

THE FACTS

Supporting our growing City

Between 2021 and 2036 we anticipate an additional 23,740 residents within 11,520 new dwellings and other forms of residential accommodation. Additional retail, commercial and industrial floor space is also expected over this planning period. This new development will generate an increase in demand for infrastructure such as roads, footpaths and cycleways, parks and playgrounds, swimming pools and recreation facilities, libraries and other community spaces.

A reasonable contribution toward the cost of the required infrastructure is necessary to cater for the additional future population.

The Contributions Plans are 15-year plans and align with our local strategies and have been guided by residential and employment forecasts.



FREQUENTLY ASKED QUESTIONS

What are development contributions?

Development contributions are one way that Council can require new development to contribute toward infrastructure to support the future residents of that development including open space, park embellishment, community facilities, local roads, paths and traffic management. Development contributions do not apply to existing development.

What is the difference between Section 7.11 and 7.12 contributions?

There are two forms of development infrastructure contributions that Council can apply to new development.

Section 7.11 contributions: charged where there is a demonstrated link between the development and the infrastructure to be funded. Section 7.11 contributions plans specify what infrastructure will be provided and an estimate of how much it will cost. This is used to calculate a contribution rate, usually charged per person, dwelling or per square metre.

Section 7.12 levies (%): an alternative to Section 7.11 contributions, charged as a percentage of the estimated cost of the development. The maximum percentage that can be charged in most areas is 1%.

What is CN's approach prior to 1 January 2022?

A [Section 7.11 Contributions Plan](#) currently applies to additional residential development within the Western Corridor. Suburbs include Fletcher, Minmi, Maryland. The majority of collected Section 7.11 contributions for the Western Corridor are for large social infrastructure projects. These projects are costly and rely on available land to deliver the infrastructure. Excitingly, City of Newcastle has progressed with a master plan for the District Sporting Facility at Creek Road, Maryland. It is in the early days, but a concept design is being explored and the community will be engaged in due time.

A [Section 7.12 Contributions Plan](#) currently applies to all other development across Newcastle. A maximum percentage of 3% applies in the City Centre, with a maximum of 1% applying to the remainder of the local government area. At the end of 2020-21 financial year, it is anticipated that there will be approximately \$4.5 million remaining for spending on Section 7.12 projects.

Why propose a new framework?

The current framework is no longer fit for purpose so from **1 January 2022** a new one will replace it. Solely relying on Section 7.12% levies (outside of the Western Corridor) is not sufficient to meet the costs of infrastructure required by new development.

What are the main changes from 1 January 2022?

A Section 7.12 Development Contributions Plan (% levy) will apply to the whole LGA for all non-residential development, residential accommodation such as boarding houses, group homes, hostels, residential care facilities and student housing, and major alterations and additions to residential accommodation with a cost of construction over \$200,000 and up to 1%. A Section 7.12 (%) levy will no longer apply to all other types of residential development such as new residential lots, new dwelling houses and new apartments. The **rates from 1 January 2022** under the new Section 7.12 Plan are below:

Type of Development	Levy as % of development costs	
	Newcastle City Centre	Rest of LGA
Non-residential development, including alterations and additions.	0% for development up to and including \$100,000	
Mixed residential and non-residential development where the residential component comprises less than 10% of the total gross floor area.	0% for residential development more than \$100,000, up to and including \$200,000	
Residential accommodation such as boarding houses, group homes, hostels, residential care facilities and student housing.	0.5% for non-residential development more than \$100,000, up to and including \$200,000	1% for all developments more than \$200,000
Alterations and additions to residential accommodation.	1% for residential alterations and additions more than \$200,000	
See Sections 1.5 and 1.6 for further details	1% for development more than \$200,000, up to and including \$250,000	
	3% for development more than \$250,000	

No change is proposed to the Section 7.11 Western Corridor Contributions Plan. It was recently updated and is fit for purpose. However, the Section 7.12 does apply to the Western Corridor for 'other' development and now alterations and additions to residential development as specified in the Section 7.12 Plan.

A new Section 7.11 Plan will be introduced. It will apply to residential accommodation comprising new additional private dwellings/lots outside of the Western Corridor. The **rates from 1 January 2022** (outside of the Western Corridor) under the new Section 7.121 Plan are below:

Development Type	Occupancy Rate ^A	Contribution
Dwelling house / residential lot / exhibition home	2.65	\$17,852.37
Secondary Dwelling / Rural worker's dwelling	1.50	\$10,105.11
Studio / 1-bed apartment in a residential flat building or shop-top housing	1.50	\$10,105.11
2-bed apartment in a residential flat building or shop-top housing	1.60	\$10,778.79
3 or more bed apartment in a residential flat building or shop-top housing	1.95	\$13,136.65
Seniors housing ^B	1.82	\$12,260.87
Attached dwelling, dual occupancy dwelling, multi-dwelling housing, semi-detached dwelling	2.00	\$13,473.49
Other Development	See Note C	
Notes:		
A. These are the occupancy rates for future residential development (excluding existing development) to 2036.		
B. Excluding residential care facilities.		
C. Other development not specified in this table will be assessed in accordance with Section 1.5 and Section 1.6 of this Plan and the per person rates specified in Table E1.		

Note: Any Section 7.11 contribution sought will apply to new development only. Existing dwellings will account for almost 90% of all dwellings in our local government area at 2036. Single dwellings are expected to equate to only 5% of future residential development with attached, dual occupancy, semi-detached, and multi dwelling housing and residential flat buildings making up the majority of residential growth.

What are the benefits of these changes?

The new framework strikes the right balance in terms of ensuring development contributions are affordable, yet a fair and reasonable share of the costs needed to support growth. The approach is robust, and evidence based. It is the best mechanism to align strategic planning with the delivery of infrastructure. The new contributions plans consider key community infrastructure across the entire local government area such as the cycleway network, pedestrian accessibility and mobility network, local area traffic management works, bus shelters, parks and playgrounds, sporting grounds and recreation facilities, town centre public domain improvements and the like. The income generated from the new framework is anticipated to increase by \$5.5 million per year, which will help to provide identified infrastructure across our growing City.

How do these changes relate to the NSW State government's review of development contributions?

The new framework is guided by best practice principles. The new contributions plans are simple, transparent and easy to use. This approach aligns with the NSW Government's plan to improve the infrastructure contributions system and have frequently reviewed, up to date, strategic lead plans that support the efficient and effective delivery of infrastructure.

When will the changes come into effect?

On 26 October 2021, Council adopted the new Section 7.11 and Section 7.12 Development Contributions Plans with a commencement date of 1 January 2022. A delayed start date will support progression of already lodged applications and training for any assessing officers, including private certifiers and planners.

Scenarios

Scenario 1: I am doing a minor renovation to my home. It is anticipated to cost \$150,000. Do I pay a contribution?

No, you will not pay a contribution for alterations and additions to your home with a cost of development under \$200,000.

Scenario 2: I have one lot with a house on it and propose to subdivide it into two. I also propose to do alterations and additions to the existing house as part of the same development application. I am not located in the Western Corridor. What contributions do I pay?

You will pay a Section 7.11 contribution on the additional residential lot only. The Section 7.11 Plan proposes a rate of \$17,852.37 for this new lot. You do not pay for the alterations or additions to the existing dwelling in this case.

Scenario 3: I have a vacant lot and am doing a multi-dwelling development consisting of three townhouses and strata subdivision. What contributions will apply to this development? I am not in the Western Corridor.

You will pay a Section 7.11 rate of \$13,473.49 per additional dwelling, being \$13,473.49 x 2. The existing primary lot being subdivided is not required to pay a Section 7.11 contribution.

Scenario 4: I am adding floor space to an industrial building. How much will my contribution be? It is expected to cost \$170,000.

You will pay a Section 7.12 levy of 0.5% of the cost of the development as it is over \$100,000 but less than \$200,000.

Scenario 5: I am adding retail floor space to an existing development. It is expected to cost \$80,000. Will I pay a contribution?

No, you will not pay a contribution as no contributions are required under a Section 7.12 contributions plan (% levy) for development under \$100,000.

Scenario 6: I am doing a mixed-use development in the city centre. Which contributions plan will apply?

The Section 7.11 Contributions Plan will apply as the proposal will include additional residential lots/dwellings, except where the residential component is less than 10%, in which the Section 7.12 Contributions Plan will apply. The contribution per additional dwelling will depend on the number of bedrooms in each apartment. As the Section 7.11 Plan will apply, no Section 7.12 contribution will be required as part of the same development application.

Scenario 7: I am considering a student housing development. Which plan will apply?

The Section 7.12 Contributions Plan will apply. However, if the development includes “affordable housing” as defined by the prevailing legislation, the cost of that affordable housing is not included when calculating the cost of your development.

Scenario 8: I am proposing a fit out of my office and there is no enlargement, expansion intensification of the development. Do I pay a contribution?

No, a contribution is not required when refitting or refurbishing an existing premises which does not entail an enlargement, expansion or intensification of the current use.

Scenario 9: My commercial development includes a portion of adaptive reuse of a heritage item? Are there any concessions?

Yes, even though the Section 7.12 Contributions Plan will apply, costs associated with the adaptive reuse of the heritage item are excluded from the cost of your development for the purposes of calculating the Section 7.12 % levy.

Scenario 10: I am a social housing provider undertaking a development for the purpose of seniors housing. Do I pay a contribution?

No, you are exempt from contributions under both plans due to a current Ministerial Direction.

Scenario 11: I have a modification application lodged but not yet determined. Which contributions plan will apply?

For modification applications lodged prior to 1 January 2022 and not yet approved, the contributions plan at time of lodgment will apply to your application.

Should you require any further information please contact Samantha Cross, Senior Urban Planner on 4974 2000.