

ATTACHMENT A



W A V E R L E Y
COUNCIL

BONDI JUNCTION
S94A LEVY VARIATION
DRAFT SUBMISSION

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1. Executive Summary

Development interest in Bondi Junction has increased significantly, particularly following the gazettal of the Waverley Local Environmental Plan 2012. This is predominantly due to the attractiveness of increased development potential resulting from changes in development standards throughout the Centre. This combined with a highly desirable location, close proximity to the Sydney Central Business District and favourable economic conditions will see developments continue to occur well into the future.

Council adopted a vision for Bondi Junction in June 2015. The vision aims to position Bondi Junction as a key centre that attracts major commercial, retail, business and government interests and is economically competitive against other major Strategic Centres in the Sydney metropolitan area. It will ensure Waverley Council's suite of community infrastructure projects transform Bondi Junction into a more sustainable, liveable and vibrant Strategic Centre in the Central District of Sydney.

The intensification of development occurring in Bondi Junction has placed increased stress and demand on the provision of community infrastructure. There are many community infrastructure improvements requiring funding provision to reaffirm Bondi Junction as a desirable place to live, work and visit. Section 94A of the *Environmental Planning and Assessment Act 1979* (Act) provides Council the means to levy development for the purposes of applying these funds towards the provision, extension or augmentation of public amenities and services (or towards recouping the cost of their provision, extension or augmentation).

Waverley Council's Development Contributions Plan came into force in 2006. Whilst the new comprehensive Waverley Local Environmental Plan was being prepared in accordance with the Standard Instrument Order 2006, Council submitted to the then Department of Planning a request to increase the S94A levy to 3% on works greater than \$200,000 within the B3 Commercial Core zone located in Bondi Junction. Due to other priorities at the time, this matter was not progressed.

To help achieve the Bondi Junction 2030 vision, Council is aiming to amend the existing Waverley Council Development Contributions Plan 2006 (Plan). The amendment will increase the Section 94A levy within a defined area of Bondi Junction to 4% for works costing over \$250,000. Specific developments costing over \$250,000 will be charged a Section 94A development contribution of 1% for the portion up to \$250,000 and 4% for the portion that exceeds the \$250,000 development cost. Development that occurs anywhere outside of the defined area of Bondi Junction will continue to be levied at the existing rates. The proposed levy variation requires endorsement from the NSW Department of Planning and Environment (DP&E) and a subsequent amendment to Clause 25K of the *Environmental Planning and Assessment Regulation 2000* (Regulations).

The proposed levy increase for all works costing over \$250,000 in Bondi Junction will:

- ensure Bondi Junction keeps pace with similar areas designated as Strategic Centres and that are located within the Global Economic Corridor as identified by the DP&E. It will assist in positioning Bondi Junction as a major support centre for everyone who travels through to one of Australia's most significant tourism destinations – Bondi Beach;
- contribute towards achieving the Bondi Junction 2030 vision as Council continues endeavouring to capitalise on the key drivers that make the area attractive for residents, business (commercial and retail) and tourism.
- assist in the delivery of critical infrastructure in and around Bondi Junction that responds to population demands, environmental sustainability targets and strengthens its economic prominence in the Sydney metropolitan area. The proposal will allow Council staff to more effectively plan and schedule existing and future projects;

- continue to be an attractive location for the development industry as it will have negligible impact on anticipated profit margins;
- have no detrimental impact to maximum contribution rates permitted.

This submission provides the background context and justification through research, evidence and analysis to allow for the increased levy in Bondi Junction.

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2. Introduction

Section 94A (S94A) of the Act provides Council the means to levy development for the purpose of allocating funds towards the provision, extension or augmentation of public amenities and services (or towards recouping the cost of their provision, extension or augmentation).

This submission requests endorsement from the DP&E to apply a S94A levy variation in Bondi Junction (identified in Figure 4). The timing is considered to be appropriate particularly following the gazettal of the comprehensive Waverley Local Environmental Plan 2012 and the newly created Bondi Junction 2030 vision. The vision sets an ambitious direction for Council over the next 15 years and this submission provides research and evidence to justify why a levy increase is timely and necessary in the context of Bondi Junction.

3. Bondi Junction Context

Bondi Junction is an established residential and commercial area located approximately five kilometres east of Sydney's Central Business District (CBD). It has an approximate land area of 107 hectares and is bordered by Syd Einfield Drive/Old South Head Road to the north, York Street to the west, Birrell Street to the South and Waverley Park/Flood Lane to the east (refer to Figure 1).

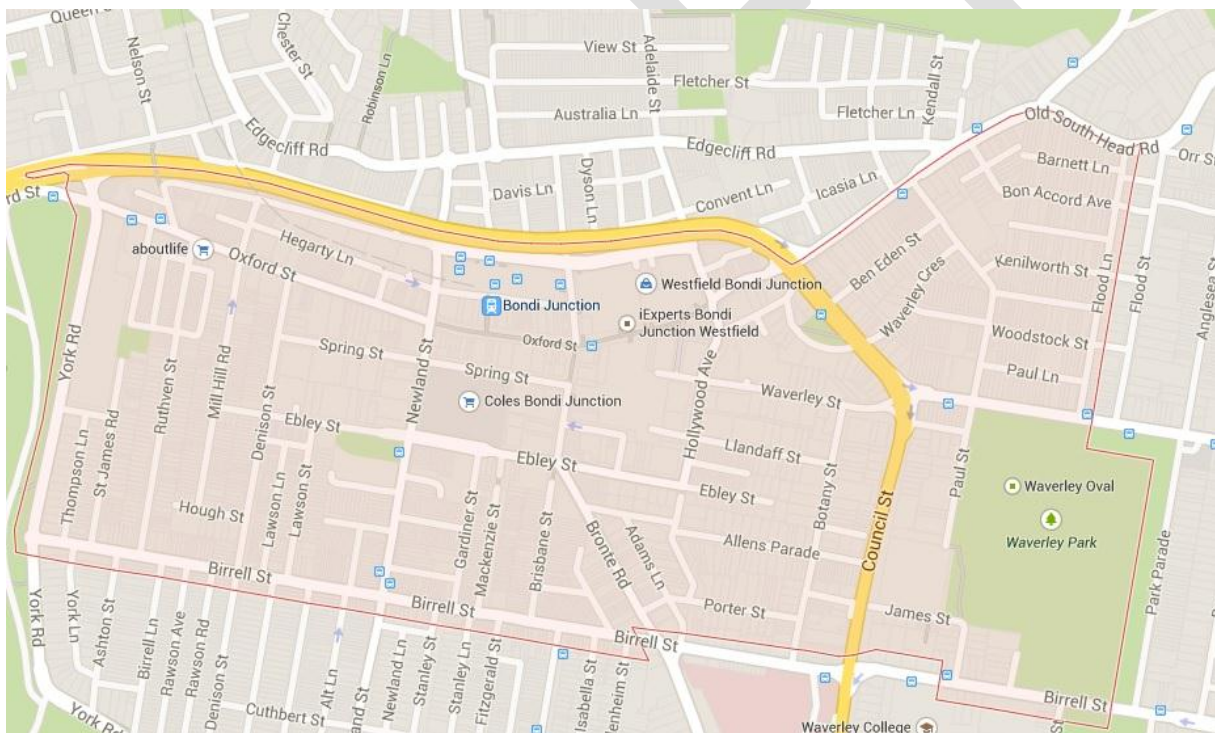


Figure 1: Bondi Junction boundary map

Source: Google maps

Major landmarks within Bondi Junction include Westfield Shopping Centre, Eastgate Shopping Centre, Oxford Street retail shopping strip and mall, Waverley bus depot and the Bondi Junction bus and rail interchange. The area is comprised of a range of high and low density residential, mixed use and commercial buildings which differ in form, bulk and scale. There are several heritage conservation areas and heritage items of local significance. These features contribute to the sense of place, character and amenity of Bondi Junction.

3.1 Chronological history of development controls in Bondi Junction

In order to understand how the built form in Bondi Junction has evolved (refer to Attachment 1) it is important to consider planning controls that previously applied to the area.

Year: 2002 onwards

In early 2002 Council operated under a number of Local Environmental Plans (LEP) and draft LEPs being:

- Waverley / Woollahra LEP 1991 which covered the Bondi Junction Centre;
- Waverley LEP 1985 which applied to the “deferred” area in the Bondi Junction Centre; and
- Draft LEP 1991 (Amendment No 6) which proposed major amendments to the Bondi Junction provisions.

The strategic vision for the Bondi Junction area shifted significantly when the local government boundaries between Woollahra and Waverley Council were adjusted in late 2002. Waverley Council became responsible for the entire Bondi Junction area and followed up with a review of all planning instruments applying to land known as the Bondi Junction Centre. The review was known as the Bondi Junction Planning Review, which established a town planning framework for the future sustainable development of the Bondi Junction Centre. The objectives of this process included:

- preparation of simplified development controls;
- rationalising land use zones and development standards;
- encouraging economic and commercial activity;
- managing growth and change;
- promoting and conserving the area’s environmental heritage;
- facilitation of development consistent with principles of ecologically sustainable development; and
- improving accessibility.

In 2005, the NSW Department of Planning introduced a series of planning reforms that applied to the entire state. A major component of these reforms was the introduction of the standard LEP template in March 2006 requiring all Local Government Areas (LGAs) in NSW to prepare a new Principal LEP within five years, using the template. Other components of the reforms included the release of the Sydney Metropolitan Strategy and in particular the Draft East Region Subregional Strategy. Considering the Bondi Junction Planning Review was at an advanced stage, it continued to progress and incorporated the NSW Planning reforms. The Waverley LEP (Bondi Junction Centre) was eventually subsumed into the Comprehensive Waverley LEP upon its gazettal on 26 October 2012.

Year: 2010 onwards

The outcome of the Bondi Junction Planning Review produced the following documents:

- Waverley Local Environmental Plan (Bondi Junction Centre) 2010;
- Waverley Development Control Plan 2010; and
- Bondi Junction Centre Public Domain Technical Manual.

The Waverley Local Environmental Plan (Bondi Junction Centre) 2010 was gazetted on Friday 7 May 2010 and became effective on that date. The Waverley Development Control Plan 2010 was also subsequently gazetted in 2010.

Year: 2012 onwards

Following the gazettal of the Waverley LEP 2012 and adoption of the Waverley DCP 2012, Waverley Council together with the then Department of Planning and Infrastructure commissioned the Bondi Junction Urban Design Review which was completed by City Plan Services in 2013. The aim of the review was to assess the planning controls applicable to Bondi Junction by identifying issues and suggesting solutions. Key issues addressed related to identity, public domain, solar access, traffic, lot size, urban form and zoning. A number of recommendations came out of the review including zone changes. For example the B4 Mixed Use zone was increased to cover additional properties. In addition the review recommended that a framework for Voluntary Planning Agreements and Section 94 contributions should be developed. Council implemented the recommendations as stated in the review which further increased development interest in the area. Council is now experiencing increased pressure of planning proposals to further increase development potential. It is important Council ensures the siting and design of buildings and the quality of the environment in Bondi Junction is improved as it develops over the coming years.

Development interest in Bondi Junction has increased significantly following the gazettal of the Waverley LEP 2012. This is predominantly due to the perceived attractiveness of increased development potential resulting from zoning changes, increased floor space ratio and height controls over time (refer to Attachment 2). For example, the zoning in Bondi Junction changed as a result of the Bondi Junction Urban Design Review, which included allowing for more mixed use and residential accommodation land uses. The changes that have occurred are in response to broader demand for residential uses resulting from the strength of the housing market. This combined with a highly desirable location and continued favourable economic conditions will see developments continue to occur well into the future. The images below (i.e. Figures 2 and 3) demonstrate that existing development in Bondi Junction has not yet reached its maximum potential when compared to the maximum height controls contained within the Waverley LEP 2012.

While the Complete Streets project began as a transport study, the principles and objectives of Complete Streets were fundamentally aligned towards shifting the focus of the public domain from prioritising vehicles to prioritising pedestrian, cyclists and commercial centre uses. This acknowledges the importance of the public domain as a place for people which is essential as a centre transitions to higher density development. The key concepts of the Complete Streets project have been adopted by Council and incorporated into the Capital Works program.



Figure 2: View North-East of existing development in Bondi Junction compared to maximum height limit in Waverley LEP 2012

Source: Waverley Council



Figure 3: View South-West of existing development in Bondi Junction compared to maximum height limit in Waverley LEP 2012

Source: Waverley Council

3.2 The Sydney Metropolitan Strategy

In December 2014, the DP&E released an updated Sydney Metropolitan Strategy (Strategy) entitled *A Plan For Growing Sydney*. The Strategy *“presents a clear strategy for accommodating Sydney’s future population growth for the next 20 years... (and) balances the need to accelerate housing production with a desire for high levels of amenity and the creation of strong and resilient communities within a highly liveable city.”*

The Strategy identifies Bondi Junction as a Strategic Centre as it is considered to be one of *“Sydney’s largest and most important hubs for business and employment”*. The following priorities have been identified for the Bondi Junction Strategic Centre within the Strategy:

- *“Retain a commercial core in Bondi Junction, as required, for long-term employment growth.*
- *Provide a capacity for additional mixed-use development in Bondi Junction including offices, retail, services and higher density housing.”*

The Strategy also outlines three planning principles that will guide how Sydney grows. Principle 2 relates directly to Bondi Junction as it focuses on stronger economic development in strategic centres and transport gateways. More specifically it states:

- *“Locating jobs in around 30 to 40 large centres across Sydney provides the greatest benefits to the city’s overall productivity.*
- *Sydney’s largest and most important hubs for business and employment are ‘strategic centres’ and Sydney’s ‘transport gateways’. Together, these locations account for 43 per cent of all jobs across Sydney.*
- *These locations will be an important focus for future growth because of their size, diversity of activities, their connections (mainly to the rail network), and the presence of major institutional activities such as health and education facilities or Sydney’s major airports and port.”*

In addition to being a Strategic Centre, Bondi Junction is also located within the Global Economic Corridor (GEC). The GEC extends from Parramatta and north-western Sydney to Port Botany via North Ryde, Chatswood, North Sydney, Sydney CBD and Bondi Junction. The corridor generates over 40% of Gross State Product in New South Wales (NSW) and by 2030 it is expected that around 190,000 new office jobs will be required. State Government is seeking to work in partnership with Councils ensuring more efficient land use outcomes to facilitate the expansion of commercial markets.

The Strategy has further included Bondi Junction as part of an investigation for future urban renewal corridors (i.e. Kings Cross to Bondi Junction corridor). It states that *“urban renewal is the process of planning and delivering changes to infrastructure, street, and the public domain to deliver the greatest community benefit”*. The DP&E is aiming to have more people travelling no more than 30 minutes to and from the Sydney CBD for work. As such, the Kings Cross to Bondi Junction urban renewal corridor will incorporate more intense development in suburbs and transport corridors to create more homes, jobs, improve access to parks, shops, restaurants and other community facilities and services. Bondi Junction will require significant improvements to its current community infrastructure if it is to meet the objectives of the Strategy and directions from State Government. The planned community infrastructure will also require increased funding to meet demands and needs of the community. This will ensure Bondi Junction continues to act as the main destination and gateway to and from the Eastern suburbs.

3.3 Bondi Junction and the Central District

The Strategy positions the Waverley LGA within the Central District. The Central District is comprised of 11 Councils including the City of Sydney, Randwick, Woollahra and Botany Bay LGAs. Additional to Bondi Junction there are three other Strategic Centres identified within the Central District including Randwick Education and Health, Green Square and Burwood.

According to 2011 Census Data Bondi Junction has an area of 107 hectares, a population of 8,614 and a population density of 80.29 persons per hectare. Considering Bondi Junction is unique in form and nature it is difficult to compare it to the other Strategic Centres in the Central District. However a similar strategic centre is Chatswood which is located in the Northern District. Chatswood has an area of 490 hectares with a population of 20,967 and a population density of 42.56 persons per hectare. Comparisons illustrate that despite the population being larger in Chatswood over a bigger land area, Bondi Junction's population density is almost double that of Chatswood. Willoughby Council have already implemented measures to ensure funding is increased to support increased community demands in Chatswood (see section 3.2 of this submission). It is important Waverley Council pursues measures to ensure the increased population density expected in Bondi Junction can be delivered within appropriate timeframes.

The Eastern suburbs also contains the Randwick Education and Health Strategic Precinct which is a significant cluster of specialised health, education and research activities. This precinct represents one of two such precincts that exist in the Sydney metropolitan area. It plays a complementary role with Bondi Junction representing a supportive commercial centre for medical services. This reinforces the role of the centre as an important economic and employment hub within the Sydney region.

Bondi Junction plays a profound role within the Central District. It is located halfway between the Sydney CBD and Bondi Beach, which is one of the most visited tourism destinations in Australia. Bondi Junction acts as a gateway to Bondi Beach and other neighbouring beaches such as Tamarama, Bronte, Clovelly and Coogee. It is positioned to capitalise on the millions of visitors that pass through each year. Considering its international significance, it is crucial Council continues to promote the LGA and surrounding areas through community infrastructure improvements and upgrades.

The centre contains the Bondi Junction bus / rail interchange that accommodates 39,000 passengers each day and is the eighth busiest interchange in Australia¹. It provides an important transport node that links Sydney's eastern suburbs to the CBD and metropolitan transport system. This interchange is also home to Australia's most profitable bus route – No. 333 – having over seven million passengers each year travelling between the Sydney CBD, Bondi Junction and Bondi Beach². The interchange does require significant alterations to improve safety, access, legibility, manoeuvrability and general amenity. It should represent an impressive piece of infrastructure as it contributes to the initial impressions of the Waverley Council LGA.

Bondi Junction is considered to be a major commercial centre which caters for a variety of business needs. A major focal point is Westfield which attracts over two million people annually from all over the eastern suburbs and beyond. There is also the popular Bondi Junction market along Oxford Street Mall which is surrounded by retail stores and restaurants/cafes. The area attracts office based businesses that vary in scale and function who take advantage of lower costs as opposed to being positioned in Sydney's CBD. Waverley Council is striving to promote and encourage more economic business in Bondi Junction. The first Waverley Economic Development Strategy was adopted by

¹ REMPLAN 2012, <http://economicprofile.com.au/waverley>

² Transport for NSW, 2012, <http://www.transport.nsw.gov.au/media-releases/opal-card-starts-popular-333-bondi-bus>

Council in early 2015 and sets out a series of strategic directions and actions to help strengthen the local economy and cement its position as the economic centre of Sydney's Eastern suburbs. It will be important Bondi Junction evolves into a centre that can attract businesses of various scales.

Other interesting facts about Bondi Junction include Oxford Street being Australia's ninth busiest bike route and lunchtime pedestrian activity along Oxford Street is comparable to Circular Quay. Safety and amenity improvements for pedestrians and cyclists are considered to be high on the agenda for Council. Waverley's Public Domain Technical Manual was recently updated and includes proposals to enhance the manner in which people and cyclists can travel through the area. It is envisaged the proposed improvements will encourage and invite additional people to walk or cycle in Bondi Junction.

Therefore, it is evident that Bondi Junction plays a crucial role for the provision of existing services and infrastructure available which caters to the Waverley community and broader Central subregion.

3.4 Funding Mechanisms

The provision of community infrastructure is one of the main challenges facing local government. It is key to ensuring existing and future needs of the community are fulfilled. Despite significant shortfalls and the extension of project delivery timeframes, Council continues to pursue additional improvements to community infrastructure in Bondi Junction that will transform the centre into a memorable place. It is important Council endeavours to capitalise on the key drivers that make Bondi Junction attractive for residents, business and tourism. Research has been undertaken to identify funding mechanisms available for community infrastructure purposes. The following outlines a number of funding mechanisms in NSW which can assist to fund community infrastructure, some of which are currently used by Waverley Council.

1. NSW State Grants

Financial assistance can be sought through the State Grants on a variety of issues that directly affect local government areas. However these opportunities are often sporadic and not always guaranteed. Therefore it is difficult for Council to effectively plan for future community infrastructure when there is no steady financial income stream.

2. Planning Agreements

A planning agreement is a voluntary agreement entered into between a developer and a planning authority in relation to the making, amendment or repeal of an environmental planning instrument or a development application under which the developer agrees to make development contributions towards a public purpose. Contributions under a planning agreement can comprise monetary contributions, the dedication of land free of cost or material public benefits.

Planning agreements are used to fund council's infrastructure. The benefits include providing a significant new source of development contributions for Council. There is no limit on the value of development contributions that can be provided for in an agreement. Additionally planning agreements can provide for development contributions that are additional to S94A or they can replace S94A in respect of particular development.

The adoption of Waverley Council's Planning Agreement Policy in 2014 set the direction for policy and procedures relating to planning agreements under the EP&A Act. A valuation methodology was prepared under this Policy which calculates that 50% of the profit from the maximum 15% bonus floor space is to be provided as a negotiated form of public benefit through a planning agreement. Waverley Council has received \$3.5 million in planning agreement payments to date. However there are several issues Council staff have identified whilst negotiating planning agreements. One of the major issues involves planning agreements being only voluntary in nature. Therefore it is not a guaranteed or steady income for Council, which then makes it hard for Council to effectively plan for the amount of infrastructure required to support proposed development. It is also a negotiated amount which can

influence the level of quality of community infrastructure provided. Council is also concerned about the public's perception that Council is selling development rights to developers, the value of local planning controls if they can be undermined by planning agreements and the prolonged time / costs involved in negotiating and drafting up agreements.

3. Bonus floor space and transferable floor space provisions

The City of Sydney Council uses a bonus floor space scheme through encouraging complete conservation works to occur on Sydney's important heritage buildings. Under the scheme the building owner must complete agreed conservation works, or commit to maintaining an already conserved building. If an agreement is reached the Council can award floor space which the owner can sell on or use in a new development elsewhere.

Waverley Council previously had a bonus floor space provision in the Waverley LEP 2012 relating to affordable housing. The provision provided opportunities for developers to seek a maximum of 15% floor space ratio bonus in addition to the permissible floor space ratio for residential flat buildings and mixed use development containing shop top housing. The bonus was achieved on the condition that at least 50% of the additional floor space component is made available as affordable rental housing for at least 3 years. The reasons for repealing the provision was because it was not operating in the manner it was intended and was not obtaining the same dollar value that the previous incentive scheme under the Waverley Affordable Housing Program calculator was achieving in terms of public benefit (approximately 50%).

Waverley Council believes it is important to incentivise the achievement of community facilities in a centralised strategic location such as Bondi Junction. However bonus floor space provisions can also appear to be undermining established height controls in the area. Therefore thoughts also need to be given to public perception.

4. Value capture mechanisms

Value capture provides a genuine opportunity to capture a portion of value uplift in land price generated by Council led changes to any parcel of land. Whilst planning agreements and bonus floor space can be viewed as a type of value capture, it is important to consider the term 'value capture' and what other mechanisms can be used to ensure the community benefits from significant development. The benefits include redirecting the earned income into long-term public improvement projects that benefit the wider community. The mechanism relies on obtaining a reasonable percentage from the uplift in value generated from planning proposals aiming to re-zone, increase floor space ratios and/or height controls to a particular site. Uplift in value can also be produced from key infrastructure initiatives that have been provided which affect properties located within a certain radius from the site (for example new train line and station). Value capture can make significant contributions to transport and urban renewal programs. For example the Greater London Authority has stated that approximately 27% of the total cost of London's Crossrail project is being funded from value capture mechanisms³.

Council believes there is significant opportunity to establish a value capture program in Waverley. The program would respond to Local Government's commitment to maintain and improve public infrastructure while reducing the reliance on Commonwealth and/or State Government as a funding source. The mechanism would also reduce the current shortfall in funding and incentives available to Council to undertake necessary investment upgrades.

5. Waverley Council Development Contributions (S94/S94A)

Under the *Environmental Planning and Assessment Act 1979*, Councils are authorised to levy contributions towards infrastructure and services necessary to meet the increased demand created

³ Evaluation of value capture mechanisms as a funding source for urban transport: The case of London's Crossrail, 2012, <http://www.sciencedirect.com/science/article/pii/S1877042812029539>

by new development in its area. Prior to 2006 Waverley Council implemented a S94 Development Contributions Plan. In general the major components of a Section 94 system are described below:

- Section 94 contributions can only reflect a proportion of the cost of Council's infrastructure as both existing population and new population use Council's facilities. The S94 plan requires that apportionment be taken into account in arriving at the final contribution rate.
- Section 94 contributions must identify a nexus between residential, commercial and/or mixed use developments and an increase in demand for Council's infrastructure. The S94 levy on residential development was limited to new dwellings. The S94 levy on commercial development was limited to development occurring in Bondi Junction and Campbell Parade (Bondi Beach).
- Section 94 contributions could be either monetary, works in kind or a material public benefit. However most of the contributions were received in the form of a monetary contribution.

The challenges of implementing a S94 Plan in the Waverley LGA including a strategic centre such as Bondi Junction was establishing the nexus between new development and associated infrastructure required. Determining the nexus as a percentage was not always clear and as a result, Council was not able to properly justify the nexus in several cases that went to the Land and Environment Court. Bondi Junction has an existing and potential future resident and working population that is measurable however the centre also serves a large number of visitors. The ability to establish a nexus and to apportion costs between local and broader area demand to calculate developer contributions as required by S94 was difficult or the percentage was heavily discounted that it served little purpose in achieving the infrastructure outcomes required.

In May 2005, the NSW Government proposed changes to the Act in order to extend the manner in which development contributions could be collected and expended. The changes offered two additional mechanisms for development contributions to be obtained via:

- Voluntary Planning Agreements, or
- Fixed development consent levies (S94A levies)

The traditional imposition of S94 contributions remained as a third option however the S94A fixed levy is more suited to established urban areas, where there is little opportunity to acquire open space and development is often incremental. A comparison between S94A fixed development levies and the S94 contribution is as follows:

- Section 94A levies should be able to produce higher development contributions revenue than S94 contributions
- Council's should be able to predict its likely revenue stream from S94A levies with more accuracy than S94 contributions
- Section 94A levies can be imposed on all developments that require a development application. In comparison, S94 contributions can only be imposed on developments that are proven to increase the demand for Council's infrastructure (the nexus requirement).

Waverley Council's S94A Plan came into force in 2006. It should be noted that whilst the new comprehensive Waverley LEP was being prepared in accordance with the *Standard Instrument Order 2006*, Council submitted to the then Department of Planning a request to increase the S94A levy to 3% on works greater than \$200,000 within the B3 Commercial Core Zone located in Bondi Junction. At that time the Department of Planning sought additional information from Council, however due to other projects that affected the provision of community infrastructure within the Bondi Junction Centre and budget implications to engage external consultants, the application was not further pursued.

4. Proposed S94A Bondi Junction levy variation

4.1 Bondi Junction Vision

Waverley Council's community strategic plan entitled 'Waverley Together 3' finalised in 2013 set a specific goal to *'develop a vision for Bondi Junction which creates vibrant and accessible public places through high quality urban design and place making principles'*. A Bondi Junction 2030 Steering Group developed a draft vision in December 2013. This draft vision was adopted in June 2014 by Council as an internal working document whilst Council sought feedback from the community.

In late 2014, Council engaged an external consultant, the Australian Centre for Excellence in Local Government (ACELG) at the University of Technology Sydney. They undertook community and stakeholder engagement seeking feedback from the community, stakeholders and users on how Bondi Junction can best serve their needs within the lifespan of the Bondi Junction 2030 vision.

Based on the feedback presented in the ACELG report the Bondi Junction 2030 vision was revised incorporating the key findings from the engagement process. The revised vision aims to position Bondi Junction as a prime major centre in Sydney that attracts major commercial, retail, business and government interests and is competitive against other major urban centres in the Sydney metropolitan area. The revised vision was presented to Council on 19 May 2015 and subsequently adopted. The adopted Bondi Junction 2030 vision is stated on the following page.



BONDI JUNCTION

HEARTBEAT OF THE EAST

"Our vision for Bondi Junction is:

A world-class place within the greater Sydney area. A destination where people want to be – an accessible, safe place that meets our current and future needs, and exceeds our expectations.

To be the heartbeat of the east – bringing people together from all over the eastern suburbs, and from further afield to live, work and connect.

To realise our vision for Bondi Junction we will:

- *Partner with the community to foster a strong sense of place and identity*
- *Demonstrate environmental excellence and leadership, and deliver ambitious environmental targets through low carbon energy, efficient waste management, and recycled water infrastructure*
- *Create a thriving, flourishing, accessible and liveable destination with great public spaces and buildings, public art, and walkable streets that engage and excite everyone*
- *Preserve the heritage and historical landscapes*
- *Enhance our parks and green our streets for everyone's health and wellbeing*
- *Deliver an innovative and integrated mass transport solution, as well as separated bike paths for the centre, with improved transport efficiency to alleviate congestion on our roads*
- *Build on our unique urban coastal lifestyle and climate to maintain a high quality of life for our current and future residents*
- *Foster and look after our diverse community through affordable and accessible services*
- *Build on the strategic and economic importance of Bondi Junction*
- *Facilitate growth in the centre in a strategic, appropriate, and sustainable way."*



GREAT PLACES



SUSTAINABLE



IMPROVED TRANSPORT

The vision has provided clarity of purpose and direction for all projects related to Bondi Junction. All projects achieve and align with its intended three outcomes being 'Great Places', 'Sustainable' and 'Improved Transport' (refer images above). It will ensure Waverley Council's suite of projects transform Bondi Junction into a more liveable and vibrant strategic centre in the Central District.

The vision will feed into a broader Bondi Junction Plan containing broad strategic directions for the centre. The Plan will list and map projects specific to Bondi Junction ensuring a long-term framework is confirmed and recognised by Council and the community. Following this an Implementation Plan will be developed detailing target priorities, how projects will be funded, managed and how Council's commitment to revitalise Bondi Junction will be ensured.

4.2 Proposal

There are many infrastructure improvements requiring funding provision to reaffirm Bondi Junction as a desirable place to live, work and visit. Council is currently authorised to charge the following S94A levies under the Waverley Development Contributions Plan 2006:

Existing Waverley-wide S94A development contributions charged

Proposed cost (\$AUD) of the development	Maximum percentage (%) of the levy
\$0 to \$100,000	Nil
\$100,001 - \$200,000	0.5 percent (%)
More than \$200,000	1.0 percent (%)

To achieve the 'Bondi Junction – Heartbeat of the East' vision and align with priorities set by the Strategy to meet current demands and prepare for future increased capacity, this submission proposes to introduce an additional category of 4% for all works over \$250,000. It should be noted that the increased levy will only apply to specific development types and the manner in which Section 94A development contributions are calculated will vary from the standard process. In this regard, specific development that costs more than \$250,000 will be charged a Section 94A development contribution of 1% for the portion up to \$250,000 and 4% for the portion that exceeds the \$250,000 development cost. The table below depicts what will be inserted into the Waverley Council Development Contributions Plan 2006.

"Proposed S94A development contribution for the Bondi Junction Area

Table 1: Bondi Junction S94A Levy*	
Proposed cost (\$AUD) of the development	Maximum percentage (%) of the levy
\$0 to \$100,000	Nil
\$100,001 – \$200,000	0.5 percent (%)
\$200,001 - \$250,000	1.0 percent (%)
More than \$250,000	4.0 percent (%)**

*The following types of development are not subject to the Bondi Junction S94A levy:

- Dwelling houses;
- Dual occupancies;
- Attached dwellings;
- Semi-detached dwellings; and
- Secondary dwellings.

The above listed types of residential accommodation (as defined by the Waverley Local Environmental Plan 2012) will apply the Section 94A levy applicable in Table 2 below entitled 'Waverley LGA S94A Levy (excluding Bondi Junction)'.

Furthermore, alterations and additions to any single dwelling that forms part of a residential flat building, shop top housing development or multi-dwelling housing development (as defined by the Waverley Local Environmental Plan 2012) will also be exempt from the Bondi Junction S94A levy rates. Instead these development types will apply the S94A levy applicable in Table 2 below entitled 'Waverley LGA S94A Levy (excluding Bondi Junction)'.

**** Applications will be charged at 1% up to \$250,000 and the difference exceeding \$250,000 will be charged at 4%."**

It should be noted that the proposed increased levy will be applied to development located within the defined Bondi Junction Area only (refer to Figure 4). Development that occurs anywhere outside this area will continue to be levied at the existing rate even if development costs exceed \$250,000. In addition it is proposed to incorporate the levy variation for Bondi Junction into the existing Waverley Council Development Contributions Plan 2006 (refer to Attachment 3).



Figure 4: S94A defined area of Bondi Junction map

Source: Waverley Council

The Bondi Junction Area includes the following land zoned under the Waverley LEP:

- B3 Commercial Core,
- B4 Mixed Use,
- R3 Medium Density Residential,
- R4 High Density Residential,
- RE1 Public Recreation, and
- SP2 Infrastructure.

The defined Bondi Junction area (as illustrated in Figure 4 above) is smaller than the Bondi Junction suburb (as illustrated in Figure 1). The condensed size reflects a concentration of community infrastructure projects focused within this area and the level of development expected to occur in the

future. It also ensures consistency with the Bondi Junction Area covered within Waverley Council's Planning Agreement Policy 2014.

Waverley Council's aim to increase the S94A levy in Bondi Junction is not the first to be proposed in New South Wales. There are several other areas that have previously had a higher S94A levy endorsed by the DP&E. The table on the following page is extracted from Clause 25K of the Regulations, which provides the maximum percentage of the Section 94A levy to nominated LGAs. The areas previously endorsed for increased development contributions include those within Strategic Centres. On the basis that Waverley is identified as a Strategic Centre and as a key catchment to the Eastern Suburbs, it is believed that consideration of a levy variation in Bondi Junction is warranted.

Proposed cost of carrying out the development	Maximum percentage of the levy
Land within Neighbourhood Centre, Commercial Core, Mixed Use or Enterprise Corridor zone under <u>Liverpool City Centre LEP 2007</u>	
Less than \$1,000,000	Nil
\$1,000,000 or more	3 per cent
Land within High Density Residential or Light Industrial zone under <u>Liverpool City Centre LEP 2007</u>	
Less than \$1,000,000	Nil
\$1,000,000 or more	2 per cent
Land within Commercial Core zone under <u>Wollongong City Centre LEP 2007</u>	
Up to and including \$250,000	Nil
More than \$250,000	2 per cent
Land identified on Land Application Map under <u>Gosford City Centre LEP 2007</u>	
Up to and including \$250,000	Nil
More than \$250,000	4 per cent
Land identified on Land Application Map under <u>Parramatta City Centre LEP 2007</u>	
Up to and including \$250,000	Nil
More than \$250,000	3 per cent
Land identified on Land Application Map under <u>Newcastle City Centre LEP 2008</u>	
Up to and including \$100,000	Nil
More than \$100,000, up to and including \$200,000	0.5 per cent
More than \$200,000, up to and including \$250,000	1 per cent
More than \$250,000	3 per cent
Land identified on the Land Application Map under <u>Burwood LEP (Burwood Town Centre) 2010</u>	
Up to and including \$250,000	Nil
More than \$250,000	4 per cent
Land identified in map 1 to the <u>Chatswood Central Business District (CBD) Section 94A Development Contributions Plan 2011</u>, as adopted by Willoughby City Council on 21 November 2011	
Up to and including \$100,000	Nil
More than \$100,000, up to and including \$200,000	0.5 per cent
More than \$200,000, up to and including \$250,000	1 per cent
More than \$250,000	3 per cent

The following section provides justification as to why Clause 25K of the Regulations should be amended to include the proposed increased levy for Bondi Junction.

5. Proposal Justification

The proposed levy increase in Bondi Junction has been assessed against the key considerations listed under S116D of the *Environmental Planning and Assessment Amendment Act 2008*. The key considerations are as follows:

- (a) Can the public infrastructure that is proposed to be funded by a development contribution be provided within a reasonable time?
- (b) What will be the impact of the proposed development contribution on the affordability of the proposed development?
- (c) Is the proposed development contribution based on a reasonable apportionment between existing demand and new demand for public infrastructure to be created by the proposed development to which the contribution relates?
- (d) Is the proposed development contribution based on a reasonable estimate of the cost of proposed public infrastructure?
- (e) Are the estimates of demand for each item of public infrastructure to which the proposed development contribution relates reasonable?

The following responds to each of the considerations listed above.

(a) Can the public infrastructure that is proposed to be funded by a development contribution be provided within a reasonable time?

The public infrastructure that will be provided within Bondi Junction is currently included within the Capital Works Program in Waverley Council's adopted 10 year Long Term Financial Plan 2013/14 to 2023/24, 4 year Delivery Plan 2013 - 2017 and Operational Plan 2015/2016. These plans assist Council with the delivery of its corporate plan through prioritisation of activities. The Capital Works Program is reviewed annually to ensure all planned activities are balanced with the ability to fund the cost of services and infrastructure provision. It illustrates how Council is working towards achieving the 10 year vision outlined in the community strategic plan. The programs and projects scheduled to be delivered will encourage and strengthen the local economy, ensure the area is a great place to live, work and visit, protect the environment and improve social opportunities.

The three tables below provide a list of works that the increased S94A levy rate would positively contribute towards. All projects are described in the tables below, however further background information regarding each project is referenced in **Attachment 4**. The following information describes what is contained within Table 1, 2 and 3:

- 1. Current projects specific to Bondi Junction** – lists current projects, estimated costs and completion timeframes that are specific to Bondi Junction and listed within Council's adopted Capital Works Program 2015/16 (e.g. Complete Streets). These projects will be listed as part of the Bondi Junction Schedule in the Waverley Council Development Contributions Plan 2006.
- 2. Current projects partially located within Bondi Junction** – lists current projects, estimated costs and completion timeframes. These projects contain a portion of which will be located within Bondi Junction (such as projects listed under Council's Strategic Asset Management Plan) and are listed in Council's adopted Capital Works Program 2015/16. Justification for these projects to be listed as part of the Bondi Junction Schedule in the Waverley Council Development Contributions Plan 2006 is provided under key consideration (c) of Section 5 *Proposal Justification* in the submission to the DoPE.
- 3. Future Projects (not finalised by Council) that affect the Bondi Junction area** – outlines future aspirational Council projects planned for Bondi Junction which are unfunded or not fully funded but critical to infrastructure provision in the Waverley LGA (e.g. Bondi Junction Civic Heart Project and Bondi Junction Green Infrastructure Master Plan). Due to funding limitations, details such as costings and associated completion timeframes have not yet been resolved.

The information in Tables 1 and 2 provide an estimated timeframe for completion. Works have been prioritised according to existing asset conditions, functionality and risk management. The timeframes provide adequate asset renewal and replacement in line with endorsed strategic management plans to ensure continued service provision and financial sustainability over the longer term.

Table 1: Current projects specific to Bondi Junction

Project Name	Project Description	Total Project Cost 2015/16 – 2025/26	Cost after 2015/16 financial year	Estimated timeframe for completion
Rowe St Pedestrian Corridor	This project aims to improve access to the Bondi Junction Transport Interchange from Oxford Street Mall, which will enhance safety. It will also result in increased pedestrian traffic through Oxford Street Mall which will improve pedestrian experiences and deliver economic returns to the community.	\$1,000,000	\$0	2015/16
Complete Streets	This project has the primary aim of integrating transport, urban design, landscape and place making to realise positive improvements to the public domain in Bondi Junction.	\$26,947,279	\$19,897,470	2023/24
Bondi Junction Green Infrastructure Master Plan	Council is committed to using resources more efficiently, in line with Council's environmental targets. This project will help deliver improved energy, water and waste efficiencies for existing and new buildings in Bondi Junction.	\$4,550,000	\$4,000,000	2019/20
Land Acquisition for Open Space	Council is aiming to acquire 5 Bondi Road and 2A Waverley Crescent for community purposes as illustrated within Waverley Local Environmental Plan 2012.	\$3,700,000	\$3,700,000	2022/23
Boot Factory	Boot Factory investigation and repairs to adaptively reuse the Council owned heritage listed boot factory. It is important to retain the historical significance of the site and its value to the community.	\$47,983	\$0	2015/16
TOTALS		\$36,245,262	\$27,597,470	

Table 2: Current projects partially located within Bondi Junction

Project Name	Project Description	Total Project Cost 2015/16 – 2025/26	Cost after 2015/16 financial year	Estimated timeframe for completion
Investigation of Light Rail	Investigate the feasibility of light rail to service the key transport routes of Waverley LGA. Council has long supported the reintroduction of Light Rail as an efficient mass transit option that will offer an alternative to private car use and provide a more efficient public transport outcome.	\$113,947	\$0	2015/16
Waverley Transport Plan 2011 / Waverley's People, Places and Movement Study	Designed to address transport issues in the community and develop solutions for a more sustainable future with reduced greenhouse gas emissions plus community health and amenity improvements. Key transport actions include the reintroduction of the light rail, improved public transport access, Bondi Junction as a sustainable transport hub, enabling effective transport to/from schools and child care centres and encourage cycling and walking.	\$3,380,025	\$3,180,025	2025/26
Strategic Asset Management Plan	Lists the extent of works necessary and associated costs to bring assets to an acceptable condition as defined by the community. It impacts upon: <ul style="list-style-type: none"> - Footpath Construction and Upgrades - Kerb and Gutter Construction Grant (Urban Local Roads) - Street Signage - Parking - Parks Infrastructure Construction - Parks Landscapes - Roads Construction and Upgrades - Buildings - Other Categories - Stormwater drainage construction and upgrades - Street Trees 	\$71,976,533	\$64,798,256	2025/26
Satellite sub depots within LGA	Council has a number of satellite sub depots which are located at Bondi Park, Zetland, Syd Enfield Drive, Marks Park, South Head Cemetery.	\$1,000,000	\$0	2015/16
Playground and Park Upgrades	A number of projects are currently underway or commencing soon to improve safety and recreational use of parks in the LGA. Also as part of Council's Play Space Strategy a number of play spaces throughout the LGA will be upgraded to encourage health, well-being and development of children and young people.	\$1,712,500	\$1,575,000	2025/26
Public Art	To ensure public art is commissioned in the Waverley area with consideration to context, enhancing engagement and appreciation of art and invigorating the area.	\$580,000	\$500,000	2024/25

Disability Access Improvements	Council aims to facilitate improved access for people with disabilities to buildings, public places and services, and to promote awareness of disability issues in the community.	\$120,000	\$100,000	2022/23
Greenlinks	Waverley Council is committed to increasing the number of people walking in and around our LGA. The Green Links Pedestrian Network has established an integrated network of recreation pedestrian links throughout the community, providing recreational opportunities for all local residents and visitors, as well as providing links to schools, shops, beaches and transport.	\$285,650	\$278,950	2015/2016
Bike Implementation Plan	The Plan builds on the main existing routes as outlined in the 1999 Bike Plan. It proposes upgrading the six priority routes (including Bondi Junction) and provides clear directional signage along these routes. Increased separation is proposed on selected routes which will promote using bikes for short trips.	\$2,550,000	\$2,400,000	2023/24
Bondi Junction and Bondi Beach CCTV	CCTV does not stop the incidence of crimes but it can be seen as a proactive action by Council to deter such behaviour and provides evidence to Police to enhance the possibility of a conviction. CCTV will be installed in selected areas of Bondi Junction and Campbell Parade, Bondi Beach subject to the identification of sufficient funding.	\$250,000	\$100,000	2016/17
Recycled Water Feasibility & Implementation	<p>These projects are outcomes of Waverley Council's Environmental Action Plan 3 2012 – 2020 (Plan). The Plan sets out the goals and steps Council plans to take towards ensuring a sustainable future for the community. The Plan is structured around eight key environmental activity areas:</p> <ul style="list-style-type: none"> - Greenhouse - Transport - Waste - Water saving - Water quality - Biodiversity - Integrated strategies, and - Monitor, review and report. 	\$3,075,000	\$2,375,000	2020/21
Public & Street Lighting Energy Efficiency		\$200,000	\$0	2015/16
Facilities Sustainable Water Upgrades		\$500,000	\$400,000	2019/20
Facilities Sustainable Energy Upgrades		\$500,000	\$400,000	2019/20
Implement Urban Ecology Plan		\$5,181,022	\$4,770,222	2025/26
Future Investment Strategies	This strategy enables Council to deliver services and support community projects more efficiently.	\$59,850,000	\$59,500,000	2020/21
TOTALS		\$146,098,836	\$140,377,453	

Table 3: Future Aspirational Projects (partially funded or not funded) that affect the Bondi Junction area

Project Name	Project Description
Civic Heart Precinct, Bondi Junction	This project provides an opportunity for Council to consider the relative merits of consolidating some or all of its community services and administration functions that are currently spread across many buildings in Waverley into one location in Bondi Junction. A similar example of what Council will aspire towards is the new Victorian Casey Council Cultural and Civic Precinct Development, which cost \$125 million.
West Oxford Street Precinct	This project is an ideas-driven investigation focusing on the western end of Oxford Street, Bondi Junction. A strategic plan will be prepared that best benefits the area, and considers the precinct in a holistic and strategic manner.
Council owned sites in Bondi Junction	There are several sites owned by Waverley Council located within the Bondi Junction Centre. Investigations are currently being completed to understand what services and facilities would best suit each site to meet community needs. Some of the sites may be redeveloped to provide essential community infrastructure, services and facilities, while others may be used to activate an area and act as a catalyst for investment growth.
Bondi Junction Green Infrastructure Master Plan – Waste Implementation Measures	Following investigation studies, management options and recommended solutions will be implemented within Bondi Junction to improve amenity and the proportion of waste recycled. It will assist to achieve Council's initiative to revitalise Bondi Junction as a sustainable precinct. Consultant cost estimates are \$8 million for implementation + \$2 million each year for maintenance purposes.
Bondi Junction Green Infrastructure Master Plan – Energy Implementation Measures	Technical opportunities that will be explored involve the efficient use of energy as well as use of low carbon technology such as tri-generation and solar power, which will cut the centre's carbon emissions by over 50 per cent and reduce building running costs.
Bondi Junction Green Infrastructure Master Plan – Water Implementation Measures	Technical opportunities that will be explored involve reduced water use through improved leak detection and recycled water as well as prevention of stormwater pollutants running into Queens Park and Sydney Harbour.
Recreational Needs Study and Open Space Strategy	Understanding open space priorities in the Waverley LGA. It is important Council allocates resources in a sustainable manner in order to guide open space maintenance and acquisition programs.
Acquisition of Open Space sites throughout the Waverley LGA	Waverley Council severely lacks in the provision of public open space areas. It does not comply with the guideline rate set by the Department of Planning in 1992 and compares poorly to neighbouring LGAs (refer to section 5, criteria (d) in this submission). Council is planning to acquire land for the provision of public open space (e.g. open space reservations as well as land in Niblick Street, Wellington Street and Gilgandra Road), which would benefit all users living, working and visiting the Waverley LGA.
Waverley Housing Strategy	Waverley Council will be creating a Waverley Housing Strategy. Part of this Strategy will consider a range of housing issues relevant to the Eastern Suburbs as well as where more development capacity could potentially be accommodated within the LGA. This outcome will have flow-on effects such as the need to upgrade major arterial routes within the LGA such as the link between Bondi Junction and Bondi Beach. Major public domain upgrades will be required in the future.
The Coastal Walk	The Waverley and Randwick Councils occupy the most significant eastern coastal strip in NSW. It is estimated that the walk currently attracts over 3 million visitors a year. A coastal walk study will identify economic benefits, resource sharing opportunities and the case for the future investment in the extension of the coastal walk. Public domain upgrade requirements will attract more people who travel through from/to Bondi Junction.

Campbell Parade, Bondi Beach	The Campbell Parade Design Review will develop plans and policy measures to enhance the streetscape of this important gateway and interface to the iconic Bondi Beach. A series of concept designs will be developed including footpath seating arrangements and public realm opportunities for the entire length of Campbell Parade. These will respond to the issues and ideas developed from the urban design analysis, public art assessment, pedestrian study, precedent research, pilot project and community engagement. The outcomes will attract more people who travel through from/to Bondi Junction.
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The projects listed within Tables 1 to 3 illustrate that works well in excess of \$180 million are required to provide the necessary infrastructure in Bondi Junction. Funding such projects is always challenging for Council, however, the proposed Section 94A levy variation in Bondi Junction for specific works costing more than \$250,000 will make a positive contribution towards the provision of infrastructure and recoupment of costs already expended in the area.

(b) What will be the impact of the proposed development contribution on the affordability of the proposed development?

The proposed levy variation will predominantly affect larger scale developments located within Bondi Junction. As stated under section 4.2 of this submission, the increased levy will not impact on 'mum and dad' developments located within the defined area of Bondi Junction. These developments will be subject to paying the standard S94A levy, which has a maximum 1% charge for all works over \$200,000. In addition the manner in which S94A contributions are calculated for developments that exceed costs of \$250,000 will vary from standard methods of calculations. A flat rate of 4% will not apply to the entire cost of the development that is more than \$250,000. Instead, the 1% will be charged for the first \$250,000 and 4% will only apply to the portion that is more than \$250,000. This will ensure that smaller scaled developments are not significantly impacted by the proposed levy variation.

Of particular note is that many smaller developments involving change of use, fit-outs as well as small scale renovations will not be affected by the proposed levy. These types of developments will continue to apply the existing S94A levy rates for works costing \$250,000 or less.

In 2011 a report by CBRE stated that Bondi Junction was the fourth most profitable suburb for real estate developments. It should be noted that dwelling prices have increased by 30% since 2011 (Core Logic RP Data). As such it is expected that Bondi Junction will continue to remain an attractive location for developers. The proposed levy increase for specific works over \$250,000 will represent a small decrease in profit made by the developer. Furthermore the anticipated profit will continue to exceed the industry accepted profit margin of 20%+ for small, medium and large scale developments (Rawlinsons). **Refer to Attachment 5** which provides two development feasibility scenarios for small and large scale development applications in Bondi Junction. The feasibility scenarios have used actual costs from development applications lodged with Council. For example, the large development feasibility scenario utilised actual costs to determine the developer would still make a development profit of almost 49% with the proposed S94A development contribution in place.

Attachment 5 also contains comparison feasibility scenarios for small and large developments where the entire S94A contribution for developments that exceed \$250,000 are calculated at the flat rate of 4%. It illustrates that smaller developments will benefit more from Waverley Council's proposed method of calculating S94A.

It is important to take into consideration how the proposed levy would impact on the S94A fee per square metre of development. The impact of raising the levy for costs over \$250,000 to 4% represents an increase in the S94A fee from \$27 per square metre to an average of \$105 per square metre using the calculation below:

Section 94A contributions per square metre calculation

- Developments costing over \$250,000 approved between 2012 – 2015:
 - Approximately 83,000 square metres of Gross Floor Area
 - Total cost of approximately \$225,000,000
 - Equals an average cost of \$2,700 per square metre
- Current S94A levy (i.e. 1% of cost) = \$27 per square metre
- Proposed S94A levy (i.e. 1% for costs under \$250,000, 4% for costs over \$250,000) = an average of \$105 per square metre.

If considering the average dwelling size in Bondi Junction for new developments over the past three years is 102 square metres per unit, this would result in an average S94A contribution of \$10,710 per

dwelling^[1]. Further analysis of Council's development data of the previous three years was able to produce what impact the proposed 4% levy would have on the average sized 1, 2 or 3 bedroom units in Bondi Junction. Refer to the following table:

	1 bedroom unit	2 bedroom unit	3 bedroom unit
Average Size (sqm)	52	89	114
Approx existing levy (1%)	\$1,404.00	\$2,403.00	\$3,078.00
Approx proposed levy (4%)	\$5,560.00	\$9,345.00	\$11,970.00

The analysis above demonstrates the proposed levy will comply with the maximum \$20,000 contribution rate per dwelling permitted in accordance with the Ministerial Direction – Review of local contributions dated 16 September 2010.

Attachment 6 illustrates a comparison of proceeds received by Waverley Council and how it compares to other centres (including Strategic Centres) in New South Wales where a levy variation has been endorsed. The information clearly indicates a significant disparity of proceeds that could be collected when compared to other centres. Increasing the levy for specific works over \$250,000 will allow Council to expend funds on projects listed in the tables under section 5, criteria (a) of this submission.

A Value Capture Study prepared by KPMG in 2013⁴ identified various value capture mechanisms that could be implemented to help fund the Bondi Junction Complete Streets Project. The report identified that introducing a higher form of S94A development contribution would be the most effective manner to address funding shortfalls. The benefit of having funding certainty would allow Council to strategically plan community infrastructure more effectively. The report stated that S94A levy variations *"have been successfully used to fund transport and civic infrastructure works in Sydney's major centres. As a proportion of total development costs, the levy anecdotally appears to be higher than other forms of development levies (between 3% and 4%)"*. It also states a higher levy *"provides a high level of revenue certainty for the Council and can potentially allow them to invest in new infrastructure prior to development. Although the high levy provides funding certainty, this form of levy is not received early in the development process"* but rather prior to the issue of a construction certificate. Therefore the upfront costs to developers at the development application stage is minimised through this process.

Other ways developers in Bondi Junction are minimising costs involve new apartments selling out prior to the commencement of construction, which reduces the holding costs for developers in comparison to other suburbs. Leighton's new "Aqua" development, consisting of 129 apartments with an average price of just over \$1 million, sold out within 4 hours of hitting the market (www.Colliers.com.au). Realestate.com.au notes that on average, 777 people will visit a single property for sale in Bondi Junction compared to an average of 528 throughout the rest of Sydney, distinguishing it as a high demand market. Apartments in Bondi Junction are also taking very little time to sell, spending an average of 37 days on the market (Your Investment Property Magazine) compared to the rest of Sydney where units take on average 59 days to sell (Property Observer). This evidence depicts Bondi Junction remains an attractive location for developers.

^[1] Unit size calculation based on new residential developments in the last 3 years: Number of new dwellings was 628 which created an additional 64,000sq.m in gross floor area. These figures equate to an average dwelling size of 102 sq.m.

⁴ Bondi Junction Complete Streets Project Value Capture Study, KPMG, 2013

An increase in the S94A levy does not impact on the purchase price of property which is determined by the market. There will therefore be no impact on affordability compared to the existing situation.

(c) Is the proposed development contribution based on a reasonable apportionment between existing demand and new demand for public infrastructure to be created by the proposed development to which the contribution relates?

The proposed S94A levy variation for specific works over \$250,000 will apply to development within the Bondi Junction Area (refer Figure 4). A nexus is not required between the proposed development and proposed community infrastructure under S94A, however the proposed infrastructure will provide a direct benefit to the operation of Bondi Junction and its surrounding suburbs and will expedite its transformation as an attractive centre for all users.

Historically, Bondi Junction was identified as the area that could accommodate the majority of population growth through new developments in the Waverley LGA. The centre is undergoing significant changes since the gazettal of the Waverley LEP (Bondi Junction Centre) 2010 and continued demand in the housing market. The number of sites available in Bondi Junction for redevelopment and that would be attractive to developers are quickly acquired. There are specific sites within Bondi Junction that will allow for significant mixed use developments. The amount of development anticipated in the future results in the demand for community infrastructure remaining high as justified under section 5, criteria (e) in this submission. In addition to the projects listed in Tables 1 and 2, Table 3 lists aspirational projects that have been identified through background investigative studies or reports and portray a need to deliver additional services and/or facilities. These are projects that have Council endorsement to undertake further background studies and have not yet commenced and limited funding has been allocated. The proposed levy increase would assist to ensure the timely execution of these projects.

On a more holistic level, Bondi Junction is considered to be a major gateway to other areas of the Sydney metropolitan region. Therefore it is an entity in itself when considering its function as a major regional transport node to allow access to globally recognised areas such as Bondi Beach, and other points of interest in the Eastern Suburbs. Its regional significance can be demonstrated through Destination NSW which states that the average number of visitors to Bondi per year over the past three years was over 2.2 million⁵. Furthermore the Bureau of Transport Statistics counted over 43,000 people passed in and out of Bondi Junction station in any 24 hour period in 2014. This has increased from 36,280 people in 2004⁶. Bondi Junction will always be a focal point, however it acts as a critical support system to other smaller economies in the Waverley LGA and beyond. There are significant amounts of people who live and work in the Waverley LGA (refer to Figure 5). Figure 5 illustrates that the majority of these jobs are in 'professional, scientific & technical services', 'retail trade', 'health care and social assistance', 'accommodation and food services' and 'education and training' industry sectors. This accounts for over 4,000 jobs which equates to over 60% of the total amount of people who live and work in the Waverley LGA. These jobs would be concentrated either in Bondi Junction or Bondi Beach areas.

⁵ Destination NSW, <http://www.destinationnsw.com.au/wp-content/uploads/2014/11/Bondi-Visitor-Profile-YE-June-2014.pdf>

⁶ Bureau of Transport Statistics, <http://visual.bts.nsw.gov.au/barrier/>

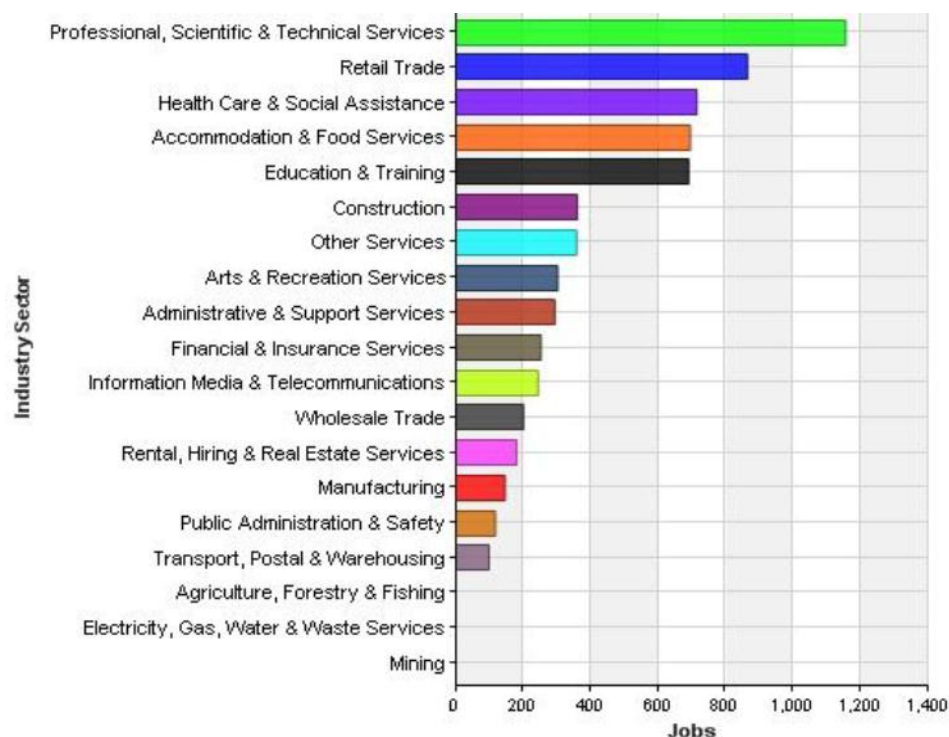


Figure 5: Workforce breakdown - People who live and work in the Waverley LGA

Source: Census of Population and Housing, ABS, 2011

The journey to work patterns of people who live in Waverley and work elsewhere or work in Waverley and live elsewhere is significant. Figures 6 and 7 illustrate the people movements via where they live and work. It is considered that many of these journeys would require use of Bondi Junction services and facilities such as the Bondi Junction train and bus interchange.

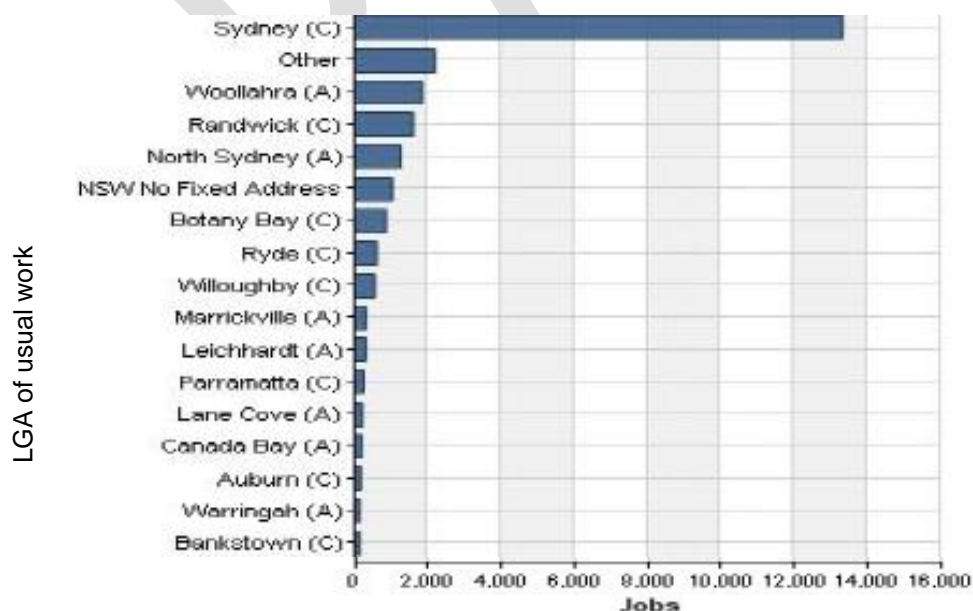


Figure 6: People who live in Waverley and work elsewhere

Source: Census of Population and Housing, ABS, 2011

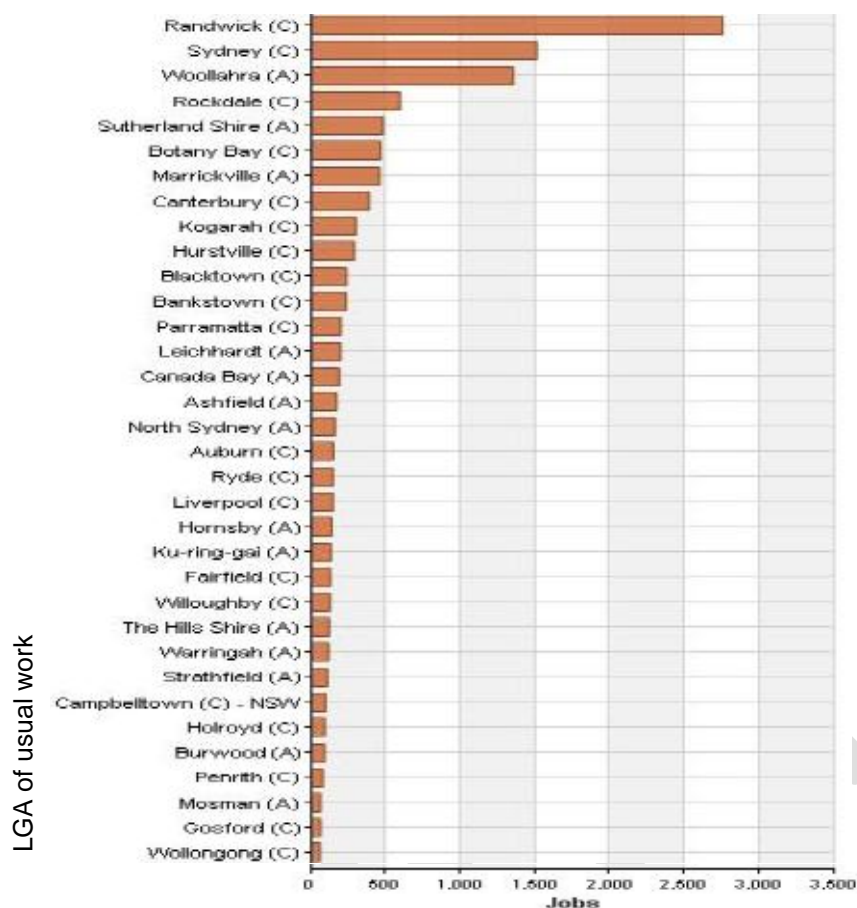


Figure 7: People who work in Waverley and live elsewhere

Source: Census of Population and Housing, ABS, 2011

Table 2 in this submission lists the projects in the Capital Works Program that will partially occur in Bondi Junction. It is imperative they are included as part of the Bondi Junction capital works schedule as it is believed the current population in Bondi Junction and their movements (as illustrated in Figures 5-7) impacts on the demand for these projects which are also located outside the Bondi Junction Area (refer to Figure 4). These projects will also reinforce Bondi Junction as a Strategic Centre as they provide the necessary support infrastructure to ensure it functions to its full potential.

(d) Is the proposed development contribution based on a reasonable estimate of the cost of proposed public infrastructure?

Works identified under the Capital Works schedule have been costed on the basis of experience in providing like works over recent years in Bondi Junction. Project costs have also been compared to other adjoining LGAs and will be monitored and amended as part of the annual review of the schedule. However there are also works proposed that Council has not previously completed. In this respect comprehensive studies are always undertaken prior to the commencement of works to determine the viability of the project and associated detailed costing.

The following costs are included in the calculation of the proposed public infrastructure costs:

- capital costs of providing the infrastructure projects;
- design costs associated with the infrastructure projects; and
- cost of preparing and approving planning instruments.

The capital cost is expenditure which:

- Creates a new asset, or
- Extends the life of an existing asset where the cost required would be equal to or greater than the cost of providing the asset in the first place.

Ongoing costs such as maintenance and operating costs or costs associated with the administration of the DCP are not included in the calculation of proposed public infrastructure works.

(e) Are the estimates of demand for each item of public infrastructure to which the proposed development contribution relates reasonable?

The provision of community infrastructure and facilities are considered to be pivotal to facilitating economic growth in an area. There is a direct relationship between level of amenity in a centre and the amount of public infrastructure available (Department of Planning and Environment 2015⁷). The extent of community infrastructure available establishes a centre's competitive advantage and contributes to the atmosphere of a centre. Infrastructure should provide for the needs of residents, working and visitor population making it a multi-purpose destination as opposed to being recognised as a single specialised centre.

Commensurate with the growth that is planned in Bondi Junction is the need to upgrade its services to distinguish it as a desirable location for all types of people and businesses. Council aims to capitalise on State Government investment in transport infrastructure to and from the area to increase capacity for attracting new development as well as revitalise existing developments. Council intends to invest in significant new community facilities and infrastructure in Bondi Junction (refer to section 5, criteria (a) in this submission), which will service anyone who visits, works and lives in the area.

The revitalisation of Bondi Junction relies on the provision of quality community infrastructure. Council considers the following types of community infrastructure provision (as stated within section 5, criteria (a) of this submission) to be essential to the functionality, attractiveness, vibrancy and economic sustainability of Bondi Junction:

- Pedestrian, traffic and transport movement;
- Open space area; and
- Sustainability principles (waste, water and energy).

The following demonstrates the level of community infrastructure demand that exists in and around Bondi Junction.

Pedestrian, Traffic and Transport Movement

The presence of the transport interchange places additional demand on facilities and services as they are required to provide for the residential, working and visitor population of Bondi Junction, broader Waverley Council area and also the Central District and beyond. In Bondi Junction, the nodal transport role is reflected in the number of people who visit the centre each day as discussed in section 2.3 of this report.

The Waverley Transport Plan 2011 was designed to address transport issues in the community and develop solutions for a more sustainable future with reduced greenhouse gas emissions plus community health and amenity improvements. Key transport actions include improved public transport access in the short term and the reintroduction of the light rail. Council is now in the process of commissioning further studies called the Waverley People, Movement and Places Study and the Bondi Light Rail Study, which will provide further insight into the demands of public transport infrastructure and supporting services.

The Bondi Junction Complete Streets Project came into fruition following the completion of the Bondi Junction Urban Design Review. The conclusion of the review suggested *“the need for an urban design framework to provide the vision and overall structure to the centre and detailed guidance for the public realm, upon which private development can complement the civic spaces”*. The Complete Streets

⁷ Department of Planning and Environment, 2015, <http://www.planning.nsw.gov.au/en/Policy-and-Legislation/Infrastructure>

project is valued at approximately \$27 million and will enhance the Bondi Junction centre through improvements to public spaces, active frontages, awnings, street trees, footpaths, seating, public artwork, evening activity, lighting and safety. A delivery plan together with possible funding mechanisms has also been incorporated into the project.

These projects will assist in transforming Bondi Junction into a vibrant and sustainable transport hub, enabling effective transport and encouraging cycling and walking.

Open Space Area

A discussion paper dated May 2011 by Randwick Council compared open space provision between a cross section of local government areas. The most widely accepted standard in Australia for the provision of local open space within a Metropolitan urban context is 2.83ha/1000 people (NSW State Government 1992⁸). Figure 8 illustrates that Waverley only has 1.48ha/1000 people which is the lowest number when compared to any of the other local government areas. It is important to note the number is lower than the City of Sydney (2.00ha/1000 people), other Council areas that are of a similar size such as Leichhardt (1.72ha/1000 people) and Ashfield (1.64ha/1000 people).

The Waverley LGA is considered to be the most densely populated area in Australia behind the City of Sydney LGA (Profile I.D. 2015⁹). As such it is important that the provision of open space continues to be a key priority in Bondi Junction where both resident and visitor populations are expected to increase. Waverley Council is committed to adding to its open space through the acquisition of properties, extension of existing parks and through converting spaces not suitable for public use in to safe, attractive and functional open space areas through a wide variety of strategies using funding from S94A Levies.

ABS, Census of Population and Housing 2011. Estimated Residential Population.

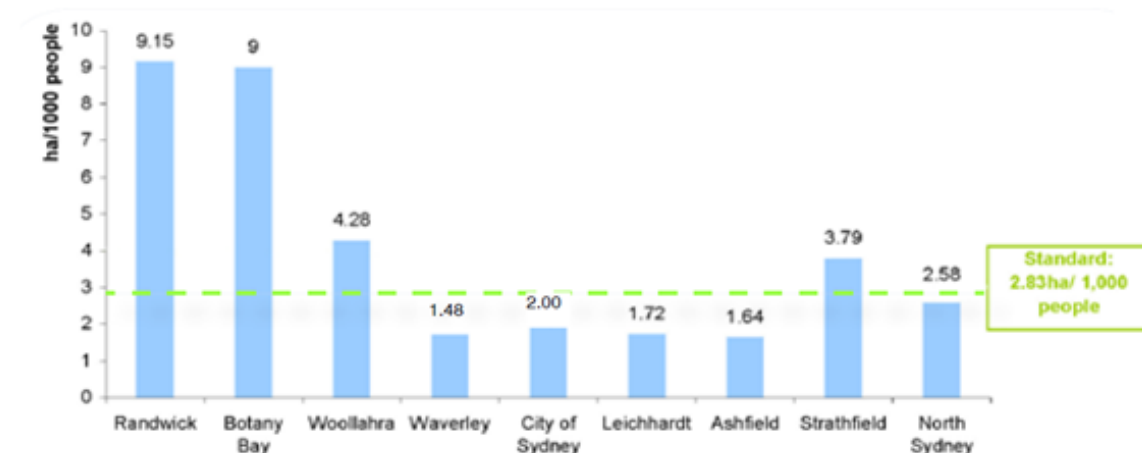


Figure 8: Comparison of open space provision

Source: Randwick Council Open Space and Environment Discussion Paper May 2011.

A study prepared in 2014 by Parkland Planners and Strategic Leisure Group entitled 'Bondi Beach Suburb Recreation Needs Assessment Report' concluded that the Waverley LGA currently provides open space at a rate of 1.45 hectares per 1,000 people. This demonstrates a decrease from 2011. The

⁸ Outdoor Recreation and Open Spaces Planning Guidelines, Published by the NSW Department of Planning in 1992

⁹ Profile id website states Waverley Council has a population density of 77.64 persons/hectare compared to City of Sydney Council which has a population density of 74.22 persons/hectare.

report states *“the current open space guidelines adopted by the NSW Department of Planning and Environment (SGS Economics and Planning and HM Leisure Planning, December 2010) advocate establishing the current supply of open space in an area by open space type (parks, outdoor sport, linear and linkage), (hierarchy (regional, district, local), size, and distance from most dwellings. The Department has put forward default standards for local informal parks which should be 1-2 hectares in size, and within 400 metres from most dwellings. Following on from these default standards, Councils are encouraged to develop locally-appropriate provision standards, after considering existing provision of open space as well as local needs, and locally-specific alternatives to meeting the default standard”*. Council is currently considering a few options to purchase land which can be transformed into public open space for community use.

Sustainability Principles

Waverley Council has an Environmental Action Plan 2012 – 2020 (EAP) which aims to ensure a sustainable future for the community. The EAP specifies environmental targets for the local government area:

“Greenhouse Gas Emissions

- 30% reduction of 2003/04 levels by 2020
- 70% reduction of 2003/04 levels by 2050

Water Quality

- Minimise sediments and suspended soils in stormwater discharged into waterways by 2020
- Minimise bacterial pollution in stormwater discharged into waterways by 2020
- Minimise nutrients in stormwater discharged into remnant vegetation by 2020

Waste

- No net increase of 2004/05 waste generation levels by 2020
- 75% resource recovery of residential and commercial waste by 2020

Transport

- 40% of total daily distance travelled by residents is by public transport, walking or cycling by 2020
- Average daily kilometres travelled by Waverley residents by private car declines by 15% on 2007 levels by 2020

Water

- Zero increase of 2005/06 levels of mains water consumption by 2020

Biodiversity

- Ensure no loss of remnant vegetation based on 2009/10 levels
- 40% of remnant vegetation is in good condition by 2020”

In response to the above targets, Council has established a new team to prepare and deliver the Bondi Junction Green Infrastructure Masterplan. The Green Infrastructure Master Plan is a mechanism being pursued to satisfy the environmental targets stated within the EAP. The plan concentrates on Bondi Junction for the following reasons:

- main commercial and retail hub for Sydney's Eastern Suburbs;
- most densely populated area in Waverley's local government area;
- most resource-intensive centre with energy use in buildings accounting for 40 per cent of our local government area's carbon emissions. This is forecast to increase to 50 per cent if change is not implemented; and
- area with the greatest capacity to deliver on Council's 2020 environmental targets for carbon emission reductions, water, storm water pollution and waste recycling.

The project will transform the area into a hub of environmental innovation complete with efficient buildings, low carbon energy, recycled water and integrated waste and recycled systems, which is also in line with the Bondi Junction 2030 vision. Council is currently working on three studies relating to the consumption of water and energy and waste solutions. It is anticipated the studies will lead to the exploration of the following technical opportunities:

- Efficient use of energy as well as use of low carbon technology such as tri-generation and solar power, which can potentially cut the centre's carbon emissions by over 50 per cent and reduce building running costs;
- Reduced water use through improved leak detection and recycled water as well as prevention of stormwater pollutants running into Queens Park and Sydney Harbour; and
- Improved waste and recycling collection systems including automated waste collection.

6. Community Feedback

INSERT COMMUNITY FEEDBACK FROM PUBLIC EXHIBITION PERIOD / FOCUS GROUPS

DRAFT

7. Conclusion

This submission seeks endorsement from the DP&E to increase the S94A levy to 4% for specific works costing over \$250,000 in Bondi Junction. Specific developments costing over \$250,000 will be charged a Section 94A development contribution of 1% for the portion up to \$250,000 and 4% for the portion that exceeds the \$250,000 development cost. Approval requires an amendment to Clause 25K of the Regulations and would be incorporated into the Waverley Council Development Contributions Plan 2006.

Council is aiming to position Bondi Junction to capitalise on the key drivers that make the area attractive for residents, workers and visitors. This can be achieved through its proximity to good transit access, access to major arterial routes, its identity as a Strategic Centre within the Central District, good urban design and street amenity, competitive land values and reliable infrastructure.

Due to the increased development and population capacity the Bondi Junction area has absorbed over the past 10 years, significant pressure and increased demand has been placed on the existing community infrastructure. There is a suite of projects Council is currently aiming to achieve with limited funding and there are also future projects that are unfunded. These projects are considered to be critical and will ensure Bondi Junction becomes a statement location as envisaged by the DP&E in the Eastern suburbs and broader Central District.

The proposed levy increase will contribute to the efficient implementation of the projects mentioned within the submission. Justification has been provided using the key considerations listed under S116D of the Act. State Government endorsement will ensure Bondi Junction is supported by necessary community infrastructure to achieve the Bondi Junction 2030 vision whilst having marginal influence on development and associated industries.