



9 April 2024

Matthew Milbourne
Principal Strategic Planner
City of Melton
PO Box 21
Melton, Victoria, 3337

By email

Dear Matthew,

**RE: Amendment C232
Toolern DCP Review and PSP Refresh**

By way of introduction, I currently represent Growland, who are predominantly a land and apartment developer in Victoria, New South Wales and Queensland. We are currently completing one land estate, Botania, in the City of Melton, and have several future projects including in Grangefields and Thornhill Park. I have also worked with Melton for many years delivering land development projects, back as far as Banchory Grove in Hillside.

Overview

I write in response to Amendment C232 - Toolern Development Contributions Plan Review and Precinct Structure Plan Refresh. In relation to this amendment, we own properties 75, 83 and 84 in the Toolern PSP totaling 37.68 Hectares. In this precinct, the proposed new Development Infrastructure Levy appears to be an increase of \$162,514 / ha, resulting in an increased level of approximately \$6.1M for our 3 sites only. Overall, there is a proposed increase of \$223M or 56%. This is a substantial oversight and is not proportional to the increased density in the PSP, which is purported to be a substantial reason for the increase to the DIL. We therefore have a large interest in the proposed amendment and the negative effects it will have on housing affordability.

If costs have increased due to inadequate detail, in a large part inadequate functional layout, it is not a fair and equitable solution to simply transfer this cost onto developers. This shortfall is a result of the inadequate planning from the VPA. It is our strong view therefore that a substantial portion of the infrastructure projects be funded directly from GAIC collected in the precinct.

We draw particular attention to the following on page 46 of the Toolern Development Contributions Plan Review and Precinct Structure Plan Refresh – Planning Report:

Given the large number of costs that developers encounter when providing land for new housing, it is difficult for Council to quantify what the changes to the DIL rate will mean for individual house lots in the Toolern PSP area.

It is in fact quite easy to determine the impact of the additional costs on affordability. Land being developed now, or already purchased, already has cost of land fixed. There is no option to change this input. Therefore, any additional costs will necessarily be, as far as is possible, added to the retail price of land, to recover these costs. As an example, the additional cost of \$6.1M on our sites, for proposed 643 lots, equates to almost \$10,000 a lot, to be passed onto first homebuyers. These additional costs also have an impact on borrowing capacity of homeowners, and finance costs for developers, at a time when affordability is at an all-time low, Victoria is in a housing crisis, and the impacts of the NCC and 7 star housing are about to take effect. These additional regulations are likely to add a further \$15,000 per lot.



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There are two parts to the proposed amendment, and I will comment on them separately.

Precinct Structure Plan Refresh

Community Facilities Projects – Plan 6

A large part of the proposed refresh relates to slight tweaks to existing infrastructure, the majority of which has limited impact on the functionality of the precinct. It appears that the additional scope is related to the higher density / higher population occurring above initial estimates. We question whether the inclusion of additional facilities provides opportunities for further increase in density. We would be interested to see the relationship between the population that would be supported by the infrastructure now proposed in the PSP compared to the revised population.

The impact of the proposed new DIL rate for Community and Recreation is over \$2.2M for our landholding, or close to \$3,500 per lot. This is a significant impost at a time where affordability is at an all time low, Victoria is in a housing crisis, and the impacts of the NCC and 7 star housing are about to take effect.

It would be useful to see the ability to increase density further to offset some of the negative impact of the proposed change by at least being able to offer more affordable product.

Road and Intersection Projects

The proposed freeway interchange at Mount Cottrell Road may be an oversight, but this is clearly a state infrastructure project. This is a result of inadequate planning from the VPA. It is also unfortunate that this should be recognized after the majority of the Paynes Road PSP has been delivered and DIL's collected at the lower rate. It is our strong view therefore that this interchange be fully funded directly from GAIC collected in the precinct.

We support the inclusion of Paynes Road sections RD22, RD23, RD24 as DCP items.

Bridge Projects

The proposed amendment has deletion of two and an increase of 5 new bridge projects. There are now a total of 19 bridges in the precinct. By any standards, this is a ridiculous number of bridges for developers to fund. To begin with, there are more bridges proposed than necessary to cross the Werribee River. In addition, a large proportion of the proposed bridges relate to rail crossings. These bridges were an oversight in the delivery of the recent Ballarat rail upgrade completed in 2021, completed after the implementation of the Toolern PSP. These projects should always have been state funded. We strongly believe these rail related bridges should now be funded by GAIC collected from the precinct.

Active Recreation Projects

We note the majority of Active Open Space is aligned North-South and adjacent to schools or Passive Open Space. As per our submission to the Melton East Draft Place-Based Plan dated 5th March 2024, we support this arrangement.

Development Contribution Plan Review

As an overarching statement, the increase in DIL payments is considerably higher than can be supported. There are substantial items which should be state funded. At a time when affordability and land supply is at an all time low, these changes will have a significant effect on affordability and restrict the growth of Toolern.

Infrastructure and servicing

The Toolern PSP has fragmented land holdings. There is substantial developer held parcels that cannot currently be developed due to not having access to services, in particular drainage and sewer. Given the opportunity, many developers would jump at the chance of developing their land holdings to reduce holding costs and improve affordability. Additional DIL charges are a further handbrake on development as they further increase holding costs and reduce the ability to fund external infrastructure.



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Summary

While the overall effect of the proposed changes to the Toolern PSP and DCP have a negative impact on cost, there is potential for this to be partially offset. Some suggestions include:

- Increased density
 - We are experiencing an affordability and housing supply problem which has never been seen before to this level in Victoria. To combat some of this, higher optional density limits should be provided in the PSP to allow more efficient and affordable product to be delivered;
- State Funding
 - Considerable GAIC has already been collected, in the order of \$32M based on approximately 21% or 250ha of the land already developed in the PSP, and a total of \$156M approximately to be collected in total;
- Servicing
 - The industry and this precinct in particular is in desperate need of assistance to bring services to sites. We request the council lobby other authorities, in particular Melbourne Water and Greater Western Water, to utilize their powers to create appropriate easements. In the absence of any success, change in legislation is required to ensure that easements for essential services in favour of authorities can be easily created by developers;
- Approvals
 - We recognize the significant improvement in interaction between developers and council over the last few years. Any assistance that can be given however to improve approval timeframes for planning, landscaping and engineering will assist with reducing costs and the flow of DIL costs to purchasers;
- Open Space and Community Infrastructure Land
 - Facilitation of early acquisition of land required for the implementation of the PSP would go some way to providing the ability to fund some additional DIL expenses.

Thank you for the opportunity to provide feedback. We look forward to hearing from the strategic team and the outcome of our response to Amendment C232 - Toolern Development Contributions Plan Review and Precinct Structure Plan Refresh.

Should you have any queries or feedback, please do not hesitate to contact me.

Kind Regards,



Development Director - Land