

# DCPs/ICPs

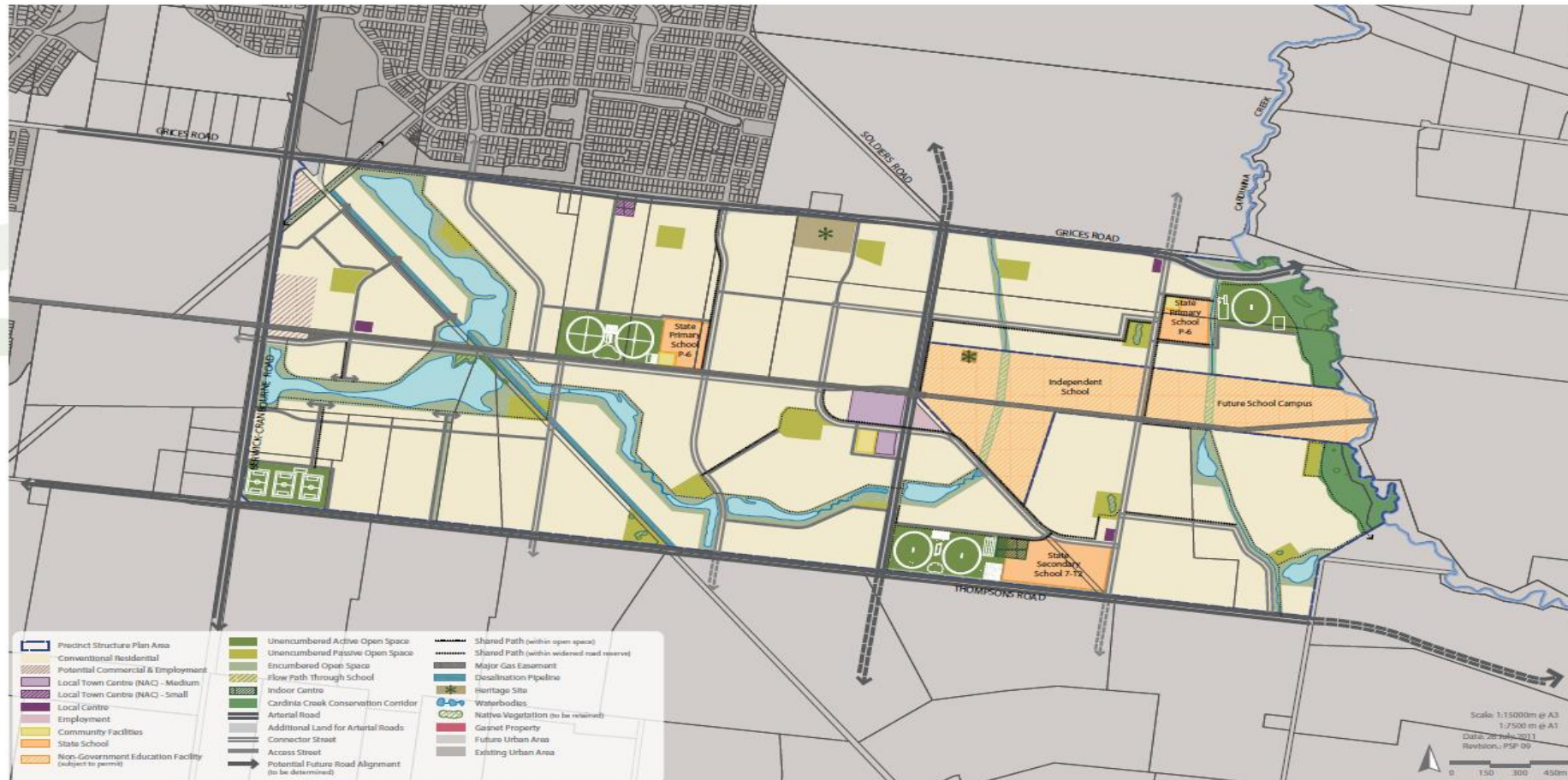
Where we've been, where we are at and the way forward

# Agenda

- Overview of PSPs and DCPs
- Challenges associated with DCP implementation
- Inception of ICPs
- Overview of ICPs and the Land Contribution Model
- Discussion regarding valuation methodology

# What is a Precinct Structure Plan?

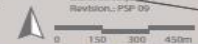
A Precinct Structure Plan (PSP) is a document that outlines the future use and location of infrastructure of greenfield development land within the Urban Growth Boundary (UGB).



plan 5

future urban structure  
clyde north precinct structure plan

Scale: 1:15000m @ A3  
1:7500m @ A1  
Date: 26/04/2011  
Revision: PSP-09



# What is a DCP?

A Development Contribution Plan (DCP) is a (generally) fully costed budget mechanism that estimates the funds required to deliver essential infrastructure across the PSP. It is broken down into a rate per hectare that each developer is expected to contribute.



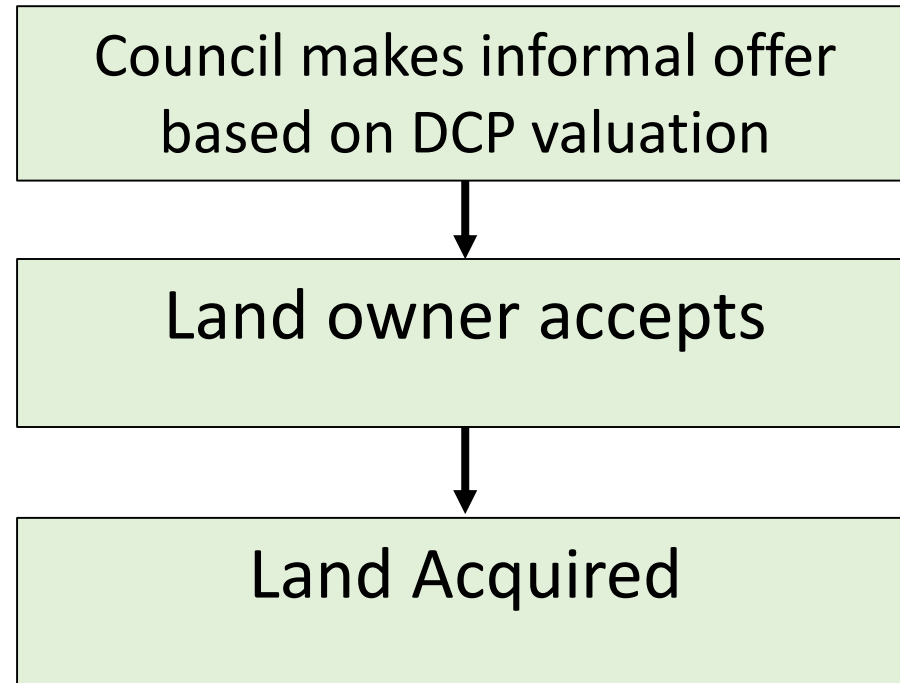
$$\begin{aligned} &\text{Total cost of Infrastructure} \\ &/ \text{Net Developable Area of the PSP} \\ &= \text{DCP Rate} \end{aligned}$$

## How is land valued for a DCP?

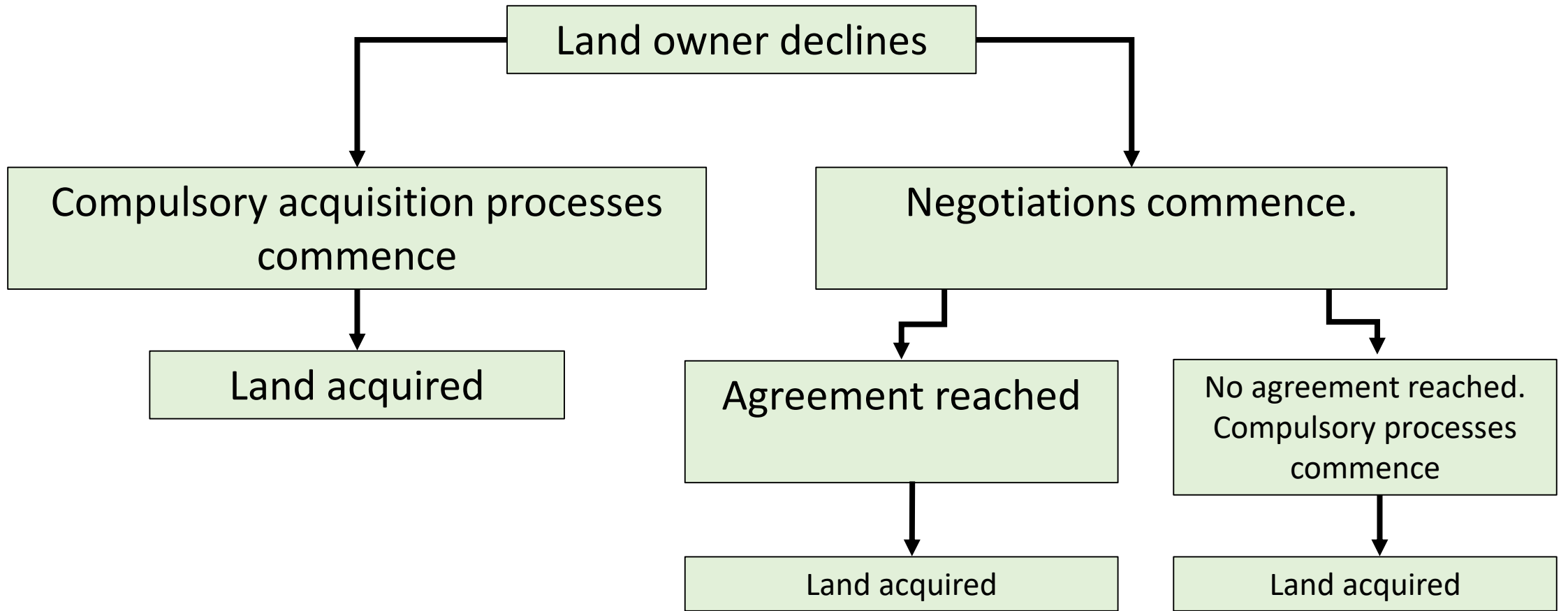
- Specific area rate to the land subject to acquisition in isolation
- One average englobo rate applied to the land subject to acquisition in isolation
- One average englobo rate applied on a before and after basis
- Specific area rate applied on a before and after basis



# The process of acquiring public land under a DCP







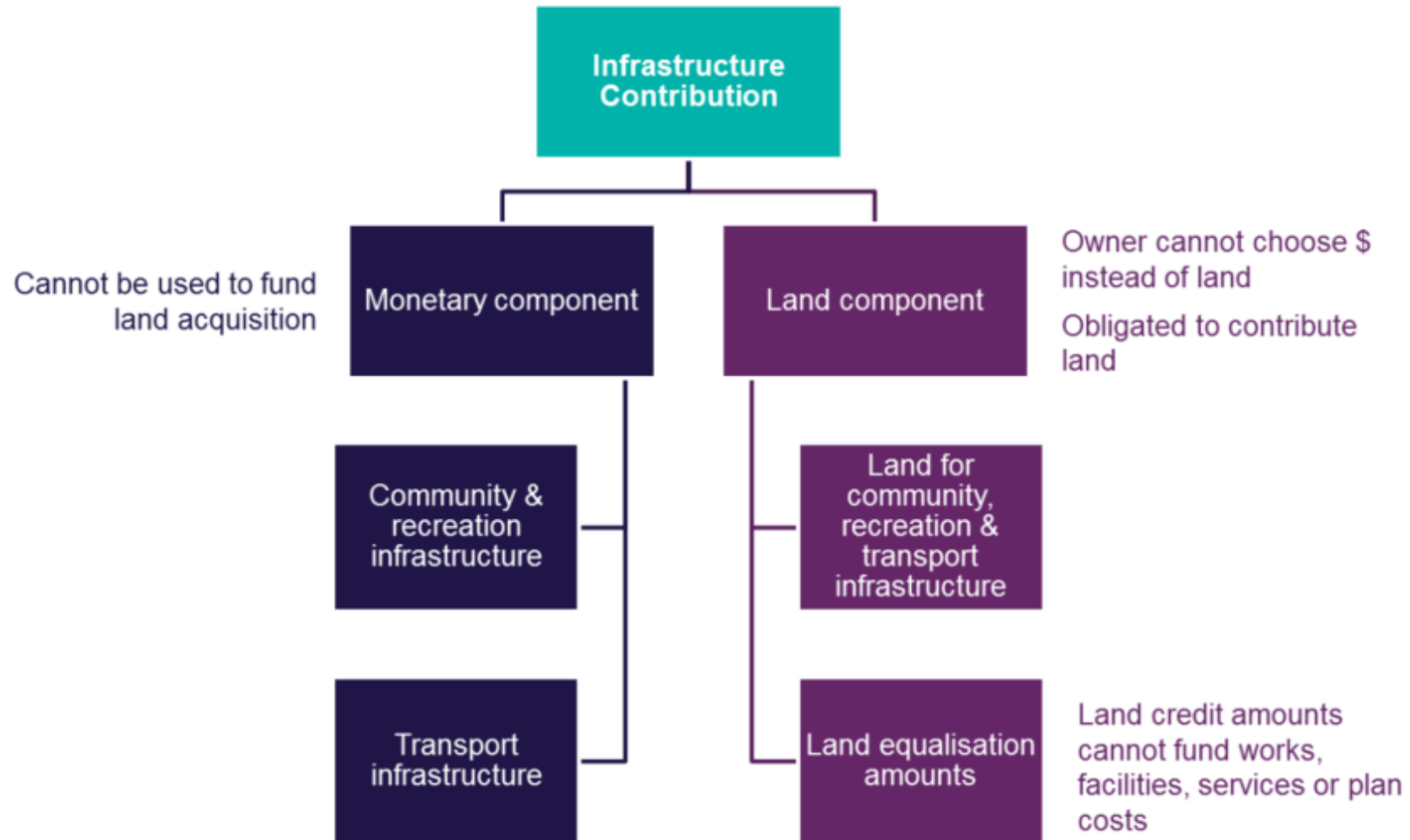
## Con's

- Varied valuation approaches
- Financial exposure for Councils
- Disputes over acquiring public land draw out the acquisition process and results in delays in delivering essential infrastructure
- Lack of certainty for all stakeholders
- Developers can contribute and be compensated at different rates
- Inequity for land owners with varying amounts of public land

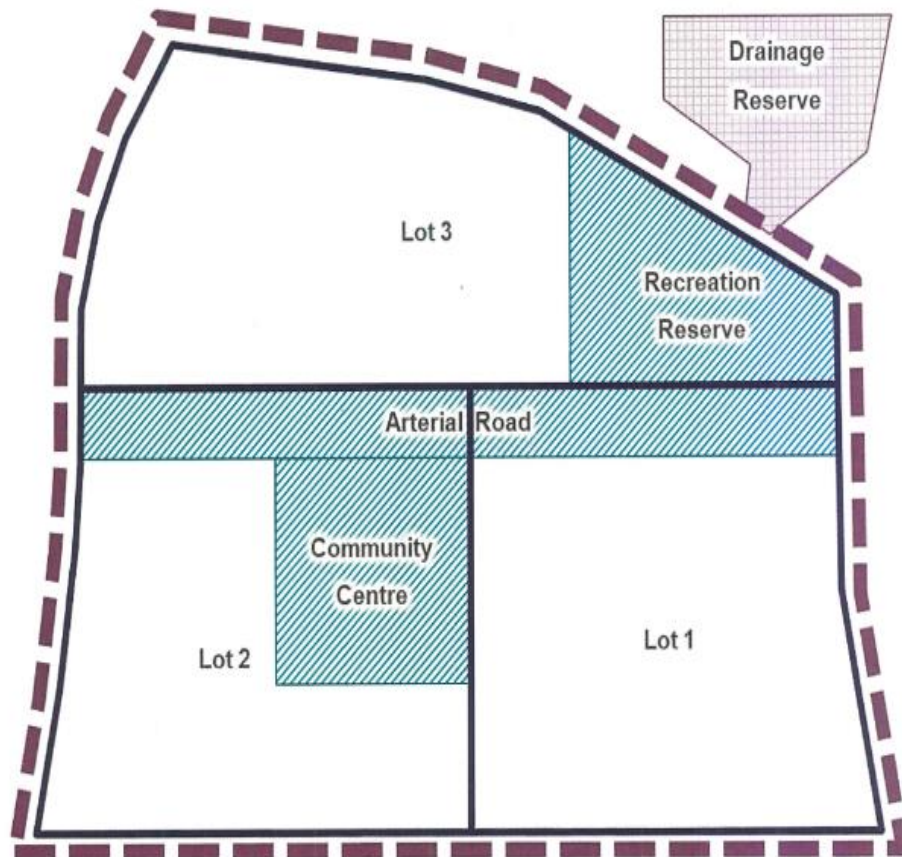
# Introduction of ICPs

- First introduced in 2016 along with the Public Land Equalisation Method (PLEM).
- Land valuations still contestable under LACA
- Publication of the new Ministerial Direction mid 2018
- Amendments to the PE Act to provide the statutory framework
- Amendments to the Victoria Planning Provisions to introduce the new planning controls for ICPs

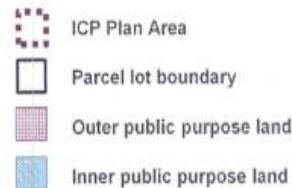
# ICP Structure



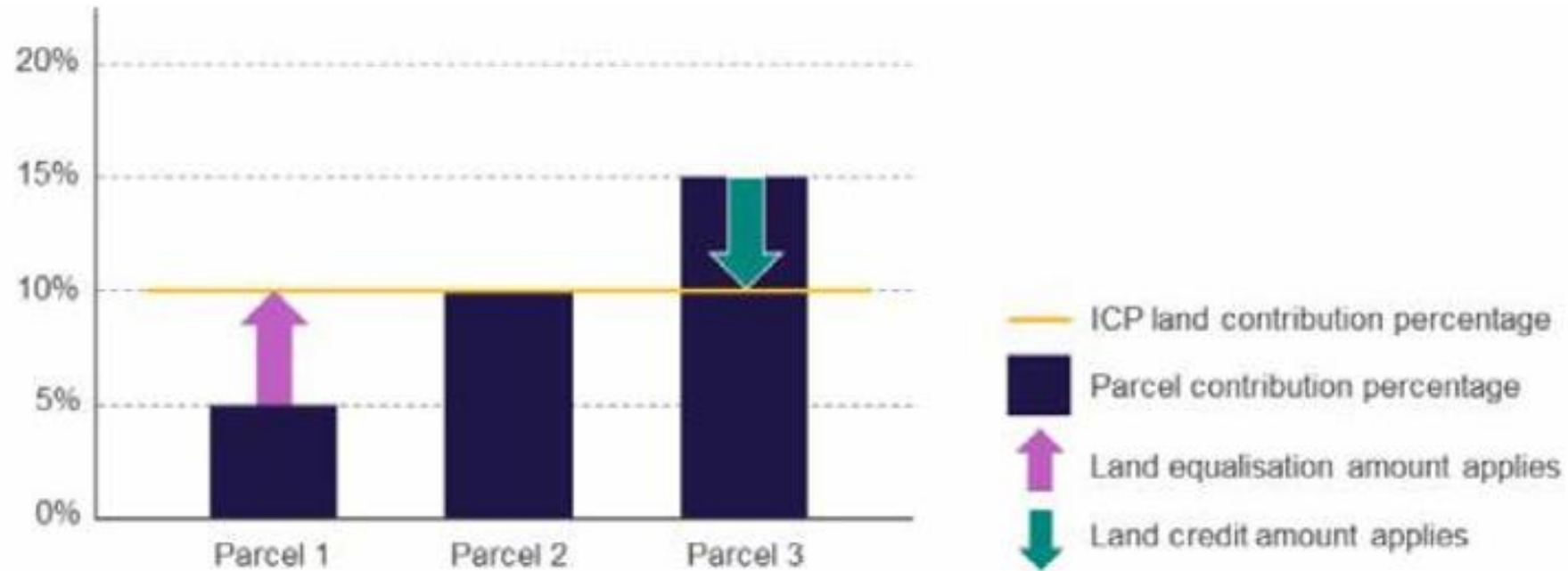
# Inner and Outer Public Purpose Land



- Public land is any land identified as being required for infrastructure and the development of the PSP.
- Inner land is within the boundary of the PSP area, outer land is outside the PSP area.



# Land Contribution Model



# Land Contribution Model Example

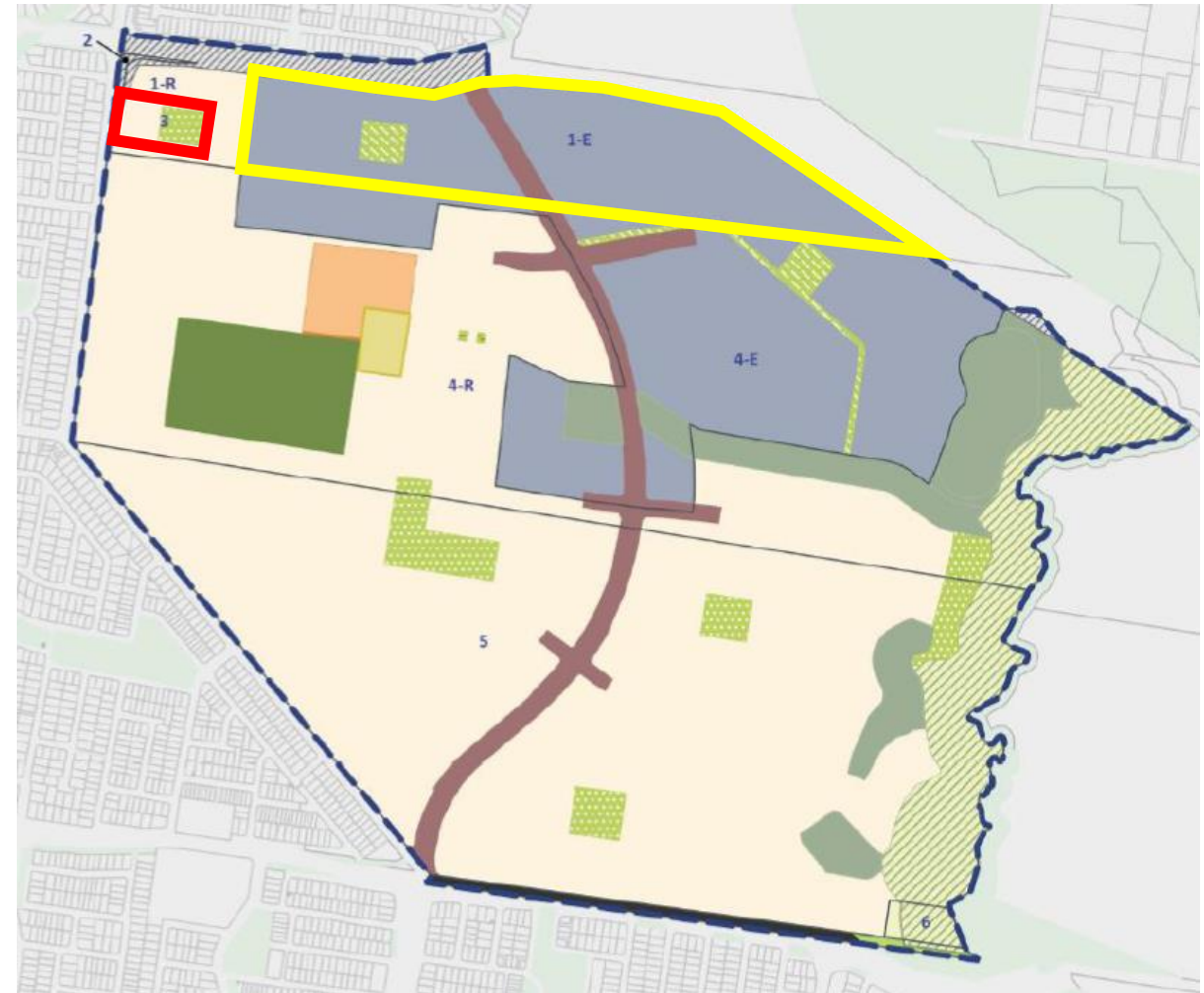


- 10 hectares with 2 hectares of public land (20% public land contribution).
- Average public land contribution for the PSP is 15%
- 5% (0.5 hectare over provision)
- Apply a value to the 2 hectares - say \$2,500,000 (\$1,250,000 per hectare)
- The rate is then applied to the over provision ( $\$1,250,000 \times 0.5 = \$625,000$ )
- If more than one public land item, the average rate per hectare of all the estimates is payable against the total area subject to overprovision.

# Equalisation

**Table 3 Land Credit and Equalisation Amounts**

Parcel ID	Inner public purpose land (ha)	Land credit amount (total \$)	Land equalisation amount (total \$)
1-E	2.1498	\$4,335	\$0
1-R	0.0000	\$0	\$1,303,374
2	0.0000	\$0	\$0
3	0.7000	\$1,768,238	\$0
4-E	4.9241	\$3,164,598	\$0
4-R	13.3044	\$13,390,063	\$0
5	9.1531	\$0	\$17,023,860
6	0.0000	\$0	\$0
SUB-TOTAL	30.2314	\$18,327,233	\$18,327,233
Road Reserve	0.0000	\$0	\$0
Grices Road Reserve	0.0000	\$0	\$0
R2	0.0000	\$0	\$0
R3	0.0000	\$0	\$0
R4	0.0000	\$0	\$0
R5	0.0000	\$0	\$0
SUB-TOTAL	0.0000	\$0	\$0
<b>TOTALS PSP Minta Farm</b>	<b>30.2314</b>	<b>\$18,327,233</b>	<b>\$18,327,233</b>





# Valuation Assumptions



The subject land is zoned for an urban purpose and valued at its unencumbered, highest-and-best use;

## Valuation Assumptions Continued...



Land in and around town centres identified in the relevant Precinct Structure Plan or equivalent strategic plan will be assumed to be zoned for residential purposes;

## Valuation Assumptions Continued...



The subject land is readily serviceable and accessible by road;

The subject land is regular in shape with two existing road frontages and any GAIC (if within the GAIC area) has been paid and any infrastructure contribution has been provided; and

The subject land is at the development front and market demand exists.

# Submission Process

## Estimate the value

- Estimate the value of inner public purpose land that is above the ICP land contribution %.

## Notice

- A notice is given to each landowner who contributes public purpose land above the ICP land contribution % of the estimated value of the land.

## Submissions

- A landowner who contributes public purpose land above the ICP land contribution % can make a submission to the planning authority about the estimated value of that public land.

## Decision

- Planning authority decides whether to accept or reject submissions.
- Unresolved submissions sent to VGV for resolution/determination.

## Determine the land equalisation amount and land credit amount

- The estimate land values will determine the land equalization amounts and land credit amounts in the ICP.

DOES ONE SIZE FIT ALL?

# Example – 32-34 Craig Road, Junction Village

Approximately 7.5 hectares of FZ land, within the future Devon Meadows PSP (yet to be drafted).

