

# Special Infrastructure Contributions (SIC)

- developer funding to help timely infrastructure delivery

Frequently Asked Questions for Landowners and Developers

November 2017

## Introduction

The Department of Planning and Environment is working towards creating well-connected, well-serviced communities to accommodate Sydney's growing population. The Special Infrastructure Contribution (SIC) framework is one of many initiatives in place to help ensure we meet the demands of the growing population in a timely manner.

The proposed SIC framework will extend Special Contribution Areas (SCAs) to all Planned Precincts and Growth Areas across Sydney identified by the Department of Planning and Environment.

## What is a Special Infrastructure Contribution (SIC)?

A Special Infrastructure Contribution is a levy paid by developers to share the cost of delivering the infrastructure required to support growing communities. The SIC funds infrastructure such as schools, State and regional roads, regional open space, emergency and health facilities, and some public transport infrastructure.

Contributions are collected for new developments within a defined boundary called the special contributions area (SCA). SICs are currently being prepared and proposed for all Planned Precincts and Growth Areas across Sydney.

The SIC is based on the Precinct Plan for the contribution area. The infrastructure schedule identifies the key pieces of infrastructure that can be delivered by SIC funding, and the levy is the per-dwelling or per-lot portion of the total infrastructure cost that must be paid by developers. For industrial development within contribution areas, a per net developable hectare levy will apply.

The Department will also consider development feasibility in setting a SIC charge so that the SIC will not impact housing supply.

## SICs, Planned Precinct and Growth Areas

In February 2016, the NSW Government endorsed the investigation of Planned Precincts and Growth Areas across NSW as SCAs, where the cost of some of the state and regional infrastructure for future development would be costed by the Government and shared with developers through a Special Infrastructure Contributions framework.

## Who is required to pay a SIC?

Anyone who is developing or sub-dividing residential dwellings within a SCA will pay a Special Infrastructure Contribution to the State Government. SICs will also be charged for greenfield industrial development within special contribution areas.

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### What types of developments will the SIC apply to?

Special Infrastructure Contributions will apply to residential accommodation and residential subdivision development with costs applied per additional residential lot or dwelling. Residential accommodation includes:

- attached dwellings;
- dual occupancy;
- dwelling houses;
- multi-dwelling housing;
- residential flat buildings;
- semi-detached dwellings;
- a group of self-contained dwellings that is for seniors housing; and
- shop top housing.

SICs will also be applied on a per-hectare basis to the net developable area (NDA) for greenfield industrial development within Special Contribution Areas (SCAs).

### Are there any exemptions?

Exemptions are proposed for development of public housing, seniors housing or affordable housing carried out by or on behalf of a social housing provider. The contribution does not apply to employment or commercial land, except for development in mixed use zones where residential accommodation is provided.

### How is a SIC paid?

Developers pay the SIC levy to the State Government during the development application (DA) process. Alternatively, developers may seek approval from the Minister for Planning to dedicate land or build a piece of required infrastructure instead of making a financial contribution. The delivery of infrastructure instead of a levy payment is known as a Works-in-Kind agreement.

The SIC framework eliminates the need for developers to enter into Voluntary Planning Agreements (VPAs) with the Minister for Planning for each development, streamlining and increasing transparency of the planning process.

### What are the benefits of the SIC framework for landowners and developers?

Benefits of the SIC framework for landowners and developers include:

- providing certainty for industry about state infrastructure costs and a fixed levy amount;

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- enabling industry to contribute funding towards infrastructure that provides a direct benefit to the community and adds value to the development;
- streamlining the planning process by eliminating the need for developers to enter into complex and time consuming Voluntary Planning Agreements (VPAs) with the Minister for Planning for each development;
- offering transparency for developers by prescribing and reporting on where SIC funds will be spent;
- ensuring the timely delivery of infrastructure in line with community expectations and rate of growth;
- providing certainty for potential buyers that infrastructure is funded and will be provided alongside or soon after new developments.

### Who decides how much developers will pay?

The SIC amount is determined by the infrastructure needs of the precinct and development feasibility. The precinct planning process and feedback from government agencies have identified the infrastructure needs.

The Department of Planning and Environment has engaged external consultants to perform development feasibility modelling for each precinct to ensure any SIC will not impact development feasibility, and consequently housing supply.

The per-dwelling or per-lot levy for residential dwellings and per-net developable hectare levy for industrial development is proposed by the Department of Planning and Environment and Determined by the Minister for Planning.

### What does a SIC pay for?

Special Infrastructure Contributions help fund the delivery of some of the key pieces of infrastructure required to support a growing population identified in the Precinct Plan for the contribution area, including:

- state and regional roads;
- transport facilities such as bus shelters and interchanges;
- regional open space, pedestrian links and cycleways; and
- social infrastructure such as schools, healthcare and emergency services.

The SIC framework ensures coordination between local and state levies so there is no double-up of funding for the same infrastructure. The nature and costs of all infrastructure funded by a

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SIC, together with the proposed charge, will be made publicly available during the exhibition of each SIC.

### Why do we need to have a contribution?

The rezoning of land, particularly to higher density residential areas, means a significant increase in the demand for new and upgraded infrastructure to accommodate the increased density. A coordinated approach is essential for funding the delivery of new and upgraded infrastructure in time with population growth.

Landowners and developers who hold land prior to rezoning benefit from the uplift in value resulting from the rezoning. It is fair and equitable that benefiting landowners and developers help fund the NSW Government to deliver key regional infrastructure.

### How is a SIC different to section 94 and section 94A contributions?

Special Infrastructure Contributions fund state and regional infrastructure which means a SIC may only be determined by the Minister for Planning.

Section 94 and 94A contributions plans are made by local government authorities to assist them with funding local infrastructure items within a local government area. This means of funding only allows funding for local facilities and services such as local roads, open space and community facilities such as libraries. These services are typically the responsibility of local government.

Infrastructure contained in a local contributions plan will be different to that contained in a SIC infrastructure list.

### What is the consultation process?

Before a SIC Determination is made, a draft will be on public exhibition on the Department of Planning and Environment website, including information on:

- the SIC levy amount;
- the method used to calculate the levy amount;
- the infrastructure schedule;
- timing and method of payment; and
- the developments for which contributions are required.

During the exhibition period, the Department of Planning and Environment will consult with the community, local councils and the development industry. All feedback and submissions will be considered and a consultation report will be provided to the Minister for Planning before a Determination is made.

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### How is the SIC determined?

The Ministerial Determination is the legal document that allows a Special Infrastructure Contribution to be levied on development within a contribution area under *The Environmental Planning and Assessment Act 1979*. An individual Determination must be made for each area where a SIC is proposed, signed by the Minister for Planning and published in the Government Gazette before it can be applied.

### For more information:

- Email: [information@planning.nsw.gov.au](mailto:information@planning.nsw.gov.au) or phone 1300 305 695 and ask for the Department's Program Delivery team for information about the SIC.

### Privacy Policy:

It is important to note that we publish all submissions online, so if you do not wish your personal details to be made public, please indicate this in your submission. For more information on the Department's Privacy Policy, please visit [www.planning.nsw.gov.au/privacy](http://www.planning.nsw.gov.au/privacy)

### If English isn't your first language:

Please call 131 450 and ask for an interpreter in your language, then ask for your call to be connected to 1300 305 695.