

# BANYULE PLANNING SCHEME AMENDMENT C115

Banyule Development  
Contributions Plan (DCP)

Expert Witness Evidence

Alex Hrelja, Principal, Hill PDA  
Pty Ltd

Instructed by Banyule City Council

Final - 15 June 2018

---

# Contents

<b>1.0</b>	<b>Instructions .....</b>	<b>3</b>
<b>2.0</b>	<b>Credentials .....</b>	<b>4</b>
<b>3.0</b>	<b>Information Relied Upon .....</b>	<b>5</b>
<b>4.0</b>	<b>Overview of Preparation Process .....</b>	<b>6</b>
<b>5.0</b>	<b>Comment on Selection of DCP Areas.....</b>	<b>7</b>
<b>6.0</b>	<b>Comment on Peer Review and DELWP Conditional Authorisation .....</b>	<b>8</b>
<b>7.0</b>	<b>Comment on the ICP System.....</b>	<b>11</b>
<b>8.0</b>	<b>Opportunities to Simplify the Incorporated Document.....</b>	<b>12</b>
<b>9.0</b>	<b>Response to Submissions.....</b>	<b>13</b>
<b>10.0</b>	<b>Conclusion and Declaration .....</b>	<b>23</b>
<b>11.0</b>	<b>Appendix 1 – Alex Hrelja CV.....</b>	<b>24</b>

# Tables

<b>Table 1- Sample of DCP Area Sizes.....</b>	<b>7</b>
<b>Table 2 - Established Area Metropolitan Council DCPs .....</b>	<b>10</b>
<b>Table 3 - Summary of Submissions .....</b>	<b>14</b>

## 1.0 INSTRUCTIONS

1. Banyule City Council instructed me to provide Expert Evidence in relation to the Banyule Development Contribution Plan 2016-17 (14 December 2017) for the benefit of the Planning Panel appointed to consider proposed Amendment C115.
2. I have been asked to:
  - Provide an overview of the DCP preparation process;
  - Comment on selection of areas for DCP analysis and charging purposes;
  - Comment on a peer review of an early draft of the DCP by Urban Enterprise;
  - Comment on Department of Environment, Land, Water and Planning's (DELWP's) conditional authorisation letter;
  - Comment on the proposed established area Infrastructure Contributions Plan (ICP) system;
  - Comment on opportunities to simplify the Incorporated Document; and
  - Respond to submissions.

## 2.0 CREDENTIALS

3. I, Alex Hrelja, make this statement to assist the Panel appointed to hear matters in relation to proposed Amendment C115 to the Banyule Planning Scheme.
4. I am an urban economist and planner, having qualifications in planning and business (property). I am a Member of the Planning Institute of Australia. I am a Principal Consultant of Hill PDA Pty Ltd and have managed the Melbourne office of the firm since 2013. I was previously a Director of SGS Economics and Planning Pty Ltd for approximately 8 years. I have worked in the field of urban economics for about 25 years.
5. I have prepared 11 gazetted Development Contribution Plans (DCPs) in Victoria and have contributed to policy reviews on the subject. I am currently engaged to prepare five DCPs in Victoria and Western Australia.
6. Appendix 1 provides more information regarding my profile and experience with respect to development contributions.
7. I was principal author of the Banyule Development Contribution Plan 2016-17 in my capacity as Principal Consultant at Hill PDA Pty Ltd. Other staff at Hill PDA Pty Ltd assisted in the preparation of the Banyule DCP in addition to contributions made by Banyule City Council officers.
8. My business address is Suite 114, 838 Collins Street, Docklands 3008.

## 3.0 INFORMATION RELIED UPON

9. For this Expert Evidence, I have relied upon:

- Banyule Development Contribution Plan 2016-17 (14 December 2017), as exhibited;
- Banyule Development Contribution Plan 2016-17 (6 April 2018), hereafter called Post-Exhibition DCP;
- Banyule Planning Scheme DCP Overlay Schedule 1;
- Part 3B of the Planning and Environment Act 1987;
- Development Contributions Guidelines (Department of Sustainability and Environment, March 2007);
- Ministerial Direction on the Preparation and Content of Development Contributions Plans and Ministerial Reporting Requirements for Development Contributions Plans (Minister for Planning, 11 October 2016);
- Peer Review Draft Banyule Development Contributions Plan (Urban Enterprise for Banyule City Council, March 2017);
- Proposed Banyule Planning Scheme Amendment C115 (Department of Environment, Land, Water and Planning, 6 October 2017);
- Strategic Framework for Contributions Scheme (HillPDA for Banyule City Council, 31 March 2016); and
- Submissions received for this Amendment.

## 4.0 OVERVIEW OF PREPARATION PROCESS

10. The report 'Strategic Framework for Contribution Schemes' was prepared to explore options for preparing one or more development or infrastructure contribution plans for Banyule. The report identified and assessed options and possible cost and operational implications of establishing a DCP. The report was used to inform the preparation of the Banyule DCP.
11. A Draft DCP was prepared in accordance with legislation, Ministerial Directions and DCP Guidelines. The DCP preparation process followed the steps in the DCP Guidelines.
12. The infrastructure project identification process for the DCP included a workshop with Council officers to review and classify projects from a long list of potential DCP projects that Council had prepared from its capital works planning process.
13. The DCP was updated and expanded progressively up to the exhibition version. This included consideration of peer review and DELWP comments. Some projects were deleted from the DCP on the basis of DELWP comments. See Section 6 of this statement for more information.
14. Approximately six versions of infrastructure project lists were reviewed and refined by Council before a final list was approved for the DCP.
15. An update was made to the Banyule DCP's development data to include the latest available data in December 2017 to take into account the 2016 Australian Bureau of Statistics Census information.
16. Post-Exhibition DCP: The exhibited Banyule DCP was refined after the public exhibition process as follows:
  - Date of report changed to 6 April 2018;
  - Changes were made to Section 7 exemption provisions, to refine the intent of some dot points including the last dot point, which clarifies that sites with a legal agreement are exempt from the DCP only if the legal agreement explicitly exempts the site / development from the DCP;
  - A new Appendix 5 was included to clarify definition of land uses; and
  - Changes were made to the Appendix on Co-housing provisions, based on text provided by Banyule City Council.

## 5.0 COMMENT ON SELECTION OF DCP AREAS

17. The DCP report documents the logic behind the selection of DCP Analysis and Charging Areas. This topic was also explored in the Strategic Framework for Contributions Scheme report.
18. The selection of DCP Analysis Areas and Charge Areas was carefully considered in a process with Council officers to strike a balance between:
  - Reasonable spatial nexus between development and infrastructure; and
  - Avoidance of too much complexity, which may be the case with having a very high number of Charge Areas (such as hundreds of Charge Areas).
19. Factors that drove the selection of areas included the geography in Banyule, which includes undulating terrain and irregular street patterns, the location of structure plan areas and the nature of infrastructure projects selected for the DCP. For these reasons, the use of a 24 area model was deemed appropriate.
20. The selection of areas was an iterative process which included around 30 areas initially. These were reviewed and summarised into the 24 areas. The process considered using boundaries for the Latrobe National Employment Cluster but that concept was removed because no formal such boundary has been defined.
21. I am comfortable with the number of areas selected for the Banyule DCP.
22. I note that no submitter has suggested the areas are too large and should be made smaller. This says to be that the principles of spatial nexus have been well developed for this DCP.
23. The 24 area model in Banyule is compared to three approved municipal-wide established area DCPs in the table below – Brimbank, Darebin and Moreland.

**Table 1- Sample of DCP Area Sizes**

DCP	Areas	Total Hectares	Average Size of DCP Area
Brimbank DCP Gazetted	20 Areas*	12,335 ha	617 ha
Darebin DCP Gazetted**	225 Areas	5,344 ha	24 ha
Moreland DCP Gazetted	12 Areas	5,094 ha	425 ha
Banyule DCP Proposed	24 Areas	6,251 ha	260 ha

\* Includes the municipal DCP and the separate Sunshine Town Centre DCP

\*\*This DCP has effectively expired but is retained in the Darebin Planning Scheme to commit Darebin Council to expend DCP funds.

## 6.0 COMMENT ON PEER REVIEW AND DELWP CONDITIONAL AUTHORISATION

24. Both of these documents (Urban Enterprise Peer Review and DELWP Conditional Authorisation) provide commentary on infrastructure project selection, that is, what should and should not be included in a DCP. Some other issues are included in the Urban Enterprise review, which are addressed in the Exhibited DCP document.
25. The appropriate basis for assessing the Banyule DCP's infrastructure projects are:
  - Development Contributions Guidelines and Ministerial Direction on the Preparation and Content of Development Contributions Plans;
  - Examples provided by other similar approved DCPs; and
  - Assessment by infrastructure category experts and asset managers regarding the definition of capital works.
26. On the latter point first, as far as I am aware, Banyule City Council's engineering and asset management staff are the only portfolio specialists that have assessed the infrastructure project list. The managers have advised me that the selected projects are capital works.
27. The DCP Guidelines document 'Preparing a full cost apportionment DCP' provides guidance on infrastructure project selection (i.e. Stage 5 - List the infrastructure projects and the costs included in the DCP). Extracts of that document follow.
28. "A DCP can include one or more infrastructure projects."
29. "The outcome of this stage is a table that describes the infrastructure projects in the DCP."
30. "The types of projects in a DCP can include the following:
  - a new item of infrastructure
  - an upgrade in the standard of provision of an existing infrastructure item
  - an extension to an existing facility, or
  - the total replacement of an infrastructure item after it has reached the end of its economic life."
31. "To qualify for inclusion in a DCP, all infrastructure projects:
  - must be expected to be used by a broad cross-section of the community, and



- must serve a neighbourhood-sized catchment or larger area.”

### 32. “Examples

- acquisition of land for roads, public transport corridors, drainage, public open space, and community facilities including (but not limited to) those listed under the last dot point in this list
- construction of roads, including the construction of bicycle and foot paths, and traffic management and control devices
- construction of public transport infrastructure, including fixed rail infrastructure, railway stations, bus stops and tram stops
- basic improvements to public open space, including earthworks, landscaping, fencing, seating and playground equipment
- drainage works
- buildings and works for or associated with the construction of maternal and child health centres, child care centres, kindergartens, or any centre which provides these facilities in combination
- community health centres
- leisure and recreational facilities on public open spaces
- cultural and educational facilities such as libraries
- sporting facilities, such as tennis courts, change rooms, pavilions, grandstands and goal posts
- public facilities such as public toilet”

### 33. “What can be included in a DCP?

- the capital costs of providing the infrastructure projects, including land and construction costs
- the cost of financing the infrastructure projects, if provided early in the life of the DCP
- the design costs associated with the infrastructure projects”

### 34. “What cannot be included in a DCP?

- maintenance costs
- operational costs
- any other anticipated recurrent costs”

35. In my opinion, the Banyule DCP includes capital works projects that are consistent with the Guidelines. I note that no threshold project cost is nominated in the DCP Guidelines.
36. In my opinion, the general content and structure of the Banyule DCP is consistent with other approved municipal-wide DCPs in established area settings. Relevant examples are:
- Brimbank all of municipality DCP, gazetted January 2018;
  - Moreland all of municipality DCP, gazetted August 2017; and
  - Darebin all of municipality DCP, gazetted May 2006.
37. See table below for a list of approved DCPs in established metropolitan areas.

**Table 2 - Established Area Metropolitan Council DCPs**

	Municipal Wide DCP (4 Councils)	Precinct Specific DCP (7 Councils)	Notes
Bayside (C)	✓		\$2,000 / dwelling
Brimbank (C)	✓		\$806 to \$2,568 / dwelling (higher figure Sunshine Town Centre)
Darebin (C)	✓		Not active (was 225 separate areas, range \$42 to \$3,987 / dwelling, average \$852)
Moreland (C)	✓		\$323 to \$1,450 / dwelling
Greater Dandenong (C)		✓	Industrial precincts
Hobsons Bay (C)		✓	One precinct
Maribyrnong (C)	□	✓	2 precincts over most of municipality, \$450 / dwelling
Manningham (C)		✓	Activity centre only, \$2,140 / dwelling
Maroondah (C)		✓	Ringwood activity centre only
Melbourne (C)		✓	Urban renewal areas, no content in overlays
Port Phillip (C)		✓	Port Melbourne and Fishermans Bend precincts only

## 7.0 COMMENT ON THE ICP SYSTEM

- 38. A separate infrastructure contributions system operates in Victoria. This is the Infrastructure Contributions Plan (ICP) system that is enabled by Part 3AB of the Planning and Environment Act. The ICP system applies to declared metropolitan growth areas.
- 39. The primary preparation difference between the ICP system and DCP system is mainly around the requirement to calculate levies under the DCP system using a user pays cost apportionment method as shown in the DCP Guidelines, whereas the ICP system provides standard levies prescribed by state government (i.e. no calculations are required).
- 40. As far as I am aware, the ICP system is not legally available to the City of Banyule.
- 41. It has been stated in planning policy that strategic redevelopment areas like the Latrobe National Employment Cluster and Major Activity Centres may be declared ICP areas in the future. However, I am not aware that this will happen and if so when.
- 42. Should areas of Banyule be declared as ICP areas, Banyule City Council can assess whether it wants to apply that system to such areas. If Council chooses the ICP system for declared areas, it may be able to remove or excise the proposed DCP from the proposed ICP areas at the time of Planning Scheme Amendment.
- 43. It is my understanding that ICP levies, should they be introduced for established area councils, may be higher in dollar value than calculated DCP levies, but ICPs would cover a more limited geographic area than the DCP. Council would need to weigh up these factors in making a decision, if the system becomes available to the City of Banyule.

## 8.0 OPPORTUNITIES TO SIMPLIFY THE INCORPORATED DOCUMENT

44. To answer the question of whether the proposed Incorporated Document can be simplified, I have compared the document to the other recent DCPs including the Brimbank DCP, and can see that the following elements could be removed from the Banyule document:
- Section 3 sub-sections: Peer Review of Draft DCP; and DELWP Review of Draft DCP;
  - Appendix 1 - Peer Review Process; and
  - Appendix 2 - DELWP Review of Draft DCP.
45. The Banyule DCP also includes the following appendix and exemptions from levy payment which are not typically included in DCPs:
- Exemption: Cohousing development that meets a minimum threshold defined by the Responsible Authority and shown in Appendix 6 of the Incorporated Document;
  - Appendix 6 - Banyule City Council Guidelines for Assessing 'Cohousing Development' Eligibility for DCP Exemption;
  - Exemption: Minor changes to pre-existing non-residential development of less than 50 sqm net floor area.
46. The above element were included in the DCP are the direction of Council.
47. It has been suggested in one submission that DCP complexity could be reduced by reducing the number of areas used in a DCP. Although fewer areas that are shown on the DCP charge area map and charge / levy table would be visually different to what is proposed in the Banyule document, I do not think reducing areas would improve simplification to any real extent. The DCP would most likely have the same number of pages if there are 24 areas or 10 areas or some other number.

## 9.0 RESPONSE TO SUBMISSIONS

48. Nineteen (19) submissions were received in relation to the proposed DCP.

49. My interpretation of the submissions is as follows:

- Five (5) submitters support the proposed amendment;
- Eight (8) submitters request specific modifications to the proposed amendment;
- One (1) submitter may support the amendment subject to changes and / or review;
- Three (3) submitters object to the proposed amendment; and
- Two (2) submitters have withdrawn their submissions.

50. I have sorted the submissions below using the submission number provided by Banyule City Council.

### Support Amendment

51. Five submitters support the amendment. These are:

Submission 3 - Philip Broadbridge (Prof.)

Submission 5 - Heather Hero

Submission 13 - Cohousing Australia (Elena Preya)

Submission 14 - Cohousing Banyule (Katherine Barling)

Submission 16 - Heidi Lee (Murundaka Cohousing Community)

### Requests Modifications to Amendment

52. Eight submitters request specific changes to the amendment. These are:

Submission 2 - Common Equity Housing Limited (Nicola Foxworthy)

Submission 6 - AusNet (Ron Knox - Services Property Manager)

Submission 7 - Annie Chan

Submission 8 - Yves Abdurahman

Submission 9 - Simon Goodison

Submission 11 - Tract for Development Victoria (Jackie Kirby)

Submission 12 - Walter Paz

Submission 17 - Adam Knott

## May Support Amendment if Modified

53. One submitter nominates potential support for the amendment subject to changes being considered or made. The submitter is:

Submission 10 - Stuart Morris

## Objects to Amendment

54. Three submitters object to the amendment. These are:

Submission 1 - Ibrahim Meskovic

Submission 4 - Mehran Khademollah

Submission 15 - Brian Julius

## Submission Withdrawn

55. The following two submitters originally objected to the DCP but have withdrawn their objections. These are:

Submission 18 - Wayne David

Submission 19 - Roger Gibbins

56. My summary of the submissions is provided below. I also provide a response to the key issues raised following the summary of submissions.

**Table 3 - Summary of Submissions**

Submitter	My Summary of Submission	Issues Raised
3 - Philip Broadbridge (Prof.)	<b>Supports C115.</b> States that developers gain benefit from infrastructure value and amenity and as such developers should be charged a levy towards infrastructure provision.	None.
5 - Heather Hero	<b>Supports C115.</b> Supports developers making a financial contribution for infrastructure investments. Is concerned about loss of open space via development	None.
13 - Cohousing Australia (Elena Preya)	<b>Supports C115.</b> The submitter supports Council's leadership and advocacy for the development of cohousing and has no concerns regarding the exemption for	None.

	<p>cohousing projects.</p> <p>The support provided by this submission relates to the adjusted co-housing exemption shown in the Post-Exhibition version of the DCP.</p>	
14 - Cohousing Banyule (Katherine Barling)	<p><b>Supports C115.</b></p> <p>The submitter supports the proposed exemption for cohousing developments from DCP levies.</p> <p>The submitter supports Council's recognition of cohousing as a distinct residential development type and the proposed exemption from DCP levies.</p>	None.
16 - Heidi Lee (Murundaka Cohousing Community)	<p><b>Supports C115.</b></p> <p>Supports the intent by Council to exempt exemplar cohousing projects from DCP payments.</p> <p>The cohousing exemption demonstrates a willingness to proactively support cohousing as an innovative housing model (within a suburban Melbourne context) that offers housing affordability, social and sustainability benefits.</p> <p>The cohousing checklist in the DCP Report is a reasonable and effective way to consistently consider future exemption request.</p>	None.
2 - Common Equity Housing Limited (Nicola Foxworthy)	<p><b>Requests modification(s) to C115.</b></p> <p>The submitter supports the proposal and congratulates Council on seeking to support innovative housing solutions including cohousing developments</p> <p>CEHL suggests amendments to the cohousing exemption so as not to exclude cohousing development with bona fide community benefit via the following changes:</p> <p>Reword the relevant appendix title as "Banyule City Council guidelines for assessing 'Co-Housing' eligibility for DCP exemption"</p>	Issue 1: Seeks amendments to cohousing exemptions wording and provisions.

	<p>That co-housing developments be required to include at least one of the following, rather than all of them being mandatory:</p> <p>Communal laundry facilities and drying room to service all residents.</p> <p>Communal garden that includes shared meeting and potential for food production spaces for all residents.</p> <p>One guest room with ensuite or access to “public” bathroom facilities per 10 households.</p>	
6 - AusNet (Ron Knox - Services Property Manager)	<p><b>Requests modification(s) to C115.</b></p> <p>Objects to the DCP levy being applied to AusNet infrastructure assets.</p> <p>Any such levies will be passed onto consumers in the way of higher electricity prices.</p> <p>Requests that land for AusNet Services for electrical infrastructure be exempt from DCP levies.</p>	Issue 2: Whether DCP levies apply to AusNet infrastructure assets.
7 - Annie Chan	<p><b>Requests modification(s) to C115.</b></p> <p>There should be a transitional provision included within the proposed Clause 45.06 for applications submitted prior to the approval of Amendment C115 by the Minister for Planning.</p>	Issue 3: Include transitional provisions for developments in progress.
8 - Yves Abdurahman	<p>Requests modification(s) to C115.</p> <p>May support the amendment if transitional provisions are included for applications submitted prior to the approval of Amendment C115 by the Minister for Planning.</p>	Issue 3: Include transitional provisions for developments in progress.
9 - Simon Goodison	<p><b>Requests modification(s) to C115.</b></p> <p>May support the amendment if transitional provisions are included for applications submitted prior to the approval of Amendment C115 by the Minister for Planning.</p>	Issue 3: Include transitional provisions for developments in progress.
11 - Tract for Development	<p><b>Requests modification(s) to C115.</b></p> <p>The submitter requests to be excluded</p>	Issue 4: Seeks a site-specific DCP exemption for the Yarra Valley



Victoria (Jackie Kirby)	<p>from the DCP on the basis of having entered into an agreement for provision of selected (non DCP) infrastructure associated with a proposed site redevelopment. The agreement relates to on-site public open space provision and public art.</p> <p>The submitter acts for Development Victoria (DV) who is facilitating planning for the future redevelopment of a decommissioned Yarra Valley Water reservoir tank in Heidelberg.</p>	Water site.
12 - Walter Paz	<p><b>Requests modification(s) to C115.</b></p> <p>May support the amendment if transitional provisions are included for applications made before the formal approval of the amendment by the Minister of Planning.</p>	Issue 3: Include transitional provisions for developments in progress.
17 - Adam Knott	<p><b>Requests modification(s) to C115.</b></p> <p>Understands the rationale behind the levy and agrees that in some regards it makes sense for developers to pay a levy for infrastructure.</p> <p>In submitter's circumstance the levy is unreasonable at his Heidelberg West site on the basis that subdivision occurred on the 10th of April 2013 for net additional 1 dwelling.</p> <p>Melbourne house prices are high and unaffordability is high and the levy will make personal affordability more difficult.</p>	<p>Issue 5: Seeks a site-specific DCP exemption or transitional provisions to exempt the site from the DCP levy.</p> <p>Issue 6: Impact of DCP levies on housing affordability.</p>
10 - Stuart Morris	<p><b>May support C115 if modified.</b></p> <p>States that, in principle, development contributions may be appropriate and a DCP is a rational way forward.</p> <p>May support the amendment if changes are made, nominating:</p> <ul style="list-style-type: none"> <li>– Simplification of the DCP charge areas to reduce complexity and variations of levy between areas;</li> <li>– Rewording and / or clarifying provisions relating to exemptions; and</li> </ul>	<p>Issue 7: Simplification of the DCP charge areas to reduce complexity and variations of levy between areas.</p> <p>Issue 8: Clarify provisions relating to exemptions.</p> <p>Issue 9: Include provisions relating to direct expenditures by developers.</p> <p>Issue 10: Query over content of the DCP report.</p>

	<ul style="list-style-type: none"> <li>– Rewording and / or clarifying provisions relating to direct expenditures by developers.</li> </ul> <p>States that the DCP report requires detailed review.</p>	
1 - Ibrahim Meskovic	<p><b>Objects to C115.</b></p> <p>Provides a general critique of planning processes and property taxes in relation to land owned in Banyule. The critique includes the proposed DCP. The submitter may believe the DCP in an ongoing fee for landowners.</p>	None.
4 - Mehran Khademollah	<p><b>Objects to C115.</b></p> <p>Believes that Council should be more efficient and could use other fees and charges - other than a DCP - to meet the needs of infrastructure investment. Believes the DCP is a form of tax.</p> <p>Believes that a DCP will reduce housing affordability.</p> <p>States that DCP report has not identified what facilities are required specific to each area and whether the existing facilities can cope with the demand and whether the private sector can also assist in some of these shortfalls.</p>	<p>Issue 6: Impact of DCP levies on housing affordability.</p> <p>Issue 11: Query over facility need, supply and demand for each area.</p>
15 - Brian Julius	<p><b>Objects to C115.</b></p> <p>Continued development within Banyule is critical to managing housing affordability.</p> <p>Developments pay other levies including the open space contributions levy and rates.</p> <p>Additional levies will act as a disincentive to future development.</p>	None.

57. I have identified the following 11 issues from the submissions.

- Issue 1: Seeks amendments to cohousing exemptions wording and provisions.
- Issue 2: Whether DCP levies apply to AusNet infrastructure assets.
- Issue 3: Include transitional provisions for developments in progress.
- Issue 4: Seeks a site-specific DCP exemption for the Yarra Valley Water site.
- Issue 5: Seeks a site-specific DCP exemption or transitional provisions to exempt the site from the DCP levy.
- Issue 6: Impact of DCP levies on housing affordability.
- Issue 7: Simplification of the DCP charge areas to reduce complexity and variations of levy between areas.
- Issue 8: Clarify provisions relating to exemptions.
- Issue 9: Include provisions relating to direct expenditures by developers.
- Issue 10: Query over content of the DCP report.
- Issue 11: Query over facility need, supply and demand for each area.

58. A response to each issue is provided below.

### **Issue 1: Seeks amendments to cohousing exemptions wording and provisions.**

59. The cohousing exemption in the DCP is a policy direction of Banyule City Council.
60. Council should review this submission and provide advice as to whether the DCP provisions should be amended and if so in what way.

### **Issue 2: Whether DCP levies apply to AusNet infrastructure assets.**

61. The DCP would not apply to AusNet infrastructure assets. The DCP applies to dwelling units and floorspace that is developed.
62. This is further clarified in the Post Exhibition version of the DCP, in Appendix 5 - Demand Unit and Land Use Definitions.

### **Issue 3: Include transitional provisions for developments in progress.**

63. I assume 'transitional arrangements' means a discount or exemption to some development sites.
64. There is no requirement for a Council to provide transitional arrangements for a DCP.
65. As far as I am aware, DCPs do not normally include such provisions.
66. The DCP has been on exhibition for some time and a reasonable level of forewarning has been provided to the development community regarding the proposed levy amount.

#### **Issue 4: Seeks a site-specific DCP exemption for the Yarra Valley Water site.**

- 67. In my view a proponent is liable to pay development contributions if development is proposed and a permit is triggered, unless exempt by legislation, Ministerial Directions or Council specific exemptions.
- 68. In my opinion a DCP overlay or incorporated document would not address the merits of specific sites as to their claim for DCP exemptions, but would rather specify a class of development that is exempt or circumstances under which exemptions would apply.
- 69. The merits for exempting specific sites would be assessed by Council against exemption provisions listed in the DCP. Should a proponent disagree with Council's decision the proponent could challenge the decision at the Victorian Civil and Administrative Tribunal.
- 70. I am not aware of the specific details of the agreement or proposed agreement between the proponent of the Yarra Valley Water site and Banyule City Council. However, the proposed development on the site, as I understand it, would include residential and commercial development and as such would not be a class of development that is exempt from DCP levies.
- 71. A site specific exemption could be made between Council and a proponent via a legal agreement that specifically and explicitly provides for such an exemption. In my opinion, a site specific exemption from payment of DCP levies should only be provided if the proponent is providing land and / or works to help deliver DCP projects in lieu of cash payments towards the DCP.

#### **Issue 5: Seeks a site-specific DCP exemption or transitional provisions to exempt the site from the DCP levy.**

- 72. As noted in Issue 4 above, the DCP document, in my opinion, should not attempt to make a judgment on payment liability for specific sites.
- 73. Permit applicants will be either liable to pay DCP levies or not in accordance with payment requirements as specified by legislation and DCP payment and exemption provisions, after the DCP is incorporated in the Planning Scheme.
- 74. My opinion on transitional provisions is shown in Issue 3 above.

#### **Issue 6: Impact of DCP levies on housing affordability.**

- 75. The DCP levy will add costs into the development process but the costs are relatively minor, likely to be less than 0.2% of a dwelling's construction cost in Banyule.
- 76. The cost will help fund the delivery of infrastructure that is required to service the development and area.

77. Moreover, the exact impact of DCP levies on housing affordability is debatable. A DCP levy can go in a number of directions:

- It can reduce the underlying value of land for development sites because developers can factor the cost into their feasibility assessments and land valuations;
- It can be passed onto the end purchasers of property such as home buyers; and/or
- It can result in the development profit margin of developers being reduced.

78. The actual outcome is never clear and it depends on many factors relating to the property market and stage of development for a particular site.

### **Issue 7: Simplification of the DCP charge areas to reduce complexity and variations of levy between areas.**

79. Refer to Section 5 of this statement for a response to the issue of complexity as it relates to the use of 24 DCP areas.

80. The variation of levy amount is between (approximately) \$459 per dwelling and \$1,624 per dwelling. This is a typical range for an established area DCP that is prepared using the cost apportionment method shown in the DCP Guidelines. The variation reflects scheduled infrastructure by area in relation to expected development by area.

81. It is not possible to 'average out' levies across areas, as this would depart from the DCP principles of avoiding unnecessary cross-subsidies.

82. It is however possible for Council to use the calculated levies to form fewer Charge Areas if it so chooses, by using the lowest levy value of an amalgamated area for the whole area. For example, the DCP could have one Charge Area (i.e. the whole municipality). The levy would be \$459 per dwelling. All funds that would have been collected by Council above this sum would add to the DCP's funding gap, which is estimated at 84% of the cost of committed infrastructure at the current time. That is, the DCP is expected to collect approximately 16% of the cost of committed infrastructure.

83. In my opinion, reducing this collection rate and increasing the funding gap further is not justified in order to have a map and table that show fewer areas.

### **Issue 8: Clarify provisions relating to exemptions.**

84. If an improvement to wording can be made, it should be made.

85. However, I am not aware of what this comment specifically relates to.

### **Issue 9: Include provisions relating to direct expenditures by developers.**

- 86. Section 7 of the DCP document and repeated in the Overlay states the DCP payment method. This follows legislative requirements.
- 87. The provisions state that the default contribution method is a cash payment but Council may, at its discretion, accept the provision of land, works, services or facilities by the applicant in part or full satisfaction of the amount of levy payable.

### **Issue 10: Query over content of the DCP report.**

- 88. I am not aware of what this comment specifically relates to.
- 89. The DCP report contains content that is consistent with numerous gazetted DCPs that I am familiar with, apart from the matters noted in Section 8 of this statement.

### **Issue 11: Query over facility need, supply and demand for each area.**

- 90. Banyule Council has undertaken a lengthy capital works planning process which links to a body of policy and strategy work to identify facility needs in the future. This work is summarised in the DCP document.

## 10.0 CONCLUSION AND DECLARATION

91. I provide this statement for the benefit of the Panel.

92. I have made all the inquiries that I believe are desirable and appropriate and no matters of significance which I regard as relevant have, to my knowledge, been withheld from the Panel.



Alex Hrelja

Principal, Hill PDA Pty Ltd

15 June 2018

## 11.0 APPENDIX 1 – ALEX HRELJA CV

### **Alex Hrelja** **Principal, HillPDA**

- Master of Business (Property) (RMIT University)
- Master of Urban Planning (University of Melbourne)
- Bachelor of Planning and Design (First Class Honours) (University of Melbourne)
- Member Planning Institute of Australia
- Corporate Member Urban Development Institute of Australia (Victoria)

Alex manages HillPDA's Melbourne office. He is a specialist in property economics, urban economics, strategic planning and economic development and has over 25 years of consultancy experience in those fields.

Alex has worked across Australia in his fields of expertise. Clients include local, state and Commonwealth governments, developers and infrastructure agencies. Much of his work is based on an expert understanding of regional economic and social patterns and drivers, reviewing supply side conditions and forecasting demand conditions for specific projects to complex urban and regional development areas. His work ranges from feasibility studies for specific sites through to regional urban economic plans for all land use sectors, such as growth corridor economic plans.

His specific areas of expertise are:

- Infrastructure Funding and Developer Contributions
- Property Advisory and Feasibility Studies (Estate Master)
- Strategic Land Use Planning
- Economic Development
- Market Research and Demand Studies
- Urban Economics for Growth Areas and Activity Centres
- Retail Economics and Impact Studies
- Industrial Land Strategies
- Community Facility Provision Plans



## **Experience - Infrastructure Funding and Developer Contributions**

### **Gazetted DCPs**

Alex has prepared numerous Development Contribution Plans covering the full spectrum of infrastructure across all development settings. Those that have been formally gazetted in Planning Schemes are listed below.

- Brimbank Municipal DCP
- Sunshine Town Centre DCP
- Diamond Creek Low Density Residential Area DCP
- Epping Central Activity Centre and Industrial Areas DCP
- Baw Baw Municipal DCP
- Torquay Jan Juc Township and Growth Areas DCP
- Fountain Gate-Narre Warren CBD Activity Centre DCP
- Cranbourne North Growth Area and Activity Centre DCP
- Mildura South Growth Area DCP
- Mildura South Growth Area DCP No. 2
- Irymple-Nichols Point Rural and Industrial Areas DCP

### **Current DCP Projects**

Current DCP project engagements include:

- Ringwood MAC DCP
- Darebin Municipal DCP
- Yarra Municipal DCP
- Wungong Growth Area DCS (Western Australia)
- Forresterfield North Growth Area DCS (Western Australia)

### **Policy Reviews**

A sample of policy reviews follows.

- **Unit of Charge Analysis, Department of Planning and Environment NSW** – Alex was engaged to undertake a national review of infrastructure contributions scheme models and charging systems for NSW Government. The work included a review of systems from all jurisdictions across Australia and extensive public and private sector consultation.
- **Development Contribution Plan Review and Guidelines, Department of Planning and Environment Victoria** - Alex was involved in the Ministerial Advisory Committee process and DCP guideline preparation process in the early 2000s. This included the drafting of

four pilot municipal-wide DCPs including the Darebin scheme which was gazetted. The work also generated the current DCP Guidelines 2007.

- **Open Space Contributions Review, Department of Planning and Community Development Victoria** - Alex was appointed to advise the state planning department in the open space contributions and subdivision review. The work examined case history and practice regarding models that apply in the system with a view to identify best practice principles and models for different development settings.
- **Pilot Growth Areas DCP, Department of Planning and Community Development Victoria** - Alex was appointed by the state government to prepare an all of metropolitan Melbourne growth areas DCP for the Department of Planning and Growth Areas Authority. This project found that the use of a conventional DCP was not a favoured tool and instead the GAIC (Growth Area Infrastructure Contribution) was formulated and applied in growth areas.



#### MELBOURNE

Suite 114, 838 Collins Street

Docklands VIC 3008

t: +61 3 9629 1842

f: +61 3 9629 6315

e: [melbourne@hillpda.com](mailto:melbourne@hillpda.com)

#### SYDNEY

Level 3, 234 George Street

Sydney NSW 2000

GPO Box 2748 Sydney NSW 2001

t: +61 2 9252 8777

f: +61 2 9252 6077

e: [sydney@hillpda.com](mailto:sydney@hillpda.com)

**WWW.HILLPDA.COM**

---