

Department of of Planning, Housing and Infrastructure

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State Voluntary Planning Agreement Funding Program – Round 4

Program guideline

April 2024





Acknowledgement of Country

The Department of Planning, Housing and Infrastructure acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

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State VPA Funding Program – Round 4

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Overview and background

The State Voluntary Planning Agreement Funding Program has invested more than \$150 million in 30 projects since 2010 using contributions collected from developers.

The long-term funding stream provided by the State Voluntary Planning Agreement Funding Program (the SVPA Funding Program) has supported the release of new housing and employment lands in growing areas.

Round 4 of the SVPA Funding Program will help deliver infrastructure in eligible areas where the funds are collected by competitively disbursing funds to projects nominated by councils and state agencies.

The Department of Planning, Housing and Infrastructure is responsible for collecting, prioritising and disbursing developer contributions collected through state voluntary planning agreements to eligible state agencies and local councils. Agreements involving monetary contributions do not generally specify the infrastructure projects for which they must be used. We use a competitive process to disburse these funds.

Round 4 of the SVPA Funding Program builds on the success of the 3 previous rounds and complements other infrastructure grant programs that support homes, jobs and communities. It will provide \$62.5 million over the 2024–25 and 2025–2026 financial years to help deliver infrastructure projects in 6 collection areas:

- Central Coast
- Illawarra
- Lower Hunter
- North West Growth Area
- South West Growth Area
- Wollondilly.

Program objectives

Round 4 of the SVPA Funding Program supports a mix of infrastructure that contributes to housing supply and informs the nomination and assessment process. Its objectives are to:

- plan, prioritise and provide funding towards the right infrastructure at the right time to support housing and jobs growth in both metropolitan and regional NSW
- undertake an open and transparent process that assures expenditure of contributions
- partner with councils and agencies to develop an expanded pipeline of infrastructure projects funded by developer contributions
- assist with demands created by new development for new public infrastructure, amenities and services.

About these guidelines

These guidelines give eligible applicants an overview of the nomination and assessment process for round 4 of the SVPA Funding Program. This includes the information required to submit a nomination. These guidelines outline the key details of the program, eligibility for nomination, the assessment process, the selection criteria and the timeframes for implementation.

About the program

The SVPA Funding Program uses developer contributions to help deliver state and regional infrastructure. This includes land and works for public transport and major roads, public services and amenities, and conservation land and management.

A voluntary planning agreement is one of the multiple contribution instruments in the NSW planning system. Under section 7.4 of the *NSW Environmental Planning and Assessment Act 1979* (the EP&A Act), a developer may offer to enter into an agreement with a planning authority about a planning proposal or development application. Once in place, the agreement requires the developer to dedicate land, pay money or deliver works as a contribution towards a public purpose. This can cover multiple types of infrastructure.

The need for a state voluntary planning agreement mainly arises from a 'satisfactory arrangements clause' (SAC) in an environmental planning instrument. The clause prevents councils from granting development consent in an identified area unless the department has certified that the developer will contribute towards the provision of state infrastructure.

These clauses were mainly inserted into local environmental plans or State environmental planning policies where a special infrastructure contribution (SIC) was not in place. In October 2023, SICs were replaced with the new Housing and Productivity Contribution and many SACs were removed.

Most state voluntary planning agreements that require a monetary payment do not specify the infrastructure projects for which the funds must be used. However, agreements that require the dedication of land or delivery of works are linked to a specific project.

We use an open and transparent process to disburse funds and invite eligible councils and state agencies to nominate infrastructure projects that represent good value for money. We follow the overarching principle that these funds should be spent where they are collected.

Round 4 funding and eligibility

Round 4 of the SVPA Funding Program for the 2024–25 and 2025–26 financial year will provide over \$62.5 million to help deliver state and regional infrastructure. These projects will support housing in metropolitan and regional NSW delivered by eligible councils and state agencies.

Eligible areas and funding allocations

Projects nominated for round 4 must be in one of 6 collection areas where developers made monetary contributions using state voluntary planning agreements.

The eligible areas for funding under round 4 are the collection areas where the pool of developer contributions has surpassed \$2.4 million. This budget balance is substantial enough to fund a range of infrastructure based on average historical project costs.

Round 4 allocates \$62.5 million to projects based on current balances for these collection areas over the 2024–25 and 2025–26 financial years. Expanding the funding round over 2 years supplements the infrastructure pipeline in both metropolitan and regional NSW.

Applicants can apply for funding of between \$500,000 and \$5 million per project, providing each nomination does not exceed the funding allocation for the eligible area.

The 6 collection areas and their funding allocations are shown in **Table 1**.

Table 1. Funding allocations by eligible collection areas

Eligible collection area	Funding allocation
Central Coast	\$4.04 million
Illawarra	\$6.3 million
Lower Hunter	\$21.2 million
North West Growth Area	\$4.54 million
South West Growth Area	\$4.8 million
Wollondilly	\$21.64 million
Total	\$62.5 million

Figure 1. Collection areas eligible for funding in round 4 of the SVPA Funding Program



State Voluntary Planning Agreement (SVPA) - Consolidated boundary map of select SVPA Region Areas

- Waterbody
- Mainlands
- State Forest
- National Parks and Wildlife Service Estate
- SVPA contribution areas



Eligible applicants

We are inviting selected councils in the eligible areas to submit nominations for funding under round 4 of the SVPA Funding Program. These local government areas have a strong nexus between contributions collected to date and local housing growth. We are also inviting a selected state agency who operates across all the eligible collection areas.

The eligible applicants are shown in **Table 2**.

Table 2. Eligible applicants by area

Eligible areas	Eligible applicants
Central Coast	Central Coast Council
Illawarra	Shellharbour City Council Wollongong City Council
Lower Hunter	City of Newcastle Cessnock City Council Lake Macquarie City Council Maitland City Council Port Stephens City Council
North West Growth Area	Blacktown City Council The Hills Shire Council
South West Growth Area	Camden Council
Wollondilly	Wollondilly Shire Council
All eligible areas	Transport for NSW

Eligible infrastructure

Applicants should nominate infrastructure projects that demonstrate the ability to support new housing. An applicant may nominate more than one project. However, the applicant should prioritise nominations in its internal governance processes for committing to project delivery.

Projects must be consistent with the 'public purpose' test under section 7.4 of the EP&A Act which specifies what contributions collected under planning agreements can be used for, including:

- provision of public services and amenities
- provision of transport or other infrastructure relating to land
- conservation or enhancement of the natural environment.

Mandatory criteria

To be eligible for funding under round 4, the proposed projects must be:

- nominated by an eligible state agency or local council
- included in an agency capital investment plan (only applicable to projects involving capital expenditure by state agencies)
- within the region budget envelope allocation for the respective collection area and with a funding value between \$500, 000 and \$5 million
- able to be completed by 30 June 2028.

Ineligible projects

- Operational expenditure associated with the project once delivered
- Infrastructure already fully funded by a local government or the Australian Government
- Expenditure for community consultation
- Costs associated with legal matters for the project
- Any expenses not expressly identified within the scope of the funding agreement
- Expenditure incurred before the announcement that the project has been funded
- Payment of salaries for existing staff or staff not involved in the project
- Administrative overhead items such as office equipment and vehicles
- Mobile capital equipment such as earthmovers and trucks
- Ancillary projects identified after funding was approved

Key dates and consultation

Table 3 shows program milestones and indicative key dates.

Table 3. Key dates for round 4 funding

Milestone	Date
Nominations open	4 April 2024
Applications due	29 May 2024
Assessment complete	21 August 2024
Investment recommendations considered	September 2024
Announcement of successful projects	October 2024
Funding agreements issued to successful recipients	October 2024
Signed funding agreements returned and funds transferred	November 2024
All projects must be completed	30 June 2028

Submission of applications

The deadline for nominations is 29 May 2024.

We will acknowledge that we have received your application via return email.

Advice and guidance

The Department of Planning, Housing and Infrastructure will provide an online briefing and supporting materials to councils and state agencies during the early stages of the project nomination period. The department is also available to provide information to potential applicants on interpretation of these guidelines.

For inquiries or more information email: SVPA.fundingprogram@dpie.nsw.gov.au

Your application

How to prepare and submit a nomination

Applicants will need to prepare a draft project plan using the template provided by the department. The template covers the scope of works, project benefits, project team, governance, risks, deliverables and timeframes and milestones. Applicants must also prepare geographic information system (GIS) maps for the project catchment and calculate the project benefits.

Once these attachments are ready, applicants will need to complete the online nomination form. The form includes guidance on the information that will be required in the assessment stage.

Each nomination must include the documents listed in **Table 4**. The nomination will likely be deemed ineligible for further consideration if any of the documents are not submitted.

Table 4. Project nomination documents

Document	Guidance and description
Draft project plan	Complete the project plan template provided. We will use the project plan in our assessment, along with the supporting attachments.
Online nomination form	Submit the online nomination form. We will use the form to check that the applicant and project meet the eligibility criteria, there is sufficient information to assess the project, and that the applicant has declared that the information provided is accurate.
Project extents and project service catchment	Provide GIS files for mapping the project areas. We will use the mapping to evaluate the stated housing supply benefits included in the nomination form and any completed department-funded infrastructure projects planned or underway in the state voluntary planning agreement collection region.
Funding agreement	Accept the terms identified in the nomination form for entering into a funding agreement. We will provide a copy of the draft funding agreement for consideration by delivery agencies / councils. By submitting the project nomination, the applicant has satisfied itself that it can enter into the funding agreement if the nomination is successful. We will use these agreements to finalise the agreed scope of funding and define how the grant funding will be managed by the agency or council.

Document	Guidance and description
Supporting attachments	<p>Attach documents that support the technical assessment of the project.</p> <p>We will require documents such as project cost estimates, economic appraisals, a risk register, a program schedule and/or planning approvals.</p>

Project benefits

Applicants must demonstrate how their projects will contribute to the primary objective of round 4, which is to support new homes. The number of new homes supported is the primary performance measure of the program.

A secondary performance measure is the delivered infrastructure, that is, capital works. Projects involving land acquisition and construction will be prioritised.

Applicants will need to estimate the number of houses served by the project in their project plan. The GIS mapping must also show the catchment area of the project. We will then use this estimate in our multicriteria analysis of the selection criteria to shortlist projects and to measure the performance of the project if it is funded.

We also invite applicants to identify other benefits that would be realised through the project, including time savings from the co-funding of round 4 compared to funding the project from a single source of revenue and the number of jobs generated by the project.

In the project plan, the applicant will need to identify the:

- method for estimating project benefits
- total budget for the project
- resources available
- data to be used to monitor the realisation of benefits.

Assessment stages

Guiding principles

Our guiding principles for assessing project nominations are shown in **Table 5**.

Table 5. Guiding principles for assessment

Principle	Description
Strategic	We use a place-based approach that acknowledges the different needs of communities and sequences infrastructure to support demand.
Evidenced-based	We base our decision on the quality and depth of information and its ability to demonstrate a net social benefit.
Responsible	We evaluate projects against clear criteria and information requirements and ensure our decisions are shared and open to scrutiny.
Inclusive	We consider risks and assurance in making our decisions.
Integrated	We take an open and collaborative approach that allows opportunities for independent reviews to support decision-making.

Assessment stages and criteria

Projects will go through 4 stages of assessment from the nomination to the funding agreement.

These stages are:

1. Review of eligibility
2. Multicriteria analysis and shortlisting of projects
3. An independent review by a technical consultant
4. A strategic review by an expert panel

Stage 1: Review of eligibility

We will check that each nomination meets the mandatory eligibility criteria and that the information provided is complete and accurate. We will notify the applicant if the nomination does not meet the eligibility criteria and that the application will not be considered any further.

Stage 2: Multicriteria analysis and location-based preference

We will assess and rank nominations using a multicriteria analysis with the selection criteria outlined in **Table 6**.

The program team will review the quantitative data provided to score the project. We will also seek to validate housing benefits with subject matter experts and contact applicants to clarify and refine estimates if required.

The project team will set scoring ranges and criteria weights after nominations are received using real project data. This will involve testing the model to understand the trade-off in project benefits, such as the equivalent value of a weight change on the number of homes served. This process will be blind to the ranking of projects.

Once weights are set, we will use the results from the multicriteria analysis to create a shortlist and reserve list of projects that will go through a more detailed assessment. The shortlist will be comprised on the highest ranked projects up to the value of the region budget.

Table 6. Multicriteria analysis for assessing project nominations

Criteria	Scoring framework
Housing growth	Number of new homes supported per \$1 million
Delivery time frame	Number of days from 1 November 2024
Capital works	Percentage of funds spent on land acquisition and construction

Location-based preference

The SVPA Funding Program follows the principle that developer contributions should be spent in the same general area in which they are collected to service growth. Under round 4, preference will be given to projects that have a strong alignment to a location where funds have been collected from multiple state voluntary planning agreement. The project team will review the location and service catchments of each project relative to the funding source of the program. As part of this process, it may elect to move a shortlisted project to the reserve list.

Stage 3: Independent review by technical consultant

A technical consultant will independently review the shortlist of projects and consider the project plan in detail.

The review will assess that:

- cost estimates are accurate
- funding strategy is appropriate
- schedules and scope of works are feasible
- risks and interdependencies are identified
- the applicant has the required delivery capability.

Stage 4: Strategic review by the expert panel

An independent panel of subject matter experts within the department will review the shortlist of projects and any reserve projects.

The panel will be asked to assess the following components of the shortlisted projects:

- problem definition and service need
- housing supply benefits
- strategic alignment with growth
- consistency with program objectives

Investment recommendations

The program team will document the outcomes of each assessment stage and recommend projects for funding in an Investment Recommendations Report. The report will consider the scoring of each project and the levels of support indicated by the independent technical expert and strategic review panel.

An independent probity advisor will review the report and an executive steering commitment will consider its endorsement. If endorsed, the Minister for Planning and Public Spaces will decide whether to approve the awarding of funds.

Program management

Payment of grants

Payment of funding is conditional on the funding being used only for the project in accordance with the terms and conditions of the funding agreement. We will make the funding available in accordance with the milestones and payment schedule set out in the funding agreement. Payments will be subject to recipients complying with their obligations. A final acquittal and project report must be submitted following completion of the project.

Project responsibility

The recipient must acknowledge and agree that it is solely responsible for delivering and completing the project in accordance with the terms and conditions of the funding agreement. They will not be relieved of that responsibility because of any involvement with a third party (for example, subcontractors or partners).

Insurance requirements

Recipients must maintain a minimum public liability insurance cover of \$20 million, workers compensation insurance for people involved in delivery of the project, and insurance over assets used in connection with the project.

Complaints procedure

Any complaints about a grant process must be made in writing.

If you have questions about grant decisions for this grant opportunity, please send them to svpa.fundingprogram@dpie.nsw.gov.au

If you do not agree with how the department has handled your complaint, you may raise this with the NSW Ombudsman. The Ombudsman will not usually look into a complaint unless the matter has first been raised directly with the relevant department. Visit the NSW Ombudsman at www.ombo.nsw.gov.au.

Privacy policy

The department is required to comply with the Privacy and Personal Information Protection Act 1988. The department collects the minimum personal information you voluntarily provide to enable it to contact an organisation and to assess the merits of an application.

Any information provided by you will be stored on a database that will only be accessed by authorised personnel and is subject to privacy restrictions. The information will only be used for the purpose for which it was collected. Applicants must ensure that people whose personal details are supplied with applications are aware that the department is being supplied with this information and how this information will be used.