

PLANNING SYSTEM

Development Contributions

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| Circular | PS 10-025 |
| Issued | 23 November 2010 |
| Related | PS10-022 FACT SHEET – Reforms to Local Development Contributions |

Practice Note for the assessment of Local Contributions Plans by IPART

The purpose of this circular is to assist councils in understanding the new framework for development contributions in NSW and the role of IPART in the development and review of contributions plans.

Background

The NSW Government announced, as part of a comprehensive strategy to improve housing supply across NSW, a revised approach to setting local development contributions and local council rates, including:

- a cap of \$30,000 per dwelling or per residential lot in greenfield areas to recognise the higher costs of creating well-planned communities in these areas
- an exemption to the relevant cap for areas where development applications for more than 25 per cent of the expected dwelling yield under existing contributions plans have been lodged
- a cap of \$20,000 per dwelling or per residential lot in all other areas
- an essential works list that will apply when councils are seeking priority infrastructure funding or a special variation
- the establishment of a \$50 million Priority Infrastructure Fund as a two-year arrangement to assist those councils to which the cap applies

The changes aim to increase housing supply by lowering development costs.

The role of IPART in local development contributions

Under this new regime, the Independent Pricing and Regulatory Tribunal (IPART) will be involved for the first time in the implementation of the development contributions system. This is intended to bring greater transparency and accountability to the system.

Local Development Contributions Practice Note for the assessment of local contributions plans by IPART

Purpose of the Practice Note

The purpose of this Practice Note is to assist councils in understanding the new framework for development contributions in NSW and the role of IPART in development and review of contributions plans, by identifying:

- the contribution plans that require review by IPART;
- the criteria against which contributions plans will be assessed; and
- the requirements for the submission of contributions plans to IPART.

A copy of the Practice Note is attached to this Planning Circular.

Relationship with the 2005 Practice Notes

The *Local Development Contributions Practice Note for the assessment of local contributions plans by IPART* outlines how IPART will assess contributions plans.

This Practice Note should be read in conjunction with the *Development Contributions Practice Notes - July 2005* (2005 Practice Notes).

The 2005 Practice Notes outline the requirements for local councils in preparing contributions plans.

Assessment by IPART

Contributions plans that require assessment

The following contributions plans require review by IPART:

- new section 94 contributions plans which propose a contribution level above the relevant cap;
- existing development contributions plans which propose a contribution level above the relevant cap for those councils that are seeking priority infrastructure funding (PIF);
- existing development contributions plans which propose a contribution level above the relevant cap for those councils that are seeking a special variation (SV); and
- as otherwise determined by the Minister for Planning.

Timing of assessment of contributions plans

Contributions plans should be submitted for review at the following times:

- new section 94 contributions plans which require assessment are to be submitted for review prior to public exhibition.
- existing development contributions plans which require assessment are to be submitted to IPART for review prior to the lodging of applications for PIF or SV.

Note: The application process for councils seeking priority infrastructure funding or a special rate variation will be subject to separate specific instructions.

Ministerial Direction under s 94E

A Direction has been issued by the Minister for Planning under section 94E of the EP&A Act that limits local development contributions.

Specifically, the Direction provides:

- a cap of \$30,000 per residential lot or dwelling for greenfield areas (schedule 3),
- an exemption to areas where development applications have been lodged (including determined applications) and remain valid, as of 31 August 2010, for more than 25% of the expected yield from the development area or contributions plan (schedule 2), and
- a cap of \$20,000 000 per residential lot or dwelling for all other areas

This Direction will be updated periodically, as it is intended to allow councils to apply for areas to be considered for inclusion in Schedule 3 to the Direction when an area is rezoned or a contributions plan is made, if councils can demonstrate that the area is a greenfield release area.

The most recent Direction issued under section 94E and relevant Planning Circular is available at www.planning.nsw.gov.au.

Section 94A contributions plans

The changes relating to the application of the caps and essential works list will not apply to section 94A contributions plans at this stage.

Related information

Reforms to Local Development Contributions issued by the Department on 16 September 2010 contains related information.

Fact Sheet – Reforms to Local Development Contributions issued by the Department in September 2010 contains related information.

Further Information

For further enquiries about the Direction and this Planning Circular please contact the Department's Information Centre 02 9228 6333 or email information@planning.nsw.gov.au

For further enquiries relating to IPART please contact Michael Seery Program Manager, Local Government (Planning) at (02) 9290 8421, michael_seery@ipart.nsw.gov.au or www.ipart.nsw.gov.au

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