

Late item 8.3.3

Ordinary Meeting

Thursday, 15 June 2017

commencing at 11.00am

Council Chambers, Corner Currie and Bury Streets, Nambour

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8 REPORTS DIRECT TO COUNCIL**8.3 PLANNING AND ENVIRONMENT****8.3.3 INFILL DEVELOPMENT INCENTIVES POLICY**

File No:	Council meetings
Author:	Manager Transport and Infrastructure Policy Planning and Environment Department
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PURPOSE

The purpose of this report is to obtain Council's approval for the introduction of an incentives program that it is designed to encourage additional infill development in conjunction with Unitywater within the centres of Nambour and Caloundra.

The incentive will be offered by way of a reduced infrastructure charge applying to development that complies with a proposed new policy, **Appendix A – Draft Infill Development Incentives Policy**.

EXECUTIVE SUMMARY

Unitywater approached Sunshine Coast and Moreton Bay Councils with a proposal to join with Unitywater in promoting infill development in areas where spare capacity exists in their network. Refer to **Attachment 1 – Unitywater Letter** for details of the proposal. The area identified as being most suitable for Sunshine Coast Council are the centres of Nambour and Caloundra.

The advantages of encouraging infill development, rather than additional Greenfield development, is that it can be a more cost effective outcome in terms of servicing the development with infrastructure for both Council and Unitywater. More infill development will also assist in the delivery of infill targets outlined in the SEQ Regional Plan.

As an incentive to encourage development in the centres of Nambour and Caloundra, it is proposed to offer a 50% reduction in infrastructure charges for any development which doubles (or greater) the demand on an existing site. Initially it is proposed to limit this offer for two years together with a cap of \$10 million in reduced charges to manage the financial impact on Council.

Unitywater has agreed to offer a 50% reduction in infrastructure charges as part of the incentives package.

To support Council's incentives program, a Policy is proposed to be adopted that will outline the requirements for qualifying for the reduced infrastructure charges.

OFFICER RECOMMENDATION

That Council:

- (a) receive and note the report titled "Infill Development Incentives Policy" and**
- (b) adopt 'Draft Infill Development Incentives Policy' (Appendix A).**

FINANCE AND RESOURCING

The proposed reduction in infrastructure charges will result in a reduced revenue stream for the provision of trunk infrastructure. The incentives program has a cap of \$10 million on the offer of reduced charges to manage the financial commitment and its impact. The extent of uptake of the incentives offer is unknown and unpredictable, such that the financial impact over the two financial years cannot be stated, but, notably, cannot exceed \$10 million. It should also be noted that the adoption of the draft Policy to apply a targeted reduction in Infrastructure Charges will not result in a compensatory call on general revenue.

CORPORATE PLAN

Corporate Plan Goal: *A smart economy*

Outcome: We serve our community by providing this great service

Operational Activity: S2 - Economic development - providing industry and business programs and initiatives to support the growth of the regional economy

CONSULTATION

Portfolio Councillor Consultation

The Planning Portfolio Councillor has been consulted on the contents of this report.

Internal Consultation

A working group was established by Transport and Infrastructure Policy Branch with support from Economic Development, Development Services and Strategic Planning Branches.

A workshop with Councillors was held on Monday 3 April 2017.

External Consultation

The author of this report has consulted with Moreton Bay Regional Council and Unitywater during the development of the policy.

Community Engagement

The policy will be launched to the development industry before the commencement date, in partnership with Unitywater.

PROPOSAL

Unitywater approached Sunshine Coast and Moreton Bay Councils with a proposal to join with Unitywater in promoting infill development in areas where spare capacity exists in their network. Refer to **Attachment 1 – Unitywater Letter** for details of the proposal. The area identified as being most suitable for Sunshine Coast Council are the centres of Nambour and Caloundra, where development is to be encouraged and spare network capacity exists.

Spare network capacity can be summarised as follows:-

- Transport

Nambour

- The major road servicing Nambour's CBD is Nambour Connection Road, a State Controlled Road, currently operating under capacity. Intersection capacity will be monitored to manage changed demands.

- Council's supporting network in central Nambour is operating well, with spare capacity, and has improved since the Coles development provided improved traffic distribution.

Caloundra

- Access to Caloundra is generally served by the State Controlled Roads of Caloundra Road and Nicklin Way, which are currently experiencing heavy congestion at a.m. and p.m. peaks. This is a matter for the State Department of Transport and Main Roads and plans for upgrade works are being considered for funding, however, it is likely to be five to seven years before projects are delivered.
- Council's road network provides access to get around Caloundra, and the current network, supported by future programmed capital works, is well placed to support growth in the centre of Caloundra.
- The incentives policy is aligned with Council meeting infill targets set by the State Government and it is not unreasonable that Council proceeds with this initiative under the expectation that the State will meet its responsibilities in funding necessary transport infrastructure in a timely manner. This initiative may provide an additional advocacy lever to influence infrastructure funding decisions by the State.
- Stormwater has sufficient capacity and upgraded development will not create additional hardstand and associated runoff.
- Public Parks and Land for Community Facilities will have only minor additional demand as the likely residential investment in the project area will be minimal.

As an incentive to encourage development in the centres of Nambour and Caloundra, it is proposed to offer a 50% reduction in infrastructure charges for any development which doubles (or greater) the demand on an existing site. Initially it is proposed to limit this offer for two years together with a cap of \$10 million in reduced charges to manage the financial requirement on Council.

An additional albeit minor offer in **Appendix 1 - Draft Infill Development Incentives Policy** is around staged payments. This provides the ability for developers to apply for payment of infrastructure charges to be staged over a two year period. Full details are provided in Appendix B of the draft Policy document.

There is no certainty or guarantee that this incentive offer will result in increased investment in the nominated centres. The market will ultimately determine the investment decision(s) by the development industry. What this incentive offer may do is provide the way forward for development proposals where a particular business case will benefit sufficiently to attract a positive decision to invest.

The reduction in Infrastructure Charges Revenue will provide a tangible benefit to development in locations where the current capacity of Council's trunk networks of Transport, Stormwater and Open Space is capable of meeting the increased demand.

To support this proposal, it is recommended that Council adopts **Appendix 1 - Draft Infill Development Incentives Policy** which provides the administrative requirements for managing the reduced infrastructure charges.

The draft Policy, **Appendix 1 - Draft Infill Development Incentives Policy**, is proposed to commence on 3 July, 2017 for a period of two years, with an option to extend for an additional three years, subject to further Council approval. Development proponents wishing

to access the reduced charges are required to apply via email to the Infrastructure Charges Team within the life of the program. The application must meet the following criteria to be successful:

- (a) Be within the Nambour and Caloundra centres (refer to Maps 1 and 2 attached to the Policy document),
- (b) Be generating equal to or more than double the demand of the existing use,
- (c) Development is a new building (not re-purposing an existing building),
- (d) Applications must be lodged between 3 July 2017 and 30 June 2019, and
- (e) Building work must be substantially commenced by 30 December 2019.

The observed levels of interest, recording of applications and monitoring of ensuing investments, together with a post cost-benefit analysis, will be captured in a future report to Council to enable a sound assessment of the success or otherwise of this initiative. In that sense, these centres could be considered a test case for other similar initiatives in the future, based on the learnings provided. The report could also inform a decision on whether to extend the initiative for a further period.

Legal

Infrastructure charges are levied under the *Sustainable Planning Act 2009*. Council has the ability to adopt infrastructure charges other than the maximum adopted charge set by the State Government, provided it is not more than the maximum allowed under the statutory documents. This proposal complies with that authority.

Policy

The Infill Development Incentives Policy will complement the Adopted Infrastructure Charges Resolution.

Risk

Risk of many applications causing a financial impost on Council has been mitigated by implementing a maximum cap on the policy benefits at \$10 million over two years.

Previous Council Resolution

There are no previous council resolutions relevant to this report.

Related Documentation

Adopted Infrastructure Charges Resolution (No.6) 2014.

Critical Dates

The policy is proposed to commence on Monday 3 July, 2017 and remain valid until 30 June 2019, with an option to extend for an additional three years subject to further Council approval.

Implementation

Adoption of the Infill Development Incentives Policy will follow from Council's direction. Implementation of the Policy will be led by Transport and Infrastructure Policy Branch with a joint launch with Unitywater.



Organisational policy

Infill Development Incentives Policy

Corporate Plan reference	<Insert Corporate Plan Outcomes and Activities>	
Endorsed by Chief Executive Officer	<Insert signature>	<Insert date>
Manager responsible for policy	Nick Cooney, Manager Transport and Infrastructure Policy	

Policy purpose

The purpose of this policy is to encourage infill development in the target area.

Policy outcome

The success of the policy will be measured by new or increased development in the Nambour and Caloundra centres in the term of the policy.

Policy scope

Development is eligible for a reduced infrastructure charge if the development meets the criteria outlined below.

Policy statement

Council, in partnership with Unitywater, is committed to encouraging infill development in the centres of Nambour and Caloundra, where spare Council infrastructure network capacity has been identified, and to assist in the delivery of the infill targets outlined in the SEQ Regional Plan.

Guiding principles

The guiding principles for the introduction of an incentives policy are:

- The SEQ Regional Plan includes targets for infill development and Council identified a need to provide incentives for this type of development.
- Unitywater indicated there is benefit in additional connections in areas where spare capacity exists in the water supply and/or sewerage networks;
- The Nambour and Caloundra centres would benefit from increased infill development.

Criteria

To be eligible for a reduced infrastructure charge a development must comply with all of the following criteria (refer explanatory notes below for clarification):

1. Development is within the target area of the Nambour and Caloundra centres, shown on the maps in Appendix A;
2. Development creates new demand which is at least double the existing demand;
3. Development is for a new building, not the re-purposing of an existing building.
4. The application for an incentive is received by Council between the dates of 3 July, 2017 and 30 June, 2019;
5. The building work for the development is substantially commenced by 30 December 2019.

Explanatory note:

The demand referred to in Criteria 2 above is calculated in accordance with the Adopted Infrastructure Charges Resolution. All the following examples would be eligible for an incentive program Infrastructure Charges reduction:

- a. *The existing use of the site is 200 m² GFA, and the new development is a new building creating 500 m² GFA;*
- b. *The existing use of the site is 100 m² GFA, and the new development contains 2 x 2 bedroom apartments (each 120 m²).*

Financial Incentive

Council will reduce the infrastructure charges applicable for complying development by 50%. The amount of reduced charges in Nambour and Caloundra will be lapsed to a total incentives limit. The program is offered to applicants on a first in, first served basis. Applicants can also apply for a staged payment plan, if desired. Refer to Appendix B for details of the staged payment plan policy.

Incentive	Council	Unitywater
Reduction of infrastructure charges	50%	50%
Limit of incentives program	\$10 million over two years: 3 July 2017- 30 June 2019	\$3.8 million over two years: 3 July 2017- 30 June 2019

How to apply

The applicant is to send a brief email to icinfo@sunshinecoast.qld.gov.au outlining:

1. Details of the development application;
2. Eligibility with the incentives criteria.

Review

This policy currently applies between the dates of 3 July, 2017 and 30 June, 2019, but may be extended for a further three years.

This policy will be reviewed annually or a period to be determined, and may be altered without notice. However, the policy which exists on the incentives application date for a development will apply for the life of the development approval or the life of the staged payment plan, whichever is the greater.

Roles and responsibilities

The Transport and Infrastructure Policy Branch is responsible for the delivery and administration of the Infill Development Incentives Policy.

Measurement of success

The measures of success of the policy will be:

- New buildings creating infill development within the target areas of Nambour and Caloundra;
- Applications for the incentives package.

Related policies and legislation

The *Sustainable Planning Act 2009* provides the framework for infrastructure charges.

The Council's Adopted Infrastructure Charges Resolution forms the basis of the calculation of infrastructure charges applicable to development.

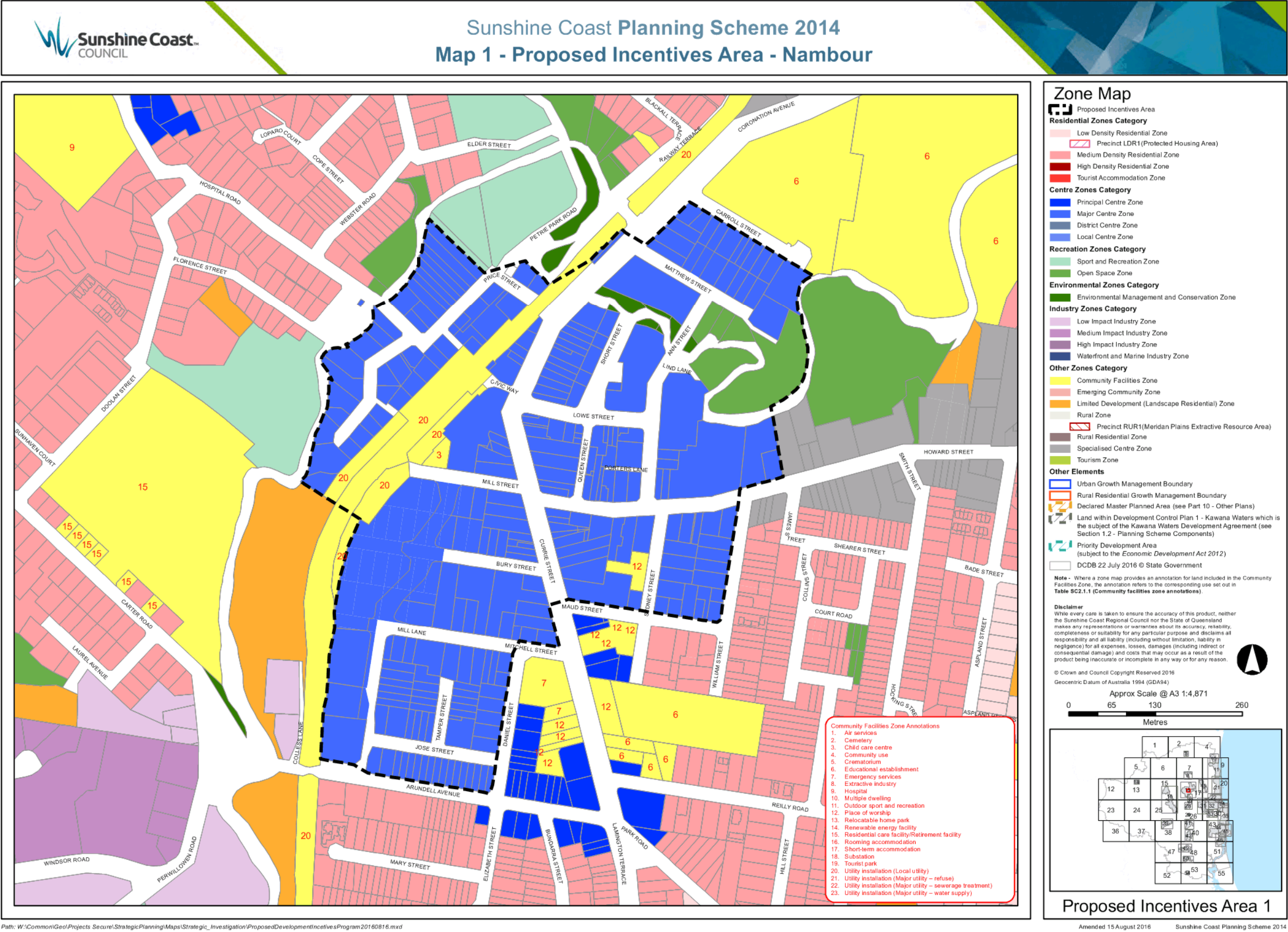
The policy for rebates for community organisations continues to apply under the separate policy Infrastructure Contributions Rebates for Eligible Community Organisations.

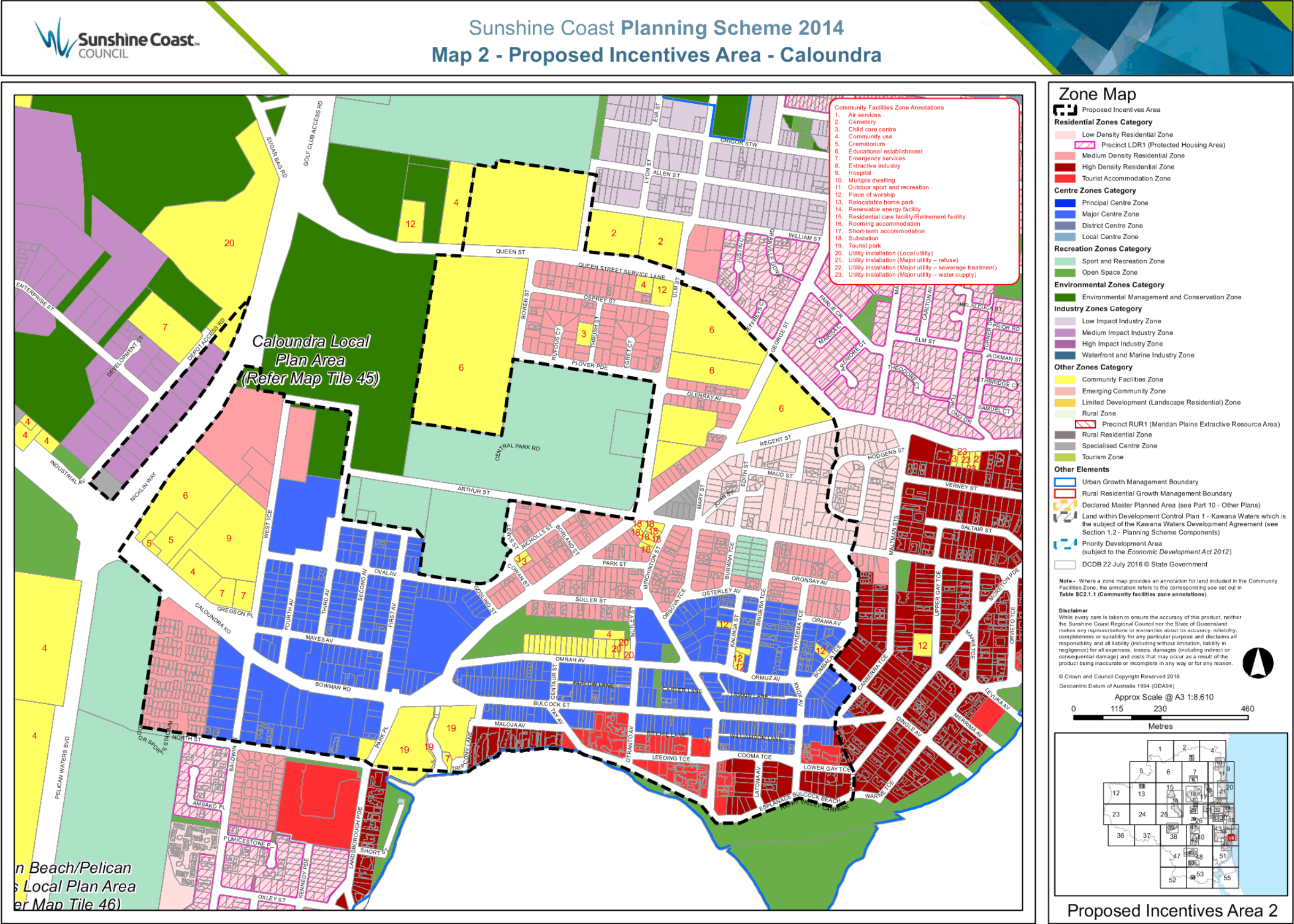
Version control:

Version	Reason/ Trigger	Change (Y/N)	Endorsed/ Reviewed by	Date
1.0	Create new	N	Nick Cooney	8/4/2017
2.0	Amendment	Y	Nick Cooney	16/5/2017
3.0	Amendment	Y	Nick Cooney	1/6/2017

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Appendix A Target Area Map





Appendix B

Staged payments

Payment of infrastructure charges can be staged over time, through an agreement with Council. The applicant must make a written request to Council detailing circumstances and basis for consideration before allowing staged payments of infrastructure charges to be approved.

The total infrastructure charge amount applicable is the issued amount plus variations in indexation from the date of issue to the current date when payment of the infrastructure charge first becomes due (*Due Date*):

1. for lot reconfiguration – before the approval of the plan of subdivision;
2. for material change of use – before the commencement of use;
3. for building work – before issue of the certificate of classification.

A first payment for an amount not less than 25% of the total current indexed amount is to be made by the Due Date outlined above.

The remaining balance with applied interest is to be paid in no more than 4 six-monthly instalments made in the months of June and December until the full payment has been made completing the staged payment plan and agreement.

The remaining balance owing will be subject to application of compound interest at a reduced rate of 7%p.a. (equivalent to Council's long term debt rate), calculated daily from the Due Date until full payment has been completed.

Sale of any property relating to the charge will require full payment of the balance owing prior to any settlement of the sale of the property, administered via a property note.

The applicant must provide written agreement to the staged payment plan offered by Council.

Non-compliance with any component of the above plan will be deemed as a breach of the agreement for the staged payment plan and will cause the default compound interest rate at 11% to apply immediately to any remaining outstanding balance in accordance with the issued Adopted Infrastructure Charges Notice.



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Mailing Address:
PO Box 953, Caboolture QLD 4510
Customer Service Centres:
33 King Street, Caboolture QLD 4510
6-10 Maud Street, Maroochydore QLD 4558
1300 0 UNITY (1300 086 489)
www.unitywater.com
ABN: 89 791 717 472

Our ref: A3050167

Mr Michael Whittaker
Chief Executive Officer
Sunshine Coast Regional Council
Locked Bag 72
Sunshine Coast Mail Centre QLD 4560



12 October 2015

Dear Michael

Reducing the Cost of Water Supply and Sewerage Charges by Incentivising Infill Development

Unitywater recently completed work that suggests we have existing spare capacity in the networks to allow for an increase in residential customers by approximately 30,000 when overlaid against Councils current land use planning scheme. This has the potential to reduce the annual water and wastewater account by approximately \$80 per annum.

The Unitywater Board considers that this proposal has significant merit and is prepared to incentivise development in selected areas by reducing infrastructure charges, by up to 50%, to achieve higher densities of development, subject to a benefiting development being completed within three years of approval.

It would be counterproductive for Unitywater however to offer financial or other forms of incentives to any particular development if the same development triggers upgrades within Council's networks (roads, stormwater, parks, etc.).

Accordingly, it is essential that Unitywater work closely with Council to confirm those areas where higher density development is in our collective interests.

My Chairman discussed this opportunity with the Mayor when it was agreed we should establish a working group to explore the details.

I would like to propose that our organisations establish a working group with suitably experienced staff so that we can achieve an outcome that will stimulate infill development to meet our respective objectives.



Could you please nominate a senior Council officer for Unitywater to make contact with to progress this initiative.

In the meantime should you have any queries please contact Simon Taylor, Executive Manager Infrastructure Planning and Capital Delivery on (07) 5451 6775 or simon.taylor@unitywater.com

Yours sincerely

George Theo
Chief Executive Officer

CC: Daryl Hitzman, CEO - Moreton Bay Regional Council
Simon Taylor, Executive Manager, Infrastructure Planning and Capital Delivery -
Unitywater

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Unitywater is a statutory authority that provides water and sewerage services for the Moreton Bay, Sunshine Coast and Noosa Council areas.



Unitywater has certification to
OH&S ISO 4801:2001 Reg No 4260
Environmental ISO 14001:2004 Reg No 4259
Quality Systems ISO 9001:2008 Reg No 4258