



**CITY OF  
PARRAMATTA**

# **Parramatta City Centre Local Infrastructure Contributions Plan (Amendment No 1)**

Justification Report Supplement  
May 2023



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# 1. Executive Summary

Amendment 1 to the Parramatta City Centre Local Infrastructure Contributions Plan 2022 (the contributions plan) seeks to amend the Land Application Map (Figure 2) of the plan to remove "Area A" as it currently applies to land within the City Centre generally bounded by the northern side of Phillip Street, Smith Street, the Parramatta River and Charles Street (the Phillip Street block).

This amendment is being proposed as a consequence of changes to the planning controls applying to the Phillip Street block undertaken by the Department of Planning and Environment and brought into effect through State Environmental Planning Policy (Parramatta CBD No 2) 2022, which was published on 16 December 2022; and where the controls that result in increases to height and floor space ratio applying to land in the Phillip Street block come into effect on 30 June 2023.

Successful implementation of this amendment and commensurate amendment to the Regulation will ensure consistency and procedural fairness in the operation of the contributions plan by ensuring land that has received uplift through Amendment 56 to Parramatta Local Environmental Plan 2011 or the subsequent State Environmental Planning Policies are treated equally in respect of s7.12 contributions applied within the City Centre.

This Supplement to the original Justification Report (October 2021) has been undertaken to specifically address the matter pertaining to the changes impacting the Phillip Street block. Accordingly, it should be read in conjunction with the original commentary from that report, the assumptions of which remain relevant to the circumstances of this case. It is therefore recommended that the Minister support this amendment to the contributions plan and approve an amendment to Section 209 of the Regulation to enable Council to apply the higher percentage rates to future development within the Phillip Street block consistent with other areas of the City Centre.

The draft contributions plan was publicly exhibited between 27 March and 28 April 2023. At the closing of the exhibition on 28 April, six submissions were received.

- Three of these supported the amendment.
- One requested a change to the percentage rate (out of scope).
- One objected to the amendment on the grounds that they did not support further high-rise development within the City Centre (out of scope).
- One objected on the grounds that they considered there should be a nexus between a particular development outcome and the application of the higher contributions rates.

None of the matters raised in the submissions warranted further changes to the draft contributions plan as exhibited.

## 2. Background

### 2.1. Purpose of this Supplement

This supplement to the Parramatta CBD Infrastructure Contributions Plan Justification Report (October 2021) has been prepared to assist the Department in considering the reinstatement of the higher percentage rates for the Phillip Street block – being land more-or-less bounded by the northern side of Phillip Street, Smith Street, the Parramatta River and Charles Street. The requested rates to be reinstated are set out in Table 1, below; and the land to which the request relates is shown in Figure 1 edged in red.

Development with a cost exceeding \$250,000	Current s7.12 Percentage Rate	Requested s7.12 Percentage Rate
Residential Accommodation and mixed-use developments that incorporate residential accommodation along with other development	3%	5%
Other development that does not provide residential accommodation	3%	4%

Table 1 – Existing and requested maximum percentage rates for the Phillip Street block

The assumptions and justifications contained in the original report remain relevant to this request for consideration of reinstating the higher rates to this land for the following reasons:

- The Phillip Street block is located within the Parramatta City Centre; and was originally included within the contributions plan to be subject to increased s7.12 levies.
- The new controls brought in by SEPP 2, and to come into effect on 30 June 2023, result in significant increases to development density and modest increases to height compared to the current controls. While the increases are not as great as originally mooted under the original Parramatta CBD Planning Proposal, they are comparable to other parts of the City Centre that received uplift and already are paying the increased rates.



Figure 1 – Land Application Map for the City Centre Local Infrastructure Contributions Plan. Phillip Street block shown edged in red

## 2.2. Timeline

Originally, the entire City Centre was identified to be subject to the increased s7.12 levies. Key events are set out in Table 2, below.

Date	
15 June 2021	Council considered a post-exhibition report to the Parramatta CBD Planning Proposal; and resolved in respect of preparing a

	<p>new contributions plan:</p> <ul style="list-style-type: none"> <li>• A new Section 7.12 contributions plan is to be prepared within 12 months; and</li> <li>• Note that the plan will include contributions rates higher than the current 3% rate, subject to feasibility testing of the levy rate.</li> </ul>
26 July 2021	<p>Council considered a report with a draft contributions plan that increased the 3% contributions rates to the following:</p> <ul style="list-style-type: none"> <li>• Development for the purpose of residential accommodation – five (5) percent of the development cost where the total development cost is over \$250,000.</li> <li>• Mixed-use development (development including both residential accommodation and other land uses) – five (5) percent of the development cost where the total development cost is over \$250,000.</li> <li>• Other development (excluding residential accommodation) – four (4) percent of the development cost where the total development cost is over \$250,000.</li> <li>• Any development where the development cost is \$250,000 or less – no contribution required.</li> </ul> <p>These rates were to be applied across the entire City Centre and were informed by an independent development feasibility analysis (the Savills' reports).</p>
9 August to 26 September 2021	Draft contributions plan exhibited
25 October 2021	<p>Council resolved to approve the finalisation of the contributions plan with the increased rates and to seek approval of the Minister for Planning and Open Spaces to amend the Regulation to enable the higher rates to be applied. This request was submitted to the Department on 5 November 2021.</p>
May 2022	<p>Council received a letter from the Minister for Planning and Open Spaces to review the contributions plan, which was at the time being considered by the Department. This review was requested to take account of changes to planning controls made by the Department in finalising the Parramatta CBD Planning Proposal (Amendment 56)</p>
14 June 2022	<p>Council resolved to amend the approved (but not commenced) contributions plan to apply differential rates across the City Centre. Those areas that had been "deferred" from the planning proposal (i.e. where the existing controls were to continue to apply to the land) retained the 3% levies – including land at the Phillip Street block; while the remainder of the City Centre continued to apply the higher levies previously approved by Council in October 2021. This revised plan was then submitted to the Department to progress their consideration.</p>
21 September 2022	<p>The Minister approved the City Centre Contributions Plan and amended the Regulation that enabled the increased s7.12 levies to apply to the City Centre as per the contributions plan adopted by Council on 14 June 2022 (see Sections 209(1) and 209(6) of the</p>

	Regulation)
14 October 2022	The City Centre Contributions Plan came into effect, concurrent with the commencement of Amendment 56 to Parramatta Local Environmental Plan 2011
16 December 2022	The Department published the State Environmental Planning Policy (Parramatta CBD No 2) 2022 (SEPP 2) which further amended controls with the City Centre, in particular the Phillip Street block. These controls come into effect on 30 June 2023; and have been incorporated into Schedule 7 of Parramatta Local Environmental Plan 2023.
13 March 2023	Council considered and resolved to approve for public exhibition Amendment No 1 to the City Centre contributions plan. This amendment proposed to apply the higher rates to the Phillip Street block, consistent with the remainder of the City Centre, as a result of the changes made by the Department in SEPP 2, above, on 16 December 2022.
27 March to 28 April 2023	Public exhibition of the draft contributions plan.
22 May 2023	Post-exhibition report to Council for approval and finalisation of the draft contributions plan. If approved, the contributions plan would be submitted to the Department for consideration and request to the Minister for Planning to amend the Regulation to refer to the updated contributions plan.

*Table 2 – Timeline for the City Centre contributions plan review*



# 3. Consideration and Justification

## 3.1. Changes to come into effect on 30 June 2023

The changes undertaken through SEPP 2 to the Phillip Street block results in increases to development potential on this land that is consistent to other parts of the City Centre where the higher percentage rates already apply. These are set out in Table 3 and Figure 2, below, and include relevant incentives for design excellence, etc. that apply to the properties in the area.

Area identified on the Additional Local Provisions Map (subject properties in <i>italics</i> )	Current controls	Controls applying from 30 June 2023
<b>Area 2</b> <i>(60 Phillip Street)</i>	Height of Buildings: 92m (approx. 29 storeys)	Height of Buildings: part 0m, part 105m (approx. 34 storeys)
<b>Area 4</b> <i>(66 to 94-96 Phillip Street)</i>	Floor Space Ratio: 6.9:1 Height of Buildings: 92m (approx. 29 storeys)	Floor Space Ratio: 10.4-10.7:1 Height of Buildings: part 0m, part 7m, part 105m (approx. 34 storeys)
	Floor Space Ratio: 6.9:1	Floor Space Ratio: 9.7:1

Table 3 - Current controls and controls effective from 30 June 2023 to the Phillip Street block

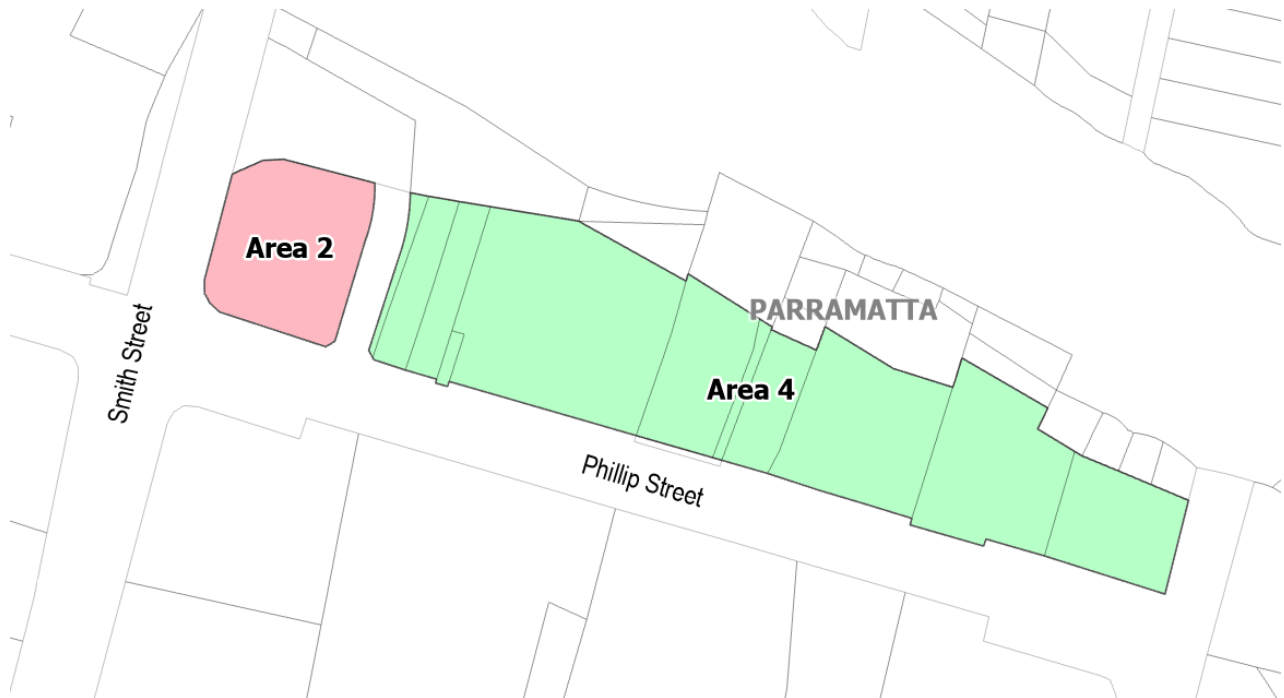


Figure 2 - Location of Area 2 and Area 4

The increases in development potential for land within the Phillip Street block range between 40% and 55% in terms of Floor Space Ratio changes; and approximately 14% increase to height. These changes bring the land to levels similar to other parts of the City Centre that are also zoned MU1 (Mixed Use), such as Cowper Street and Church Street south of the railway line, both of which are already subject to

the higher contributions rates.

**Approval of Amendment 1 to the Parramatta City Centre Local Infrastructure Contributions Plan ensures consistency and procedural fairness in respect of applying s7.12 levies to areas of the City Centre that have received uplift under Amendment 56 to Parramatta Local Environmental Plan and subsequent SEPPs prepared by the Department.**

### 3.2. Updates to income estimates

The earlier Justification Report (October 2021) prepared to support Council's case to seek the higher s7.12 levies detailed a breakdown in contribution costs versus income. At that time, the estimated income of \$642 million over the 40-year planning period resulted in a \$1,338 million (\$1.38 billion) funding gap between the income and total cost of the works program. Further revisions to income estimates in June 2022 and March 2023 still indicate a funding gap of approximately \$1,400 million (\$1.4 billion). Even with the increase in levies to the Phillip Street block, as requested, there will still remain a significant funding gap between the total cost of the contributions anticipated to be received and the total works cost. To enable comparison of changes to the funding gaps over time, no adjustments have been made for indexation or inflation of costs/income over the two-year period outlined in Table 4, below.

Component	Amount	Gap to Total Works Program Cost
Total Works Program cost	\$1,980M	
Works cost apportionable to new development (approx. 60%)	\$1,201M	\$779M funding gap
Estimated income based on 5% residential and mixed-use; and 4% non-residential levies applying to the entire City Centre (as of October 2021)	\$642M	\$1,338M funding gap
Revised estimated income based on variable levies – being a mix of 3%, 4% and 5% levies applying across the City Centre (as of 14 June 2022)	\$582M	\$1,398M funding gap
Revised estimated income if Phillip Street block is reinstated to have the higher levies applied (as of May 2023)	\$583M (increase of approx. \$1.14M)	\$1,397M funding gap

Table 4 – Assessment of funding gaps under the s7.12 contributions plan

Council accepts that there is a funding gap between the total cost of the works program and the estimated income. This is due to the aspirational and long-term nature of the works program (i.e. operating over a period of 40 years). It is also due to the function of the works program to provide a "long list" of works that can be funded through a variety of sources – including, but not limited to, s7.12 contributions.

**Approval of Amendment 1 to the Parramatta City Centre Local Infrastructure Contributions Plan will result in a minor increase of income (estimated at \$1.14 million) but still leaves a significant funding gap between the total cost of the works program and the income anticipated under the contributions plan.**

### 3.3. Consistency with Practice Note

The earlier Justification Report (October 2021) prepared to support Council's case to seek the higher s7.12 levies set out the consideration of the Practice Note (February 2021). At that time, the land within the Phillip Street block was included in the contributions plan to be subject to the higher levies. Council's position in relation to the assessment criteria and the responses provided in that Justification Report are unchanged in respect of this amendment; and this amendment only seeks to reinstate the Phillip Street block to the higher s7.12 levies as a result of the changes undertaken by the Department through SEPP 2 back in December 2022.

**Approval of Amendment 1 to the Parramatta City Centre Local Infrastructure Contributions Plan will reinstate the higher levies that were originally mooted for the Phillip Street block and were considered in the earlier Justification Report. The outcome sought by this amendment is still consistent with the assessment criteria and Council's response to those criteria as published in the earlier Justification Report.**

# 4. Public Consultation

## 4.1. Public Consultation undertaken

Council resolved on 13 March 2023 to adopt the draft contributions plan for public consultation. A public exhibition of the draft contributions plan took place between 27 March and 28 April 2023. Engagement included:

- Mail-out to landowners within the Phillip Street block (61 letters sent);
- Hard copies of the draft contributions plan being made available at Council's Parramatta library;
- Electronic exhibition on Council's "Participate Parramatta" portal.

## 4.2. Submissions received and matters raised

At the closing of the public exhibition on 28 April 2023, Council received six (6) submissions lodged through the Participate Parramatta portal. No submissions were received by e-mail or other methods.

Of the submissions received:

- Three (3) of these supported the amendment.
- One (1) requested a change to the percentage rate (out of scope).
- One (1) objected to the amendment on the grounds that they did not support further high-rise development within the City Centre (out of scope).
- One (1) objected on the grounds that they considered there should be a nexus between a particular development outcome and the application of the higher contributions rates.

None of the matters raised in submissions warranted further changes to the contributions plan as exhibited.

## 5. Conclusion

The changes undertaken through SEPP 2 to the Phillip Street block results in increases to development potential on this land that is consistent to other parts of the City Centre where the higher percentage rates already apply. This amendment to the 2022 contributions plan is administrative in nature and is only being undertaken to ensure procedural fairness to land receiving increases to height and floor space ratio controls within the Phillip Street block to other land already subject to the higher contributions rates elsewhere in the City Centre.

Amendment 1 to the contributions plan does not:

- Seek to change the percentage rates applying to development within the City Centre, other than to reinstate the increased rates to the Phillip Street block;
- Seek to change the works program; and
- Seek to change the timing of contributions payments or other operational factors within the existing contributions plan.

Given the above, it is recommended that the Minister:

- Support the amendment to the Parramatta City Centre contributions plan to update the land application map (Figure 2) where land within the Phillip Street block will be removed from "Area A" and be subject to the increased rates applying elsewhere within the City Centre.
- Approve an amendment to Section 209 of the Environmental Planning and Assessment Regulation 2021 to give effect to the first point, above.