Our Ref: 21-000464-020-L-AU-FS

16 May 2024

Manager City Strategy
Melton City Council
PO BOX 21
MELTON VIC 3337

via email citysupport@melton.vic.gov.au

Dear Sir/Madam

Submission in response to proposed Amendment C232melt Melton City Council

Egis acts on behalf of Mount Cottrell Project Management Pty Ltd in relation to proposed Amendment C232melt which proposes to implement the findings of the Toolern Development Contributions Plan Review and Precinct Structure Plan Refresh, 2024 including the introduction of a revised Schedule 3 to the Urban Growth Zone at Clause 37.07, a revised Schedule 3 to the Development Contributions Plan Overlay (DCPO) at Clause 45.06 as well as changes to other operational provisions.

1. Background

Our client owns the land known as 1152 -1154 Mt Cottrell Road Strathtulloh (the subject land) known as the Swarna Estate. Of relevance to this amendment, the land is located within the Urban Growth Zone and is subject to Clause 45.06 being the Development Contributions Plan Overlay.

A Planning Permit is in place for the development of this 32.44 hectares of land into approximately 487 residential allotments along with Active and Passive Recreation reserves.

The Planning Permit (PA2020/7242/1) was issued on 8 September 2021 and extended in 2023.

Engineering design is well underway with Stage 2 Functional Layout plans approved by Council mid last year. The development is however, experiencing significant delays with Stage 1 Functional plan approval still pending due to Councils position on Interim drainage treatment. This is causing extreme strain on the developer with holding costs impacting the overall development feasibility and no certainty on timing to deliver stages 3 to 16.

1.1. Melbourne Water Melton South Drainage Scheme

Melton South Drainage scheme has a water quality allowance shortfall.

Since July 2023 we have be trying to understand from the authority, their position on how this shortfall can be met. As of April 2024, Melbourne Water have advised that each developer will need to provide treatment on their own site.

The City of Melton, in contrast, have rejected various proposals we have provided to satisfy the water quality treatment.

We are now at a stalemate and have escalated the matter within both authorities.

Downstream we have been in discussion with Atherstone/SMEC who are delivering their own Melbourne Water scheme works, in particular the drainage outfall into Toolern Creek. This affects the Melton South Scheme area and includes the Swarna estate. This developer is experiencing their own Melbourne Water delays in review and approval to allow the scheme outfall drain to be delivered and in turn delaying housing development in this growth corridor.

2. The Amendment

We understand that amongst the changes proposed under Amendment C232, is a proposal to amend schedule 3 to the DCPO to introduce revised charges to the Development Infrastructure Levy as outlined in the table below:

Charge Area	Existing DIL (Indexed to $21/22)	Proposed DIL ($21/22)	Change to DIL ($21/22)
Charge Area 1	$270,536	$439,563	$169,029
Charge Area 2	$279,474	$441,988	$162,514
Charge Area 3	$259,691	$369,583	$109,838
Charge Area 4	$124,616	$228,563	$103,946

The subject land is located within Charge Area 2. The exhibited changes propose a minimum $162,514 per hectare increase to the DIL. This is a 58.15% increase which equates to an additional $4,469,135 payable for this development (based on 27.5 hectares of net developable area).

Noting that these rates will be higher when adjusted with CPI to 2024 which we understand will be determined upon valuation of the land prior to the Panel Hearing.

3. Submission

We object to the quantum of the proposed increases to the DIL rates under proposed Schedule 3 to Clause 45.06.

The Toolern Precinct Structure Plan and the Toolern Development Contributions Plan were gazetted in 2010 with the Precinct Plan Amended in June 2022.

Developers and landowners were extensively involved in the process leading up to the PSP approval and since have made financial decisions to invest/dispose/develop based on those approved documents.

While we recognise that the PSP Guidelines prepared by the VPA state that PSP and DCP documents should be reviewed every five years to monitor development, the levies already incorporate indexation to ensure that levies are reflective of CPI. Any review should be in the context of development within the PSP considering social, environmental and economic conditions.

Housing affordability in Victoria is at its lowest in 30 years. By 2050 Regional Victoria will be home to more than 2.3 million people. The Victorian Government's Housing Statement released in September last year, stated that if we keep the status quo, Victoria will fall short of housing supply by more than 25,000 homes each year for the next ten years.

Victoria's Housing Statement sets a bold target of building 800,000 new homes by 2034 – 80,000 homes per year over the next decade.

Meanwhile, properties such as the subject land are sitting here stuck in between bureaucracy when they can and should have already been contributing to this much needed supply.

Instead, the developers of properties like the subject land are incurring significant holding costs and the cost of developing the land is continuously increasing as development is delayed.

Research 4 stated the impacts to land development over 2023 very clearly in their contribution to the UDIA 2024 State of the Land Report as outlined in the following quotes:

"Households and families were faced with rising costs, higher lending rates and lower saving rates. Add to this mix of metrics, new and improved taxes for investors, higher development costs and a fragile volume builder sector and you have what we have had. 2024 will be a year where we continue to pay for this shopping list of red flags" and

"From a supply point of view, Melbourne Greenfield is not currently in an advantageous position to address any spike in demand. If this housing crisis that exists actually manifest itself in actual high sales, then the Greenfield sector is sure to fall apart. The authorities promote the idea that the housing market is in crisis yet go slow on processing new supply".

In the fragile market we are currently within, with housing affordability a major issue (felt even more so in this corridor being the fastest growing corridor in Victoria), the proposed increases to the DIL rate simply cannot be entertained.

The cost of developing land in this area has already increased over the last 12 months by 20-30% while the significant increases in building costs has continued to weigh down dwelling commencements.

While we recognise that are also increases in the cost of delivering infrastructure, we consider that an increase of over 58% is too high having regard to overall burden.

If we honestly want to address the housing crisis within this State, we need to work together to deliver affordable housing and deliver it quickly. The proposed increase to the DIL under Amendment C232 will kill development and create a further burden to the delivery of housing in Victoria.

Where are the people going to go?

We would welcome the opportunity to discuss this further.

Yours sincerely,

[redacted]

[redacted]
Urban Development Regional Leader - VIC
[redacted] | [redacted]

Egis Consulting Pty Ltd