



JUNEE SHIRE COUNCIL

**DEVELOPMENT
INFRASTRUCTURE
DEFERRED PAYMENT
POLICY**

Adopted by Council:
Minute No:

17 October 2023
07.10.23

PART A – OUTLINE

I. OBJECTIVES

This policy is aimed at fulfilling the following objectives:

Support the provision of a sufficient supply of residential ready land, to meet demand.

Assist the progression of large-scale subdivision development that may not occur without financial assistance.

Ensure that new subdivision development is appropriately designed to respond to reasonably expected future infrastructure needs and avoid future adverse impacts upon other development.

To ensure that property developers within urban release areas are not unreasonably burdened by the costs associated with major development infrastructure and that costs are shared by those who benefit from infrastructure provision.

2. BACKGROUND

The residential population of Junee is currently increasing. Alongside improving economic conditions and emerging employment opportunities, the demand for new subdivision development is high.

This policy aims to facilitate new multi lot residential land being made available for sale to support existing and future residents to build a new home to support ongoing population retention and growth, whilst contributing to employment opportunities in the construction industry over the short to medium term.

However, the high cost of servicing new development remains a constraint to opening up vacant urban zoned land to new subdivisions. This policy provides a framework for Council to consider requests from developers of proposed subdivisions to assist with managing the costs associated with Council owned infrastructure, specifically new roads, sewer and stormwater infrastructure.

The opportunity exists for Council to play a more active role in assisting landowners to develop land that is deemed strategically important to the future growth of Junee Shire. This could involve funding some or all of the upfront costs of infrastructure components over which the Council has responsibility for.

A portion of these costs, (as identified and costed during the planning stage), can be repaid to Council at the point at which the subdivided lots are sold. This releases capital to be redirected to ensure the project can progress more quickly. This initiative is similar to other schemes offered by Goldenfields Water County Council and other rural councils that place a high strategic priority on facilitating population and local economic growth.

3. APPLICATION

This policy applies to proposed residential land within Junee Shire. The Council offers this scheme to residential developers of land. Applications are assessed on a case-by-case basis.

The focus of this policy applies to major Council infrastructure that services multi lot development that creates five or more additional lots excluding Strata or Community Title lots. The policy does not apply to the costs associated with servicing privately owned or managed infrastructure.

Council officers will confirm that the proposed subdivision is permitted with consent in the land zone that applies to the subject land.

The application for deferred payment will not be finalised by Council until the proposal has a relevant development application approved by Council.

The applicant must agree in writing to statutory or legal controls that are specified in any deferred payment agreement.

PART B - PROCEDURES

4. APPLICATION PROCEDURE

A written application for consideration by Council for Development Infrastructure Deferred Payment is made by the land developer. The letter of request is considered on a preliminary basis by Council officers. Council officers will consider the following factors in assessing the request:

- Strategic importance of the site
- Current zoning of the land
- Proposed timeframe, start and end date for the residential property to be developed
- Estimated cost of Council infrastructure to service the development - roads, kerb and gutter, sewer, stormwater infrastructure
- Demonstrated demand for new development and/or demonstrated future lack of supply
- Provision of a business plan by the developer detailing development staging (if applicable), forecast development costs, forecast lot sale price and estimated sales period
- Financial capacity and level of financial commitment offered by the developer towards the residential property development
- Capability of the developer to undertake the project
- Proposed infrastructure design and response to reasonably expected future infrastructure needs (sewer and stormwater capacity, integration with existing road network)
- Current availability of Council funds to support a deferred infrastructure payment
- Current borrowing interest rates available to Council (if applicable)

Each of these factors will be considered as part of a written assessment report by Council officers.

Where Council officers consider that a request has reasonable merit, the request will be referred to Council for their consideration and determination.

The applicant will be notified of the outcome of Council's decision in writing.

Where an application involves Council staff or Councillors who are directly involved with the assessment process, the application will be referred to an external assessment process.

5. OPERATIONAL PROCEDURE

The developer of the subdivision is responsible for payment to Council of the initial \$50,000 (or 10% of infrastructure value, whichever is greater) of Council infrastructure costs (road, kerb and gutter, sewer and stormwater infrastructure) before works commence. Council will only consider to deferred payment of infrastructure costs above the initial \$50,000 (or 10% of infrastructure value, as applicable).

The repayment by the property developer to Council for the agreed amount of financial support offered is intended to be progressively repaid as individual lots are sold to the public.

If Council has been engaged to carry out the infrastructure work and it is determined that the value (less the initial \$50,000 or 10% of the infrastructure value) cannot be supported in full, the Council may require a higher initial payment prior to works commencing.

As a public utility provider, the Council is required to approve infrastructure designs that it will ultimately be responsible for, to ensure services that are provided are of sufficient standard to meet current and future expected demand.

The timeframe for repayment of the deferred infrastructure payments is a maximum of five years from the date of signing the agreement, or the completed sale of all lots proposed to be delivered subject to the Agreement, whichever is sooner.

Only one Development Infrastructure Deferred Payment will be granted per applicant, irrespective of whether development is staged or not.

The applicant will cover all legal costs incurred by Council in discharging responsibilities under this policy. The outstanding balance of advancements under this Policy will attract an administration fee equal to the T-Corp 5 year borrowing rate plus 0.5%. The administration fee will be calculated daily and invoiced quarterly to the developer, commencing on the day the maximum agreed advancement is reached, or the date from which it is determined that no further advancements will be required, whichever is sooner. Administration fees will not form part of the agreed maximum advancement amount.

The Development Infrastructure Deferred Payment agreement will remain confidential between Council and the applicant. No details of the agreement may be disclosed by the applicant to another party without the written authorisation of the Council.

6. LEGAL PROTECTIONS

The following legal mechanisms may be included to assist Council to mitigate the risks in providing a deferred payment to the Developer:

a) Funding Deed

An agreement between Council and the Developer that outlines the terms of the agreement. This will include a list and cost of the works to be undertaken by Council, or another contractor, and

outline the value of the works to be repaid and the mechanism for repayment. The agreement will also detail arrangements to protect the interests of Council in instances where there is a transfer of ownership of the subject land, situations where the developer falls into administration, or the subject land value becomes unviable to develop.

b) Registration of Mortgage

- i. Council requires a Mortgage on the title of the land to be developed. The Mortgage is disclosed on title searches by a purchaser's solicitor. The Mortgage being released at the time of sale coinciding with the repayment made to Council's solicitor reflected in the Agreement.

c) Registration of Interest

A registered interest provides protection to Council in the event that the developer is placed into administration. With this protection, Council, along with other registered interested parties, will be prioritised for payment from the disposal of assets owned the developer. A registered interest on title provides security that the developer cannot assign the debt to another purchaser as part of the sale.

7. LIMITATIONS TO THIS POLICY

This policy does not include the following:

- a) Development infrastructure that is not within the control of Council, such as water, electricity, telecommunications infrastructure.
- b) Development costs that are the direct responsibility of the developer, including site studies to support rezoning, Environmental Impact Statements, surveying, design costs, legal costs, land purchase, private driveways, servicing connections to new development.