



15 September 2020

Cr Josh Gilligan
Mayor
Wyndham City Council

By email: josh.gilligan@wyndham.vic.gov.au

Dear Cr Gilligan

Proposed Council Policy: Delivery of Passive Open Space

The Urban Development Industry of Australia, Victoria Division (UDIA Victoria) is a non-profit advocacy, research and educational organisation supported by a membership of land use and property development organisations, across the private sector and Victoria's public service. We are committed to working with both industry and Government to deliver housing, infrastructure, and liveable communities for all Victorians.

We have several active member-based policy and advocacy Committees, and our Greenfield Developers Committee is particularly active in the municipality of Wyndham. We also note that the City of Wyndham are an active member of UDIA Victoria. UDIA Victoria plays a lead role in facilitating collaborative and productive discussions between public and private sector stakeholders involved in the urban development industry.

A number of our developer members have alerted us of the intention for Wyndham City Council to develop a policy mandating the timeframe for delivery of open space.

The matter has received media attention, namely an article in the *Wyndham Star Weekly* on 29 July 2020 in you have been quoted as follows:

We're now requiring developers to construct parks and open spaces at the same (time) as roads and essential infrastructure for future estates in Wyndham.

While we understand the creation of this policy is in its infancy, public statements such as the above have caused a heightened level of concern amongst our membership base.

We strongly encourage Council to maintain the existing process that has been effective in delivering open space in Wyndham for many years.

The following factors should be considered during development of this policy:

1. Industry track record

While a specific example was referenced in the *Wyndham Star Weekly*, however it is not suggested that this is a widespread issue within greenfield developments. Our members appreciate the importance of delivery of open space to new communities in a timely fashion and in the vast majority of cases, this is achieved.

We urge Council to consider whether a dramatic policy shift is warranted in response to a specific situation, which is the exception not the norm

2. Existing mechanism available to Council

The existing mechanism whereby Council retains a bank guarantee to underwrite the performance of landscaping works is sufficient to secure timely delivery of open space. These bank guarantees are issued at a value of 150% of the underlying landscaping works.

Bank guarantees are a financial impost on developers and contribute to the amount of debt drawn from a funding facility. Issuing a bank guarantee has the same effect as drawing funds from the loan. These bank guarantees represent a significant burden on the cashflow and liquidity of developers.

Consequently, developers are already strongly incentivized to deliver the landscaping works in a timely manner to secure return of the bank guarantee and reduce the amount of debt drawn. There is no benefit to delaying the works.

Furthermore, Council's position and that of the community is adequately secured because these bank guarantees can be drawn upon by Council for the purpose of delivering the landscaping works.

If Council believes further safeguards are required, we encourage Council to consider alternative approaches to the proposed policy change.

For example, Council could mandate a timeframe for the commencement of landscaping works after the issuance of Statement of Compliance. The failure of a developer to commence works by this timeframe would then trigger Council to draw upon the bank guarantee.

3. Impact of proposed policy

The introduction of a policy to restrict Statement of Compliance until the accompanying landscape works are complete will have a materially negative impact on the development of greenfield communities.

Obtaining Statement of Compliance in a timely manner is imperative to enable settlement of the individual allotments to occur. This is particularly relevant within the early phases of a development as this represents the peak funding event, the point at which the highest amount of debt is drawn.

Requiring the landscaping works to be completed prior to Statement of Compliance will delay settlements by several months, affecting the financial viability of a development.

As a result, it is likely that open space will be sequenced to occur in later stages of a development so that the developer can adequately pass the peak funding event.

4. Workplace Health and Safety

It is impractical and unsafe to complete the landscaping works when the civil infrastructure surrounding the open space is still under construction.

Among the key issues are access for multiple contractors and protection of works under construction. The most orderly provision of open space is through the current process whereby the civil infrastructure is completed and then landscaping works directly follow

In the event Council pursues a policy change in this area, we request Council undertakes thorough consultation with the industry to avoid unintended negative impacts to the industry and broader community

Our members provide in-depth expertise and experience in urban development, and work in an environment of ever-increasing regulation. They strive to increase the quality of urban development, infrastructure, community and livability outcomes.



Please contact me directly at danni@udiavic.com.au to arrange a suitable time to discuss this issue and UDIA Victoria's submission in greater detail.

Yours sincerely

A handwritten signature in black ink that reads 'Danni Hunter'. The signature is written in a cursive style with a long, sweeping underline that loops back under the name.

Danni Hunter
Chief Executive Officer

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