

Appendix 4 - Council Report 8 February 2016 - Infrastructure Funding Review for CBD Planning Proposal

ECONOMY

ITEM NUMBER	0.0
SUBJECT	Report of the Parramatta CBD Infrastructure Funding Review Committee
REFERENCE	F2013/02004 - D04070773
REPORT OF	Team Leader Strategy

PURPOSE:

The purpose of this report is to provide Council with the Report of the Parramatta CBD Infrastructure Funding Committee meeting held on 27 January 2016, including the recommendations from that Committee.

RECOMMENDATION

That Council adopt the recommendations of the Parramatta CBD Infrastructure Funding Review Committee meeting held on 27 January 2016, as follows:

- (1) **That** instead of pursuing an increase to section 94A from 3% to 4.5%, that Council proceed with a two phase value sharing system in the Draft Parramatta CBD Planning Proposal, as follows:
 - (a) Phase 1 – Value sharing the difference between existing FSR controls and proposed FSR controls under the Draft Parramatta CBD Planning Proposal; and
 - (b) Phase 2 – Value sharing additional ‘bonus’ FSR for ‘Opportunity Sites’ above that proposed in Phase 1.
- (2) **That** further work be undertaken to develop the specific value sharing rate to appear in a separate Development Guideline. Further analysis required to allow the Committee to finalise its recommendation on the rate includes:
 - (a) Consideration of land value uplift in different locations in the CBD.
 - (b) Consideration of land value uplift pre and post DA approval.
 - (c) Further development feasibility testing of any proposed rates.
 - (d) Consideration of different rates for Phase 1 and Phase 2 value sharing.
- (3) **That** Council obtain legal advice to ensure the proposed value sharing system is permissible under the *Environmental Planning and Assessment Act 1979*, noting similar systems already in place by the City of Sydney and Ryde Councils.
- (4) **Further, that** Council defer consideration of a heritage floor space transfer scheme to a separate LEP amendment to be undertaken at a future date given the potential conflicts arising with the proposed value sharing scheme.

BACKGROUND

1. Reference is made to Item 11.6 of the Business Paper to this meeting, which advises that the meeting of the Parramatta CBD Infrastructure Funding Review Committee was held on 27 January 2016. As provided under Item 11.6 (refer to

paragraph 5 of that report), a copy of the Report of the Committee is provided at Attachment 1 accordingly.

2. It is recommended that Council adopt the recommendations of the Committee, so as to enable the progression of the Draft Parramatta CBD Planning Proposal.
3. A further meeting of the Committee will be required, which will be arranged in the next month, once the additional analysis requested by the Committee is complete.

Roy Laria
Team Leader Strategy

ATTACHMENTS:

- | | | |
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| 1 | Report of the Parramatta CBD Infrastructure Funding Review Committee held on 27 January 2016 | 3
Pages |
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REFERENCE MATERIAL

ATTACHMENT 1

REPORT OF THE PARRAMATTA CBD INFRASTRUCTURE FUNDING REVIEW COMMITTEE MEETING HELD IN THE LEVEL 12 BOARDROOM, 126 CHURCH STREET, PARRAMATTA ON WEDNESDAY, 27 JANUARY 2016 AT 6:20PM

PRESENT

Clr Steven Issa in the Chair, Clr James Shaw, Clr Lorraine Wearne, Ms Mary-Lynne Taylor and Mr Sam Haddad.

IN ATTENDANCE

Clr Scott Lloyd, Ms Sue Weatherley (Director Strategic Outcomes and Development), Ms Jennifer Concato (Manager City Strategy), Mr Robert Cologna (Service Manager Land Use Planning), Mr Roy Laria (Team Leader Strategy), Mr Greg New (Consultant – GLN Planning) and Mr Peter Lawrence (Consultant – GLN Planning).

APOLOGIES

Clr Jean Pierre Abood.

WELCOME AND INTRODUCTIONS

The Chair, Clr Steven Issa, welcomed all Committee members, support staff and consultants to the meeting. Introductions were provided by all present.

PURPOSE AND BACKGROUND

Ms Sue Weatherley gave an overview of the key purpose of the Committee and provided some background. The key purpose of the Committee is to advise Council on an appropriate infrastructure funding mechanism to incorporate in the Draft Parramatta CBD Planning Proposal.

PRESENTATION – PROPOSED VALUE SHARING MECHANISM

Mr Robert Cologna delivered a presentation on the proposed two phase value sharing system (as described in the report to Council on 14 December 2015). The proposed system, which is generally based on the systems used by the City of Sydney Council for Green Square and Ryde Council for Macquarie Park, would operate as follows:

- (a) Phase 1 – Value Sharing the difference between existing FSR controls and proposed FSR controls under the Draft Parramatta CBD Planning Proposal; and
- (b) Phase 2 – Value sharing additional ‘bonus’ FSR for ‘Opportunity Sites’ above that proposed in Phase 1.

The presentation also detailed the implications of implementing a heritage floor space transfer system as Council had resolved on 14 December 2015 to explore the implementation of a heritage floor space transfer system. The presentation discussed the implications of implementing a value sharing mechanism and heritage floor space transfer system at the same time.

PRESENTATION – VALUE SHARING RATE AND FEASIBILITY TESTING

Mr Greg New delivered a presentation which discussed the work being undertaken to develop a value sharing rate for the Parramatta CBD. Comparable rates in Green Square (\$475/m²) and Macquarie Park (\$250/m²) were also being considered in the analysis.

The presentation also looked at a number of contribution scenarios and examined their impacts on development feasibility, including contribution generated, developers profit, IRR and margin.

RECOMMENDATIONS FROM THE COMMITTEE

Following the presentations and discussion amongst the Committee members, the Committee RECOMMENDS the following to Council:

- (5) THAT instead of pursuing an increase to section 94A from 3% to 4.5%, that Council proceed with a two phase value sharing system in the Draft Parramatta CBD Planning Proposal, as follows:
 - (c) Phase 1 – Value Sharing the difference between existing FSR controls and proposed FSR controls under the Draft Parramatta CBD Planning Proposal; and
 - (d) Phase 2 – Value sharing additional ‘bonus’ FSR for ‘Opportunity Sites’ above that proposed in Phase 1.
- (6) THAT further work be undertaken to develop the specific value sharing rate to appear in a separate Development Guideline. Further analysis required to allow the Committee to finalise its recommendation on the rate includes:
 - (e) Consideration of land value uplift in different locations in the CBD.
 - (f) Consideration of land value uplift pre and post DA approval.
 - (g) Further development feasibility testing of any proposed rates.
 - (h) Consideration of different rates for Phase 1 and Phase 2 value sharing.
- (7) THAT Council obtain legal advice to ensure the proposed value sharing system is permissible under the *Environmental Planning and Assessment Act 1979*, noting similar systems already in place by the City of Sydney and Ryde Councils.
- (8) THAT Council defer consideration of a heritage floor space transfer scheme to a separate LEP amendment to be undertaken at a future date given the potential conflicts arising with the proposed value sharing scheme.

NEXT MEETING

The next meeting of the Committee will be held in the next month (once the additional analysis is complete), to further discuss and consider the value sharing rate.

The meeting terminated at 9:00pm.

COUNCIL RESOLUTION

11.6 SUBJECT Infrastructure Funding Review Committee -Draft
 Parramatta CBD Planning Proposal

REFERENCE F2013/02004 - D04061827

REPORT OF Team Leader Strategy. Also additional Team Leader
 Strategy Report.

1 RESOLVED (Issa/Makari)

- (a) **That** Council adopt the recommendations of the Parramatta CBD Infrastructure Funding Review Committee meeting held on 27 January 2016.
- (b) **That** instead of pursuing an increase to section 94A from 3% to 4.5%, that Council proceed with a two phase value sharing system in the Draft Parramatta CBD Planning Proposal, as follows:
 - (e) Phase 1 – Value sharing the difference between existing FSR controls and proposed FSR controls under the Draft Parramatta CBD Planning Proposal; and
 - (f) Phase 2 – Value sharing additional 'bonus' FSR for 'Opportunity Sites' above that proposed in Phase 1.
- (c) **That** further work be undertaken to develop the specific value sharing rate to appear in a separate Development Guideline. Further analysis required to allow the Committee to finalise its recommendation on the rate includes:
 - (i) Consideration of land value uplift in different locations in the CBD.
 - (ii) Consideration of land value uplift pre and post DA approval.
 - (iii) Further development feasibility testing of any proposed rates.
 - (iv) Consideration of different rates for Phase 1 and Phase 2 value sharing.
- (d) **That** Council obtain legal advice to ensure the proposed value sharing system is permissible under the *Environmental Planning and Assessment Act 1979*, noting similar systems already in place by the City of Sydney and Ryde Councils.
- (e) **Further, that** Council defer consideration of a heritage floor space transfer scheme to a separate LEP amendment to be undertaken at a future date given the potential conflicts arising with the proposed value sharing scheme.