

Appendix 5: Net Community Benefit Test

NET COMMUNITY BENEFIT TEST

Preamble

The Draft Centres Policy 2009 includes guidance on conducting a NCBT that should be followed when assessing the NCB of a planning proposal.

The NCBT should be prepared by the proponent in conjunction with Council.

The level of detail and analysis should be proportionate to the size and the likely impact of the rezoning.

The assessment should only evaluate the external costs and benefits of the proposal (i.e. the externalities). The assessment should generally assume that any private costs will be cancelled out by any private benefits. Eg proposal to rezone land to permit a business – the resources costs from constructing and running the buildings and business will be met by the proponent and relevant business operators. These costs should be offset by revenues (rents, floorspace sales, sales of goods and services) which, together with the private transport costs incurred by shoppers, reflect community willingness to pay for the benefits on offer in the development. Therefore, in a competitive market and taking a long term view, and assuming the development is financially viable, the market priced costs and benefits will cancel each other out, except for a normal return on capital.

Consideration must be given to changes that reflect a higher community benefit that result from changes in private costs, eg a resultant change in rents caused by a proposal that has created a change in the value the community places on a land use.

The assessment should only include costs and benefits that have a net impact on community welfare (i.e. welfare effects). Impacts that simply transfer benefits and costs between individual and businesses in the community (i.e. transfer effects) should not be included, since they result in no net change in community benefits.

The proposal should be assessed against the matters specified in the justification. The assessment should evaluate the proposal against a base case, or base cases, including retaining the existing zoning on the land.

The NCBT requires Council endorsement prior to submitting to the Department of Planning as part of the Gateway test.

For larger or more complex proposals, the proponent should consider the use of more formal cost benefit analysis techniques. Such analysis should be carried out objectively taking into consideration matters such as the number and type of jobs generated, the local or regional economy multiplier effects and any infrastructure and likely travel cost implications.

The Draft Centres Policy

A NCB arises where the sum of all the benefits of a development or rezoning outweigh the sum of all costs.

It is important to have a clear and transparent test to determine whether the proposed use on the site would produce a net community benefit and therefore whether the site should be rezoned.

The proposal should be assessed using the questions set out below. The assessment should evaluate the proposal against a base case, or base cases, including retaining the existing zoning on the land and or locating the development on appropriate zoned land in a centre.

The base case should be informed by an understanding of what existing floorspace is available (or potentially available) in existing centres and, if any, why it cannot be used for the purposes proposed in the rezoning proposal.

The assessment should quantify costs and benefits where possible, although this may not always be achievable or practical. For larger and more complex proposals, the proponent should consider the use of more formal cost benefit analysis techniques (see Department of Finance and Administration (2006) "Handbook of cost benefit analysis" for more detail). Such analysis should be carried out objectively taking into consideration matters such as the number and type of jobs generated, the local or regional economy multiplier effects and any infrastructure and likely travel cost implications.

Assumptions

The assessment:

- only evaluates the external costs and benefits of the proposal (i.e. the externalities). The assessment generally assumes that any private costs will be cancelled out by any private benefits.
- only includes costs and benefits that have a net impact on community welfare (i.e. welfare effects). Impacts that simply transfer benefits and costs between individuals and businesses in the community (i.e. transfer effects) are not included, since they result in no net change in community benefits.
- quantifies costs and benefits where possible.

Base case

The base case(s) against which the proposal is evaluated is the current situation

describe current situation eg current zoning if proposal is for a rezoning. Also identify and describe other base cases if being used.

Evaluation criteria

The following key criteria should be examined when assessing the merits of the proposal against the base case. Although these evaluation criteria are from the Draft Centres Policy and apply to retail and commercial rezonings, they should be adapted to all types of planning proposals, so make the necessary changes to the evaluation criteria for non-business/retail/ commercial rezonings.

If more than one base case is being used, add an extra column to the following table.

Quantify costs and benefits where possible.

EVALUATION CRITERIA	COMMUNITY COSTS AND BENEFITS			
	BASE CASE – CURRENT SITUATION	PLANNING PROPOSAL	QUALITATIVE COMMUNITY BENEFIT PER CRITERIA	QUANTITATIVE COMMUNITY BENEFIT PER CRITERIA
Will the LEP be compatible with agreed State and regional strategic direction for development in the area (eg land release, strategic corridors; development within 800 metres of a transit node)?	The State and Regional Directions for the Area are contained in the State Plan, the Metropolitan Plan for Sydney 2036 and translated at a local level in the Draft South West Region Structure Plan. These are described in detail in this Planning Proposal in Appendices 5, 6 and 7. The current zoning of the lands subject to this planning proposal fails to achieve the objectives and relevant actions of the Strategic Directions.	The LEP seeks to enable development that is compatible with the Strategic Directions for the area and that achieves their objectives (refer to details in Appendices 5, 6, and 7).	The qualitative strategic benefits of the proposal are as follows: • an increase in the supply of locally based retail floorspace within the Camden LGA to meet the needs of existing and new residents, enhancing quality of life; • support for existing public transport, enhancing role and level of service; • encouragement of the use of bicycles and walking as viable modes of transport, facilitating healthy communities; • a reduction in travel distances and potential car use required to access facilities, services and employment promoting sustainability, air quality, reduced road congestion and a reduction in greenhouse emissions; • access to short and long term employment opportunities; and • effective use of a large underutilised parcel of land located within an established town centre with good access to complementary and support activities, existing public transport and all necessary infrastructure.	Potential quantitative strategic community benefits include: • a reduction in household transport costs as a result of reduced travel times and distances, and increased attractiveness of bicycles, walking and public transport as viable modes of transport; • investment in construction and creation of short and long term employment opportunities and associated multiplier effects; and • greater utilisation of existing investment in infrastructure (roads, public transport, civil structures / services) reducing the potential for the need for public investment in new infrastructure in other locations.
Is the LEP located in a global/regional city, strategic centre or corridor nominated within the Metropolitan Strategy or another regional/sub-regional strategy?	No, site is located in an existing town centre adjoining a Growth Centre with a recognised shortfall in the long term provision of retail floor space	The LEP seeks to expand an existing town centre to partially meet some of the forecast shortfall in demand in the Growth Centre and LGA generally	As above.	As above.
Is the LEP likely to create a precedent or create or change the expectations of the landowner or other landholders?	The subject lands are the only lands available within the Narellan Town Centre that have the scope and potential to realize a rezoning of the nature proposed.	The LEP applies to a small number of land holdings in the Narellan Town Centre. It proposes a site specific outcome that responds to a unique set of site and town centre specific circumstances.	It would be difficult to establish a precedent from support for the LEP based on the characteristics of the proposal and the subject land. It is unlikely that expectations from other landowners, or the community at large, would be influenced by the LEP, due to its unique nature.	No quantitative cost to the community.

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	BASE CASE – CURRENT SITUATION	PLANNING PROPOSAL	QUALITATIVE COMMUNITY BENEFIT PER CRITERIA	QUANTITATIVE COMMUNITY BENEFIT PER CRITERIA
Have the cumulative effects of other spot rezoning proposals in the locality been considered? What was the outcome of these considerations?	Camden Council has recently prepared its new Comprehensive LEP 2010. There are no relevant previous spot rezonings that could cumulatively establish a pattern of change that requires consideration.	The proposed LEP has been prepared in response to a unique set of site specific circumstances that do not pose any potential to establish a subsequent pattern of spot rezonings that may generate cumulative effects.	No qualitative cost to the community.	No quantitative cost to the community.
Will the LEP facilitate a permanent employment generating activity or result in a loss of employment lands?	Land is primarily zoned B5 – Business Development. The zone provides for low density employment (bulky goods) uses.	The rezoning seeks to consolidate and expand the amount of retail floor space within the site within a B2 – Local centre zone. Retail use has a higher employment density compared to uses that can be accommodated in the B5 zone. 1,000 long term additional jobs are forecast to be created within the site in the retail sector (one of the most significant sources of employment in the South West Sub-region). This figure does not include short term jobs in construction or other multiplier effects. There is no loss of employment lands.	The potential for the provision of long term higher density employment generating uses within the proposed zone is increased.	The provision and injection of additional employment and wages within the community and local economy.
Will the LEP impact upon the supply of residential land and therefore housing supply and affordability?	Land is primarily zoned B5 – Business Development.	There is no loss of residential zoned lands.	No qualitative cost to the community.	No quantitative cost to the community.
Is the existing public infrastructure (roads, rail, and utilities) capable of servicing the proposed site? Is there good pedestrian and cycling access? Is public transport currently available or is there infrastructure capacity to support future public transport?	The area is well served by sewer, water and power and public transport. Established pedestrian networks exist. The site is bound on all sides by major roads and enjoys access to the roads	The LEP will: - provide opportunities to increase the attractiveness of using public transport, walking and cycling as viable transport nodes; and - Better utilize existing road, civil and public transport infrastructure.	Potential improved community health and well-being by a reduction in car use in favour of more healthy alternative transport modes.	There is a quantitative benefit to the community in terms of better use of existing infrastructure.

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	BASE CASE – CURRENT SITUATION	PLANNING PROPOSAL	QUALITATIVE COMMUNITY BENEFIT PER CRITERIA	QUANTITATIVE COMMUNITY BENEFIT PER CRITERIA
Will the proposal result in changes to the car distances traveled by customers, employees and suppliers? If so, what are the likely impacts in terms of greenhouse gas emissions, operating costs and road safety?	The range of existing uses allowed by the B5 zone will generate car based travel demand.	The LEP focuses and increases the range of retail uses that can meet local demand, thereby offering the potential to reduce travel distances and trip generation to more distant locations. In turn this has the potential to reduce greenhouse gas emissions, operating costs and road safety issues.	A potential reduction in travel distances and car use required to access facilities, services and employment promotes sustainability, air quality and a reduction in greenhouse emissions.	A potential reduction in travel distances and car use required to access facilities, services and employment reduces the costs of road congestion, household costs of car use and costs of road safety/incidents.
Are there significant Government investments in infrastructure or services in the area whose patronage will be affected by the proposal? If so, what is the expected impact?	There is an existing, established public transport network within the area and the Narellan Town Centre is a hub of that network. A new town centre is planned at Leppington 12 km to the north of the site with a new railway station currently under construction. It will partly serve Narellan. An existing major centre with railway access is located at Campbelltown 8 km south east of the site. It currently serves Narellan and is likely to continue to do so. Both centres contain significant public investment in public transport and community services.	The LEP proposes new uses and activities that reduce the acknowledged shortfall in retail floor space provision in the South West Sub region. In this context the increase in floorspace will have no impact on the role and scale of the planned centre at Leppington and the existing centre at Campbelltown, nor the current public investment in infrastructure that will continue to serve the area. Rather, it potentially increases the attractiveness of using public transport for trips, reducing public subsidization of public transport services.	No qualitative cost to the community.	A potential reduction in public transport subsidy costs from increases in patronage generated by the proposed new uses.
Will the proposal impact on land that the Government has identified a need to protect (eg land with high biodiversity values) or have other environmental impacts? Is the land constrained by environmental factors such as flooding?	The subject site has not been identified as having any biodiversity value or constrained by environmental matters		No external cost to community.	No external cost to community.

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	BASE CASE – CURRENT SITUATION	PLANNING PROPOSAL	QUALITATIVE COMMUNITY BENEFIT PER CRITERIA	QUANTITATIVE COMMUNITY BENEFIT PER CRITERIA
Will the LEP be compatible/ complementary with surrounding land uses? What is the impact on amenity in the location and wider community? Will the public domain improve?	Activities and development in the Narellan Town Centre are characterised by a mix of retail and commercial uses. The character of the public domain is generally poor.	The proposed rezoning will introduce compatible and complementary retail uses to those that prevail within the Narellan Town Centre. Investment in the upgrading of public domain areas along Camden Valley Way will improve the public domain character of the centre.	Improved access to retail uses and improved public domain character.	No external cost to community.
Will the proposal increase choice and competition by increasing the number of retail and commercial premises operating in the area?	Land is primarily zoned B5 – Business Development. The zone provides for limited retail use.	The rezoning seeks to consolidate and expand the amount of retail floor space within the site.	Increased range / choice and agglomeration of retail activity.	Increased competition.
If a stand-alone proposal and not a centre, does the proposal have the potential to develop into a centre in the future?	Subject site is located in existing centre.	Proposal seeks to expand an existing centre.	No qualitative cost to the community.	No quantitative cost to the community.
What are the public interest reasons for preparing the draft plan? What are the implications of not proceeding at that time?	No change deprives existing and future residents of the provision of retail floor space to meet demonstrable needs and deprives the community of the other benefits noted above.	The rezoning enables realisation of the benefits noted above.	Public interest is best served by amending the zone and the range of uses that compliment surrounding activities and facilities that can be accommodated within.	Potential external cost to community if LEP does not proceed due to potential loss of economic opportunities noted above.
NET COMMUNITY BENEFIT =			Positive	Positive