Report

02 October 2024

To	Hannah Neumayer – Team Lead Strategic Planning	**Contact No.**	(02) 6022 9274
Copy to	Simon Maughan (**smaughan@wodonga.vic.gov.au**) Imogen Schoots (ischoots@wodonga.vic.gov.au)	**Email**	**hneumayer@wodonga.vic.gov.au**
From	[redacted]	**Project No.**	12637887
Project Name	12637887 – Wodonga OSS PSA RFI Response		
Subject	Cost analysis to justify the proposed public open space contributions proposed within the Wodonga Open Space Strategy Planning Scheme Amendment.		

Dear Hannah,

1. Introduction

The City of Wodonga (CoW) has engaged GHD Pty Ltd (GHD) to undertake a cost analysis of the public open space (POS) contributions proposed as part of a planning scheme amendment (PSA) to integrate the Wodonga Open Space Strategy (WOSS) into the Wodonga Planning Scheme.

1.1 Purpose of this report and scope of work

In October 2018, CoW engaged GHD to prepare the WOSS and the supporting documentation for a PSA to implement the WOSS into the Wodonga Planning Scheme. The WOSS included several recommendations and proposed changes to the Wodonga Planning Scheme, including the revision of Clause 53.01 to stipulate mandatory requirements for POS contributions for residential, commercial, and industrial land.

On 28 August 2023, the Department of Transport and Planning (DTP) issued a Request for Further Information (RFI) regarding the PSA application. This letter responds to item 2 of the RFI which requested the following: *Please provide justification proposing a 5 per cent mandatory control for public open space contributions under Clause 53.01. This should include a cost analysis and why a 5 per cent mandatory control under Clause 53.01 (as opposed to utilising Section 18 of the Subdivisions Act 1988) is necessary and feasible for council.*

1.2 Limitations

This report has been prepared by GHD for City of Wodonga and may only be used and relied on by City of Wodonga for the purpose agreed between GHD and City of Wodonga as set out in section 1 of this report.

GHD otherwise disclaims responsibility to any person other than City of Wodonga arising in connection with this report. GHD also excludes implied warranties and conditions, to the extent legally permissible.

The services undertaken by GHD in connection with preparing this report were limited to those specifically detailed in the report and are subject to the scope limitations set out in the report.

The opinions, conclusions and any recommendations in this report are based on conditions encountered and information reviewed at the date of preparation of the report. GHD has no responsibility or obligation to update this report to account for events or changes occurring subsequent to the date that the report was prepared.

The opinions, conclusions and any recommendations in this report are based on assumptions made by GHD described in this report (refer section(s) 2.3 of this report). GHD disclaims liability arising from any of the assumptions being incorrect.

Accessibility of documents

If this report is required to be accessible in any other format, this can be provided by GHD upon request and at an additional cost if necessary.

1.3 Assumptions

GHD has assumed that the background information, statistics, and data provided by CoW and obtained from online public databases is true and accurate at the time of writing this report.

2. Policy context

Subdivision Act 1988 **(Subdivision Act)**

The Subdivision Act sets out the procedure for the subdivision and consolidation of land in Victoria for the creation, variation, or removal of easements or restrictions and regulations the operation of owners corporations and dealings with common property.

Section 18 of the Subdivision Act requires five per cent of a development area to be set aside for new open space or a cash-in-lieu amount. Part 1A of Section 18 states that a Council may stipulate a POS requirement if it can demonstrate the need for additional POS, having regard to:

– The existing and proposed use or development of the land
– How existing POS will be used after the subdivision
– The existing and projected population density in the area
– The adequacy of existing POS in the area

Planning Practice Note 70 (PPN70)

PPN70 provides guidance to local councils on preparing Open Space Strategies and supports financial and resource planning including the use of POS contributions as part of their implementation. It describes the importance of POS in providing significant benefits to communities and recognises the value of POS contributions to support councils in delivering new or improved POS in response to needs created by new residents or employees.

Wodonga Planning Scheme

Schedule to Clause 53.01 – Public open space contribution and subdivision

Under this clause, a proposal to subdivide land must include a contribution to council for public open space in an amount specified in the schedule to this clause or section 18 of the Subdivision Act. Currently, subdivisions in residential zones require a five per cent contribution of public open space. There are no contribution requirements for commercial and industrial zones.

Clause 19.02-6S – Open space and *Clause 19.02-6L – Open Space*

The overarching clause seeks to establish, manage, and improve a diverse and integrated network of public open space that meets the needs of the community. Key strategies include providing fair and equitable open space that meets the needs of all community members, regardless of age, gender, ability, or location, providing new parkland in growth areas, and ensuring sufficient land is set aside for POS.

The local clause emphasizes avoiding land contributions that are encumbered or otherwise impacted in ways that diminish its useability, function, or results in high maintenance costs.

Wodonga Open Space Strategy (WOSS)

The WOSS establishes the strategic direction for the future planning, provision, design, and management of public open space across Wodonga for the next 15 years. Wodonga's population is expected to increase by 1.5 per cent by 2036 (DTP, 2023) which will result in a decrease in POS provision by three ha per capita (ha per 1000 people) assuming no additional POS is provided in that time (City of Wodonga, 2022b). This decline is expected to be most noticeable in the central business area and growth precincts. The WOSS seeks to address Wodonga's open space challenges resulting from a growing community and shifting population profile.

The strategy highlights the importance of providing new and improved POS to benefit existing and emerging communities and improve habitat links across the municipality. It also discusses the importance of further funding and resources to upgrade existing POS to service the community adequately. This includes updating the mandatory POS contributions in the Wodonga Planning Scheme.

3. Justification for updating the POS contributions

This section discusses the proposed POS contribution rates and sets out the rationale for these changes.

3.1 Current state of play

CoW currently mandates a five per cent POS contribution for all residential development under Schedule to Clause 53.01 of the Scheme, per standard rate as dictated by the Subdivision Act. However, the WOSS has identified several issues with the existing POS provision, distribution, and/or access within Wodonga, including:

- Gaps in the function, quality, and provision of POS provision, particularly in commercial and industrial areas
- Several approved residential developments either underway or planned for construction have insufficient POS provision requirements
- Additional POS is required to meet anticipated demand and development
- Inconsistency in the design and quality of POS, creating inefficiencies and financial liability for CoW
- Insufficient POS land contributions which are too small to be functional or include encumbered land that limits the value of the contribution
- Land contributions by developers are ad hoc, resulting in poor quality and functionality of POS
- There are no mandatory contributions that apply to commercial or industrial land

3.2 Proposed POS contribution rates

The PSA proposes a new mandatory POS contribution that applies to all subdivisions on residential, commercial, and industrial land, including land for those purposes under the Rural Living Zone (RLZ) and Activity Centre Zone (ACZ). Per the WOSS, new POS contributions must be a minimum area of 0.5 hectares (ha) on unencumbered land with a minimum width of 20 metres (m). Where a proposed development is less than 10 ha and cannot meet the minimum size of 0.5 ha for the five per cent land contribution, a cash contribution may be levied equivalent to five per cent of the land value.

CoW is seeking to integrate these provisions into Clause 53.01 of the Scheme.

3.3 Rationale for the proposed POS contribution rate

Despite Wodonga comprising 8,918 ha of open space, 95 per cent of this land is encumbered (refer section 4.1), presenting a significant shortage in usable POS for residents, workers, and visitors to enjoy. Refining the requirements for what is considered 'acceptable POS' will deliver an increase in unencumbered, high-quality POS that supports the vision of the WOSS to provide an accessible, connected, equitable, safe, and high-quality POS network.

CoW invests an average of $1,009,785 annually in maintaining and improving existing POS (refer Section 4.2.4), nine per cent of which is covered by POS contributions. The majority of these contributions are derived from smaller residential subdivisions (refer to section 4.3) which results in either small POS land or cash contributions.

Developable commercial and industrial land provides an opportunity for larger usable land contributions, however, land acquisition costs for these land uses are often much higher per ha than residential land (refer to section 4.2). By applying a mandatory POS contribution rate to residential, commercial, and industrial subdivisions, it is expected that CoW will receive a larger quantity of sizeable POS land or higher cash-equivalent contributions.

There are approximately 645 ha of developable residential land and 380 ha of commercial and industrial land available in Wodonga (City of Wodonga, 2022a). Commercial and industrial land comprises a third of the available developable land in Wodonga and is present in areas of Wodonga undergoing development and subdivision in employment precincts. Incorporating mandatory POS contributions or cash contributions for commercial and industrial subdivisions would unlock a significant source of POS or funding to upgrade existing POS infrastructure, particularly within the central business area of Wodonga.

The majority of POS contributions currently come from 2-4 lot residential subdivisions. By enforcing a mandatory five per cent contribution for residential development and adjusting the land requirements aims to deliver and provide continued funding to improve the quality of POS.

A POS contribution of 5% is proposed as it aligns with the requirements of the Subdivision Act. This established legislative framework provides a consistent and clear standard for developers and the community. It also aligns with the historic POS requirement applied to residential subdivisions across Wodonga whereby maintaining a 5% POS requirement strikes a balance between community needs and the practicalities of development - that being a sustainable level of open space provision while minimising potential impacts on development costs and housing affordability.

Furthermore, open space has been an important component of the City's growth where significant environmental areas have been preserved and incorporated into the open space network through strategic land acquisition and developer contributions. These areas complement the POS provided through subdivisions, enhancing the overall quality of life for residents.

CoW's proposed amendment to the planning scheme to require new POS land contributions to be a minimum of 0.5 ha with a minimum width of 20 m, or an alternative five per cent cash-in-lieu payment, is considered to be a reasonable and justifiable mandatory requirement. A single POS contribution rate applied to all subdivisions meets the principles of need, nexus, accountability and equity, providing a clear benchmark to be met. Mandating these contributions would increase cash flow and allow Council to address key issues identified in the WOSS, including the provision of high quality, accessible POS reserves to meet the needs of Wodonga's existing and future population.

4. Cost analysis of POS contributions

The following section details the calculations and rationale for the proposed POS contribution rates.

4.1 Public open space

The WOSS defines POS as *land in public ownership and/or under public management that is freely accessible and provides recreation, nature conservation and leisure benefits* (City of Wodonga 2022b). This excludes open spaces that are private, restricted, or limited for community use (non-Council managed Crown land, environmental land, and private open spaces).

Within Wodonga, there is a total of 8,918 ha of open space. Only 429 ha (five per cent) of this open space is unencumbered POS (see Table 1). As Wodonga continues to grow and expand, providing high quality, equitable, and accessible POS that is distributed fairly across the municipality. Mandating the proposed POS contributions will ensure the provision of unencumbered land contributions and that CoW is financially supported to deliver high quality, functional spaces.

Table 1 Percentage open space in 2022

Open space type	Encumbered land	Unencumbered land	Total open space
Total (ha)	8,489	429	8,918
Percentage (%)	95%	5%	100%

4.2 Median land values

The median land value by land use category has been determined in Table 2.

Table 2 Median land value of developable land 2024 (LG Valuation Services, 2024)

Land use	Residential	Commercial	Industrial
Median land value ($/ha)	$900,000	$2,000,000	$900,000

4.3 Subdivisions by lot yield

The following table presents the percentage of subdivisions by lot yield across Wodonga between 2016 and 2021 (LG Valuation Services, 2024). Fewer than 25 per cent are developments greater than 10 lots.

Table 3 Subdivisions by lot yield 2016-2021

No. lots	2-4 lots	5-9 lots	>10 lots
No. subdivisions	170 subdivisions	28 subdivisions	67 subdivisions
Percentage (%)	64%	11%	25%

4.4 POS contributions and capital expenditure

As Wodonga's population grows and development continues, there is increasing pressure placed on CoW to deliver high quality, user-friendly, accessible, and equitable POS. The current level of funding is inadequate to financially support the delivery of the WOSS to provide new and improved POS for the forecasted population in the City of Wodonga. Establishing an equitable and justified POS contributions rate will provide clarity to developers and the community and improve transparency and accountability for the collection and spending of these funds.

The WOSS identified that although CoW receives additional POS each year in both land and cash contributions, funding and resource allocation are not increasing at the same rate (City of Wodonga, 2022b). As shown in Table 5, capital program spending has increased substantially over the past six years, ranging from $1 million to $4 million annually. Furthermore, expenditure is anticipated to continue increasing with planned capital works expenditure on new and existing POS to average $1.5 million yearly over the next 10 years (City of Wodonga, 2024).

The current contribution rate raises an average of $78,079 annually (refer Table 4) while CoW has historically invested an average of $1,009,785 per annum to maintain and improve POS (City of Wodonga 2022b). These contributions vary considerably from one year to another. In the past five years, CoW has invested an average of $2.5 million in POS capital works projects representing a 15 per cent increase since 2018.

Table 4 Wodonga public open space fund contributions and expenditure (2007-19) (City of Wodonga 2022b)

Time period	POS cash contributions	Capital Program Expenditure	% POS contributions
2007-08	$10,750	$38,664	28%
2008-09	$33,660	$258,292	13%
2009-10	$63,114	$1,149,961	5%
2010-11	$41,980	$34,873	120%
2011-12	$29,790	$270,162	11%
2012-13	$6,500	$307,869	2%
2013-14	$11,508	$265,398	4%

Time period	POS cash contributions	Capital Program Expenditure	% POS contributions
2014-15	$49,814	$468,226	11%
2015-16	$44,250	$244,660	18%
2016-17	$6,000	$504,484	1%
2017-18	$91,750	$719,845	13%
2018-19	$26,000	$247,911	10%
2019-20	$72,424	$1,615,000	4%
2020-21	$63,500	$2,640,000	2%
2021-22	$207,177	$4,010,000	5%
2022-23	$465,336	$2,816,000	17%
2023-24	$103,787	$1,575,000	7%
Median (AUD)	**$44,250**	**$468,226**	**9%**
Mean (AUD)	**$78,079**	**$1,009,785**	**8%**

The contributions calculations in Table 5 demonstrate that the mandatory POS contributions would:

1. Ensure any contributions are unencumbered and of a reasonable size to ensure they can be feasibly developed for POS purposes
2. Protect a key source of funding for POS maintenance and improvements across the Municipality
3. Provide an additional surplus of funding to enable Council to deliver higher quality POS across the Shire that residents and visitors can benefit from
4. Ensure a timely provision and upgrades of POS as development continues
5. Facilitate a uniform rate across the municipality, providing a consistent, neutral, and equitable delivery of POS
6. Ensure financial accountability regarding the POS levy to be paid for particular pieces of land
7. Enable contributions to be collected, allocated, and accounted for in Council's budget processes and Annual Report

4.5 Contribution calculations

There is a total of 1300 ha of developable land in Wodonga, 645 ha of which is zoned residential land and 380 ha of which is commercial and industrial land.

Based on this information and the data presented in Section 4.3, the potential future public open space contributions based on a mandatory five per cent contribution have been calculated and detailed in Table 5 below.

– **Cost of improving existing open spaces:** $1,009,785 per year
– **Cost of developing new open space:** $1,575,000 per ha (City of Wodonga, 2023)
– **Total developable land across the City of Wodonga:** 1300 ha

Table 5 Public open space contributions calculations

Land type	Development type (per cent)	Developable land (ha)	Total land value (AUD)	Contribution rate (per cent)	Potential contribution amount (AUD)
Residential					
2-4 lots	64	413.04	$206,518,400.00	5%	$10,325,920.00
5-9 lots	11	70.99	$35,495,350.00	5%	$1,774,767.50
>10 lots	25	161.34	$80,671,250.00	5%	$4,033,562.50
Other					
Commercial, industrial, RLZ, and ACZ	NA	380	$494,000,000.00	5%	$24,700,000.00
				Total	**$40,834,250.00**

The proposed POS contribute rate, applied to all subdivisions including non-residential development, will ensure that all residents, workers, and visitors can benefit from POS expansions and upgrades. If the funding level is not increased with the proposed POS contribution rates, CoW is unlikely to be able to financially deliver the WOSS projects.

The WOSS has identified gaps in POS provision across several precincts across Wodonga. If the proposed POS contribution rates are not adopted, these gaps are anticipated to worsen, particularly within the central business area and other growth precincts (City of Wodonga 2022b). The proposed a mandated POS contribution rates can ensure that new POS contributions are appropriately sized and unencumbered, and that Council can adequately budget for and deliver upgrades to existing POS.

5. Conclusion

GHD has prepared this cost analysis to support CoW's response to an RFI issued by DTP on 28 August 2023 in regard to the PSA to implement the WOSS into the Wodonga Planning Scheme. The WOSS has demonstrated the importance of securing further funding and resources to secure new open spaces and upgrade existing open spaces.

A mandatory POS contribution rate applied to all residential, commercial and industrial subdivisions will address existing gaps in the function, quality, and provision of POS in Wodonga, ensuring a consistent, equitable, and neutral approach to obtaining and upgrading POS. Additionally, it will ensure financial accountability regarding the POS levy to be paid for particular pieces of land and enable contributions to be collected, allocated, and accounted for in Council's budgeting and Annual Report. The proposed rates are supported by state and local planning policy and are an essential component of the successful implementation of the WOSS. A five per cent POS contribution acknowledges the practicalities of development while ensuring that all residents, workers, and visitors in Wodonga have the right to enjoy high quality, accessible POS.

This cost analysis has demonstrated that a five per cent mandatory cash contribution in lieu of (often encumbered) POS land contributions is a reasonable and justifiable contribution. The revision of Clause 53.01 to incorporate these provisions will ensure a consistent delivery of high quality, usable, and accessible POS that meets the existing and future needs of Wodonga's population.

6. References

City of Wodonga 2024, *Draft Financial Plan 2023-24*, **https://hdp-au-prod-app-wodonga-makeyours-files.s3.ap-southeast-2.amazonaws.com/7417/1557/3257/Draft_Financial_Plan.pdf**

City of Wodonga 2022a, *Land Development Trends 2021-22*, **https://cow-open-data-hub-cityofwodonga.hub.arcgis.com/apps/5f1325dff81843728a71353d5bac3508/explore**.

City of Wodonga 2022b, *Wodonga Open Space Strategy*, **https://www.wodonga.vic.gov.au/Portals/0/Downloads/OSS_Strategy-rs-1.pdf**.

City of Wodonga 2020, *Appendix H – Wodonga Open Space Strategy Rates Contributions Paper*, **https://www.wodonga.vic.gov.au/Portals/0/Downloads/Appendix_H_Rates_Contributions-rs.pdf**.

Department of Transport and Planning 2023, *Victoria in Future 2023 – Population and household projects to 2051*, **https://www.planning.vic.gov.au/__data/assets/pdf_file/0022/703453/DTP0552-Victori-in-Future-2023-report.PDF**.

Department of Transport and Planning 2022, *A Guide to Property Values 2022: Annual analysis of property sales data from Valuer-General Victoria January – December 2022*, **https://www.land.vic.gov.au/__data/assets/pdf_file/0024/660129/Guide-to-property-values-2022-V2.pdf**.

Department of Transport and Planning 2021, *A Guide to Property Values 2021: Annual analysis of property sales data from Valuer-General Victoria January – December 2021*, **https://www.land.vic.gov.au/__data/assets/pdf_file/0035/584279/A_Guide_to_Property_Values_2021.pdf**

Department of Transport and Planning 2020, *A Guide to Property Values 2020: Annual analysis of property sales data from Valuer-General Victoria January – December 2020*, **https://www.land.vic.gov.au/__data/assets/pdf_file/0022/531850/GuidetoPropertyValues2020.pdf**

Department of Transport and Planning 2019, *A Guide to Property Values 2019: Annual analysis of property sales data from Valuer-General Victoria January – December 2019*, **https://www.land.vic.gov.au/__data/assets/pdf_file/0025/493423/GuidetoPropValues2019Merged.pdf**.

LG Valuation Services 2024, *Wodonga Open Space Strategy Market Analysis 2024*.

Project name		12637887 – Wodonga OSS PSA RFI Response					
Document title		Report | Cost analysis to support response to RFI					
Project number		12637887					
File name		12637887-REP_Wodonga Open Space Strategy – Cost analysis to support response to RFI					
Status Code	**Revision**	**Author**	**Reviewer**		**Approved for issue**		
			Name	**Signature**	**Name**	**Signature**	**Date**
S4	0	H Cameron	N Bartley		R Armstrong		07/08/24
S4	1	H Cameron	N Bartley		R Armstrong		29/08/24
S4	2	H Cameron	N Bartley		R Armstrong		02/10/24

GHD Pty Ltd | ABN 39 008 488 373
Contact: Kelly Nelson, Senior Planner | GHD
180 Lonsdale Street, Level 9
Melbourne, Victoria 3000, Australia
T +61 3 8687 8064 | **F** +61 3 8687 8064 | **E** Kelly.Nelson@ghd.com | **ghd.com**

© GHD 2024
This document is and shall remain the property of GHD. The document may only be used for the purpose for which it was commissioned and in accordance with the Terms of Engagement for the commission. Unauthorised use of this document in any form whatsoever is prohibited.