

**Wyee Paper Subdivision Reference Group Meeting 27**

<b>Location:</b>	Wyee Seventh Day Adventist Church, 20 Gorokan Road, Wyee, and Microsoft Teams (online)	<b>Date:</b>	2 June 2022
<b>Chair:</b>	Kirsty Hammer	<b>Time:</b>	7-8.30pm
<b>Present:</b>	Judex, Martin Foster, Garry Van Dyk, Joanne Cho, Cheryl Ashdown, Jack Nicholas (Council staff – Business and Financial Partner), Councillor Adamthwaite, Councillor Belcher		
<b>Folder No:</b>	F2014/00665/17/01		

**Meeting Record**

Agenda item ref.	Meeting details
1	<b>Apologies:</b> Tracey Jones, Barry Chapman
2	Acceptance of Minutes 5 May 2022 – minutes accepted
3	Acceptance of Agenda – agenda accepted
4	<b>Review action item log from previous meeting</b>
	<p>Action item log reviewed and updated – see below. Discussion of action items in minutes.</p> <p><b>NHIF application:</b> The National Housing Finance and Investment Corporation (NHIF) has assessed the expression of interest under the National Housing Infrastructure Fund (NHIF). They consider the project eligible.</p> <p><b>Electricity network options:</b> At the request of the Reference Group, staff requested ADW Johnson provide cost estimates for a range of options for electricity provision in the subdivision. This was in view of having a ‘least cost’ development option. Electricity options and associated costs were discussed with Council’s engineers, and electricity designers, Power Solutions. Power Solutions provided the advice, confirmed with Ausgrid, that an above ground network would not be supported by Ausgrid and could not receive certification. Therefore, the above ground network is considered unfeasible.</p>
	<b>Issues for discussion</b>
5	<b>Project Plan progress update</b>
	<p><b>Contamination assessments</b> A contamination study has confirmed no significant contamination from the previous orchard use. Asbestos fragments were discovered on private and public land. Landowners will be notified if affected by asbestos findings. Council has commissioned an asbestos removalist and hygienist to remove asbestos found on the road reserves. This work is to be undertaken in June.</p> <p><b>Risk management</b> Council staff have prepared an Active Risk Management Plan to manage risks in the subdivision for the period until essential services are provided. This is especially focused on risks to residents. It considers risks from living in unapproved structures, unmanaged sewage/failing septic systems, living in a high-hazard bush fire prone area, contamination (asbestos), illegal dumping, and further unauthorised clearing and development. Some of the recommended steps can be carried out within Council’s existing resources. Other steps require extra funding and resourcing.</p>

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	<p><b>Timeframe</b> Staff will keep the Reference Group and land owners informed once next steps are known.</p>
<p>6</p>	<p><b>Development costs</b></p> <p>The costs for a standard subdivision design (\$25.7 million) were tabled at our April meeting and discussed in detail in May. A cost breakdown was provided for essential services showing the difference between standard design cost and reduced design cost options. These costs have been estimated by Council’s consultant, ADW Johnson (2022), following the initial Bill of Quantities provided by Rider Levitt Bucknall (2020).</p> <p>Staff have reviewed the potential savings with Council’s engineers, Hunter Water, electricity designers and Ausgrid (electricity design discussed above). While there is potential to save up to \$3.5 million with a reduce subdivision design, this would involve significant compromise on design and safety issues and generally does not return value for money. Not all savings are of high value and some are not feasible.</p> <p><b>Discussion</b></p> <p>The Reference Group discussed the points above and agreed that:</p> <ul style="list-style-type: none"> <li>• deferred costs are generally increased costs (road surface and footpaths) – these items are cheaper to provide when all the machinery is there</li> <li>• prefer to avoid heavy maintenance cost for Council, making it harder for the project to proceed</li> <li>• it was noted that the full subdivision design was initially supported by the Reference Group, then reduce designs were explored to lower costs</li> <li>• Reference Group members support the standard design cost option, given the negative impacts a reduced design cost option would have for safety and future landowners – impacts of stormwater flows in the subdivision, and extra traffic were discussed</li> <li>• support is based on the development proceeding in a reasonable timeframe</li> <li>• approaches to State MP for funding assistance were discussed and supported by the group.</li> </ul>
<p>7</p>	<p><b>Funding essential services – Impacts of a Special Rate Variation</b></p> <p>The potential funding models have been discussed within the past two months. One option for recouping costs through a Special Rate Variation has been considered in further detail. Discussions have occurred with Council staff, and the Independent Pricing and Regulatory Tribunal (IPART), which oversees rates and approves proposals to increase rates.</p> <p>Staff have received feedback that a Special Rate Variation could be supported to IPART, subject to consideration be the Tribunal. IPART would consider an application.</p> <p>Rates is a known and familiar mechanism to Council. Shoalhaven City Council used this method to collect payments for Jerberra Estate, a paper subdivision near Jervis Bay.</p> <p>Use of Special Rates to collect landowner payments is an alternative to using the NSW Paper Subdivisions legislation:</p> <ul style="list-style-type: none"> <li>• It doesn’t rely on a landowner ballot or landowner approval. The approval authorities are Council (to submit an application) and IPART (to approve the rate increase).</li> <li>• It doesn’t rely on any caveat or charge on land titles to secure an interest against properties.</li> <li>• Under the NSW Paper Subdivisions legislation, upfront payments could be collected or payment via land trades. A process to allow landowners to pay over time would need to be added. A caveat to secure long term loans to landowners and ensure these were paid out upon the transfer of the property would be needed.</li> </ul>

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	<ul style="list-style-type: none"> <li>• Upfront payments are possible under a Special Rates Variation option.</li> <li>• Landowners who own more than one block can still sell land to pay their essential services contribution.</li> <li>• Landowners may be able to fund rates payments through a bank or government loan product, such as a reverse mortgage (available to those 55 years and over), the Federal Government Home Equity Access Scheme (available to those of aged pension age, 66 years and over), or mortgage facility.</li> <li>• State Government support for a government loan guarantee could be pursued.</li> <li>• Any interest on a loan would be distributed and added to the rates charge.</li> </ul> <p><b>Discussion</b></p> <ul style="list-style-type: none"> <li>• The average annual rates payments of \$14,000 per lot is very high for someone on a pension to afford.</li> <li>• The possibility of reverse mortgages and the Government Home Equity Access Scheme were discussed. These may assist eligible land owners but further information is needed before this can be confirmed.</li> <li>• There would likely still be a number of landowners in a position of hardship, unable to make the annual rates payments. However, this is likely to be the case under any funding model. This could be reduced with targeted government assistance, grants, and other mechanisms.</li> <li>• It was noted that the annual rate variation of \$14,000 is equivalent to paying a year's worth of rent, which is the position some landowners are in as they await the delivery of essential services and cannot yet live on the lots. For these landowners, the rate would not likely be a large imposition as it is just transferred costs.</li> <li>• Those not dependent on the land as a place of residence were generally supportive of the payment.</li> <li>• It was noted that:             <ul style="list-style-type: none"> <li>○ sixty-seven lots (36 per cent) are owned by people who own more than one lot in the paper subdivision, and would be capable of selling one lot to fund the essential services contribution</li> <li>○ fifty-six lots are occupied</li> <li>○ of those 56, 15 lots are tenanted, the owners are landlords who would not have the same issues with making payments</li> <li>○ forty-one lots are owner-occupied, and of these, 19 are either owned by people who own other properties within the subdivision, or are mortgaged (so owners have access to a line of credit), leaving 22 properties that people rely on as a principal place of residence</li> <li>○ total accumulated rates owing by the 22 properties considered most likely to require some hardship consideration is \$309,880 a year, under the Special Rate Variation model</li> <li>○ if the owners of these lots continued to be in a position of hardship over the 10-year period, the total contribution of these lots for essential services would be \$3,098,796, and it is feasible that the financial position of owners would change over the period and not all would qualify for hardship allowances</li> <li>○ of the 22 properties considered most at risk of financial hardship, 10 of the dwellings have been identified as likely requiring demolition and five as likely requiring major upgrades, however, a specific approach could be taken to obtain assistance for these properties</li> <li>○ the position of those who also need to upgrade or replace their dwellings was discussed. Across the subdivision, there are 10 lots that have been identified as likely requiring a major dwelling upgrade. Five of these are owner-occupied as a principal place of residence. There are also 65 lots that have been</li> </ul> </li> </ul>

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	<p>identified as likely requiring demolition of a structure. 23 of these are owner-occupied as a principal place of residence. Some owners of these lots own multiple lots or would have access to a line of credit (properties are mortgaged).</p> <ul style="list-style-type: none"> <li>• It was discussed that holding the whole subdivision back because 22 properties are unable to pay a contribution would be a poor approach. The preferred approach would be to move forward with the proposed funding model and find assistance for those who cannot fund the regular repayments.</li> <li>• There was general support from the group for the Special Rate Variation model, paired with the NHIF loan and grant, with appropriate hardship considerations for those unable to fund payments.</li> </ul>
<b>8</b>	<b>General business</b>
	None
<b>9</b>	<b>Next meeting</b>
	None scheduled A meeting will be scheduled when next steps are known.

**Action item log:**

**Items underway**

Item No:	Details	Responsibility	Due	Status
1	Funding program	Kirsty Hammer	June	Update –The National Housing Finance and Investment Corporation have assessed the expression of interest in the National Housing Infrastructure Fund. They consider the project eligible
2	Summarise decisions made by the Reference Group previously on electricity and consideration of solar off-grid system	Kirsty Hammer	June	Investigation with Council's Asset Management team, electricity designer Power Solutions and Ausgrid confirm that an above ground electricity network would not be approved. To not extend electricity would leave future owners to solve the electricity network, which would be prohibitively expensive for some if done individually. The best solution to electricity is an underground network constructed at the same time as the rest of the subdivision works.

**Items on hold**

Item No:	Details	Responsibility	Due	Status
1	Review the Riverstone Development Plan and	All members	After	Commenced -

Item No:	Details	Responsibility	Due	Status
	explanatory notes – provide feedback on how to simplify document so it is easily understood and landowners feel comfortable to vote in ballot		funding is determined	On hold
2	Site visit to Pacific Link Tiny Homes development next to Gosford Hospital	Kirsty Hammer	<del>March</del> Postponed	Postponed to place priority on funding the infrastructure
3	Report on rules for tiny homes in Lake Macquarie	Kirsty Hammer	<del>March</del> Temporarily on hold	Circulate current guidelines Confirm current permissions needed Investigate existing approvals for modular homes

## Completed items

Item No:	Details	Responsibility	Due	Status
1	Set up expressions of interest (EOI) process and advertise among landowners for three new Reference Group members	Kirsty Hammer	June	Complete
2	Set up a Facebook page for landowners to post ideas/concerns without Council involvement	Judex and Tracey	September	Complete
3	Advise all applicants of the outcome of EOI process and invite the three successful applicants onto the group	Kirsty Hammer	July	Complete
4	Make enquiries with Pacific Link to discuss a potential site visit of their development next to Gosford Hospital	Cr Gilbert	October	Complete
5	Offer the remaining Reference Group position to next selected applicant	Kirsty Hammer	August	Complete
6	Summarise actions taken to date in discussions with community housing providers	Kirsty Hammer	September	Complete
7	Summarise known Development Plan costs for Reference Group Review	Kirsty Hammer	September	Complete
8	Notify landowners of Facebook Page	Tracey & Kirsty	October	Complete.

