

<b>Local Planning Policy 24 – Development Contribution Arrangements (LPP24)</b>	
Management Procedure	Relevant Delegation

**Purpose**

**Background and Introduction:**

1. The City of Kalamunda (the City) administers development contribution arrangements (DCA)s for various areas where it has been determined that the City will facilitate the shared provision of certain infrastructure among land owners.

DCA's typically involve five phases:

- a) Establishment of the arrangement
- b) Assessment of planning proposals for land in the arrangement area
- c) Collection of contributions
- d) Expenditure of arrangement funds
- e) Monitoring/Review of the operation of the arrangement

The principles of this Policy, in addition to relevant State legislation and policies, will guide the City in administering DCA's through these phases. The Policy will also guide the City's decision making on pre-funding of infrastructure in DCA's.

**Application of the Policy:**

To guide the establishment and operation of City administered DCA's. This Policy applies to all development on land zoned and reserved under the City of Kalamunda Local Planning Scheme No. 3 (the Scheme). The policy will establish a procedure for the establishment and review of DCA's which provides consistent management of DCA's from employees and a defined and transparent process for Council and the community. The Policy will provide a concise procedure and framework for the consideration of pre-funded infrastructure in DCA's which will guide employees, the Council and the community.



## Statutory Requirements:

This Policy has been prepared under, and in accordance with, Schedule 2 of the Planning and Development (Local Planning Scheme) Regulations 2015 (the Regulations).

### a) Relationship to Local Planning Scheme No.3:

This Policy is a local planning policy prepared and adopted pursuant to Part 2 of the Scheme. The Policy augments, and is to be read in conjunction with, the provisions of the Scheme relating to DCAs.

If there is a conflict between this Policy and the Scheme, then the Scheme shall prevail.

### b) Relationship to other State Planning/ Development Control Policies:

This policy has due regard to, and should be read in conjunction with, State Planning Policies. Of particular relevance to this Policy is State Planning Policy 3.6 'Infrastructure Contributions' (SPP 3.6).

## Policy Objectives:

The primary objectives of this Policy are to:

1. Establish a DCA process that is transparent and understandable for the Council, the City, landowners, developers, and the community.
2. Establish a DCA process that can be easily implemented and consistently managed by the City.
3. Ensure that roles and responsibilities are well defined for the involved disciplines within the City.
4. Establish a set of criteria for determining when infrastructure items should be pre-funded.

## Policy Statement:

### 1. Establishment:

The establishment and preparation of a DCA is to be in accordance with Clause 6.5 of the Scheme and SPP 3.6.

To enable the City to establish a DCA, sufficient information is required to be available within the relevant planning framework. This information may be provided through an appropriate level of detail contained within an approved Scheme Amendment, approved subdivision plan or an approved Structure Plan. The City will not seek to establish a DCA where there is not sufficient information to do so. Sufficient information must be provided to enable the appropriate identification of infrastructure and apportionment of costs amongst a defined precinct.



## 2. Assessment

The assessment of applications for development, and making recommendations on subdivision, shall be undertaken in accordance with Clause 6.5 of the Scheme, with the exception of Cell 9 Wattle Grove, which will be undertaken in accordance with Schedule 11 of the Scheme.

## 3. Collection

The collection of contribution funds shall be undertaken in accordance with Clause 6.5 of the Scheme and the relevant provisions of SPP 3.6, , with the exception of Cell 9 Wattle Grove, which will be undertaken in accordance with Schedule 11 of the Scheme. Collection will also be guided by the relevant provisions of the Scheme associated with a particular DCA.

## 4. Expenditure

### 1. Cell 9 Wattle Grove Development Area

Expenditure of contributions in the Cell 9 Wattle Grove area are to be undertaken in accordance Schedule 11 of the Scheme and the prevailing Report.

### 2. Forrestfield / High Wycombe Industrial Area Stage 1 DCA

Expenditure of contributions in the Forrestfield / High Wycombe Stage 1 Industrial Area to be undertaken in accordance Schedule 12 of the Scheme and the prevailing Development Contribution Plan Report.

### 3. Future DCAs

Expenditure of contributions for any future DCAs established to be undertaken in accordance with the relevant Schedule adopted into the Scheme and the prevailing Development Contribution Plan Report.

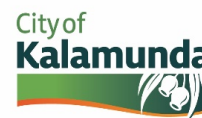
## 5. Monitoring / Review

Within the context of the statutory framework, the City is to review DCA's on a yearly basis. Roles and Responsibilities are to be established through the City's internal processes. Monitoring and Review is to include the following elements:

### 1. Infrastructure Analysis

The following actions must be undertaken as part of the infrastructure analysis:

- a) Establish and document infrastructure items completed to date.
- b) Establish and document the designs that have been progressed.
- c) Identify what infrastructure items are outstanding.
- d) Identify whether infrastructure items are still relevant and required.
- e) Prepare a scope of works for costs estimates to be independently.
- f) Engage and manage contract for appropriately qualified consultant to undertake costs estimate review in accordance with the City's purchasing terms and conditions.
- g) Verify and update utility and infrastructure cost estimates.



- h) Provide required documentation within agreed timeframes between relevant departments. Timeframes are to be reasonable to allow for the DCP review to occur in the targeted 12-month cycle.

## 2. Land Use and Planning Framework

The following actions must be undertaken as part of the land use and planning framework review:

- a) Identify and document the properties that have developed / paid contributions.
- b) Identify and document the properties that are outstanding for development / contributions.
- c) Incorporate any relevant Structure Plan amendments into the land use and planning framework.
- d) Review the priority of work to be delivered based on available funds.
- e) Provide required documentation within the agreed timeframes. between relevant departments. Timeframes are to be reasonable to allow for the DCP review to occur in the targeted 12 month cycle.

## 3. Financial Inputs

The following actions must be undertaken as part of the financial review:

- a) Extract data from the City's Financial Information Management System and provide necessary inputs for the annual review including all income and expenditure statements and records.
- b) Allocate various expenditure including projects management fees according to the agreed classification (i.e. legal, land and construction).
- c) Process supplier invoices to various projects based on invoices received.
- d) Maintain and reconcile on a monthly basis the relevant bank accounts and provide details about the funds available and expenditure made.
- e) Provide required documentation within the agreed timeframes.
- f) Responsible for issuing Development Contribution invoices to landowners and following them up through the City's Standard Debt Collection process.

## 4. Land Administration

The following actions must be undertaken as part of the land administration process:

- a) Establish and document the current land acquisition rate through an independent valuer.
- b) Identify the land acquisitions that have occurred and require updating as result of designs progressing or amendments to the planning framework.
- c) Verify land information and data.
- d) Make land area adjustments in accordance with planning framework developments and verification of land information and data.
- e) Prepare scope of works for an independent land valuation.
  - l. Engage and manage the contract for an appropriately qualified consultant to undertake a land valuation in accordance with the City's purchasing terms and conditions.



- f) Provide the documentation within the agreed timeframes. between relevant departments. Timeframes are to be reasonable to allow for the DCP review to occur in the targeted 12 month cycle.

**5. Development Contribution Plan**

The following actions must be undertaken as part of the preparation of the DCP:

- a) Incorporate disciplinary inputs into the master spreadsheet for the relevant financial year.
- b) Incorporate outcomes from the master sheet and relevant disciplinary inputs into the DCP.
- c) Incorporate disciplinary inputs into the relevant supporting Capital Expenditure Plan (CEP) and Cost Apportionment Schedule (CAS).
- d) Prepare scope of works for independent peer-review of the City's DCP (where appropriate).
  - I. Engage and manage the contract of an appropriately qualified consultant to undertake peer-review of the DCP in accordance with the City's purchasing terms and conditions.
- e) Present the DCP to Council for adoption for the purposes of public advertising.
- f) Finalise the DCP incorporating inputs from the peer review and advertising process.
- g) Present the outcomes of public advertising and the final DCP documentation to Council for adoption.
- h) Prepare the documentation within the agreed timeframes. between relevant departments. Timeframes are to be reasonable to allow for the DCP review to occur in the targeted 12 month cycle.

**6. Other Items**

- a) Infrastructure items identified within the DCP are to be incorporated into the City's Capital Works Program.
- b) Prepare a Community Infrastructure Plan (CIP) where required.
- c) Prepare an Annual Status Report (as defined under SPP3.6).

**7. Monitoring**

The monitoring process is to adhere to the following principles:

- a) The City will regularly review DCPs utilising independent advice where appropriate. The review of DCPs will be undertaken in accordance with the Roles and Responsibilities as outlined above.
- b) The commencement of a DCP review should occur every 12 months. The point at which the DCP review should be commenced will be in accordance with one of the following:
  - I. At the end of the financial year;
  - II. Twelve (12) months from date the most recent DCP was adopted by the Council;
  - III. Where there is a significant change in the planning framework (e.g. scheme amendment, structure plan amendment);
  - IV. Where there has been a reasonable request for a review by a landowner/s within the DCA; or
  - V. At the stage the final liability to the DCA is paid.



- c) During the review of a DCP, the City will make the necessary adjustments to the contribution rates to ensure sufficient funds for their completion. Affected land owners will be informed of any adjusted contribution rates and their rights of review.
- d) In reviewing contribution rates, the City will tally the cost of completed and outstanding shared cost items.

## 8. Reporting

The reporting process is to adhere to the following considerations and principles:

- a) For the DCP Report to be compiled, all disciplinary inputs (infrastructure analysis, land use and planning framework, financial and land administration) are required. The DCP Report cannot be presented to Council without these inputs being accurate, relevant and final based on the best available information at the time.
- b) Once the DCP Report has incorporated the disciplinary inputs and the draft has been finalised, the DCP Report is to be presented to Council for the purpose of public advertising.
- c) Should Council adopt the DCP Report for the purpose of public advertising, the DCP Report is to be advertised for a period of not less than 28 days in the following manner, including but not limited to:
  - I. Notice in a local newspaper available to the location of the DCA;
  - II. Notice on the City's website and social media platforms; and
  - III. Direct mailout to the properties within the DCA that have not yet been developed.
- d) The Final DCP Report is to incorporate modifications in response to submissions and any peer review where appropriate.
- e) The Final DCP Report can only be presented to Council for final adoption when the above steps have been completed.

## 6. Pre-Funding Infrastructure / Land

### 1. City Pre-Funding Infrastructure / Land

The Council may resolve to pre-fund infrastructure and/or land identified within a DCA in accordance with the following criteria:

- a) The infrastructure / land must be identified within an approved Structure Plan, approved Scheme Amendment or approved subdivision plan.
- b) The infrastructure / land must be identified within an approved DCA adopted under the Scheme.
- c) The infrastructure / land must be identified within an adopted DCP Report.
- d) The infrastructure / land should address the following key principles:
  - I. The infrastructure / land is essential for facilitating development within the DCA.
  - II. The non-delivery of the infrastructure / land may hinder development within the DCA and /or restrict the ability for the area to be appropriately accessed.
- e) The infrastructure / land is essential to facilitate the delivery of other infrastructure identified within the DCA. A request from a landowner within the DCA for the City to pre-fund infrastructure must be provided through a written submission to the City outlining the merits of the delivery of the pre-funded infrastructure.



- f) The proposal to pre-fund the infrastructure item should be advertised to landowners within the DCA either as part of the advertising of the annual review of the DCP Report or as a separate item.
- g) The City has adequate budget funds set aside for pre-funding. This may include the consideration of borrowed funds (where reasonable and appropriate) and other sources.

**2. Developer Pre-Funding Infrastructure / Land**

Developer pre-funded infrastructure or land occurs where a developer enters into an agreement with the City to pre-fund infrastructure or land with the DCP refunding the developer the costs of infrastructure or land at an agreed point in time. A developer pre-funding infrastructure/land may be instigated by either the City or developer where an arrangement is agreed upon. In either scenario the developer is considered ‘the applicant’.

Before considering a developer proposal to pre-fund, the subject infrastructure or land must have already been approved for pre-funding by the Council as per the section above.

The applicant requesting the pre-funding of infrastructure must submit the following information for the City’s consideration:

- a) Written submission to the City requesting the infrastructure item be pre-funded.
- b) Written submissions to the City on the merits of the delivery of pre-funded infrastructure.

Conditions:

- a) Interest is not payable on pre-funded items unless it is specifically outlined in the DCP within the Scheme.
- b) The works should be necessary for the progression of an approved subdivision or development.
- c) The City must hold sufficient DCA funds to undertake the works and/or have prioritised such works.

**3. Pre-Funding Agreement:**

By way of an exchange of letters, the City and the Developer will agree to the extent, composition and timing of the infrastructure works to be pre-funded. Once agreed, the works become ‘Approved Works’. The Approved Works must be identified sufficiently to ensure the cost and quantities of works in that item can be identified. This is particularly relevant where rates and quantities are involved.

Once the details of the Approved Works are agreed, in principle, between the City and Developer, a Pre-Funding Legal Agreement is to be prepared by the City’s solicitor and entered into between the parties.

**4. Acceptance of Works:**

The Developer shall ensure the works are:

- a) Undertaken in a proper and workmanlike manner;



- b) In accordance with plans and specifications constituting the Approved Works to the satisfaction of the City;
- c) In accordance with inspection hold points and quality control checks to the satisfaction of the City; and
- d) Completed within the agreed period.

Following written notification from the Developer that the Approved Works are complete, the City will confirm the delivery of the Approved Works to its satisfaction. The City can modify, accept or reject the claim where justified, following review of the standard of works and cost.

#### 5. Accounting for Recoup:

On acceptance of the Approved Works by the City, the cost of the works shall be credited to the DCP account of the Developer. The balance in this account may be used to offset any cost contribution liabilities owed by the Developer in subsequent / future stages. Any balance owed to the Developer on completion of all subdivision and development owned by the Developer shall be paid to the Developer subject to:

- a) There being sufficient funds available in the DCA account; and
- b) Having regard to the Priority of Works by the City for the delivery of outstanding DCA works. If the pre-funded works are not prioritised within the DCP, this credit will be held without interest until such time as the works are prioritised.

## 7. Matters to be considered

### 1. This policy to be given due consideration

The following matters will be given consideration in the application of this policy:

- a) The provisions relating to DCAs set out in Clause 6.5 of the Scheme;
- b) The provisions relating to DCAs set out in Schedule 12 of the Scheme;
- c) Any adopted Schedule into the Scheme as a result of a new DCA being established;
- d) The provisions relating to development set out in the Scheme;
- e) The provisions set out in SPP 3.6; and
- f) The provisions of any adopted Structure Plan which relates to a DCA and any amendments made to a relevant Structure Plan.

## 8. Definitions

**'Development Contribution Arrangement'** means an infrastructure cost sharing arrangement for a specific area identified by the City's Local Planning Scheme.

**'Development Contribution Area'** means an area shown on the City's Local Planning Scheme No.3 map as DCA with a number and included in Schedule 11 or 12 of the Scheme.

**'Development Contribution Plan'** means a development contribution plan prepared in accordance with the provisions of SPP 3.6 and the provisions of Clause 6.5 of the Scheme (as incorporated in Schedule 11 and 12 to the Scheme).





**'Development Contribution Plan Report'** means a report prepared and distributed in accordance with clause 6.5.10 of the Scheme.

**'Infrastructure'** means the standard infrastructure items (services and facilities set out in Schedule 1 of SPP 3.6), community infrastructure, (as set out in Schedule 2 of SPP 3.6) and such other infrastructure, services and facilities for which development contributions may reasonably be required having regard to the objectives, scope and provisions of SPP 3.6.

**'Infrastructure Costs'** means such costs as are reasonably incurred for the acquisition and construction of infrastructure.

**'Community Infrastructure Plan'** means a Plan which identifies the community infrastructure needs that impact on the development contribution plan.

**'Capital Expenditure Plan'** means a plan which demonstrates the projected capital costs of delivery of each identified item of infrastructure, the timing of infrastructure delivery, and the revenue sources and programs by which these costs will be met.

**'Cost Apportionment Schedule'** outlines the methodology by which costs are attributed proportionate to demand for infrastructure generated by existing/external development; future growth beyond the lifespan of the DCP; and that generated by the new development, which can be included in a DCP. It also establishes the total apportioned DCP infrastructure costs for each infrastructure network; the unit of charge to be used for calculating individual contributions; and the required contribution amount per unit of charge.

Legislation	Local Planning Scheme No. 3
Adopted	24 August 2021 OCM 21/
Reviewed	
Next Review Date	2023