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RDA Illawarra

4 December 2023

Urban Release Team - City Strategy,
Wollongong City Council,
Locked Bag 8821
WOLLONGONG DC NSW 2500.

via email submission to: council@wollongong.nsw.gov.au

Dear Madam/Sir

Submission re: DRAFT West Dapto Development Contributions Plan (2024)

Regional Development Australia (RDA) – Illawarra welcomes the opportunity to provide input to this draft plan developed by Wollongong City Council (WCC).

The West Dapto Urban Release Area has the potential to provide homes for 59,000 residents by the mid-2060's. It is an exciting and challenging development opportunity with a forty-year planning horizon.

However, in this submission, RDA Illawarra states its concerns in several areas:

1. Escalating Development Contributions may deter or defer development in this urban release area
2. Provision of childcare facilities is no longer considered an Essential Service funded by Development Contributions
3. Exemptions to development contributions for affordable, accessible and emergency housing are welcome but WCC should set targets for each at every development stage
4. Provision of essential services should not lag completion of development stages
5. Floodplain mapping is essential to provide security for residents.

Our detailed submission is attached to this letter, and we are happy to discuss this with you if you have any questions.

Yours sincerely

Debra Murphy
CEO
RDA Illawarra



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RDA Illawarra

Submission to Wollongong City
Council

DRAFT West Dapto
Development Contributions Plan (2024)

4 December 2023

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Executive Summary

The West Dapto Urban Release Area (WDURA) will provide up to 19,500 dwellings once completed in the mid-2060's.

Development Contributions are levied by Wollongong City Council to fund 'Essential Works' including Open Space and Recreation areas; Community Facilities – specifically community centres and libraries; Transport Infrastructure – roads, bridges, bus shelters, shared pathways; and Stormwater Management.

Since the previous plan was approved in 2020, the cost of providing this infrastructure has increased by \$593 million, to over \$1.5 billion. As a result, the development contribution to be levied has also increased by nearly \$30,000 (157 percent) per lot or dwelling – a cost ultimately passed on to the home buyer.

RDA Illawarra is concerned that the proposed \$80,000 per dwelling development contribution – coupled with additional Development Servicing Plan (DSP) costs estimated at \$30,000 per dwelling – will deter or defer development of residential land at West Dapto. The final stage of development is not due for completion until the mid-2060's and given that only strategic plans are in place for that infrastructure work, cost estimates may increase. That will impose further costs on developers and home buyers, potentially slowing development and forcing buyers to purchase in adjacent local government areas where development costs are lower.

RDA Illawarra feels that the inclusion of exemptions, or reductions, in development contributions for affordable housing, accessible housing and emergency housing is a positive move. However, Wollongong City Council needs to support this by including enforceable targets for the proportion of each category within every future development stage. Wollongong City Council should take all reasonable steps to ensure that future stages of West Dapto development include at least ten percent of affordable housing, and at least three percent of accessible housing.

The target demographic for the West Dapto Urban Release is young, growing families. RDA Illawarra is disappointed that the provision of childcare (including long day care and before/after school care) is no longer considered as 'Essential Works' and will not be funded by development contributions. RDA Illawarra is of the opinion that provision of local childcare services is one of the key enablers for supporting young parents – particularly women – in continuing employment. Similarly, the provision of a suitable public transport service to developing areas of West Dapto should be considered a priority issue by Wollongong City Council and Transport for NSW (TfNSW).

To overcome the public perception that the provision of essential services and facilities often lags the development of urban release areas, Wollongong City Council could regularly publish, and widely promote, a report showing cumulative development contributions and expenditure for each stage of development and overall.

Finally, stormwater management is a key issue if flooding is to be mitigated on this greenfield development area. RDA Illawarra encourages Wollongong City Council to carry out flood plain mapping of the development(s) so that residents are aware of the potential risk to property as well as insurance costs – and the availability of flood insurance - before they purchase. In addition, Council should consider reducing the number of lots available by prohibiting development of land at high risk of flood. Although this will reduce the yield from the development, it will have long-term benefits to residents.

Background

The West Dapto Urban Release Area (WDURA) will be developed in five stages and is expected to provide up to 19,500 dwellings once completed by the mid-2060's. Development has been underway since 2010, and over 2,000 dwellings have already been built in the ensuing years.

Development Contributions are levied by Wollongong City Council to fund 'Essential Works' as approved under the Environmental Planning and Assessment Act, 1979 (Section 7.11 Contributions). Contributions will be used to provide 'Essential Work' for:

- ▶ Open Space and Recreation areas
- ▶ Community Facilities – specifically community centres and libraries
- ▶ Transport Infrastructure – roads, bridges, bus shelters, shared pathways
- ▶ Stormwater Management.

The overall cost for delivery of this infrastructure (land purchase, works and administration) is forecast to be \$1.55 billion by the completion of the final Stage Five of development.

To cover the cost of these Essential Works, the DRAFT West Dapto Development Contributions Plan (2024) – WDDCP – recommends a contribution rate of \$80,553 per lot/dwelling. Whilst this will be levied on the developer, the cost will be recouped from the ultimate end-user – the owner of the dwelling.

Observations

Overall Cost

RDA Illawarra (RDAI) notes that the previously approved West Dapto Development Contributions Plan from 2020 costed the total delivery cost at \$954 million and the Standard Contribution Rate per dwelling was \$51,428. A comparison of the cost by infrastructure category is shown below:

Infrastructure Category	Total Cost 2020	Total Cost 2024	Percent Change
<i>Open Space & Recreation</i>	\$75,830,325	\$326,736,645	431%
<i>Community Facilities</i>	\$1,757,500	\$3,770,000	215%
<i>Transport Infrastructure</i>	\$735,972,377	\$1,040,819,526	141%
<i>Stormwater Management</i>	\$128,155,190	\$155,751,217	122%
<i>Administration</i>	\$12,556,357	\$20,171,562	161%
Totals	\$954,271,749	\$1,547,248,950	162%

The revised Contribution Rate is proposed at \$80,553 per lot/dwelling – an increase of 157% in just four years.

It is understood that additional information has been developed since the previous plan was approved, and that changes in scope have contributed to the cost escalation.

However, the final stage of the WDURA is not due for completion until the mid-2060's and the infrastructure for that stage is in the earliest stage of planning. The Draft Plan supports this notion (section 3.6), stating,

"...the planning for most infrastructure had been carried out at a strategic level only."

As a result, a large contingency (25%) has been applied to items that are at that early planning stage.

The absence of any meaningful design of infrastructure items results in their cost being at best a conservative estimate pending final form and function. It is clear such estimates will change – and may increase further.

The current and draft West Dapto Development Contribution of over \$80,000 per dwelling is:

- ▶ Above the \$30,000 contributions cap set by the Environmental Planning and Assessment Direction – for which Wollongong City has been granted an exemption; and, RDAI understands,
- ▶ Well above the contribution for Shellharbour LGA urban release areas that are charged only \$12,000/dwelling (excluding Calderwood which is subject of a voluntary planning agreement with developer Lend Lease); and,
- ▶ Greater than that of Shoalhaven Council, which levies the maximum IPART cap of \$30,000 per dwelling at the North Nowra Urban Release Area.

Impact on Development

Increased lot development costs are passed on to the eventual home buyer but are initially borne by the developer.

There is a critical and chronic shortage of housing in the Illawarra – and nationally. The demand that this shortage should fuel is tempered by current high interest rates and wages that have stagnated over several years. Simply put, people do not have the same buying power for housing that existed a decade ago. Increasing the base cost of a dwelling by nearly \$30k will put home ownership further out of reach for many.

Therefore, RDA Illawarra is concerned that the increase in the quantum of contribution – coupled with other Development Servicing Plan (DPS) costs estimated at \$30,000 per dwelling/lot – will deter or defer development of residential land at West Dapto. Whilst demand for housing will continue, buyers may consider alternative locations to reside.

According to the Urban Development Institute of Australia (UDIA),

“Considering the cumulative impact of developer charges in NSW, both new and existing, it is clear that housing supply and affordability will be significantly impacted under the weight of increased charges.”

Exemptions

RDA Illawarra was encouraged to see that the following have been included in the development types that may receive a full or partial exemption for development contributions:

- ▶ **Affordable housing** carried out by a Tier 1 or 2 Community Housing Provider – providing it is offered as such for at least 15 years
- ▶ **Accessible housing** for supportive accommodation carried out by a registered Provider of Accessible Housing and used as such for at least 15 years
- ▶ **Emergency and Temporary housing** developments, where these are available for use for at least 15 years.

If exemptions are granted, this will reduce the cost of delivering affordable, accessible and emergency housing to those who are most in need.

However, Wollongong City Council should take all reasonable steps to ensure that future stages of West Dapto development include at least ten percent of affordable housing, and at least three percent of accessible housing.

Essential Works

The draft West Dapto Development Contribution Plan states that,

“The numbers of young children aged 0-4 are likely to increase over the first ten years of each major stage and then decline. The number of children aged 5-11 is likely to be higher than the number of 0-4 year olds...”

RDA Illawarra is disappointed that the provision of childcare facilities (including long day care and before/after school care) is no longer considered as ‘Essential Works’ and is not funded by development contributions. References to childcare have been removed from the draft West Dapto Development Contribution Plan (2024).

However, RDA Illawarra is of the opinion that provision of local childcare services is one of the key enablers for supporting young parents – particularly women – in workforce participation and continuing employment.

Childcare facilities developed by councils may apply for an exemption to development contributions and it is hoped that Wollongong City Council will at least take advantage of this exemption and advocate to the NSW State Government for the inclusion of childcare within the Department of Planning and Environment’s published ‘Essential Works List’.

Phasing of Delivery

There is a perception among the general population that the provision of services and facilities often lags the development of urban release areas. This is despite the collection of development contributions that are meant to fund these 'essential works'. RDA Illawarra accepts that the timing in delivery of services may need to change depending on several factors – including the overall speed in development of each stage (i.e. how fast lots are sold and developed).

However, it would provide some transparency to the planning and execution if Council was to publish regularly, and promote widely, a report showing cumulative development contributions and expenditure for each stage of development and overall.

RDA Illawarra also encourages Wollongong City Council to advocate to Transport for NSW to deliver public transport services to the developing stages of West Dapto as a priority once essential infrastructure (e.g. bus stops) is complete.

Stormwater and Flood Assessment

The West Dapto Urban Release Area is a greenfield site and will require extensive stormwater management infrastructure. However, the ultimate outcome of stormwater mitigation will not be known until the final infrastructure is tested. Unfortunately, the result of failure is the flooding of roads – making them impassible – and water ingress into homes. There is also potential for significant loss of property and, potentially, life.

Climate change is resulting in 'one-in-a-hundred-year' events happening once in each decade (or more frequently) and councils are investing in more frequent flood mapping. This generally results in increasing areas of previously unaffected residential land being designated as flood prone. The impact on residents is increased insurance premiums (which add to the cost-of-living pressure) or an unwillingness for any insurer to cover their property due to the perceived risk.

RDA Illawarra believes that Wollongong City Council should take the necessary action to:

1. Carry out floodplain mapping of the development(s) so that residents are aware of the potential risk to property and insurance costs before they purchase
2. Prohibit building on land at high risk of flood, although that will reduce the number of lots available for sale – and the overall value of development contributions.