

28 October 2021

Coordinator Strategic Planning
Darebin City Council
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By email: planningservices@darebin.vic.gov.au

Dear Coordinator Strategic Planning

City of Darebin Planning Scheme Amendment C186 – Public Open Space Levy

The Urban Development Institute of Australia, Victoria (UDIA Victoria) welcomes the opportunity to make a submission in response to the Darebin Planning Scheme Amendment C186 (Amendment C186), which seeks to increase the public open space contributions from all developments that subdivide land in the municipality.

UDIA Victoria does not support Amendment C186 as exhibited. We consider the 10 per cent flat rate open space contribution for all subdivisions is too high, and does not take into consideration the existing open space available to new home buyers into established areas. The provision significantly exceeds other Local Government open space contributions in established areas and is an excessive increase on the current contribution.

Further, Amendment C186 fails to set any clear reporting requirements to ensure transparency regarding the collection of funds and their use within the community, specifically in the creation or acquisition of new public open space.

The reports underpinning Amendment C186 clearly show that there is a high degree of variation across the municipality in terms of the existing supply of open space, with substantial areas of open space in the northern, and to a lesser extent the southern parts of the municipality, and fewer open spaces in the central parts of the municipality. The reports also indicate that the proposed open space additions and improvements vary across the municipality, albeit the reports do not contain any costs associated with improvements nor revenue that would be derived from the proposed contribution rate. Nonetheless, the Amendment proposes a blanket 10 per cent contribution over the entire municipality. This is unfair, unjustified and inequitable.

There is no demonstrable relationship between the Open Space Strategy (OSS) and the Contributions Report, nor is there any evidence that the 10 per cent contributions rate is required to fund the open space improvements under the OSS. Compounding this is the absence of evidence to demonstrate that the OSS and the Contributions Report will achieve the aspirational target of 30 square metres per person.

Further, the increase will directly increase the cost of new housing within the City of Darebin and adversely impact housing affordability. Compounding this, the impact of the proposed contribution rate on the viability of all types of development has not been rigorously analysed.

We recommend that Darebin City Council does not proceed with Amendment C186 in its current form.

UDIA Victoria

UDIA Victoria is the peak industry body representing the urban development industry. 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.

Proposed Amedment C186

UDIA Victoria supports the provision of public open space, however we consider that the approach taken in Amendment C186 is at odds with Darebin City Council's own commitment to public open space expansion and expenditure. Darebin City Council makes considerable collection of open space and development contribution levies through redevelopment within the municipality annually. However, it is not clear how Darebin City Council has applied these funds to date in the *acquisition, expansion and creation* of new open spaces for the residents and workers of Darebin to enjoy and gain the full benefit.

Further, the Amendment C168 documents do not provide clarity regarding the short-term or the long-term targets for *creation and acquisistion* of Public Open Space.

The OSS identifies that there is substantial existing open space existing in the municipality totalling 790 hectares and equating to 49 square metre per person. However, the OSS and Contributions Report arbitrarily exclude more than half of this including the Gresswell Wildlife Reserve, golf courses, creek corridors and open space associated with schools. Much of this open space is freely accessible to the general public and used frequently by the local - and broader - community. The exclusion from the calculation of open space per person lacks both analysis and justification.

The effect is to apparently reduce open space provision to 19.6 square metres per person. Based on that assessment, there is an apparent open space backlog of 10.4 square metres per person in the municipality at present. UDIA Victoria submits that there is already sufficient open space to meet the needs of the existing and future populations.

The proposed contributions arrangement is that subdividers of all land will pay for all improvements based on the forecast population increase to total population whilst the existing population will pay for their share through general rate revenue, existing open space reserve funds, grants and so on. Essentially this means that those subdividing land for any purpose will be subsidising the existing population who will benefit from the proposed additions to public open space and open space improvements by funding the backlog as well as new demand.

The result of this arrangement is that the new population will pay twice – once at the subdivision stage, and secondly through the ongoing payment of rates which will go towards funding the existing population's share. This is double-dipping and again is unfair and inequitable.

We query why, if there is an existing shortfall, only future development will be required to contribute to that shortfall.

We also have fundamental questions about the metrics being applied to determine the open space contribution. These include:

1. There is no rigorous analysis underpinning the 30 square metres of open space per capita which SGS sets as the benchmark to achieve;
2. There is no justification for using 500 metres as the benchmark distance for residents to access public open space. This has no regard to the different types of open space, or the existence of open space that has been excluded from the assessment. It is contrary to Victorian Planning Authority Guidelines in respect of Precinct Structure Planning.
3. There is no analysis to demonstrate that non-residential development and subdivision (for example, retail, office, industrial) has the same need for open space as residential development and subdivision and should therefore contribute the same rate.

Summary of Issues

The proposed 10 per cent flat rate public open space requirement set out in Amendment C186 is a blanket approach that has no regard for the:

- land use proposed – be it residential, commercial, industrial, or mixed use;
- scale of development proposed – be it a two-lot subdivision or a high-density apartment development;
- access to existing open space within the City of Darebin and the location of that open space;
- funds already collected by new developments already within the City of Darebin;
- extent of open space excluded from the analysis as well as communally accessible private open space that would serve the open space needs of residents or workers in student accommodation, apartment, commercial, industrial or mixed-use developments; or
- impact that such a significant contribution requirement will have on development feasibility, affordability of new housing and the resulting impact on the provision of the homes and places of employment for the Darebin City Council community, and metropolitan Melbourne more broadly.

As with all Developer Contributions, UDIA Victoria has advocated for a nexus between the collection of funds and the expenditure of funds to ensure they are spent for the purpose that they were collected. Despite a significant increase in public open space contributions, there is a lack of transparency in how both the current and future funds are spent on open space.

Further, the proposed public open space contribution rate will adversely impact on the delivery of private market affordable housing. For example, a development site bought and developed in 2019 for \$7.8 million with a yield of 25 apartments would have triggered a total contribution of circa \$390,000. Should Amendment C186 be adopted, the developer contributions would increase to \$780,000, constituting a **200% increase in contributions**. In this example, the increase would result in an additional \$15,600 of direct cost to each apartment.

Request for Change to Amendment C186

UDIA submits that the amendment should be abandoned.

Any revised public open space contribution should be determined through an evidenced based assessment of open space needs within the municipality which considers the relationship between locations in terms of need, type and scale of development and the equitable sharing of costs between existing development and new development. This must include estimates of cost for land acquisition,

open space improvements and matching likely costs to forecast revenue from contributions and other sources including the existing open space reserve fund, council grants, grants etc.

Absent the above information, the council should not be proceeding with the current amendment, or should at least defer further consideration of the amendment unless and until this information is assembled, provided to submitters, and the amendment re-exhibited.

In addition, any revised amendment should provide for the following:

- clear short-term and long-term targets set within the policy framework and reported, audited and included within the public records and Darebin City Council minutes, at least annually;
- a transparent process that acknowledges funds collected annually from new development and how these funds are applied towards the creation or acquisition of public open space for the community; and
- an assurance that collected funds are not applied towards the maintenance, upkeep or refurbishment of pre-existing Darebin public open space. This is a matter for the Darebin City Council to administer and fund through its own annual budgets via rate payer and alternatively revenue collection streams.

Overall, UDIA Victoria submits that the proposed increase to the public open space contribution proposed in the amendment is an excessive and onerous tax on new development that is unjustifiable. It provides a disincentive for infill development in the City of Darebin, competing against the *Plan Melbourne* objective to encourage development in Melbourne's well-serviced established areas. It represents a significant increase to the existing contributions that is likely to stall or cease new developments at a time when the State Government is seeking to stimulate the construction sector to support the economy.

In light of the above, UDIA Victoria requests that Amendment C186 be abandoned or at least deferred to enable any public open space contribution to be determined through an evidence-based assessment of open space needs within the municipality, which considers locational need, type and scale of development and is fair and equitable.

Contact

If you require further information or clarification, please contact Dr Caroline Speed, UDIA Victoria Policy and Research Director by emailing caroline@udiavic.com.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Matthew Kandelaars'.

Matthew Kandelaars
Chief Executive Officer
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