



**CITY OF  
PARRAMATTA**

# **PARRAMATTA CBD LOCAL INFRASTRUCTURE CONTRIBUTIONS PLAN**

Justification Report  
October 2021

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## Document Control

Version	Date	Comments
1	25/10/2021	Document as reported to Council with draft contributions plan.

# 1. Executive Summary

Parramatta CBD is undergoing a significant transformation to a CBD of metropolitan significance consistent with the directions in the Region and District Plans. To meet the local infrastructure needs associated with an additional 46,120 jobs and 15,340 dwellings estimated to be provided in the CBD based on yield modelling from the *Parramatta CBD Planning Proposal*, a \$1.98 billion (present value) investment in local infrastructure has been identified as necessary over the next 40 years.

This Justification Report has been prepared to support Council's application to the Minister for Planning and Public Spaces (the Minister) to seek an amendment to Clause 25K of the *Environmental Planning and Assessment Regulation 2000* (the Regulation) to allow higher S7.12 contribution rates as provided in the *Draft Parramatta CBD Local Infrastructure Contributions Plan 2021*. This new plan seeks to increase rates above the existing 3% levy currently allowed in the Parramatta CBD under Clause 25K of the Regulation; and apply the following new rates to support the growth envisaged under the *Parramatta CBD Planning Proposal*:

- Development for the purpose of residential accommodation – 5% of the development cost where the total development cost is over \$250,000.
- Mixed-use development (development including residential accommodation and other land uses) – 5% of the development cost where the total development cost is over \$250,000.
- Other development (excluding residential accommodation) – 4% of the development cost where the total development cost is over \$250,000.
- Any development where the development cost is \$250,000 or less – no contribution required.

Council also undertook an apportionment assessment to determine how much of the \$1.98 billion local infrastructure need could be reasonably attributed to new development. Approximately \$1.201 billion – or about 60% - of the cost was apportioned to new development. In present value terms, estimated income under the proposed contributions plan would be about \$642 million over the 40-year period – enabling about 53% of the apportioned cost to be funded from contributions at the proposed rates.

The proposed rates are also informed by separate development feasibility analysis, which indicated the 5% rate for mixed use and residential accommodation and the 4% rate for commercial/office development will maintain development viability using the FSRs proposed under the *Parramatta CBD Planning Proposal*. It is noted that the feasibility analysis also factored in future State Government charges in new Regional Infrastructure Contributions and Transport Infrastructure Contributions.

The *Draft Parramatta CBD Local Infrastructure Contributions Plan 2021* was publicly exhibited from 9 August 2021 to 20 September 2021 (42 days). 11 submissions were received in response to the exhibition. No changes to the proposed rates of 4% (commercial) and 5% (residential/mixed use) were considered necessary following consideration of the submissions received during the exhibition period.

Given the significant upzoning being proposed under the *Parramatta CBD Planning Proposal*, the rates in the new contributions plan are needed to support the additional demands for new infrastructure that will be generated by this new development; and to help the Parramatta CBD achieve its full potential as the 'Central City' for the Greater Sydney metropolitan area. Therefore, it is recommended that the Minister support these higher rates and approve an amendment to Clause 25K of the Regulation accordingly.

## 2. Background

This Justification Report has been prepared to support Council's application to the Minister for Planning and Public Spaces (the Minister) to seek an amendment to Clause 25K of the *Environmental Planning and Assessment Regulation 2000* (the Regulation) to allow the following S7.12 contribution rates, as proposed in the *Draft Parramatta CBD Local Infrastructure Contributions Plan 2021*, for the Parramatta CBD area (as shown in Figure 2 of the *Draft Parramatta CBD Local Infrastructure Contributions Plan 2021*):

- Development for the purpose of residential accommodation – 5% of the development cost where the total development cost is over \$250,000.
- Mixed-use development (development including residential accommodation and other land uses) – 5% of the development cost where the total development cost is over \$250,000.
- Other development (excluding residential accommodation) – 4% of the development cost where the total development cost is over \$250,000.
- Any development where the development cost is \$250,000 or less – no contribution required.

This Report has been prepared having regard to Section 1.8 of the *Section 7.12 Fixed Development Consent Levies Practice Note – February 2021*, published by the Department of Planning, Industry and Environment.

### 2.1. Strategic Priority and Growth for Parramatta CBD

The Parramatta CBD forms part of a connected corridor of precincts, collectively designated Greater Parramatta under the *Central City District Plan* (refer to Figure 1), which is described as:

*"Covering an area of more than 1,400 hectares, Greater Parramatta encompasses Parramatta CBD, Parramatta North Precinct and the Westmead health and education precinct, connected via Parramatta Park. It is the core of the Central River City"*

The growth within Parramatta CBD that is achievable under changes to the planning controls within the *Parramatta CBD Planning Proposal* has been recognised within the *Central City District Plan*. The *Draft Parramatta CBD Local Infrastructure Contributions Plan 2021* has been prepared to support the significant uplift in development capacity envisaged by the *Parramatta CBD Planning Proposal*. This new contributions plan is also considered to be consistent with Council's *Local Strategic Planning Statement*, in particular Planning Priority 6 (provide for community infrastructure and recreation opportunities).

Yield estimates under the *Parramatta CBD Planning Proposal*, as endorsed by Council on 15 June 2021 for finalisation, indicate an additional 46,120 jobs and 15,340 dwellings may be accommodated in the Parramatta CBD under these new controls. The *Parramatta CBD Planning Proposal* plays a key role in assisting Council to meet its jobs and dwellings targets under the *Central City District Plan*, which is also consistent with Council's *Local Strategic Planning Statement*.

Assuming a linear delivery pipeline of approximately 25,000 sqm of commercial floor space and 360 dwellings per year, the theoretical capacity under the *Parramatta CBD Planning Proposal* has a potential supply for about 40 years.

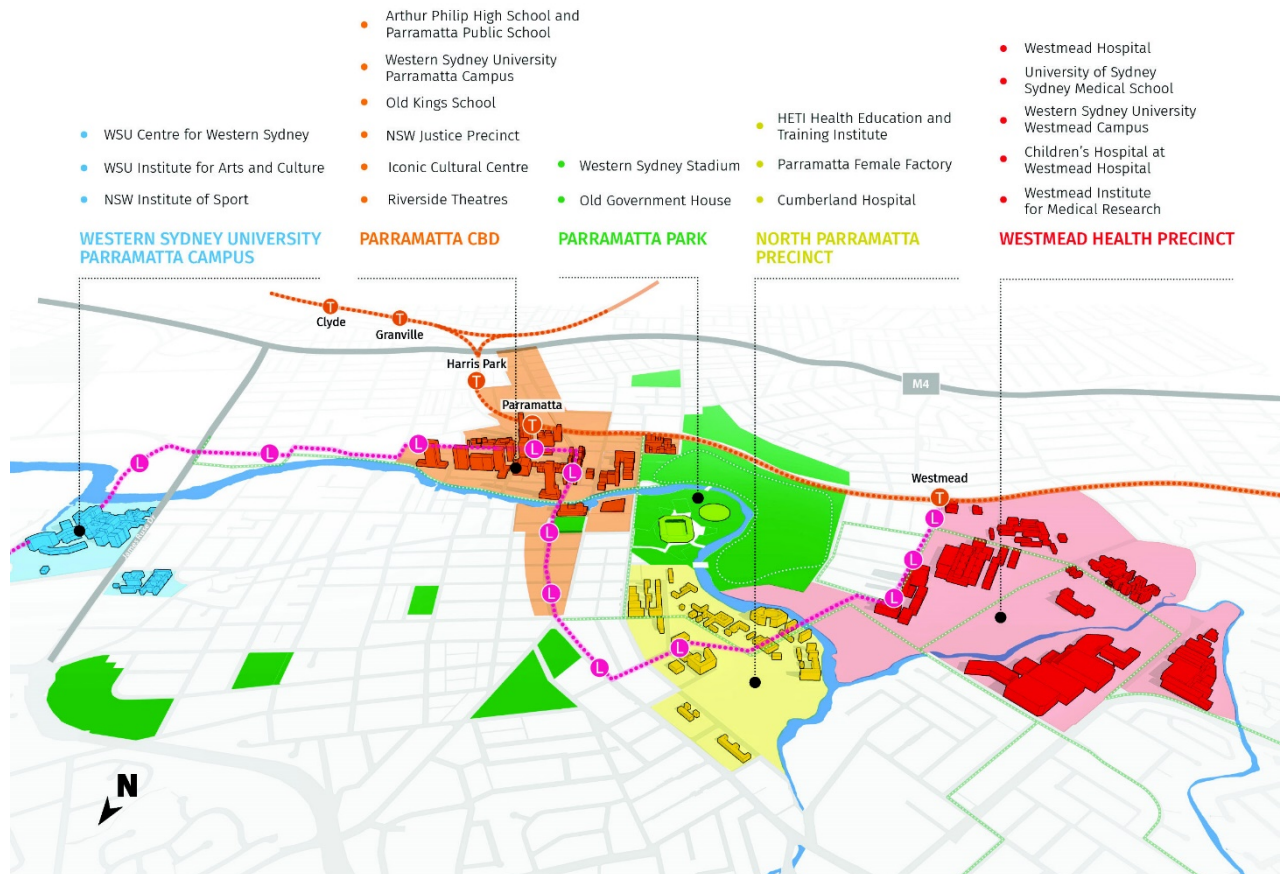


Figure 1 - Greater Parramatta - Central City District Plan

Under the Region Plan, Greater Parramatta is designated a Metropolitan Centre, one of the three CBDs across the Sydney metropolitan area (Figure 2). Accordingly, Parramatta CBD is recognised within these strategic documents as being of regional and metropolitan significance.

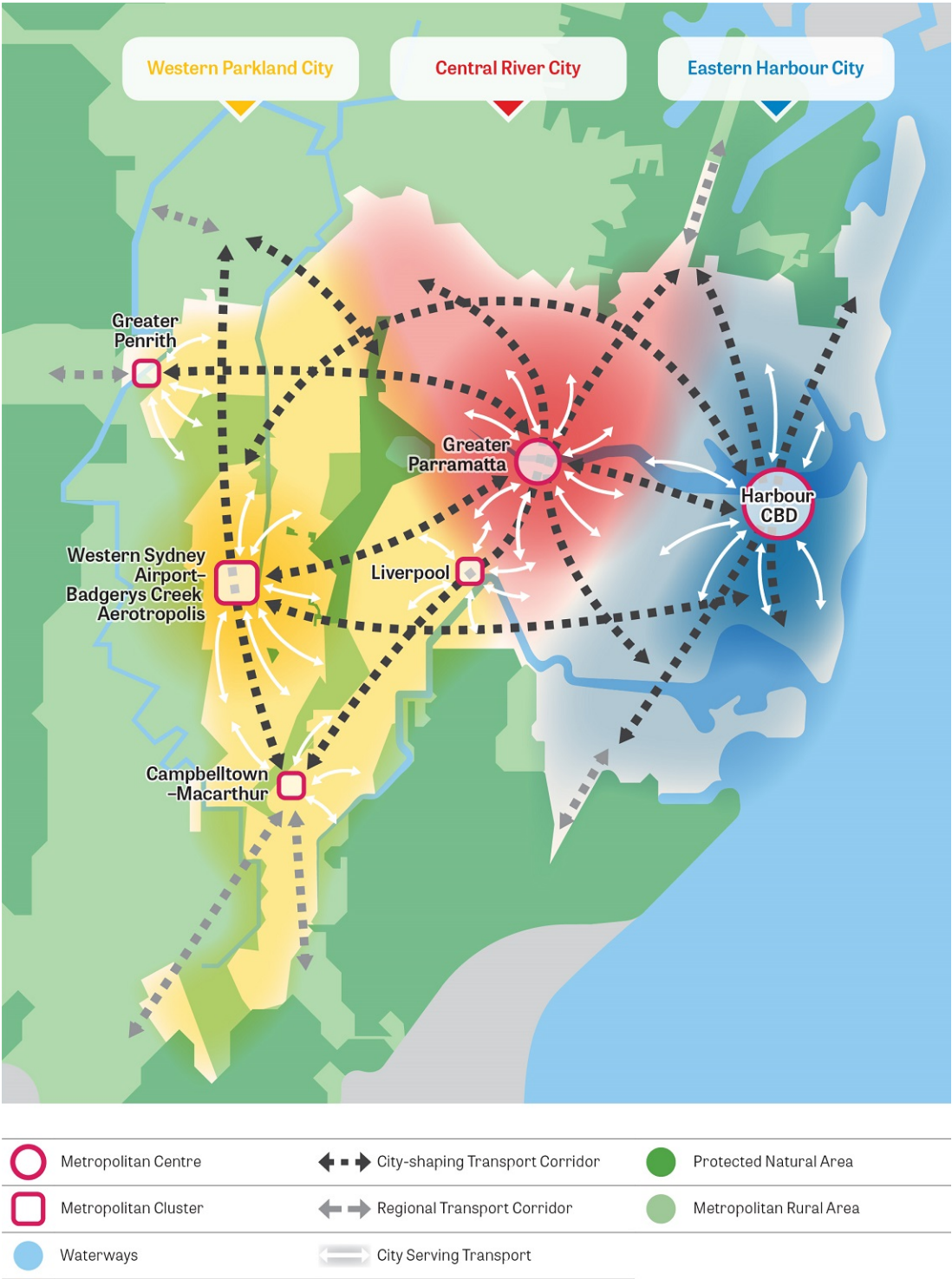


Figure 2 - Greater Sydney Region Plan — A Metropolis of Three Cities

2.2. Providing Local Infrastructure to Meet the Growth

Commensurate with the growth under the *Parramatta CBD Planning Proposal* will be a need to augment existing local infrastructure, as well as provide new local infrastructure to support Parramatta CBD’s transformation in a CBD of metropolitan significance. Previous internal work by Council has identified a local infrastructure need valued at approximately \$1.98 billion (present value), which has informed the works schedule under the *Draft Parramatta CBD Local Infrastructure Contributions Plan 2021* (see Table 1).



Table 1 – Estimated cost of works in the works schedule, by infrastructure category

Category	Estimated cost
Community and cultural facilities	\$736M
Open space and recreation	\$495M
Public domain works	\$573M
Traffic and transport	\$176M
<b>Total</b>	<b>\$1.98B</b>

### 2.3. Previous Funding Considerations

The funding and delivery of local infrastructure to support the growth under the *Parramatta CBD Planning Proposal* originally considered a combination of:

- Section 7.12 levies at the existing rate of 3%; plus
- Provision of local community infrastructure on-site where the amount (value) of the infrastructure to be provided was based on a nominated \$/sqm uplift rate, which, in turn, was computed on value uplift as enabled under the *Parramatta CBD Planning Proposal*. This was proposed to only apply to residential development seeking to take up the Incentive Floor Space and Opportunity Site Floor Space as indicated on the *Incentive Floor Space Ratio Map* and *Opportunity Sites Map* under the *Parramatta CBD Planning Proposal*. Provision of infrastructure through this method was proposed to be formalised through the execution of a Planning Agreement between the applicant and Council.

The release of the updated Practice Note pertaining to Planning Agreements in February 2021 by the Department of Planning, Industry and Environment effectively prevented this approach from being able to be applied where it, implicitly, prohibited the use of planning agreements to be used for "value capture".

Consequently, the preferred approach to deliver local infrastructure that had been part of the *Parramatta CBD Planning Proposal* since its inception was removed and alternate approach to funding the infrastructure to support the anticipated growth was needed. This triggered the preparation of the new *Draft Parramatta CBD Local Infrastructure Contributions Plan 2021* with higher rates than the current 3% levy.

### 2.4. Proposed Contribution Framework

To support the significant uplift in development capacity enabled under the *Parramatta CBD Planning Proposal*, the funding and delivery of local infrastructure is proposed to be enabled through the new *Draft Parramatta CBD Local Infrastructure Contributions Plan 2021*. This plan is a new section 7.12 flat rate levy plan with a rate set higher than the current 3% rate, as follows:

- Intends to levy 5% of the development cost to residential accommodation and mixed-use development (comprising residential accommodation and some type of development); and
- Intends to levy 4% of the development cost to other development that exclusively does not incorporate residential accommodation.

Note: "Residential accommodation" has the same meaning as in *Parramatta Local Environmental Plan 2011*.

The timing of payment is proposed to be moved from Construction Certificate to Occupation Certificate stage, or commencement of the use in the case of Complying Development. This approach

is consistent with the recommendations from the Productivity Commission<sup>1</sup> and moves the impost of a contribution on development to the project's completion rather than at its commencement. It is also consistent with the recommendations of Council's feasibility testing by Savills (as discussed in Section 3 of this report).

Affordable and social housing is proposed to be exempt from the requirement to pay a levy under the new plan.

Works can be delivered in-kind as an alternative to partial or total settlement of the contribution liability. Any proposal to seek an alternative to monetary payment will require a planning agreement.

Completion and adoption of this contributions plan in a similar timeframe to that of the CBD Planning Proposal is also consistent with Recommendation 4.1 of the Productivity Commission Review<sup>2</sup> where the Commission recommended that infrastructure contributions plans are developed upfront as part of the zoning process. The capacity to fund local infrastructure by development taking up the increased yields has always been front-and-centre of the *Parramatta CBD Planning Proposal* with the draft provision of community infrastructure requirement. The adoption of the higher percentage rates sought by this Section 7.12 Plan continues that approach.

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<sup>1</sup> NSW Productivity Commission (November 2020) Review of Infrastructure Contributions in NSW Final Report. Source: [Infrastructure Contributions Review | Commissioner for Productivity \(nsw.gov.au\)](https://www.nsw.gov.au/infrastructure-contributions-review)

<sup>2</sup> *ibid*



## 3. Financial Considerations and Feasibility Testing

### 3.1. Infrastructure Funding

As described in the previous section, Council has identified approximately \$1.98 billion of local infrastructure need for the Parramatta CBD to assist in its transformation to a CBD of metropolitan significance as envisaged under the *Parramatta CBD Planning Proposal*.

Of the \$1.98 billion local infrastructure need, as illustrated in Figure 3:

- Approximately \$327 million is already funded through existing funding arrangements, such as grants, planning agreements, and already committed Council funds.
- Approximately \$58 million will be funded from existing contribution reserves in the City Centre to be rolled-over to the new plan (reasonable substitution).
- Approximately \$1.201 billion of the works has been identified as directly attributable (apportioned) to new development and could reasonably be funded by the developer contributions system.
- Approximately \$392 million is the remaining funding gap between existing funding arrangements, funding in existing reserves and the component of works directly attributable to new development.

This is before any consideration of funding through the development contributions system has occurred. In the event that estimated income from an increased development contributions levy is considered, that income will partly fund the blue portion shown in the graph below but, under scenarios tested in the following Section of this report, none of them can fully fund the apportionable component to new development due to feasibility impacts.

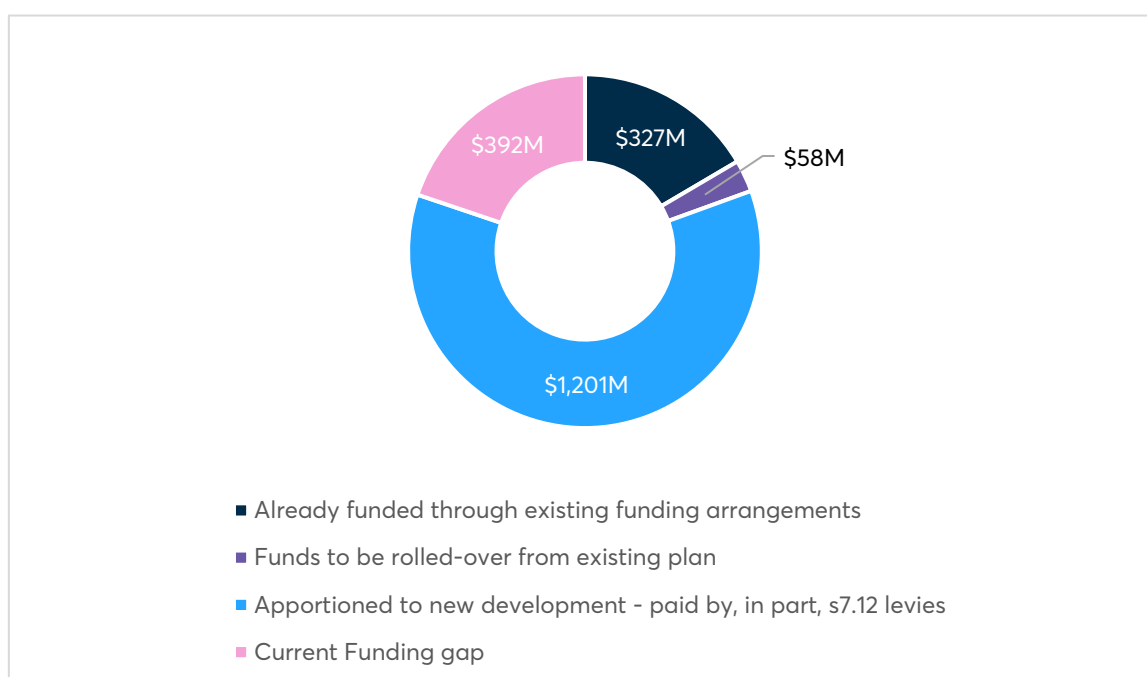


Figure 3 - Breakdown of funding towards the \$1.98 billion infrastructure need

### 3.2. Apportionment to new development

As described in the previous section, Council does not propose new development to fully fund the entire \$1.98 billion infrastructure need. Council recognises that some of the new or augmented local infrastructure will benefit existing residential and workforce populations already within the Parramatta CBD. Of the \$1.98 billion infrastructure need, approximately \$1.201 billion (about 60%) has been identified as being attributable (apportionable) to the additional residential and workforce population. This apportionment assessment involved a line-by-line consideration of each item in the Works Program. It considered whether the item would benefit primarily the additional growth in population (such as a new childcare centre or upgrades to sportsgrounds) or both existing and additional populations (such as public domain works or the new Aquatic Centre at Mays Hill). Where the item was considered to benefit primarily the additional growth, it was apportioned 100% of its cost. Where the item was considered to benefit both existing and additional population, it was apportioned 60% of its cost. The 60% apportionment value itself was derived from forecast changes to the Parramatta CBD residential population over the period spanning 2021-2041. This apportionment testing was undertaken at the request of the Department to ensure that the increased rates sought are directly related to the proportional costs of the new infrastructure demand created by new development. This is a key consideration to support an increased contribution levy to the Parramatta CBD as the existing 3% rate will no longer be sufficient to partially fund the infrastructure needed to support Parramatta CBD's move to a CBD of metropolitan significance as envisaged under the *Parramatta CBD Planning Proposal*.

### 3.3. Estimated income modelling

Based on development value derived from yield estimates under the *Parramatta CBD Planning Proposal*, Council modelled estimated income from Section 7.12 contributions applying a range of levies. In all scenarios tested between 3% and 7% levies, none of them could fully fund the apportionable cost of the Works Program to new development, as shown in Table 2. This modelling assumed a take-up rate of 67% (two-thirds), which is consistent with all previous yield modelling when converting from GFA to dwellings and jobs.

Table 2 – Income Estimates for ranges of Section 7.12 levies – numbers are rounded to the nearest million

Section 7.12 Levy	Apportioned Component of Works Program	Estimated Income at Section 7.12 Levy Rate	Outstanding Amount to be funded in addition to the current funding gap
3% (all development)	\$1,201M	\$424M	\$778M
4% (all development)	\$1,201M	\$565M	\$637M
<b>4% Commercial &amp; 5% residential/mixed use (as per draft plan)</b>	<b>\$1,201M</b>	<b>\$642M</b>	<b>\$559M</b>
5% (all development)	\$1,201M	\$706M	\$495M
6% (all development)	\$1,201M	\$847M	\$354M
7% (all development)	\$1,201M	\$988M	\$213M

To fully fund or exceed the apportioned cost of the works component:

- a Section 7.12 levy of 6% combined with a take-up rate of 100% (i.e. all sites across the CBD develop to their maximum capacity) could theoretically result in a \$69M surplus; or
- a Section 7.12 levy of 7% combined with a take-up rate of between 80% and 90% would result in a fully funded outcome.

However, neither of these scenarios are considered realistic outcomes as it is unlikely that development in the CBD could achieve a 100% take-up of all theoretical floor space capacity; nor would a 7% Section 7.12 levy be supported on development feasibility grounds, as discussed in the following section.

### 3.4. Development Feasibility Analysis

The proposed contributions rates of 4% (commercial) and 5% (residential/mixed use) are informed by feasibility testing undertaken by Savills on a hypothetical development scenario that is typical within Parramatta CBD. The feasibility testing established an Internal Rate of Return (IRR) of 20% as the hurdle, which is a commonly used benchmark for testing development feasibility where lending from a financial institution may be required. FSRs of 10:1, 12:1 and 15:1 were tested in this initial analysis, as these are the predominant FSRs permissible in the Parramatta CBD under the *Parramatta CBD Planning Proposal* and the resulting s7.12 percentage rates are summarised in Table 3, below. A copy of the Savills report was made available during the exhibition period and is included at Attachment 1. Council officers recognise that the testing is based on a hypothetical situation and that the results for individual development circumstances (such as acquisition costs, construction costs, finance, developer risk appetite, etc) could be different.

Following representations made during the exhibition period, Council officers commissioned Savills to undertake further feasibility testing to establish potential s7.12 rates across sites with a proposed FSR of 7.2:1 (i.e. 6:1 mapped FSR, plus design excellence and high performing building incentives for a total FSR of 7.2:1). A 6:1 (7.2:1 with incentives) FSR is recognised as one of the predominant FSR controls in the Parramatta CBD under the *Parramatta CBD Planning Proposal*, particularly north of the river or around the transitional edges of the CBD to lower density development; and is substantially lower than the FSRs of 10:1, 12:1 and 15:1 tested in the original feasibility analysis. The results of that testing are also summarised in Table 3 below. These rates are close to the exhibited rates of 5% (Residential/Mixed Use) and 4% (Commercial) in the draft plan where development viability can still be maintained even with the lower FSR controls. The Savills Addendum report includes the following in its conclusion: "*It is noted that should a 5% section 7.12 contribution rate be applied, as proposed in the Draft Local Infrastructure Contributions Plan 2021, the analysis indicates this would result in an IRR of 19.93%, which is very close to 20% and we expect is likely to be acceptable for financial institutions.*" This supplementary analysis is included at Attachment 2.

As part of the Feasibility Testing, Savills considered potential Regional Infrastructure Contributions and Transport Contributions as inputs to the feasibility analysis that had to be addressed as part of the development's costs as set out at Table 2 of the Savills report, which, in turn, informed the resulting contributions rates that could be sustained while still maintaining development viability.

Table 3 – Summary of Feasibility Testing results from Savills

Floor Space Ratio	S7.12 Rates – Residential (Mixed Use)	S7.12 Rates - Commercial
7.2:1 (a)	4.83% (c)	4.06%
10:1	5.02%	4.19%
12:1 (a)	5.65%	4.49%
15:1 (b)	6.31%	4.59%

## Notes:

(a) Floor Space Ratio inclusive of Design Excellence and High Performing Buildings Bonuses

(b) Floor Space Ratio inclusive of Design Excellence, High Performing Buildings Bonuses and additional 3:1 applying to Opportunity Sites in the B4 Mixed Use Zone

(c) Savills advises that should a 5% section 7.12 contribution rate be applied, as proposed in the Draft Plan, "the analysis indicates this would result in an IRR of 19.93%, which is very close to 20% and we expect is likely to be acceptable for financial institutions."

## 4. Consideration of Practice Note

Council has, as part of this Justification Report, considered the criteria contained within the *Section 7.12 Fixed Development Consent Levies – Practice Note – February 2021* issued by the Department. Section 1.8 of the Practice Note sets out guidance and accompanying assessment criteria for Councils seeking increases above the prescribed Section 7.12 levy allowed by the Regulation.

The following Tables set out Council's consideration of the criteria and demonstrates consistency for increased Section 7.12 levies against these criteria.

Table 4 - Assessment Criteria for councils seeking levies above 1% of the cost of development'

Criteria for Greater Sydney Region councils	Consideration
The strategic areas are identified in a regional plan, district plan or respective Local Strategic Planning Statement, as a strategic centre, growth area, local centre, or economic corridor	<b>Consistent.</b> Parramatta CBD is identified as a strategic centre and growth centre in the relevant regional plan, district plan and Local Strategic Planning Statement.
Local planning controls reflect, or are being amended to reflect, relevant strategic direction and targets for the centre or defined area.	<b>Consistent.</b> Council is seeking to amend planning controls for the Parramatta CBD to reflect its strategic importance through the <i>Parramatta CBD Planning Proposal</i> , which was recently endorsed by Council for submission to DPIE for finalisation. The proposed contribution rates are needed to support the significant uplift enabled by this planning proposal.
A requirement for a review every 5 years from the date the new contributions plan comes into force is written into the contributions plan	<b>Consistent.</b> The Draft Plan states Council will review it at least every 5 years
Ongoing consultation with the Department regarding changes to works schedules will be undertaken, otherwise the higher percentage levy will no longer apply	<b>Consistent.</b> Council Officers have consulted extensively with DPIE on the <i>Parramatta CBD Planning Proposal</i> and associated infrastructure priorities. Council Officers will continue to consult with the Department on the Draft Plan's works program, where required, as part of any periodic review to the Works Program.
The contributions plan should focus on delivering quality place-based community and green infrastructure, and public space improvements that enhance amenity of the centre	<b>Consistent.</b> The Draft Plan works program focuses on delivering quality place-based community and green infrastructure, and public space improvements that enhance amenity of the Parramatta CBD.

Criteria for Greater Sydney Region councils	Consideration
The centre has been identified by the relevant strategic plan/s to accommodate significant employment growth. An example of this includes facilitating an increase of at least 25% more employment opportunities than currently available in the centre	<b>Consistent.</b> Parramatta CBD has been identified in the relevant regional plan, district plan and Local Strategic Planning Statement to accommodate significant employment growth as the "Central City" for the Greater Sydney metropolitan area. Under the <i>Parramatta CBD Planning Proposal</i> , changes to the planning controls will facilitate the delivery of an extra 46,120 jobs within the Parramatta CBD over the next 40 years. Compared with 51,100 jobs in 2016, this represents a 90% increase in employment in the Parramatta CBD.

Table 5 - Additional assessment criteria for councils seeking levies above 2% of the cost of development

Criteria	Consideration
The works schedule has been prepared in consultation with the Department. This gives an opportunity for the Department to liaise and coordinate with broader infrastructure agencies in identifying strategic, place-appropriate infrastructure. Additionally, the Department can also help to ensure infrastructure needs are met in the most efficient manner.	<b>Consistent.</b> Council has consulted extensively with the Department on the <i>Parramatta CBD Planning Proposal</i> and associated infrastructure priorities. Attachment 17c to the <i>Parramatta CBD Planning Proposal</i> includes a Draft Infrastructure Needs Analysis (2017), which was in effect an early draft of the works plan schedule. Further, based on the advice of DPIE, a review of the works plan schedule was undertaken so as to ensure justification for the higher contribution rates would only be based on that portion of the works program that could be attributable to new development. So, even though the Draft Plan includes approximately \$1.98 billion of local infrastructure works to be provided by Council over the next 40 years, in determining rates, Council officers only considered \$1.201 billion – or about 60% – as being reasonably attributed or 'apportioned' to development-generated infrastructure demand. Council officers will continue to consult with the Department on the Draft Plan works program.
Financial modelling is provided demonstrating that a maximum 2% levy on the cost of development is insufficient to deliver identified infrastructure in the proposed timeframe.	<b>Consistent.</b> Council Officers have prepared financial modelling demonstrating that the current maximum 3% levy on the cost of development is insufficient to deliver identified infrastructure in the proposed timeframe. The Draft Plan's higher contribution rates will provide significant funding towards the development-generated infrastructure demand and cost but will not fully fund this cost.



Criteria	Consideration
	Feasibility testing indicates the Draft Plan's contribution rates and deferred payment to occupation certificate are feasible. Council Officers do not recommend increasing the Draft Plan's contribution rates further as this may have an unacceptable feasibility impact on development (see Sections 3.3 and 3.4 above).

## 5. Public Consultation

The *Draft Parramatta CBD Local Infrastructure Contributions Plan 2021* was publicly exhibited from 9 August 2021 to 20 September 2021 (42 days) in accordance with Council's resolution of 26 July 2021. Notification emails and letters were sent to relevant stakeholders, including all landowners and strata managers within the Parramatta CBD. A copy of the exhibition materials was made available on Council's website and Council's 'Participate Parramatta' website. Public notices were also published in relevant newspapers, as well as promotion on Council's social media channels. Hard copies of the exhibition package were not made available at Council's Customer Contact Centre and CBD Library due to the ongoing COVID-19 lockdown restrictions as these facilities were closed to the public for the duration of the exhibition.

In response to the exhibition of the *Draft Parramatta CBD Local Infrastructure Contributions Plan 2021*, Council received a total of **11 submissions** from:

- Residents, Landowners or Developers – 5 submissions
- Public authority or service providers – 2 submissions
- Institutions, Industry Groups or Community Organisations – 4 submissions.

A detailed summary of the issues raised in the submissions received and the Council officer response is provided in the submissions table at Attachment 1 to the Council report on the draft plan. In summary, the following key matters/issues were raised in submissions:

- School and University exemptions;
- Development feasibility of proposed new contribution rates; and
- Proposed works schedule.

No changes to the proposed rates of 4% (commercial) and 5% (residential/mixed use) were considered necessary following consideration of the submissions received during the exhibition period.

## 6. Conclusions

Council is enabling significant development uplift in the Parramatta CBD under the *Parramatta CBD Planning Proposal*. This major review of the planning framework will enable the Parramatta CBD to achieve its full potential as the 'Central City' for the Greater Sydney metropolitan area, as envisaged in the Region and District Plans. This significant upzoning of the Parramatta CBD however will also generate significant infrastructure impacts, that will need to be supported by a suitable and adequate infrastructure funding framework.

The *Draft Parramatta CBD Local Infrastructure Contributions Plan 2021* has been prepared to address the need to support the growth envisaged under the *Parramatta CBD Planning Proposal*. This new plan contains a \$1.98 billion works program, of which \$1.201 billion (or about 60%) can be directly attributed (or apportioned) to new development in the Parramatta CBD.

In considering what contribution rates would be appropriate to help fund this apportioned component of the works program, Council commissioned an independent feasibility analysis by Savills. The feasibility analysis indicates that the proposed S7.12 rates of 4% (commercial) and 5% (residential/mixed use) would still ensure development remains feasible in the Parramatta CBD. This acknowledges both the very high FSRs enabled by the *Parramatta CBD Planning Proposal*, and also a consideration of potential future State Government charges in new Regional Infrastructure Contributions and Transport Infrastructure Contributions.

In present value terms, estimated income under the proposed contributions plan would be about \$642 million over the 40-year period – enabling about 53% of the apportioned cost to be funded from contributions at the proposed rates. Much higher rates would be needed to fully fund the apportioned component of the works program, but this would have adverse impacts on feasibility and therefore is not supported by Council.

The *Draft Parramatta CBD Local Infrastructure Contributions Plan 2021* was publicly exhibited from 9 August 2021 to 20 September 2021 (42 days). 11 submissions were received in response to the exhibition. No changes to the proposed rates of 4% (commercial) and 5% (residential/mixed use) were considered necessary following consideration of the submissions received during the exhibition period.

Given the above, it is recommended that the Minister:

- Support the *Draft Parramatta CBD Local Infrastructure Contributions Plan 2021* as the key infrastructure funding plan for the significant new growth envisaged under the *Parramatta CBD Planning Proposal*.
- Approve an amendment to Clause 25K of the *Environmental Planning and Assessment Regulation 2000* to allow the higher S7.12 contribution rates as proposed in the *Draft Parramatta CBD Local Infrastructure Contributions Plan 2021*.

# Attachments

Attachment 1: Parramatta CBD Contributions Framework Review Feasibility Testing – Savills (July 2021)

Attachment 2: Parramatta CBD Contributions Framework Review Alternative Sites FSR 7.2:1 Feasibility Testing – Savills (September 2021)