



31 March 2010

Daniel Smith
Urban Renewal Coordinator
Bankstown City Council
PO Box 8
Bankstown NSW 1885

Dear Daniel

Potts Hill Western Residential Precinct – Development Contributions Proposal

Background

At our meeting on 24 March 2010, Landcom undertook to prepare a contributions proposal for Bankstown City Council (BCC) in relation to Project Application 08_0116. This meeting followed BCC's submission to the NSW Department of Planning (DoP) dated 22 January 2010 in which BCC requested a Voluntary Planning Agreement (VPA).

Landcom does not support the proposal for a VPA, rather we would seek the DoP include payment of any monetary contribution in the Conditions of Approval, and any "works in kind" within the Statement of Commitments. These two mechanisms provide BCC with the certainty of outcome that is sought, without the time, cost and complication of preparing a VPA.

The Potts Hill development is located within the Northern Zone defined under Bankstown City Council's Section 94A Plan. This zone includes Potts Hill, Yagoona town centre and the Chullora/Greenacre industrial area. Birrong village centre is located just outside this zone, and has been considered in this proposal as part of Council's nominated works given the proximity of the centre to the subject site.

Under this Section 94A Plan, a 1% levy is applied to all non-CBD development with a cost of works greater than \$200,000.

Analysis

1. Direct Section 94A Contributions

The Project Application submitted to the DoP includes an estimated Capital Investment Value (CIV), prepared by a registered Quantity Surveyor. Including the provision and embellishment of open space, and pedestrian pathway and cycle way improvements. Council's Section 94A Plan exempts development associated with providing infrastructure that would otherwise be funded by Section 94A levies in



calculating the 1% levy (refer Appendix A to this letter for a list of exempted works). Landcom has therefore calculated a revised Capital Investment Value for the purposes of Section 94A Calculations (additional detail on the embellishment works are include in Appendix B):

REVISED CIV (FOR S.94A CALCULATION)			
Original CIV		\$	34,793,000
Less Open Space Embellishment Works		-\$	4,330,524
Stage 1	-\$	1,483,996	
Stage 2	-\$	2,570,210	
Stage 3	-\$	276,318	
Revised CIV		\$	30,462,476

Based on the revised cost of works, applying the 1% levy will amount to a contribution of **\$304,625**. The contribution will be adjusted for CPI at the time of payment.

Payment of Section 94 Contributions in accordance with Council's Section 94A Contributions plan is consistent with the Conditions of Approval for the Concept Plan Approval dated 27 April 2009.

2. Other Direct Contributions

In undertaking the development and the dedication of open space to Bankstown City Council, the following other direct contributions should be considered:

Other Direct Contributions			
Open Space Land (5.6ha)		\$	20,827,109
Footpath & Cycleway Upgrades		\$	155,250
Open Space Embellishment		\$	4,175,274
TOTAL		\$	25,157,633

Refer Appendix C for Open Space valuation calculations.

Landcom has previously committed to embellishing and dedicating the open space to BCC (at no cost to BCC) in the Statement of Commitments, approved under the Concept Plan Approval dated 27 April 2009.

In addition, Landcom has expressed a willingness to make reasonable contributions to specific works including:

- Rodd Street cycleway signage
- Management or revegetation of Bagdad Street Reserve.

3. Indirect Section 94A Contributions

BCC will be entitled to apply the Section 94A Contributions Plan to new housing constructed within the Potts Hill Development. The forecast value of this contribution is set out below:

	Average Build		
	No.	Price	Total (Incl. GST)
Detached Houses	165	\$ 265,000	\$ 43,725,000
Town Houses & Semi-Detached Dwellings	74	\$ 185,000	\$ 13,690,000
Apartments	189	\$ 160,000	\$ 30,240,000
Total Forecast Dwelling Construction Costs			\$ 87,655,000

Based on the revised cost of works, applying the 1% levy will amount to a contribution of **\$876,550**, funds that BCC will receive between 2012 and 2017 as a direct result of the Potts Hill development.

4. Estimated Rates Revenue

Based on the Bankstown City Council Plan of Management (2009 – 2014), Landcom has estimated the value of the rates from new Potts Hill residents below:

Total Rate Collection	
Annual Ordinary Rate Collection	\$ 215,463
Waste Management Rate Collection	\$ 126,000
Stormwater Rate Collection	\$ 8,238
TOTAL (PER ANNUM)	\$ 349,700
Present Value (7.5%, 30 Years)	\$ 4,130,098

Refer Appendix D for additional detail.

5. Summary of BCC Potts Hill Income

Developer Section 94A Contributions	\$ 304,625
Developer Works in Kind & Open Space Dedication	\$ 25,157,633
Other S.94A Contributions	\$ 876,550
Council Rates Revenue (Present Value)	\$ 4,130,098
TOTAL	\$ 30,468,905

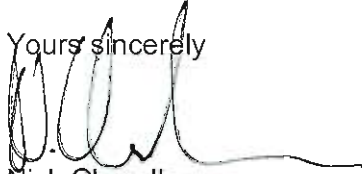
Developer Contributions Proposal

1. The developer agrees to pay **\$304,625** in accordance with the Bankstown City Council Section 94A Contributions Plan (CPI adjusted at time of payment).
2. The developer undertakes to transfer open space to Bankstown City Council at no cost to Council.
3. The developer undertakes to embellish the open space in accordance with the approved landscape plans.
4. The developer undertakes to upgrade Footpath and Cycleway connections on Cooper Road in accordance with approved plans.
5. The developer undertakes to make additional contributions (value to be agreed) for:
 - a. Rodd Street cycleway signage
 - b. Management or revegetation of Bagdad Street Reserve.

It is anticipated that items 1, 3, 4 and 5 above would be conditions of the project approval, and item 2 would be confirmed in the Statement of Commitments.

We look forward to receiving Council's feedback on the above Developer Contributions Proposal. Should you wish to discuss the proposal in further detail, please don't hesitate to contact the undersigned on (02) 9841 8681.

Yours sincerely



Nick Chandler

Senior Development Manager

CC: Alix Carpenter, NSW Department of Planning

Appendix A – Schedule of Works

The following list of works are included in Council's Section 94A Plan within the Northern Zone:

Contribution category	List of works	Cost of works*
Land acquisition	Land acquisition for open space	\$2 million
Urban Renewal	Yagoona Town Centre Improvement Program Other Centres: Birrong Upgrade of Greenacre Industrial Precinct	\$1.075 million \$2.25 million allocated to all urban renewal projects in centres across the Bankstown LGA. \$1.2 million is allocated to both Greenacre and Milperra Industrial Precincts upgrade.
Community and culture	All libraries Yagoona Multi-purpose centre	\$0.75 million \$0.5 million
Parks and Environment	Open Space Embellishment to support town centre growth, including but not limited to Gazard Park, Yagoona	\$0.95 million
Sports and Leisure	Development of sportsground infrastructure, including O'Neill Park, Yagoona	\$1 million to improve sportsground infrastructure across the Bankstown LGA.
Flooding Drainage and Water Management	Other drainage and flood works to be identified	\$0.5 million allocated to yet to be identified flooding, drainage and water management works.
Roads, Parking and accessibility	Local traffic facilities at various town centres: Roundabout at George Street, Yagoona; Traffic signals at intersection of George Street and Rookwood Road, Yagoona Bike Paths Local road enhancements such as the rehabilitation of local roads	\$1 million to allocated to local traffic facilities. \$1 million allocated for local road enhancements across the Bankstown LGA.
Total Cost		\$12.225 million

* Table Note: A detailed breakdown is not provided for all of the above works. It is noted that moneys contributed under the Section 94A levy will go into a pool and may not be spent in the immediate vicinity of Potts Hill (e.g. Birrong village centre).

Appendix B – S.94A Offset Calculations

REVISED CIV (FOR S.94A CALCULATION)

Original CIV		\$	34,793,000
Less Open Space Embellishment Works		-\$	4,330,524
Stage 1	-\$	1,483,996	
Stage 2	-\$	2,570,210	
Stage 3	-\$	276,318	
Revised CIV		\$	30,462,476

Stage 1

Preliminaries (Stage Specific)		\$	73,152
External Works		\$	155,250
Cycle Path to Brunner Road	\$	56,250	
Pedestrian Footpath to Cooper Rd	\$	99,000	
Landscaping - Brunner Road Park		\$	743,233
Pavements	\$	156,405	
Blade, Terrace & Seating Walls	\$	107,050	
Stairs	\$	18,000	
Concrete Sleepers	\$	2,000	
Sandstone Paving	\$	43,750	
Decomposed Granite Paths	\$	10,000	
Picnic Shelters	\$	45,000	
Bridge Crossing	\$	15,000	
Timber Deck	\$	35,000	
Exercise Equipment	\$	20,000	
Bench Seats	\$	9,000	
Electric BBQs	\$	6,000	
Other Softscape	\$	198,000	
Turf & Topsoil	\$	78,028	
Landscaping - Street Trees		\$	167,917
Staging Allowance		\$	28,489
Design & Project Management Fees		\$	116,804
Contingency		\$	64,242
GST		\$	134,909
TOTAL STAGE 1		\$	1,483,996

Stage 2

Preliminaries (Stage Specific)		\$	84,244
Landscaping - Canal Park		\$	974,845
Pavements (incl Plaza)	\$	290,480	
Concrete Walls	\$	118,800	
Concrete Sleepers	\$	55,200	
Decomposed Granite Paths	\$	18,250	
Pavillion / Canopy	\$	125,000	
Playground Equipment	\$	150,000	
Bench Seats	\$	43,000	
Electric BBQs	\$	6,000	
Soft Landscaping	\$	121,500	
Turf & Topsoil	\$	46,615	
Landscaping - Cooper Road Park		\$	711,400
Pavements	\$	48,000	
Terrace & Seating Walls	\$	44,550	
Stairs	\$	13,500	
Concrete Sleepers	\$	12,800	
Bench Seats	\$	10,000	
Detention Basin Embellishment	\$	430,315	
Soft Landscaping	\$	138,000	
Turf & Topsoil	\$	14,235	
Landscaping - Street Trees		\$	167,917
Staging Allowance		\$	48,460
Design & Project Management Fees		\$	238,424
Contingency		\$	111,265
GST		\$	233,655
TOTAL STAGE 2		\$	2,570,210

Stage 3

Preliminaries (Stage Specific)		\$	3,857
Landscaping		\$	36,620
Soft Lanscaping	\$	24,400	
Turf & Topsoil	\$	12,220	
Landscaping - Street Trees		\$	167,917
Staging Allowance		\$	5,210
Design & Project Management Fees		\$	25,632
Contingency		\$	11,962
GST		\$	25,120
TOTAL STAGE 3		\$	276,318

Appendix C – Open Space Valuation

Open Space Areas			
Railway Park			2,300
Less Detention Basin	-		1,025
Canal Park			14,100
Cooper Road Park			12,500
Less Detention Basin	-		5,325
Brunker Road Park			27,800
Less Detention Basin	-		2,905
Less EEC (SAY)	-		8,500
TOTAL AREA			38,945

Open Space Valuation			
Open Space Area			38,945
Open Space Value (psm)	\$	535	\$ 20,827,109

Appendix D – Council Rate Income Estimate

Land Value - 2009 Valuer General Data			
Average Lot Size	\$	690	
Average Lot Price	\$	369,000	
Effective Value Per m2	\$	535	
Potts Hill Land Value			
Saleable Area	\$	125,102	
Value of Saleable Area	\$	66,902,545	
Ordinary Rates			
Cents in the dollar on the land value of rateable land		0.322055	
Annual Ordinary Rate Collection - Potts Hill	\$	215,463	\$ 501.08
Waste Management			
Per Dwelling	\$	300	
No. of Dwellings (SAY)		420	
Waste Management Rate Collection - Potts Hill	\$	126,000	
Stormwater Management			
Per Dwelling	\$	25.00	
No. of Dwellings		239	
Per Strata	\$	12.50	
No. of Strata Dwellings (SAY)		181	
Stormwater Rate Collection	\$	8,238	
Total Rate Collection			
Annual Ordinary Rate Collection	\$	215,463	
Waste Management Rate Collection	\$	126,000	
Stormwater Rate Collection	\$	8,238	
TOTAL (PER ANNUM)	\$	349,700	
Present Value (7.5%, 30 Years)	\$	4,130,098	