

Diamond Gully Structure Plan

Potential Development Contribution Framework: Stage 1 Report

Mount Alexander Shire Council



mesh

Client **Mount Alexander Shire Council**

Project Diamond Gully Structure Plan Development Contributions

Version 3.0

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STAGE ONE REPORT

1 Introduction

The purpose of this report is to provide a brief overview of the Diamond Gully Structure Plan, identify potential shared infrastructure projects, assess the development context, review Council's current approach to collecting contributions, outline the options available to Council going forward (in the Stage 1 report) and finalise the infrastructure projects to be funded via the per lot development contribution collected by council for the area. The Stage One Report was prepared in 2019 and updated in 2021 following receipt of further information from Council regarding the scope and cost of the shared infrastructure projects.

2 Diamond Gully Structure Plan

The Diamond Gully Structure Plan (2016) (the Structure Plan) is a reference document which sets out the vision for development of Diamond Gully. The Structure Plan covers 182 hectares of land located to the south-west of Castlemaine.

2.1 Key Elements

The Structure Plan is illustrated in Figure 1. The Structure Plan comprises the following key features and attributes: -

- > three residential precincts including the Northern Residential Infill Precinct, Southern Residential Greenfield Precinct, and Low Density Residential Areas Precinct;
- > Industrial Precinct at Langslow Street;
- > High significance vegetation and areas covered by Trust for Nature Covenant;
- > Two primary access points provided at Pyrenees Highway and Ranters Gully Road and provision of a central collector road between these access points;
- > Proposed wetland/retarding basins;
- > The Castlemaine Landfill and its 200m 'high risk' buffer'; and
- > The Castlemaine Treatment Plant and its 200m buffer.

These features are illustrated in Figure 1.

3 Development Context

This section provides a snapshot of the development context including size of land parcels, ownership patterns, development rates and the projected yield.

3.1 Existing Ownership Pattern

The Structure Plan (2016) comprises a range of lot sizes which vary from typical lifestyle blocks of approximately 0.2 hectares to larger lots of approximately 11 hectares. The ownership structure is fragmented and therefore the bulk of development will be piecemeal with the exception of the southern residential area which forms the Diamond Gully Heights Estate.

3.2 Development Rates

The development rates within the Structure Plan are modest and Mount Alexander Shire Council has approved nine permits within the northern infill residential precinct. These permits range from 2 to 43 lots.

3.3 Projected Yield

Whilst the Structure Plan does not provide an indication regarding the potential yield of the area, Council officers have completed an assessment of existing permits issued and made several assumptions regarding the potential yield of the remaining lots. The findings of the analysis are illustrated in Table 1. Table 1 only represents the residential yield, an assessment of the industrial area has not been completed.

Table 1: Diamond Gully Structure Plan Potential Yield

	Estimated lots/ dwellings	Projected Population
Calculation Method		
Approach 1	906	2,084
Using planning permit data, aerial photos to calculate estimated development capacity	737	1,695

Source: Mount Alexander Shire Council

4 Current Implementation Mechanisms

Mesh have reviewed the existing permits issued for development within the northern infill precinct provided by Council officers and make the following observations: -

- > All planning permits, with the exception of PA075/2015 (regarding the subdivision of 42 lots), include a condition to pay development contributions.
- > It is understood that the contributions are charged at a rate of \$6,507.22 per lot. The \$6,507.22 per lot charge is informal and is not supported by detailed analysis regarding the scope and cost of project/s it is to fund. Table 2 below sets out the potential income via the \$6,507.22 per lot charge. Assuming \$6,507.22 is collected from the projected 737 residential lots Council will collect in the order of \$4.8M.
- > However, Council officers have advised that not all the contributions have been requested and received under the respective permits. Of the 125 lots that have been created within the Structure Plan area via new planning permits Council has only received one payment of \$72,000 for 12 of the total 21 lots created under permit PA33/2016. Assuming the developer will pay for the remaining 9 lots under permit PA33/2016, Council has currently missed out on the development contribution payment for 104 lots, which is worth a total of \$624,000. This results in the total projected income dropping to \$4.1M.
- > The planning permits require the respective development proponents to directly deliver site specific drainage infrastructure.
- > There is no open space requirement in the Planning Scheme via Clause 53.01 and most of the permits reviewed do not require an open space contribution. However, permits issued in the past 2 years do include a 5% open space requirement.

In January 2021 Council entered into a Section 173 Agreement with Diamond Gully Estate which requires a development contribution of \$6,507 per lot (subject to annual indexation) and requires the following projects to be delivered as works in kind: -

- > upgrade and reconstruction of Diamond Gully Road including curb and channel but excluding footpaths, between south east end of Langslow Street to the southern end of Lushington Rise, which is approximately 200m in length. Known as project P9 SD605 Access Street.
- > Construction of a 2.5m wide shared path between Diamond Gully Road to Ranters Gully Road, which is approximately 862m in length. This project is known as P12.

The developer of the Diamond Gully Estate is required to directly deliver the necessary drainage infrastructure, construct the access street from Diamond Gully Road to Ranters Gully Road and the controlled intersection at Ranters Gully Road.

Table 2: Diamond Gully Structure Plan Potential Development Contribution Income

	Estimated lots/ dwellings	DC Charge (indexed as at February 2021)	Total projected income
Calculation Method			

	Estimated lots/ dwellings	DC Charge (indexed as at February 2021)	Total projected income
Approach 1	906	\$6,507.22	\$5,895,541
Using planning permit data, aerial photos to calculate estimated development capacity	737	\$6,507.22	\$4,795,821
Actual collection based on lack of payments from existing permits	633	\$6,507.22	\$4,119,070

Source: Mount Alexander Shire Council and Mesh Planning

Upon review of the existing planning permits issued there has not been a consistent approach to the permit conditions applied and their implementation with regards to the collection of the \$6,507.22 per lot contribution prior to issue of Statement of Compliance and the requirement to provide an open space contribution.

5 Recommendations

Following Mesh's high-level assessment of potential shared infrastructure items in 2019 Council officers have completed further work to confirm the scope of potential development contribution projects to be funded via the \$6,507.22 per lot contribution. This additional work has helped identify which projects will be directly delivered by the developer versus those treated as shared infrastructure projects, and funded via the development contributions collected.

5.1 Transport

With regards to transport infrastructure the additional work completed by the council officers has confirmed the following projects are to be funded via the local development contribution charge: -

Roads

- > P2. Ireland Street Road Construction between Pyrenees Highway and Diamond Gully Road. Approximate length 460m to IDM SD605 Access Street.
- > P5. Diamond Gully Road Upgrade between Pyrenees Hwy and Ireland Street. Approximate length 350m to IDM SD605 Access Street including footpath.
- > P9. Upgrade and reconstruction of Diamond Gully Road seal including curb and channel but excluding footpaths, between south east end of Langslow Street to the southern end of Lushington Rise. Approximate length 200m to IDM SD605 Access Street.

Intersections

- > P1. Ireland Street / Pyrenees Hwy Intersection – Roundabout. Ref: Traffic Works 170828-CTP-02.
- > P3. Diamond Gully Road / Ireland Street Intersection. Ref: Traffic Works Letter, 3-way roundabout option preferred. Includes 150m IDM SD605 Access Street.
- > P4. Diamond Gully Road / Pyrenees Highway Intersection. Ref: Traffic Works 170828-CTP-01

Shared Paths

- > P6. Shared path construction along Ireland Street between Pyrenees Highway and Diamond Gully Road. Approximate length 460m to IDM SD206 (2.5m).
- > P7. Shared path construction along Diamond Gully Road from Ireland Street to northern edge of Diamond Gully Heights Estate. Approximate length 730m to IDM SD206 (2.5m).
- > P8. Shared path construction along Pyrenees Highway from intersection with Ireland Street to Martin Street. Approximate length 460m to IDM SD206 (2.5m).
- > P12. Shared path construction from northern edge of Diamond Gully Heights Estate through to Ranters Road. Approximate length 862m to IDM SD206 (2.5m).

All other transport projects are to be directly delivered by the development proponents.

5.2 Drainage

The Structure Plan identifies four proposed wetland/retarding basins. A review of the existing permits issued for development within the area indicates that each development is required to deliver site specific drainage works. The Spiire documents submitted for Diamond Gully Heights estate show that this subdivision must construct the retarding basin immediately to the north of the subdivision and a drainage reserve just south of the powerline easement, however it is unclear as to how the northern section of the Structure Plan area will be serviced.

It is recommended: -

- > Council officers prepare an overall drainage strategy for the area to determine the drainage catchments, location and scope of broader drainage infrastructure required to service the Structure Plan area.
- > It is recommended that drainage infrastructure is directly delivered by the development proponents.

5.3 Open Space

The Structure Plan mentions that open space is to be provided along the drainage lines, however the plan itself does not identify any new open space. There is currently no requirement to provide open space in accordance with Clause 53.01 and the majority of planning permits issued do not include a condition requiring the provision of open space – land or cash.

It is recommended: -

- > That Council officers form a position on open space contributions i.e. include a mandatory 5% open space permit condition on all future planning permits.
- > Council officers determine which open space/s they will accept as land in kind, as this will assist negotiations with developers in the future. This will include setting out conditions that must be met for an area of open space to be accepted as land in kind i.e. certain size requirement, level of encumbrance accepted, number of street edges etc.

5.4 Community and Recreation

Mount Alexander Shire Council has not identified the need for new or upgraded community facilities at this stage, therefore no such infrastructure projects will be funded via the Diamond Gully Structure Plan area.

5.5 Implementation Approach

As outlined in the previous section the infrastructure to be funded via the per lot contribution of \$6,507.22 (subject to annual indexation) is confined to transport related infrastructure comprising road upgrades, intersection works and construction of new shared paths. Table 3 sets out the specific infrastructure projects. Table 3 illustrates that the per lot charge to fund all the identified infrastructure projects exceeds the current charge, therefore council will need to fund the gap between the actual infrastructure costs and total contributions collected across the growth area.

All other infrastructure projects including drainage and open space are to be directly delivered by the development proponents.

Table 3: Diamond Gully Structure Plan Shared Infrastructure Projects

ID	Project Description	Construction Cost Estimate	Charge per lot*
Roads			
P2	Ireland Street Road Construction between Pyrenees Highway and Diamond Gully Road. Approximate length 460m to IDM SD605 Access Street.	\$881,843	\$1,197
P5	Diamond Gully Road Upgrade between Pyrenees Hwy and Ireland Street. Approximate length 350m to IDM SD605 Access Street including footpath.	\$799,750	\$1,085
P9	Upgrade and reconstruction of Diamond Gully Road seal including curb and channel but excluding footpaths, between south east end of Langslow Street to the southern end of Lushington Rise. Approximate length 200m to IDM SD605 Access Street.	\$383,410	\$520
Sub-Total		\$2,065,003	\$2,802
Intersections			
P1	Ireland Street / Pyrenees Hwy Intersection - Roundabout Ref: Traffic Works 170828-CTP-02	\$1,638,265	\$2,223
P3	Diamond Gully Road / Ireland Street Intersection. Ref: Traffic Works Letter. 3 way roundabout option preferred. Include 150m IDM SD605 Access Street	\$507,000	\$688
P4	Diamond Gully Road / Pyrenees Highway Intersection Ref: Traffic Works 170828-CTP-01	\$365,675	\$496
Sub-Total		\$2,510,940	\$3,407
Shared Paths			
P6	Shared path construction along Ireland Street between Pyrenees Highway and Diamond Gully Road. Approximate length 460m to IDM SD206 (2.5m).	\$175,720	\$238
P7	Shared path construction along Diamond Gully Road from Ireland Street to northern edge of Diamond Gully Heights Estate. Approximate length 730m to IDM SD206 (2.5m).	\$346,020	\$469
P8	Shared path construction along Pyrenees Highway from intersection with Ireland Street to Martin Street. Approximate length 460m to IDM SD206 (2.5m).	\$175,720	\$238
P12	Shared path construction from northern edge of Diamond Gully Heights Estate through to Ranters Road. Approximate length 862m to IDM SD206 (2.5m).	\$216,900	\$294
Sub-Total		\$914,360	\$1,241
Total works (Excl. GST)		\$5,490,303	\$7,450
Actual contribution charge collected by Council towards this infrastructure			\$6,507

*based on 737 lots across the growth area. All costs are sourced from Mount Alexander Shire Council