



## **Yanchep Two Rocks Development Contribution Plan**

### **Report & Cost Apportionment Schedule**

**As Adopted by Council:**

28 April 2015

7 November 2016 (Revised)

10 May 2018 (draft) – Reflects Amendment 166 (Operation Period)

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# YANCHEP-TWO ROCKS DEVELOPMENT CONTRIBUTION PLAN REPORT

This Development Contribution Plan (DCP) Report has been prepared in accordance with State Planning Policy 3.6: Development Contributions for Infrastructure (SPP 3.6). It sets out in detail the calculation of the Cost Contribution for each owner in the Development Contribution Area based on the methodology provided in the DCP within Schedule 15 of District Planning Scheme No. 2, and provides all relevant information in support of the DCP.

## 1. Development Contribution Area (DCA)

The DCA encompasses the localities of Yanchep and Two Rocks, which form part of the Northern Coastal Growth Corridor (NCGC) of the City of Wanneroo. This area has been subject to a district structure planning process which identified the need for contribution arrangements to be put in place to share the costs of significant community facilities.

The DCA is broadly consistent with the boundaries of the Yanchep-Two Rocks District Structure Plan but only consists of land within the Yanchep-Two Rocks district area capable of being developed to accommodate residential dwellings that will contribute towards the need for future community facilities.

The Yanchep-Two Rocks DCA is shown on the Scheme Map as DCA 2.

## 2. Purpose

The purpose of DCP Report is to:

- a) enable the application of development contributions for the development of new, and the upgrade of existing infrastructure, which is required as a result of increased demand generated in the development contribution area;
- b) provide for the equitable sharing of the costs of infrastructure and administrative items between owners;
- c) ensure that cost contributions are reasonably required as a result of the subdivision and development of land in the development contribution area; and
- d) coordinate the timely provision of infrastructure.

## 3. Period of the Plan

16 years from 9 September 2014 to 8 September 2030.

## 4. Operation of the Development Contribution Plan

The Yanchep-Two Rocks DCP has been prepared in accordance with State Planning Policy 3.6: Development Contributions for Infrastructure (SPP 3.6). It came into effect as of

Tuesday, 9 September 2014, being the date that Amendment No. 122 to District Planning Scheme No. 2 (DPS 2) was published in the Government Gazette.

## 5. Application requirements

Where a subdivision, strata subdivision or development application or an extension of land use is lodged which relates to land to which this plan applies, Council shall take the provisions of the plan into account in making a recommendation on or determining that application.

## 6. Principles

Development contributions have been applied in accordance with the following principles:

### 1.1. Need and the nexus

The Northern Coastal Growth Corridor Community Facilities Plan (CFP) details the facilities required as a result of projected development within the DCA. As the DCA was largely void of existing residential development at the commencement of the DCP operation, the nexus between required facilities and projected development has been clearly established.

### 1.2. Transparency

The method for calculating the development contribution amount and the manner in which it is applied has been the subject of extensive consultation with landowners and developers in the DCA. Further, as the mechanism for determining the development contribution has been incorporated into DPS 2 through an amendment to that Scheme, it has been subject to public assessment and scrutiny through the statutory public advertising process.

### 1.3. Equity

The DCP applies to all developable land within the DCA, with contributions to be levied based on a relative contribution to need. Contributions within the DCA are limited to district facilities within that area. Regional facilities, where the catchment extends across the district boundary or outside of the northern coastal growth corridor, are not included in the DCP. Their provision will be outside of any formal, scheme enforced cost sharing arrangement.

### 1.4. Certainty

The DCP clearly outlines the facilities for which contributions are to be collected and the timeframe for their delivery. Information pertaining to the review and indexation of costs also forms part of the DCP.

### 1.5. Efficiency

Development contributions are sought for up-front capital costs only and not for ongoing maintenance and/or operating costs of the facilities once they are constructed. Ongoing maintenance and operational costs for the life of the facilities will be met by the City of Wanneroo.

### 1.6. Consistency

Development contributions are proposed to be applied uniformly across the DCA, based on the methodology outlined in the DCP and this DCP Report.

### 1.7. Right of consultation and arbitration

The DCP has been prepared in full consultation with land owners and developers in the DCA. All planning methodologies and cost estimates have been made available for review by stakeholders at all stages of their preparation. Further opportunity for review will be made available as part of the review process outlined in the DCP.

### 1.8. Accountable

The City is accountable for both the determination and expenditure of development contributions under the provisions of the Scheme.

## 7. Process for Determining Development Contributions

The DCP utilises the *Per Dwelling* model of calculating development contributions, which involves the levy of a contribution based on the total number of new dwellings proposed to be created.

This method has been determined as being the most appropriate method of calculating cost contributions for the following reasons:

- It will maximise the nexus between contributing land / lots / dwellings and the facilities being delivered;
- It is consistent with the approach outlined in SPP 3.6;
- It will eliminate the need to set assumptions on which land deductions will be used to determine developable area as required by a *per hectare* methodology. In doing so, it will eliminate many of the issues raised in submissions by affected landowners during public advertising of Amendment 122 to DPS 2; and
- It will allow the easy calculation of an owner's cost contribution.

### Determination of Cost Contribution

The methodology for determining a landowner's cost contribution is in accordance with the following formula:

$$\bullet \quad CC = \frac{TC \times NDU}{TDU}$$

Where:

CC	=	Landowner's Cost Contribution Amount (\$)
TC	=	Total cost of delivering community facilities + Total administrative costs (\$)
NDU	=	Number of additional lots proposed to be created as part of a proposed subdivision; and the number of dwellings proposed to be created as part of an application for planning approval, other than the first dwelling.
TDU	=	Total number of dwellings expected within the DCA.

Where the term "dwelling" is used, the intent is that it relates to a built dwelling. However, where contributions are to be made on subdivisions, the term dwelling may also be taken to mean the number of lots. Where multiple or grouped dwelling sites are proposed, their contributions will be based on the initial subdivided lot, as well as any additional planned dwellings at the time of application for planning approval.

The Cost Apportionment Schedule, included at **Attachment 5**, outlines in detail the distribution of costs for the DCA.

## **7.1. Supporting Information**

In accordance with Clause 5.5 of SPP 3.6 the following information is provided in support of the methodology used to determine development contributions.

### Catchment Areas

The DCA is considered to be a district catchment and it is generally consistent with the boundary of the Yanchep-Two Rocks District Structure Plan.

The district catchment translates to the provision of district level facilities, which are higher order facilities that serve multiple neighbourhoods and local catchments, but are not likely to have a wider draw from other district areas. Accordingly, the DCP only seeks to collect contributions for district level community facilities.

Facilities with local and regional catchments are not proposed to be funded through this DCP.

### Cost of Infrastructure Items

The infrastructure items included in the DCP have been subject to different levels of planning and design.

Where a concept plan does not exist for the facility, the City has developed a facility model that represents the City's requirements for community use based on similar existing facilities or best practice. This model has been used by a licenced Quantity Surveyor as a basis for determining a construction cost estimate.

Where the planning for a facility has progressed to the point of more detailed designs being prepared (e.g. concept plan, or detailed design and tender documentation), then the more detailed planning and design work has been used by a licenced Quantity Surveyor to prepare a construction cost estimate.

The final cost estimate for each facility is inclusive of a construction cost estimate, external works and services, plus allowances for planning, design and construction contingencies. Land costs, where applicable, have been the subject of a separate valuation process by a licenced valuer.

The cost estimates will be reviewed and refined as more detailed planning is undertaken for each facility on the location, level of co-location and integration, and ultimate design of individual facilities, until such time as the actual costs of the works has been incurred

A scheduled review of the cost estimates will occur annually. Cost estimates will be adjusted to reflect changes in funding, revenue sources and advances in detailed planning and subsequently indexed based on the Building Cost Index or other appropriate index as approved by the qualified person undertaking the certification of costs referred to in Clause 11.3 of Schedule 14 of DPS 2.

### Community Infrastructure Plan

The City prepared the CFP which details the need for community facilities resulting from projected population growth. This plan has been approved by Council and has been subject to public comment and consultation with key stakeholders.

### Capital Infrastructure Plan

The DCP has been designed to relate directly to the *City of Wanneroo Long Term Financial Plan* such that the facilities identified in the DCP are reflected in the Financial Management Plan. Furthermore, the review period proposed for the DCP should coincide with the annual review of the Financial Plan to ensure that new facilities required to be delivered under the DCP are identified in the Financial Management Plan and the City's Capital Works Program.

This will also provide a mechanism for alternate funding sources to be considered and incorporated into the funding model for each facility where possible.

An overview of the capital expenditure resulting from the operation of the DCP that will need to be reflected in the City's Long Term Financial Management Plan is included at **Attachment 4**, noting that these figures will be subject to ongoing review.

### Projected Growth Figures

The projected growth in dwellings for the DCA were initially sourced from landowners and developers within DCA. These dwelling projections were updated in 2018 using "id" forecast, following consultation with land developers and the City of Wanneroo and are considered to be the most appropriate dwelling projections on which to base the cost contribution calculations within the revised lifespan of 16 years for the DCP.

These dwelling projections are for the 16 year timeframe of the DCP and are summarised in **Attachment 1**.

### Methodology for Determining Proportion of Cost to be Attributed to Future Growth vs. Existing Areas

The methodology for calculating cost contributions set out in the Yanchep-Two Rocks DCP contained in Schedule 15 of DPS 2 requires that the cost contributions be calculated on a proportionate basis relative to the need generated by new dwelling growth. Accordingly, the total cost on which the cost contribution is based has excluded the proportion of costs associated with the following:

- *demand for a facility that is generated by the current population;*
- *demand created by external usage – the proportion of use drawn from outside of the main catchment area; and*
- *future usage – the proportion of usage that will be generated by future development outside of the development contribution plan timeframe."*

There were 3,089 dwellings in the Yanchep and Two Rocks area considered to be within the catchment of, and generate a need for, the facilities included in the DCP. This figure excludes 541 lots subsequently created under the interim arrangement set out in *Local Planning Policy 3.3: Northern Coastal Growth Corridor Development Contributions*, which were credited to the DCP

In the 16 year life of the Yanchep-Two Rocks DCP an additional 7779 dwellings are projected to be created, which will also generate demand for the facilities included in the DCP.

Residents of both the existing and new dwellings may use the facilities and should therefore be expected to contribute to their cost. Based on the figures above, this has resulted in 71.6% of the cost to be met by new growth.

No additional need for the facilities is considered to be generated from population outside of Yanchep and Two Rocks. There are no regional level facilities included in the DCP for which the catchment would extend beyond the DCP area. Furthermore, the Alkimos-Eglinton area to the south is serviced by its own district level facilities and is not considered to generate additional need for the facilities in the Yanchep-Two Rocks DCP.

Full details of this cost apportionment are outlined in the cost apportionment schedule included at **Attachment 5**.

## **8. Items Included in the Plan**

The DCP applies only to district level facilities needed within the DCA as determined by the *Northern Coastal Growth Corridor Community Facilities Plan*.

### **8.1. Infrastructure Elements**

#### **Yanchep-Two Rocks Development Contribution Area – DCA (2)**

<b>Yanchep Lagoon</b>
Surf Life Saving Club
<b>Capricorn Coastal Node</b>
Coastal Node Facilities
<b>Yanchep Metropolitan Centre</b>
Public Open Space (Active)

Full details of the facility cost estimates can be seen at **Attachment 3 – Cost Apportionment table**.

### **8.2. Administrative Elements**

In accordance with DPS 2, "Administrative Costs" include costs associated with:

- i. preparation, administration and review of the Development Contribution Plan;
- ii. preparation and review of the Development Contribution Plan and Cost Apportionment Schedule;
- iii. any arbitration and valuation with respect to this Plan; and
- iv. advice and representation with respect to this Plan including legal, accounting, planning, engineering and other professional advice and representation.



Administration costs can be seen at **Attachment 3 – Cost Apportionment Table**.

## 9. Review

Various elements of the DCP are subject to ongoing review, as a result of both the general operation of the DCPs and the requirements of SPP 3.6. It is proposed that the DCP and associated CFP be reviewed (at a minimum) in accordance with the following schedule:

- Annually
  - DCP Cost Estimates;
  - DCP Cost Indexation;
  - Dwelling estimates;
  - Cost per Dwelling; and
  
- 5-yearly
  - CFP Assumptions and Recommendations
  - Full DCP Review.

### Cost Estimates & Indexation

The estimated infrastructure costs will be reviewed at least annually to reflect actual expenditure, changes in funding and revenue sources and indexed based on the Building Cost Index or other appropriate index as approved by the qualified person undertaking the certification of costs referred to in Clause 11.3 of Schedule 14 of DPS 2.

### Contribution Amount

The cost per dwelling on which each landowner's contribution amount is based will be reviewed annually (or as required) as a result of the above changes to the costs and dwelling estimates.

**ATTACHMENT 1 –DWELLING PROJECTIONS**

<b>LPP3.3</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>
<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>541</b>	181	172	150	138	355	378	423	441	448
<b>541</b>	722	894	1044	1182	1537	1915	2338	2779	3227
<b>2023/2024</b>	<b>2024/2025</b>	<b>2025/2026</b>	<b>2026/2027</b>	<b>2027/2028</b>	<b>2028/2029</b>	<b>2029/2030</b>	DCP	Lots Existing	
<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	TOTAL	Prior to DCP	TOTAL
455	561	596	640	690	730	880			
3682	4243	4839	5479	6169	6899	7779	<b>7779</b>	<b>3089</b>	<b>10868</b>

Source: id Forecast (may 2018)

**ATTACHMENT 2 - CAPITAL EXPENDITURE PLAN**

Infrastructure Item	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
Public Open Space (Yanchep Metropolitan Centre)	\$ 11,221,212		\$6,400,000						\$17,621,212
Surf Life Saving Club (Yanchep Lagoon)	\$ 7,961,163								\$7,961,163
Beach Activity Node (Capricorn Coastal Node)						\$ 2,289,531			\$2,289,531
<b>TOTAL FACILITY COST (in 2016 costs)</b>	<b>\$19,182,375</b>		<b>\$6,400,000</b>			<b>\$2,289,531</b>			<b>\$27,871,906</b>

**ATTACHMENT 3 - COST APPORTIONMENT SCHEDULE**

Infrastructure Item	Projected Costs			Catchment					Cost Apportionment					
	Total Cost	Grants & Other Contributions	Net Project Cost	Existing Dwellings	New Dwellings				City Contribution (%)	City Cost (\$)	DCP Contribution (%)	DCP Cost (\$)	Estimated Dwelling Yield	Cost per Dwelling
				Existing Dwellings pre-LPP 3.3	Lots/Dwellings contributed under LPP 3.3	Dwellings Contributed to date	New Dwellings to 2030 (i.d. Forecast)	Total Catchment						
<b>YANCHEP TWO ROCKS DCP</b>														
<b>Facility Costs</b>														
Surf Life Saving Club, Yanchep Lagoon	\$ 7,961,163	\$ 500,000	\$ 7,461,163	3089	541	633	6605	10868	28.42%	\$ 2,120,678.37	71.58%	\$ 5,340,485	6605	\$ 808.55
Coastal Node Facilities, Capricorn Coastal Node	\$ 2,289,531	\$ -	\$ 2,289,531	3089	541	633	6605	10868	28.42%	\$ 650,751.01	71.58%	\$ 1,638,780	6605	\$ 248.11
Public Open Space (Active), Yanchep Metropolitan Centre	\$ -	\$ -	\$ -											
- Oval groundworks	\$ 2,873,996	\$ -	\$ 2,873,996	3089	541	633	6605	10868	28.42%	\$ 816,872.80	71.58%	\$ 2,057,123	6605	\$ 311.45
- Oval landscaping	\$ 5,308,188	\$ 975,000	\$ 4,333,188	3089	541	633	6605	10868	28.42%	\$ 1,231,617.38	71.58%	\$ 3,101,571	6605	\$ 469.58
- Pavilion	\$ 3,039,028	\$ 770,333	\$ 2,268,695	3089	541	633	6605	10868	N/A	\$ 830,546.00	Fixed	\$ 1,438,149	6605	\$ 217.74
- Land Costs	\$ 6,400,000	\$ -	\$ 6,400,000	3089	541	633	6605	10868	28.42%	\$ 1,819,065.15	71.58%	\$ 4,580,935	6605	\$ 693.56
<b>Sub Total Facility Costs</b>	<b>\$ 27,871,906</b>	<b>\$ 2,245,333</b>	<b>\$ 25,626,573</b>							<b>\$ 7,469,531</b>		<b>\$ 18,157,043</b>	<b>6,605</b>	<b>\$ 2,748.98</b>
<b>Administration Costs</b>														
Estimated Loan Servicing Costs (to fund early provision of facilities)	\$ 3,995,745	\$ -	\$ 3,995,745						0.00%	\$ -	100.00%	\$ 3,995,745	6605	\$ 604.96
Estimated Administration Costs (Administer the DCP) (\$70,500 p.a.)	\$ 916,500	\$ -	\$ 916,500						0.00%	\$ -	100.00%	\$ 916,500	6605	\$ 138.76
<b>Sub Total Administrative Costs</b>	<b>\$ 4,912,245.00</b>	<b>\$ -</b>	<b>\$ 4,912,245.00</b>							<b>\$ -</b>		<b>\$ 4,912,245</b>	<b>6,605</b>	<b>\$ 743.72</b>
<b>Income/Expenses up to 30 June 2017</b>														
Collected contributions										\$ -		-\$ 2,410,775	6605	-\$ 364.99
Interest										\$ -		-\$ 132,417	6605	-\$ 20.05
Existing loan costs												\$ 251,224	6605	\$ 38.04
Existing admin costs												\$ 195,213	6605	\$ 29.56
<b>Sub Total Deductions</b>										<b>\$ -</b>		<b>-\$ 2,096,754</b>	<b>6,605</b>	<b>-\$ 317.45</b>
<b>TOTAL</b>										<b>\$ 7,469,531</b>		<b>\$ 20,972,533</b>	<b>6,605</b>	<b>\$ 3,175.25</b>

**Assumptions**

- \* Confirmed Administration costs for DCP preparation and finalisation of Amendment No. 122 shared 50/50 between Alkimos Eglinton DCP and Yanchep Two Rocks DCP
- \* Confirmed Administration costs related to cost finalisation specific to Yanchep Two Rocks DCP charged at 100%
- \* Grants and other contributions deducted from total facility cost and savings apportioned between City and DCP.
- \* DCP contribution to Yanchep Public Open Space Pavilion fixed at \$1,438,149
- \* DCP Costs for the Surf life Saving Club and Public Open Space Development established through the City's capital works program.
- \* Coastal Node Facility – 2.5% escalation applied to the previous (March 2016) cost estimates by Donald Cant Watts (\$2,233,689)