainty, consistency, transparency and accountability for the community, developers and Council about the need to collect contributions for local infrastructure.

The Draft Plan is a Section 7.12 Contributions Plan where levies are based on fixed percentages applied to the estimated cost of a development.

### What land does the Draft Plan apply to?

The Draft Plan applies to all the land within the Parramatta CBD as shown at Figure 2 of the plan; and also shown on the supporting maps by the blue boundary.



## Council had been pursuing a “value sharing” scheme but is now relying on a Section 7.12 Plan. Why the change in approach?

A key element of the exhibited Parramatta CBD Planning Proposal (CBD PP) was enabling developers to access the Incentive Floor Space Ratio (FSR) and Opportunity Site FSR through the provision of community infrastructure on site, formalised through a planning agreement. After the CBD PP's exhibition, in February 2021, the NSW Department of Planning, Industry and Environment (DPIE) released its new “Planning Agreements – Practice Note”, which does not support the use of Planning Agreements for the purposes of value capture or “value sharing”.

To address this, an alternative approach has been recommended that preserves the original intent of the exhibited CBD PP by requiring compliance with key community infrastructure principles before a development can access the Incentive FSR and Opportunity Site FSR.

Additionally, a Section 7.12 plan approach was recommended and was subsequently endorsed by Council on 26 July 2021. This Draft Plan proposes a higher Section 7.12 percentage rate for residential and non-residential development, which will apply instead of the provision of community infrastructure requirement (that was quantified through “value sharing” rates). Accordingly, local infrastructure funding will still be assured through this alternate funding pathway, if the higher Section 7.12 rate is endorsed by DPIE.

It is intended that the new plan will be in place prior to the DPIE finalising the Council-endorsed CBD PP.

## The current contribution rate is 3 per cent. What are the proposed new rates?

The Draft Plan proposes increasing existing contribution rates from 3 per cent to:

- 5 per cent – in the case of residential accommodation with a total development cost over \$250,000.
- 4 per cent – in the case of other development (excluding residential accommodation) with a total development cost over \$250,000.
- 5 per cent – in the case of mixed-use development (development including both residential accommodation and other land uses) with a total development cost over \$250,000.
- no contribution – in the case of development where the total development cost is \$250,000 or less.

The increases are consistent with Department of Planning, Industry and Environment’s criteria for increasing a levy above 1 per cent.

## Why is the rate being increased?

Rates are being increased to help fund the additional infrastructure generated by new development anticipated under the Parramatta CBD Planning Proposal. The Draft Plan’s proposed contribution rates have regard to:

- Development feasibility – to ensure development remains feasible.
- Existing plan and value sharing income – to at least match income that would have been received if the existing plan and CBD value sharing scheme were retained.
- Apportioned costs – providing a reasonable contribution towards development-generated (‘apportioned’) infrastructure demand and costs.

## How will the contributions be spent by City of Parramatta?

The provision of new and upgraded infrastructure is critical to realising Council’s vision and strategic objectives for the Parramatta CBD.

Council needs to provide a range of local infrastructure to meet both the existing and new (development-generated) population’s infrastructure demand and cost. If Council does not provide this infrastructure then service levels for both the existing and new population will decline.

The Draft Plan includes approximately \$2 billion of local infrastructure works to be provided by Council over the next 40 years. Of this, approximately \$1.19 billion or 59 per cent can be reasonably attributed or ‘apportioned’ to development-generated infrastructure demand.

The Draft Plan is forecast to generate approximately \$1 billion in income over 40 years with the increased percentage rates proposed. This is reasonable as it is less than the \$1.19 billion in costs reasonably apportioned to development. Due to feasibility testing results, Council officers do not recommend higher contribution rates to recover the full amount.

Council will need to fund the balance using existing available funding (approximately \$359 million) and other funding sources, such as future planning agreement contributions, general revenue and grants.

## Are there any exemptions or discounts?

The existing plan exempts:

- Development undertaken by or on behalf of Council, including works listed in the plan's works program;
- Development with a development cost of less than \$250,000; and
- Development excluded by a Ministerial direction.

The Draft Plan retains these exemptions and includes a new exemption for affordable housing and social housing where this is delivered by or on behalf of a social housing provider or public authority.

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## Are there any transitional arrangements?

Under the Draft Plan's proposed transitional provisions, the new contribution rates will only apply to development applications lodged after the Draft Plan's commencement date, but not before. This means existing development applications are not affected by any changes to development contributions.

## As an applicant, what information will I need to provide to Certifiers?

Refer to Section 2.4 of the Draft Plan, 'Accredited certifier obligations' for details.

## When are contributions payable?

The Draft Plan proposes to defer payment of contributions from the Construction Certificate stage to the Occupation Certificate stage for all development. This means the contribution is paid at the end of the development's construction rather than the beginning. For Complying Development, the contribution must be paid before works begin – the same as current requirements.

## When is the Draft Plan likely to come into effect?

The Draft Plan is being publicly exhibited from Monday, 9 August until 5pm on Monday, 20 September 2021. The Draft Plan will come into effect following Council endorsement and then Ministerial approval of the increased rates and amendment to the Environmental Planning and Assessment Regulation. Separate notice of the Plan's commencement will be issued before it comes into effect.



[participate.cityofparramatta.nsw.gov.au/cbd-contributions-plan](https://participate.cityofparramatta.nsw.gov.au/cbd-contributions-plan)

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#### CHINESE

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#### HINDI

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