WESTERN SYDNEY PLANNING PARTNERSHIP

HillPDA CONSULTING

Principles of Early Land Acquisition

April 2024

Acknowledgement of Country

The Western Sydney Planning Partnership acknowledges more than 60,000 years of continuous Aboriginal connection to the land that makes up NSW.

We acknowledge and pay our respects to the traditional custodians of Country within Western Sydney. As part of the world's oldest living culture, the traditional Aboriginal owners and custodians share a unique bond to the Country – a bond forged through thousands of years of travelling across lands and waterways for ceremony, religion, trading, and seasonal migration.

We acknowledge that Western Sydney is home to the highest number of Aboriginal people of any region in Australia and that the primary Aboriginal custodians with obligations for Country and connection to the place for many generations including the Dharug/Darug, Dharawal/Tharawal, Gundungurra/Gandangara, and Darkinjung people.

Western Sydney Planning Partnership partner organisations:

Blacktown City Council, Blue Mountains City Council, Camden Council, Campbelltown City Council, Fairfield City Council, Hawkesbury City Council, Liverpool City Council, Penrith City Council, Wollondilly Shire Council, NSW Department of Planning, Housing and Infrastructure, Greater Cities Commission, Transport for New South Wales, and Sydney Water.

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1.0 INTRODUCTION

The Western Sydney Planning Partnership (**WSPP**) is a planning partnership established as an initiative of the Western Sydney City Deal. The WSPP facilitates collaborative work between the nine-local governments of Western Sydney, the Department of Planning, Housing and Infrastructure (**DPHI**), Transport for NSW and Sydney Water.

WSPP completed a land acquisition and dedication study in partnership with local councils and DPHI. It found that local councils were often unable to meet the full cost of acquiring land for local infrastructure to support new development, due to:

- Insufficient revenue being collected through contribution plans caused by a mismatch between when funds are collected and spent, and by indexation not keeping pace with increases in land value; and
- The increasingly high cost of acquiring privately owned land driven by cost acceleration during the development period, potential additional costs when land is compulsorily acquired, and unanticipated cost escalation in property markets.

The WSPP found the following initiatives that would have the greatest impact[1]:

- Addressing revenue-side problems to ensure that income from contribution plans matches the actual cost of acquisition;
- Addressing cost side impacts to reduce the funding gap and minimise overall contribution rates on development including through establishing an early land acquisition program to acquire (and seek for dedication) land required for high priority enabling infrastructure, as well as proposing that land dedication be at the indexed contribution plan value, rather than market value, where landowners are seeking to dedicate land voluntarily; and
- Financing early land acquisition with financial assistance provided by the State Government, as well as through the financially sustainable use of internal and external borrowing by councils as part of an overall financing approach.

The WSPP has commissioned HillPDA to work with Camden Council and Liverpool City Council to pilot early land acquisition schemes. This includes:

- Preparation of early land acquisition principles and selection criteria;
- Use of these principles to identify and rank in priority land in Camden Council and Liverpool City Council which could be considered for early land acquisition;
- Development of early land acquisition schemes (one in each local government area) including eligibility, timing for acquisition, method of acquisition, resourcing for implementation, take-up assumptions, relationship to hardship and compulsory acquisition;
- Development of a paper on financing of the early acquisition schemes, ensuring contributions plans make adequate provision for funding land acquisition over the life of the plan;
- Development of a resourcing plan to finance early land acquisitions (including an estimate of hardship claims); and
- Drafting of an early land dedication and acquisition policy and land acquisition guideline for consideration by local council and DPHI.

Part 1 of the project identifies the key principles and selection criteria for acquisition, considers the business-as-usual timings for potential land acquisition, ranks potential land to be acquired by priority, prepares a potential land acquisition scenario based on financial value, and considers the potential costing for the potential land acquisition scenario based on existing valuation information.

[1] Western Sydney Planning Partnership (February 2023), Scoping Report – Local Land Acquisition and Dedication Stage 2

1.1 What is early land acquisition?

Early land acquisition is defined as land acquired before:

- A council has the funds collected in the contribution plan for the acquisition; and
- It is needed to be acquired for infrastructure delivery.

1.2 Why is early land acquisition needed?

Development needs supporting infrastructure. Councils are responsible for providing local infrastructure including collector roads, drainage, open space and community facilities. Councils collect Section 7.11 contributions to raise funds for this infrastructure, which includes both land acquisition and works.

Contributions are paid prior to a construction certificate being issued. This means councils receive revenue only once development has started. By that time, land has become more expensive, development has commenced, and therefore the delivery of infrastructure is often not aligned with the delivery of new housing.

This project is about bridging the gap between housing delivery and infrastructure delivery by looking at ways that land can be acquired early to ensure that infrastructure can be delivered with population growth at the lowest possible cost.

Some of the challenges associated with early land acquisition are as follows:

- The most strategic time for acquisition is in the early stages, but little development would have occurred at that point, and therefore few development contributions would have been collected;
- Insufficient revenue collected through contribution plans delays the delivery of infrastructure which would support an increased population, which then delays development and deters developers from investing in the Local Government Area (**LGA**), which then further limits funds available for land acquisition; and
- The cost of acquisition is often higher than anticipated due to unaccounted for land value escalation and other additional costs pursuant to heads of compensation under the *Land Acquisition (Just Terms Compensation) Act 1991*.

2.0 PRINCIPLES

The proposed principles for identifying land for early land acquisition are:

1. Acquire land with the highest potential for escalation.
2. Acquire land for infrastructure that will stimulate development.
3. Acquire whole lots where possible.
4. Acquire part of an item and then consider staged delivery of works.

Principles are important to provide a framework of assessment. Council seeking to apply these principles may need to adjust the weighting and prioritisation of the principles depending on their own needs and circumstances. The Local Government Act requires all land acquisition to be approved by the elected Council, therefore, these principles may be adapted to meet Council's strategic priorities and contribution plan priorities. However, we consider these principles to reflect the key considerations that most Councils would make when looking at early land acquisition to provide value for money infrastructure for their growing communities and being responsible with ratepayer and contribution funds.

This section details the methodology utilised to develop the principles, outlines the application of the principles, and provides advice on the prioritisation of the principles.

2.1 Methodology

HillPDA worked collaboratively with the WSPP, Camden Council, and Liverpool City Council to develop general early land acquisition principles. These are based on a literature review, discussion with council officers, our own experience in preparing contribution plans, and workshops with the WSPP, councils, and DPHI.

2.2 Acquire land with the highest potential escalation

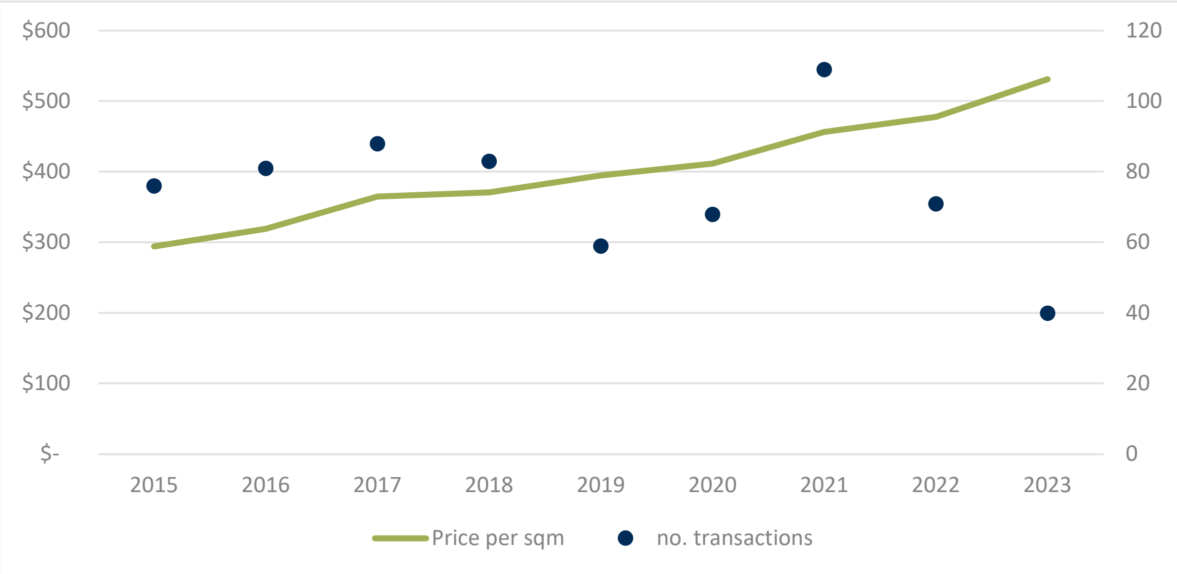
Acquiring land with the highest potential for escalation provides the greatest level of cost-saving for councils. The land with the highest potential for escalation is generally:

- **Land that is not yet rezoned** – land with a rural zoning will have a lower value than land that is rezoned; however, this escalation is tempered when it is within an urban release area which not yet been serviced. For example, Leppington Stages 3, and 4 are not yet rezoned as a result of servicing challenges;
- **Land that is not yet serviced** – development sites that are connected to services such as sewer, water, and electricity can be immediately developed. It therefore commands a premium compared to areas that are not yet serviced, where there are additional holding costs and uncertainty about delivery. This provides councils with an opportunity to acquire sites before there is an escalation as a result of the delivery of services; and
- **Land that has the highest development potential** – the more an area matures and development to its full potential may be realised, the more attractive the area becomes for investment. In the case of Leppington and Austral, the Leppington Town Centre planning proposal envisages high density apartments around the train station. The centre is currently greenfield land and will grow progressively to become a strategic town centre and draw investment as the area develops. As development viability improves, the sale values of apartments increase, it becomes an attractive place to live, and the underlying land becomes more expensive.

Acquiring land that is most likely to escalate early will often prove more beneficial. We have found that greenfield land values escalate approximately 7% per annum in general, with increases of up to 40% after servicing is provided. Additionally, an academic study found during the construction stage residential prices rose on average 0.037% for every 1% reduction in the distance to the nearest metro station at the construction stage[2].

Consideration should also be given to acquiring larger landholdings that are development ready. For example, in comparing a 2ha lot to a sliver of land, the former will have a higher overall value escalation.

Figure 1: Price escalation versus sale value



Source: HillPDA 2024

Note: 75th percentile development site sale price (Austral and Leppington) for sites greater than 5000sqm

2.2.1 Council must have a reasonable expectation that development would occur

A pre-condition of the application of this principle is that Council must have a reasonable expectation that development would occur in a timely manner. If development does not occur as intended, then there is a substantial financial risk that Council is undertaking. This includes:

- Councils not receiving revenue in time to fund the acquisition leading to higher lifetime costs due to time spent servicing debt; and
- Council losing the opportunity to fund infrastructure in areas that are likely to be developed.

For example, Leppington Major Centre was rezoned on 15 March 2013, alongside Austral and Leppington North in advance of the train station opening in 2016. The precinct has not grown as expected. As a result, a review into the planning of the precinct was commenced in 2017, which has since progressed to a planning proposal with a gateway determination in August 2023. If Council had acquired land in 2013, it would have been holding the liability for approximately 10 years with very limited income collected from contributions, as development had not occurred.

Similarly, water servicing in Leppington has been unpredictable during the past ten years, which has delayed development and rezoning in Stage 3. This means that early land acquisition for Stage 3 would not have been appropriate until there was greater certainty that the required infrastructure would be delivered.

[2] Chen et al (December 2019), The impact on neighbourhood residential property valuations of a newly proposed public transport project: The Sydney Northwest Metro case study

DPHI's Urban Development Program provides a mechanism for councils to better understand servicing timing and rezoning to mitigate risk. It might also provide service timing information publicly, which would mitigate that timing risk for all parties, thereby potentially changing the way un-serviced land is valued. If the servicing timeline is publicly and confidently known, then the discount that is applied would be lower as there is less uncertainty about the developability of the land.

In summary, early acquisition of land with the highest potential for escalation can deliver cost-savings where there is a reasonable expectation that development would occur.

2.3 Acquire land that will provide infrastructure that stimulates development

Section 7.11 contribution plans generally provide infrastructure for transport, stormwater (drainage), local open space and land for community facilities.

The Queensland Government defines catalytic infrastructure as the construction of physical networks, or 'hard' infrastructure, which are necessary to unlock development. Examples include construction of roads, water distribution, sewerage/wastewater, stormwater and transport infrastructure.

Infrastructure is necessary to unlock development and create long-term employment. Where there is insufficient infrastructure provision, development can be stifled, even if the land is rezoned. This has been the experience in the Austral and Leppington precincts where delays in the delivery of Sydney Water infrastructure have been encountered.

Some infrastructure is required to be delivered prior to development occurring. This includes stormwater and some roads. Where stormwater is not able to be delivered, then temporary basins may be required. However, this can limit the development yield for a site. Similarly, roads provide access to the development. If a consolidated holding is isolated, it may not be able to be developed efficiently or in line with an indicative layout plan or DCP.

This principle therefore likely prioritises stormwater and transport infrastructure relative to open space or community infrastructure. This creates tension between the first principle, because stormwater infrastructure is likely to be located in flood affected or riparian areas, and therefore likely to have constrained land-value escalation relative to land in developable locations near town centres, where open space may be best located.

There is also tension between acquiring whole lots and partial lots. For example, a stormwater system or road extension may require a number of smaller partial lot acquisitions for channels or road, which may create its own challenges. Overall, we consider that if the delivery of the infrastructure would be accelerated and development is unlocked, it could be worthwhile pursuing smaller partial lot acquisition. However, if the infrastructure works will not be completed in the medium to long-term, then we do not consider the catalytic nature of the infrastructure as a reasonable consideration for early land acquisition.

There are risks to this approach as follows:

- Stimulating development by making available more serviced land which is therefore developable would likely escalate the acquisition cost of any land within that catchment. However, it would be inappropriate for councils to delay providing infrastructure to secure cost savings elsewhere. When looking at stimulating development, councils should proactively identify any land in the catchment that would likely escalate and consider approaches to acquiring those sites, while also identifying sites that could be acquired to stimulate development;
- The benefits of infrastructure come when the infrastructure is delivered, not when the land is acquired. Early land acquisition will not result in early infrastructure delivery where there are no funds for the construction of the infrastructure; and

- While the infrastructure may stimulate development, it would unlikely stimulate development if the land does not have ownership patterns that are suitable for development. Land identified for development and owned or optioned by developers is likely to respond more quickly to infrastructure upgrades than land owned by a resident landowner who may not have an intention to sell. Therefore, councils should consider the land ownership pattern as part of this principle.

To conclude, when acquiring two sites that would otherwise have equal potential for escalation, it would make sense to acquire the site that will best stimulate development.

2.4 Acquire whole lots when possible

Councils should seek to acquire sites where they are acquiring a whole lot, instead of part of a lot. This allows for more efficient negotiation, risk management, and the greatest chance of avoiding compulsory acquisition.

An example scenario that demonstrates the preference to acquire a whole lot rather than a partial is the acquisition of Lot 1 versus Lot 2. The purpose of the acquisition of Lot 1 is for the facilitation of a local park that sits across 4 lots. This would require negotiation with four landowners for land situated to the rear of each lot and the negotiation process for early land acquisition would likely be relatively complicated, which may also include a severance value for the sliver of land to the west of Lot 1 in lots A and D. This would need to be fully tested by a valuer, in a detailed review, and not in this desktop assessment. Conversely, Lot 2 is a local park that covers the whole lot. All else being equal, Lot 2 would be a simpler valuation exercise, more likely achieved via a negotiated outcome, and less likely to result in severance or other Just-Terms considerations which could lead to unexpected costs.

Figure 2: Example of partial (Lot 1) versus whole lot acquisition (Lot 2)

Source: HillPDA 2024

Another example where acquisition of a lot in its entirety may be preferred is the purchase of Lot 3 where the residual lands would be rendered undevelopable as a result of the acquisition layout. This would result in an approximate 9m wide 200m long sliver to the north of the site. It is possible that this may lead to additional compensation costs. However, if Council acquired the whole site, it may look to amalgamate with neighbouring developers and potentially on-sell the land. This would require funds outside of the contribution plan to fund the balance of the acquisition, as CP funds cannot fund land acquisition beyond that required under the plan. However, the overall acquisition cost might be the same as for a partial acquisition should the landowner (if not a developer that owns a consolidated site) require compensation for that remaining portion.

Figure 3: Example of undevelopable residual lands

Source: HillPDA 2024

Other considerations in relation to acquisitions includes the *Land Acquisition (Just Terms Compensation) Act 1991* which requires consideration be given to:

> *Any increase or decrease in the value of any other land of the person at the date of acquisition which adjoins or is severed from the acquired land by reason of the carrying out of, or the proposal to carry out, the public purpose for which the land was acquired.*

Where the public purpose of the land is to enable urban development, then the uplift attributed to the portion of the site that is not acquired can (and is) used to discount the total compensation paid. This means that some partial lot acquisitions may have lower acquisition costs than previously projected. For example, the road access that is being established in Leppington Town Centre through the partial acquisition of lots directly enables the balance of the land on those lots to be developed. It is unlikely the proposed high density, mixed-use development on those lots could occur without transport across the lots being resolved. In this instance, it is possible that the price for these lots would be adjusted (discounted) once the increase in value of the residual lands is taken into account. This would see a downward adjustment to acquisition cost as the public purpose directly results in an uplift. it is not recommended that these lots are pursued for early land acquisition (though there would be limited harm in seeking to acquire them early). For a lot that has open space, roads, and community facilities for future uses, there is unlikely to be much future betterment value growth and associated cost escalation that would be avoided through early acquisition. As a note, in one instance, SP2 Classified Road overlays a home, which might result in a hardship application or additional disturbance costs.

In the example below, the half road indicated below would most likely be negotiated with the developer as a Voluntary Planning Agreement/Works-in-Kind agreement at the time of the development, with the land to be dedicated and the road constructed at the same time as the other half of the road, as per the CP value.

Figure 4: Example of partial acquisition that may consider betterment and hardship

Source: HillPDA 2024

In short:

- Where less than one third of the lot is being acquired it may:
  - Not be prioritised for early land acquisition because its public purpose provides a direct uplift in the residual lands (in the Leppington case above), thereby mitigating future cost escalation;
  - Be unsuitable to be acquired in its entirety because it would be onerously expensive to acquire the full lot;
  - Be easier to negotiate at time of development and could be incorporated as a Voluntary Planning Agreement/Works-in-Kind;
- Where between one third and two thirds of the lot is being acquired it would be on a case-by-case basis, noting it may:
  - Not be prioritised for early land acquisition because its public purpose provides a direct uplift in the residual lands (in the Leppington case above), thereby mitigating future cost escalation;
  - Be difficult to fund the additional portion and therefore likely unsuitable;

- Where more than two thirds of a lot is to be acquired it is most likely to be suitable for early land acquisition as:
  - The remainder of the land may be rendered undevelopable or unusable and therefore severance costs would need to be paid; and
  - Consideration could be given to acquisition of the whole lot using funds external to the contribution plan for the balance, with costs potentially recovered by eventually on selling land to the neighbouring landowner for site consolidation.

2.5 Consider acquiring part of an infrastructure item instead of the full item and stage delivery of works

Councils often seek to acquire land for the entire infrastructure item. In some cases, where the required land goes across multiple lots, costs can be reduced by acquiring a part of the item, instead of the full item, early. To illustrate this principle, consider the parkland and drainage channel in the Liverpool LGA below. The lot on the right could be acquired early with some passive open space provided, while the lot on the left is acquired later, as required.

Figure 5: Example partial acquisition of an infrastructure item

Source: HillPDA 2024

In Leppington, this approach has been applied (see Figure 5) where a portion of a park has been recommended for early land acquisition, with the remainder to be acquired closer to the date of infrastructure delivery. This approach helps focus on early land acquisition.

Figure 6: Additional example partial acquisition of an infrastructure item

Source: HillPDA 2024

This partial acquisition helps council manage risk by providing optionality. If development does not occur, council has not overcommitted funds. Where development has occurred, staged delivery could occur. For example, the open space could have a simple turfed area and maybe initial planning for passive open space, with substantial landscaping to be completed later, giving residents some initial early amenity.

If funds were available to acquire the full cost for all prioritised infrastructure items, then we consider that this approach would not be used.

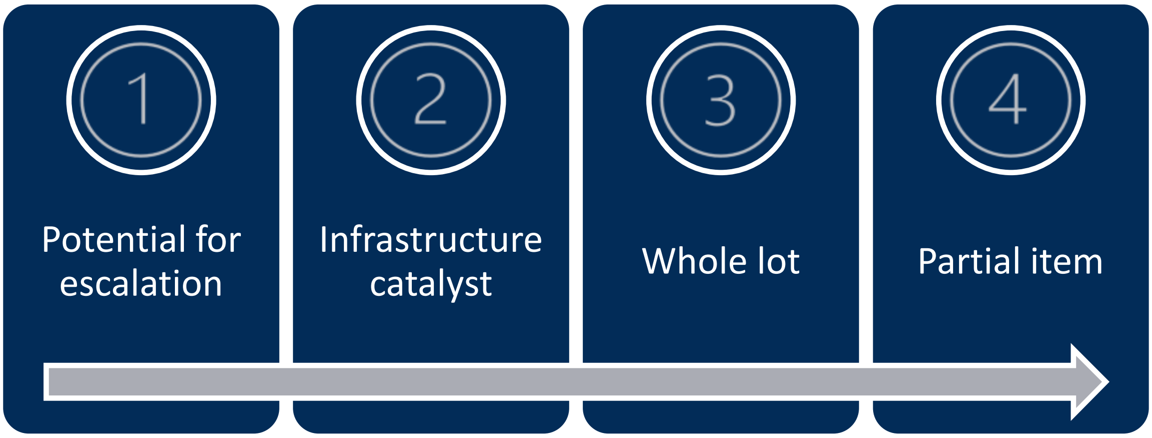
2.6 Prioritisation of principles

The focus of this study is about the funding gap between land values in plans and the cost of acquiring land. Taking the approach that all the infrastructure items in the plan are essential for high quality communities and therefore necessary, overall, we consider that land with the highest potential for escalation in value is critical and the first principle for early land acquisition.

Many developments can technically be built without the infrastructure in a Section 7.11 plan, either through the use of temporary basins, or through temporary under-provision of roads, parks and community facilities. While not desirable, this may still allow development to proceed. Furthermore, securing cost savings over the life of the plan should deliver lower contributions over the life of the plan, reducing costs for developers and thereby improving development viability and facilitating housing growth.

As such, we consider the early land acquisition principles should be prioritised as per the below diagram. All filters should be applied to progressively identify lots, but with the identification of potential for escalation being the top priority, and thence the potential for catalyst for infrastructure.

Figure 7: Prioritisation of early land acquisition principles



Source: HillPDA 2024

A balanced scorecard approach could also be adopted. We consider that the following scorecard could be applied, with councils free to alter the weightings to consider their own circumstances:

Table 1: Early land acquisition principal prioritisation scorecard

Principle	Weighting	2 points	1 point	0 points
Cost escalation	40%	Significant upzoning Service delivery in the near future Proximity to amenity	Proximity to amenity, future rezoning, future servicing or recently rezoned	Surrounding area / service catchment largely delivered No expectation of development
Infrastructure catalyst	40%	Brings forward infrastructure delivery and supports new development	Services existing developments or supports new development	Does not bring forward development No plan to deliver infrastructure
Whole lot	10%	Single ownership	Two lots needed	Fragmented ownership
Part of an item	10%	Greater than 2/3 of land	Less than 2/3 and more than 1/3	Less than 1/3 of land

Source: HillPDA 2024

Councils seeking a negotiated outcome for early land acquisition (as opposed to compulsory acquisition), also need to consider the owners of the land. This consideration is not included as a principle, but is discussed in Box 1, where Councils want to avoid compulsory acquisition.

Box 1: Identification of amenable owners

An additional variable in the implementation stage is to identify owners who are amendable to acquisition. In general, it is easier for council to negotiate with owners who are willing to sell or dedicate land. This could be property developers who are keen to commence development or those owners that are looking or willing to move.

The previous study and consultation with council indicated a preference for acquiring land without the need for compulsory acquisition, noting the possibility that a negotiated outcome may lead to a cost saving relative to compulsory acquisition. However, for an owner that is an unwilling seller, we consider that the compulsory acquisition value, or the amount in the plan (whichever is greater) would be the base negotiating position for the purchaser.

Where a site has a high potential for escalation and the potential to unlock a significant amount of additional housing, then we consider it would be prudent to negotiate with owners who are not amenable and consider pursuing compulsory acquisition. However, all else being equal, we would recommend progressing with other acquisitions, noting that an acquisition with an owner that is not likely to be amenable would be a longer process.

3.0 APPLICATION OF THE PRINCIPLES

HillPDA tested the principles in Camden and Liverpool LGAs in collaboration with those councils to better understand the application of the principles and financial implications.

As previously indicated in the above chapter, the intention of the principals is not to be prescriptive and was designed to be flexible enough to adapt with Council's priorities and contribution plan priorities.

3.1 Methodology

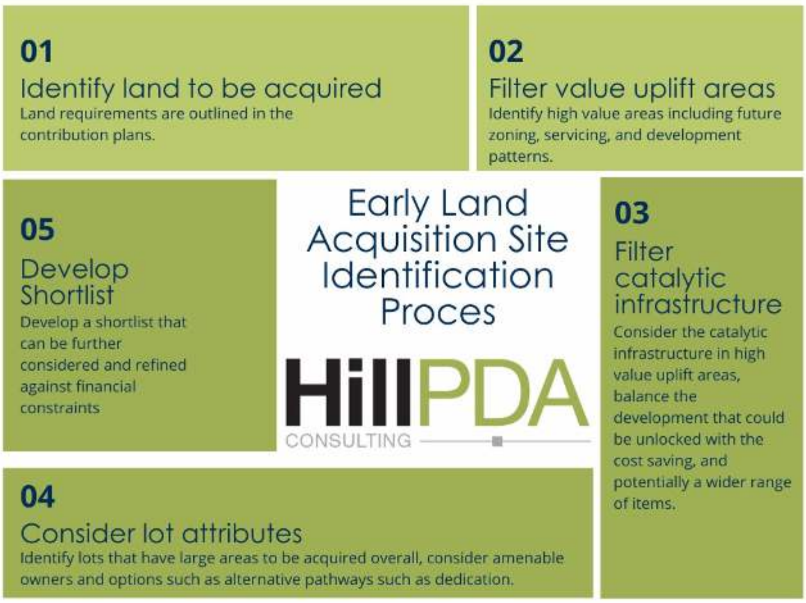
The Section 7.11 Contribution Plan and Land Reserve Acquisition Map in the LEP identified all of the land that must be acquired in the precincts. A geographic information system (**GIS**) layer was used to identify the location of the land.

HillPDA assumed that there was a reasonable expectation that development would occur in the precincts, because development has been occurring and Sydney Water has committed and is in the process of delivering water servicing to enable further development. The proposed zoning, current zoning, servicing and existing development patterns were overlayed with the GIS layer to identify areas that would have the highest potential future uplift, to help establish sites that might be suitable for early land acquisition. Sites in those areas were then long listed to be considered in more detail through the process.

Potentially catalytic sites were reviewed and identified, first within the areas identified above, which would increase the importance of the site, but also outside the areas, where development is tangibly delayed by the infrastructure item. Note that where an infrastructure item is required or planned to be delivered/acquired under business-as-usual processes it has not been considered under this study.

Each lot was then reviewed to consider principles related to whole lots and parts of an infrastructure item, to further narrow down the land to be acquired. Where large portions of a lot were to be acquired, it was considered more favourably than smaller portions. Where a larger portion of the lot acquisition could be funded through section 7.11 contributions, it was also considered favourably. Where there was a potential for partial acquisition of land for an infrastructure item, that was also considered and usually the larger lot, higher value of uplift, or lot with greater portion of item site coverage was selected for prioritisation.

Figure 8: Early land acquisition site identification process

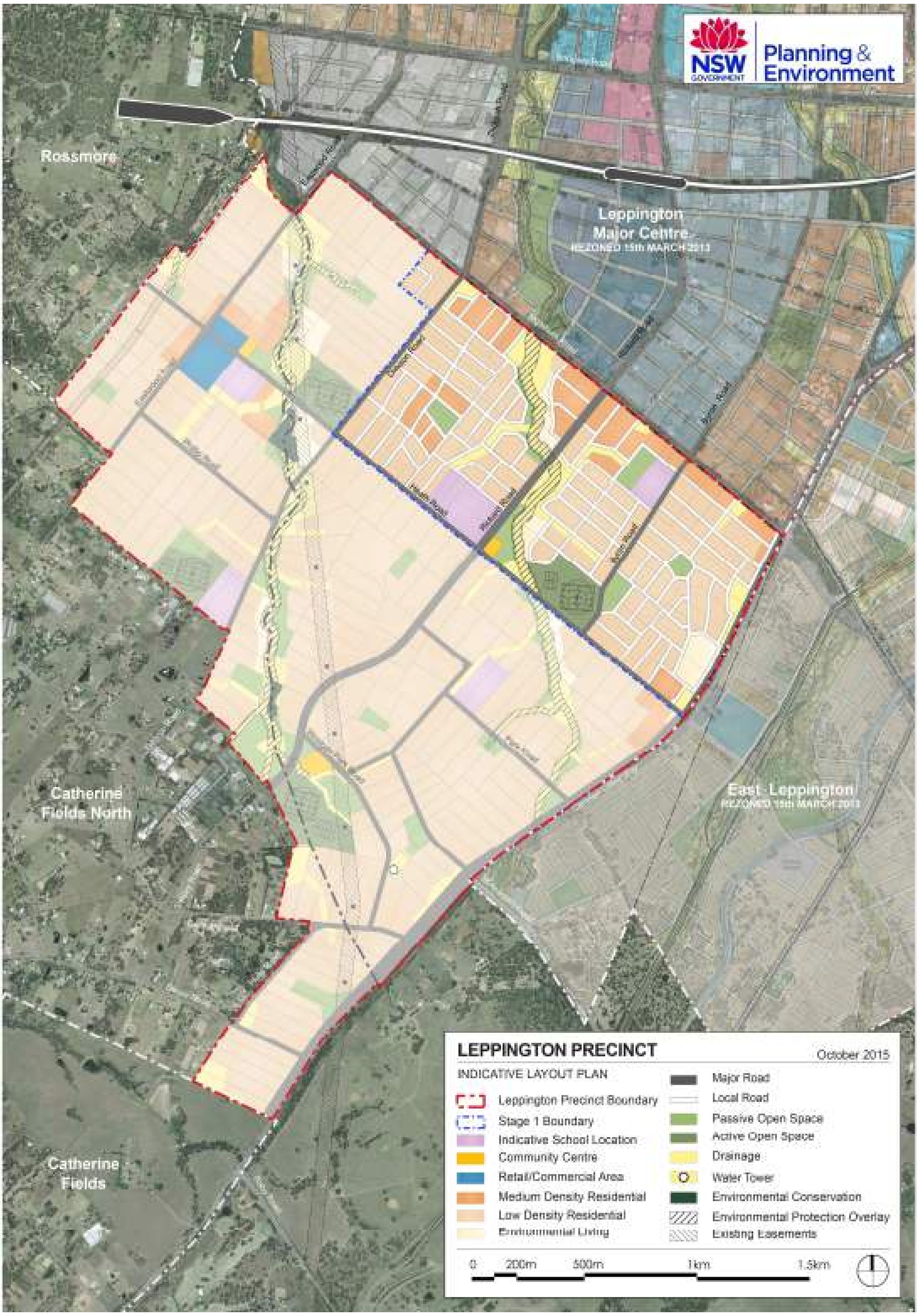


Source: HillPDA 2024

3.2 Leppington and Leppington Town Centre case study

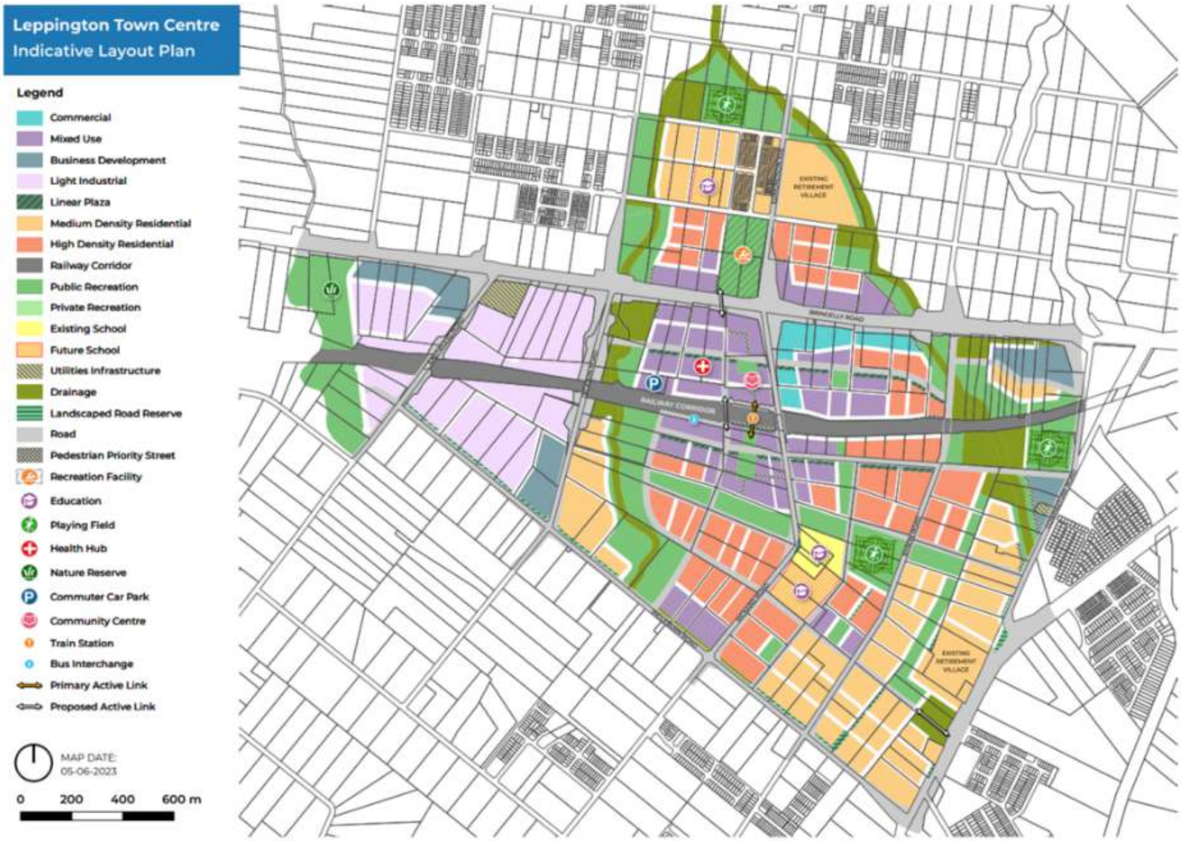
Leppington and Leppington Town Centre represent two significant precincts located on either side of the Leppington Train Station. Figure 9 and Figure 10 below show the indicative layout plans of the precincts which form the vision of how the area will be developed into the future.

Figure 9: Leppington indicative layout plan



Source: NSW Department of Planning and Environment 2015

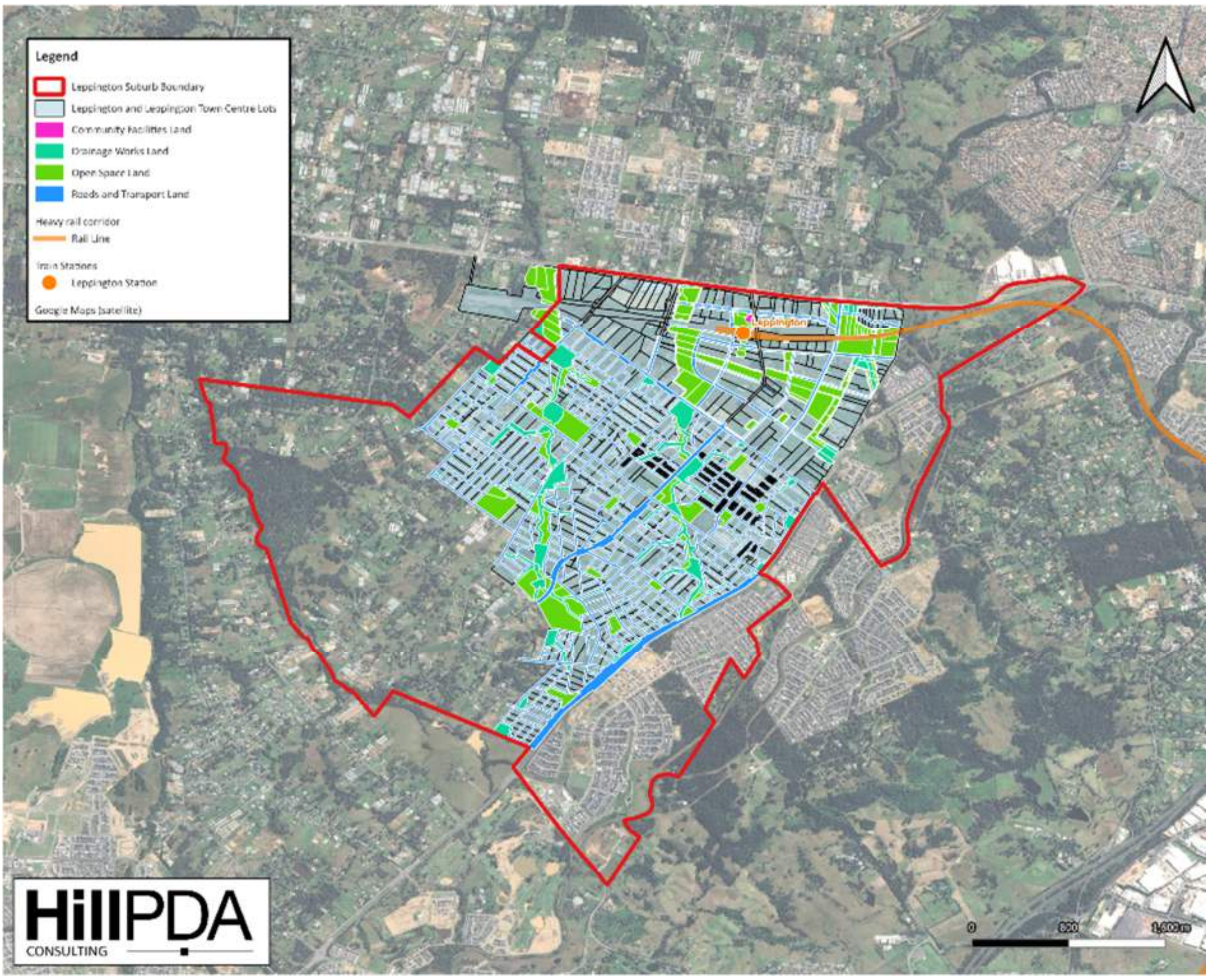
Figure 10: Leppington Town Centre indicative layout plan



Source: Camden Council 2023 and Liverpool City Council 2023

To support the development of the precincts and deliver necessary infrastructure, *Camden Growth Areas Section 7.11 Plan*, 227.44 hectares of land were identified for acquisition with a total value of $935.16 million. This land is shown in Figure 11 and Table 2.

Figure 11: Land for acquisition in the Leppington and Leppington Town Centre



Source: HillPDA 2024

Table 2: Leppington and Leppington Town Centre land acquisition

Category	Area (hectares)	Developable land (hectares)	Riparian land (hectares)	Floor prone land (hectares)	Acquisition cost ($,000,000)
Leppington					
Transport	59.57	48.28	1.29	10.00	258.55
Community facility	4.21	4.06	0.00	0.15	2.02
Open space	6.27	5.14	0.01	1.12	27.32
Drainage	58.02	26.61	4.32	27.08	158.19
Leppington Town Centre					
Transport	29.63	27.37	0.44	1.82	192.91
Community facility	0.44	0.44	0.00	0.00	3.11
Open space	50.62	28.07	7.38	15.17	234.95
Drainage	18.68	5.83	8.28	4.10	58.11

Source: HillPDA 2024

The process for applying the principles is described below.

3.2.1 Prioritisation

The Leppington and Leppington Town Centre precincts consist of the town centre which will be characterised by high density mixed-use residential development, which is currently the subject of a planning proposal. Leppington Stage 1 has been zoned and serviced for a number of years. Stages 2 and 5 have been recently zoned and have limited servicing. Stages 3 and 4 are expected to be serviced within the next two years and are currently not yet zoned. The Town Centre lands are not rezoned, and un-serviced land was considered to be the focus area for potential land acquisition, consistent with the principle to acquire land with the highest potential for escalation.

There is an industrial precinct to the west of the Town Centre, which is not proposed for early land acquisition. While there has been considerable uplift in industrial prices, we consider that the parkland would not be catalytic, and continued uplift may be limited as additional supply comes online as a result of the aerotropolis. Accordingly, we have not focussed on this area.

In general, the infrastructure that has been prioritised in Leppington runs along Kemps Creek and Scalabrini Creek. This reflects the location of the infrastructure in the areas that are not yet rezoned.

3.2.2 Roads

Transport infrastructure forms the largest for acquisition in both plans totalling $451 million. Transport land is often developable with very little of it flood-affected. As discussed in the partial lot acquisition section, transport land is usually either on the lot boundary or transects lots. It also usually correlates with value uplift for the residual parcel, which can help bring down the cost of acquisition, where only a sliver of the site is required. It is also land that can often be dedicated by a developer.

Therefore, roads have not been considered as closely for early land acquisition, despite making up a substantial portion of the plan. Furthermore, until the adjacent lots are in development ready ownership, the ability of the road to catalyse development can be limited, and instead early delivery of infrastructure can slow development by increasing vendor expectations.

3.2.2.1 Leppington Town Centre

The main street in Leppington Town Centre is critical road infrastructure for enabling development and has a high potential for escalation. This road would transect lots and would be beneficial as part of the development and enable the realisation of development potential, which might result in a dedication. As higher densities are proposed in the area, it is likely that there is the potential for escalation.

Road acquisition in the town centre would be determined on the basis of considering alternative approaches, as roads are transecting lots or on the boundary, and therefore, while beneficial for early acquisition will involve extensive negotiation and potential additional compensation for severance.

3.2.2.2 Leppington

Leppington mostly has an established road network, which requires upgrading. Land acquisition for roads totals $27.3 million, mostly related to half roads with associated open space, drainage and school infrastructure, and four new collector roads (or extensions). These roads either provide additional access to the precinct or better connect existing roads to create more efficient routes. However, it is probable that development could occur without them, until the specific lots that are serviced are being developed. Therefore, it is not proposed to include any of the roads in early land acquisition, except where half roads associated with basins or open space are on the same lot.

3.2.3 Stormwater

Stormwater infrastructure is critical to enabling development in the precinct. The stormwater infrastructure that has been prioritised has been basins and some stormwater channels. Where a stormwater channel only covers part of the lot, it has been considered that it could be developed alongside neighbouring development. Basins are catalytic for development as the failure to deliver basins results in a temporary basin. Camden Council has adopted a hybrid basin approach for Leppington, which combines large, consolidated basins and some intermediate basins throughout development. In general, basins have been prioritised; however, some have not been recommended.

3.2.4 Open Space

3.2.4.1 Leppington Town Centre

Open Space in strategic sites located near the railway station, which could include road, open space and the community facility infrastructure will likely appreciate in value as development occurs.

3.2.4.2 Leppington

Leppington is valued at $258.5 million resulting in estimated contributions of $9,975 per additional resident. Active Open Space makes up $85 million of the acquisitions, whereas passive open space makes up $102 million. Active open space can be easier to acquire as a total lot, and in consolidated locations. Much of the passive open space is somewhat linear in nature or requires a partial lot acquisition, which could be better negotiated with a developer at the time of development for CP value and a works-in-kind agreement.

3.2.5 Community facilities

Community facilities make up a relatively small proportion of infrastructure, does not catalyse development, and have challenges associated with funding the construction of the facility. Therefore, these have not been proposed for accelerated acquisition.

3.2.6 Long-listed priorities

In consultation with Camden Council, we developed a long list of priorities focussed across stages 2, 3, and 4 in Leppington and the Leppington Town Centre. These stages have been focal because of the likely degree of cost savings that could be achieved.

These were then further refined as budget limitations were imposed, with final determination a matter for Camden Council. The exact prioritisation of the sites that could potentially be suitable for early land acquisition will be a matter for Camden Council to determine in consultation with its executives and the funds available for early land acquisition.

3.2.6.1 Stage 2

Stage 2 was rezoned in June 2021. Basins are predominately catalytic, other items are mainly local parks or channels, which make up a small portion of lots. These are not recommended for acquisition, as they could likely be delivered alongside development. Additionally, these residents could be supported by proposed parkland consisting of active and passive open space in Stage 4.

3.2.6.2 Stage 3

Stage 3 is currently unserviced and not yet zoned, with zoning scheduled in mid-2026. This means that there are significant savings that can be achieved relative to other precincts. The level of these savings, resulting in likely lower overall contribution rates over the life of the plan, are such that they are catalytic, and would also help enable development to begin immediately once rezoning is complete. T

3.2.6.3 Stage 4

Stage 4 has a large portion of open space for sporting uses as well as passive open spaces, mostly located along the Kemps Creek Corridor. There are also basins that might be targets for acquisition depending on the importance of each basin in unlocking development and its catchment.

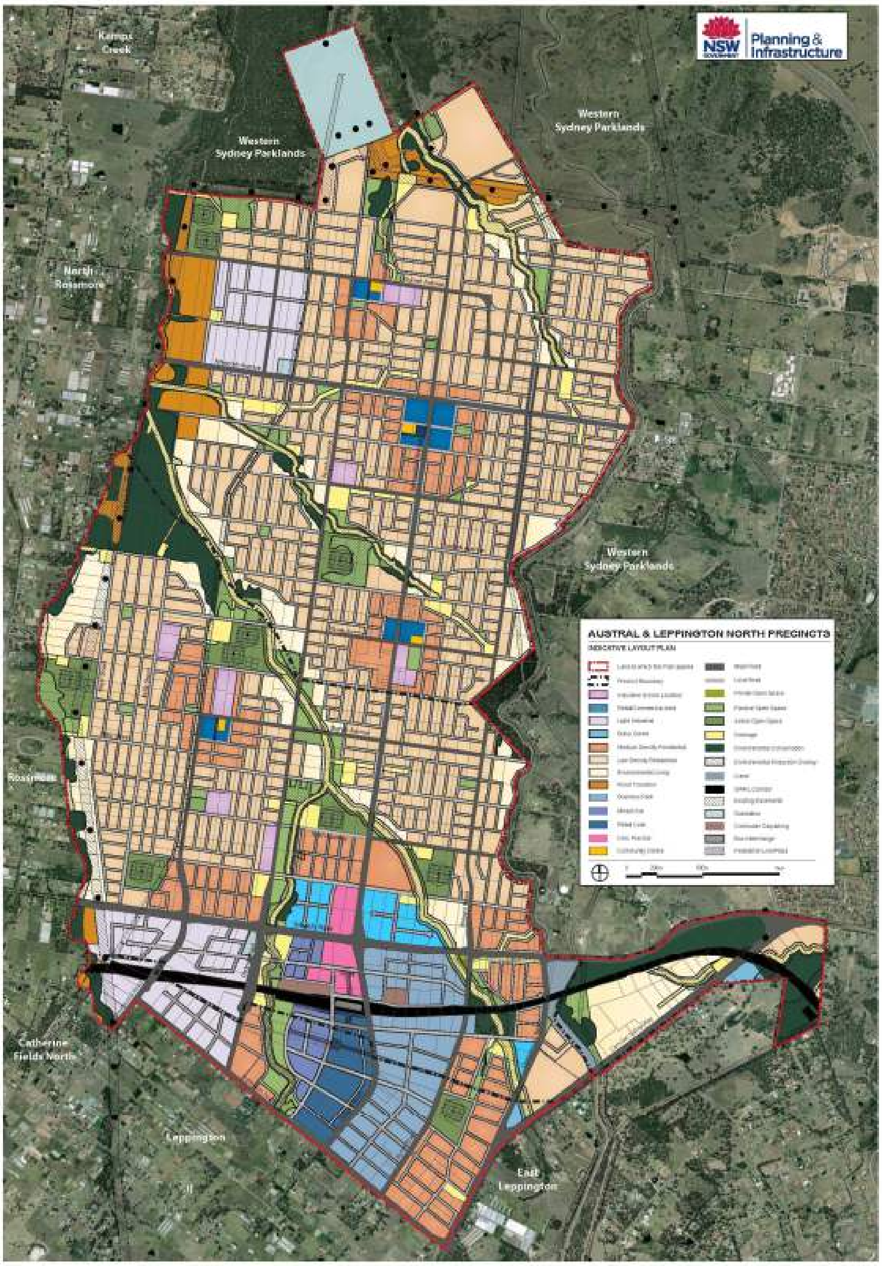
3.2.6.4 Town centre

Within the Town Centre, Camden Council expected a number of sites to be agreed upon through a Work in Kind Agreement or other arrangement. Four plan items have been considered for prioritisation. This has been due to either the potential catalytic nature or the strategic city centre locations. While open space does not immediately unlock development, it is vital to supporting the vibrancy and attractiveness of a new centre, which would help stimulate demand and support development feasibility. Furthermore, as apartments are built and become viable, we would expect the price of land to begin to appreciate more quickly, thereby making it harder to acquire these sites in the future.

3.3 Austral and Leppington North case study

Austral and Leppington North represents a significant precinct located north of the Leppington Train Station and the Leppington and Leppington Town Centre precincts. Figure 12 below shows the indicative layout plan of the precinct which forms the vision of how the area will be developed into the future.

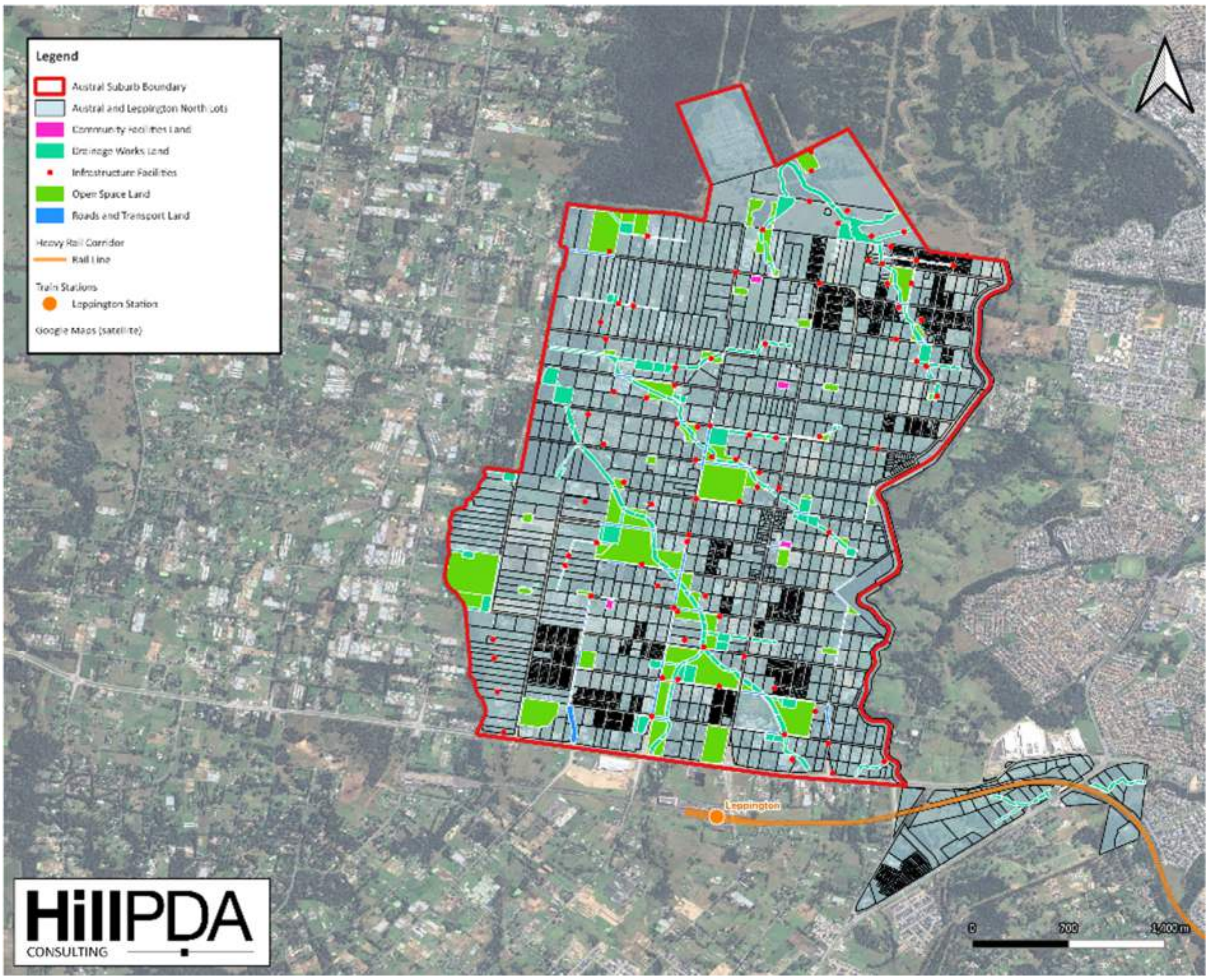
Figure 12: Austral and Leppington North indicative layout plan



Source: Department of Planning and Environment 2013

To support the development of the precinct and deliver necessary infrastructure, the *Austral and Leppington North Section 7.11 plan* identifies 130.05 hectares of land for acquisition with a total value of $641.53 million. This land is shown in Figure 13 and Table 3.

Figure 13: Land for acquisition in Austral and Leppington North



Source: HillPDA 2024

Table 3: Austral and Leppington North land acquisition

Category	Area (hectares)	Developable land (hectares)	Riparian land (hectares)	Floor prone land (hectares)	Acquisition cost ($,000,000)
Roads and community facilities*	7.01	N.a	N.a	N.a	33.75
Basins	25.22	20.42	3.49	1.30	138.71
Open space	104.84	15.83	39.31	49.69	502.82

Source: HillPDA 2024

* Information on roads and community facilities was not provided to HillPDA. Area and acquisition cost taken from the Liverpool City Council Austral and Leppington North Precincts Contributions Plan 2021 section 5.2 and 5.4.

Utilising these precincts as a case study, 30.87 hectares were identified which could be prioritised for early land acquisition with a total value of $186.65 million (early land acquisition net present value). The process is described below.

3.3.1 Roads and community facilities

Roads and land for community facilities were not considered priorities for early land acquisition. Road acquisition was limited to land for road widenings, and intersections which we considered would be best managed through dedications or acquisitions at the time of development, and totalled $26.4 million in land acquisition, which would unlikely have high-cost escalation relative to other work items. Land for community facilities was $7.4 million, and was similarly at a small scale, which did not provide catalytic opportunities, and would require additional funding to deliver the facility, therefore did not proceed.

3.3.2 Basins

Liverpool City Council has a basin acquisition plan, which has all basins to be delivered by FY31 with acquisitions to be completed by the end of FY29, and with acquisitions to be resolved at least two years before the delivery date of the basin. As this plan is in place, it was assumed that sites to be acquired by the end of 2026 would be unlikely suitable for the early land acquisition scheme, as a result of the time it might take to get the scheme established, and the relative limited benefit of bringing acquisition forward by one year (or less). It would unlikely bring forward delivery (catalytic impacts) and it would be less likely to deliver meaningful cost savings. The cost savings that are achieved through early land acquisition are averages over time, and therefore the earlier the acquisition the more meaningful the cost saving.

3.3.3 Open space

Council had a focus on delivering basins and stormwater before open space, noting the importance of a robust stormwater network to catalyse development. The acceleration of the acquisition of open space has the potential to provide the greatest cost saving, making up 64% of the cost of land acquisition in the plan. It is noted that this would unlikely have catalytic elements, as development has proceeded without open space, but would help improve amenity.

Due to the water treatment requirements of the basins, there is limited dual use potential with the basins for active open space. Council stated their initial focus was on passive open space and pocket parks, noting the close proximity of Western Sydney Parklands to provide larger scale open space.

Four areas were considered to have the greatest potential for escalation - the three R3 centres, and north of the train station.

The train station precinct benefits from WV Scott Memorial Park, which could serve additional residents with an upgrade. Areas with uplift as a result of the Leppington Town Centre Planning Proposal should be prioritised.

10th Avenue retail centre includes a small retail commercial area, with a community facility, Austral Public School, and a proposed park. As an R3 zoned area with some development beginning to occur nearby, it provides an area where there is potential uplift. There is limited open space proposed in the nearby areas, and it would therefore complement the school and R3 development that could emerge in the area.

3.3.4 Long-listed priorities

A long list of sites was developed as per the above rationale and additional information about these long-listed lots is provided in a more detailed report. The potential costs savings are provided below.

The exact prioritisation of the sites that could potentially be suitable for early land acquisition will be a matter for Liverpool Council to determine in consultation with its executives and the funds available for early land acquisition.

Table 4: Summary of long-listed lot cost savings

Long List	Estimated cost (current)	Business-as-usual net present value	Early land acquisition net present value
Total	$175 million	$236 million	$187 million

Source: HillPDA 2024

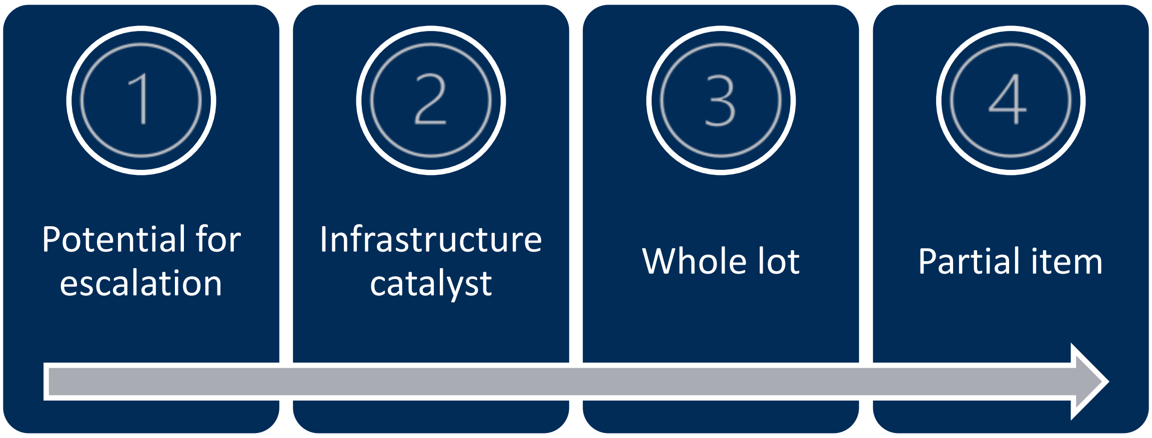
Note 1: Date of acquisition in the *Austral and Leppington North Section 7.11 plan* was set to 30 June for the respective year. Basins were assumed to be acquired on 30 June 2025 and open space was assumed to be acquired on 30 June 2027.

Note 2: A rate of 353 people per 1 hectare of open space was used based on Liverpool City Council's benchmark.

APPENDIX A : SCORECARD EXAMPLES

We recommend that our early land acquisition principles should be prioritised as per the below diagram and the adoption of a balanced scorecard approach.

Figure 14: Prioritisation of early land acquisition principles



Source: HillPDA 2024

Our recommendation on weightings are shown below, however Council being the ultimate decision maker may adjust the weighting according to their priorities.

Table 5: Early land acquisition principal prioritisation scorecard

Principle	Weighting	2 points	1 point	0 points
Cost escalation	40%	Significant upzoning Service delivery in the near future Proximity to amenity	Proximity to amenity, future rezoning, future servicing or recently rezoned	Surrounding area / service catchment largely delivered No expectation of development
Infrastructure catalyst	40%	Brings forward infrastructure delivery and supports new development	Services existing developments or supports new development	Does not bring forward development No plan to deliver infrastructure
Whole lot	10%	Single ownership	Two lots needed	Fragmented ownership
Part of an item	10%	Greater than 2/3 of land	Less than 2/3 and more than 1/3	Less than 1/3 of land

Source: HillPDA 2024

We have provided below worked examples on how the scorecard may determine whether a property is prioritised for early acquisition.

A.1 Liverpool Council

Plan item	

- **Sports Field**

Principles			
Cost escalation	**Infrastructure catalyst**	**Whole lots**	**Part of an item**
Potential for significant cost escalation due to its position within the town centre and proximity to the station.	Although it does not directly stimulate development Open space supports 2,000 residents. It also contributes to a basin.	Partly owned by Council but fragmented ownership	Greater than 2/3 of land, enabling it to be fully funded from contribution plan.
2 x 0.4 = 0.8	**1 x 0.4 = 0.4**	**1 x 0.1 = 0.1**	**2 x 0.1 = 0.2**
Total score	**1.5/2**		

Plan item	

- **Detention Basin**

Principles			
Cost escalation	**Infrastructure catalyst**	**Whole lots**	**Part of an item**
Located further from the town centre and station	Services existing developments and supports new housing delivery	Fragmented ownership	Less than 2/3 of land, meaning any additional acquisition would need to be funded from outside the plan.
1 x 0.4 = 0.4	**1 x 0.4 = 0.4**	**0 x 0.1 = 0**	**0 x 0.1 = 0**
Total score	**0.8/2**		

Based on the above analysis, the Sports Field would be prioritised over the Basin as there is a higher probability of cost escalation and acquisition by negotiation of whole lots would be easier and less risky than compulsory acquisition where costly other heads of compensation may apply.

A.2 Camden Council

Plan item	

- **Detention Basin**

Principles			
Cost escalation	**Infrastructure catalyst**	**Whole lots**	**Part of an item**
Located within Stage 3 which is yet unzoned or serviced. Potential for significant cost escalation due to its position within the town centre and proximity to the station.	60-hectare combined catchment which is at least 1,200 lots	Single ownership	Delivers full basin and part of the open space. Greater than 2/3 of land enabling it to be fully funded from contribution plan.
2 x 0.4 = 0.8	**2 x 0.4 = 0.8**	**2 x 0.1 = 0.2**	**2 x 0.1 = 0.2**
Total score	**2/2**		

Plan item	

- **Road**

Principles			
Cost escalation	**Infrastructure catalyst**	**Whole lots**	**Part of an item**
Located within the town centre and close to the station. The delivery of this local road is critical to its redevelopment. However, l**ikely to be negotiated as part of a Voluntary Planning Agreement/Works-in-Kind agreement**.	Critical to the redevelopment of the parent property	Fragmented ownership Dissects centre of the lots	Less than 2/3 of land Dissects centre of the lots
0 x 0.4 = 0	**2 x 0.4 = 0.8**	**0 x 0.1 = 0.2**	**0 x 0.1 = 0.2**
Total score	**0.8/2**		

Similarly to above, the acquisition of land associated with the Basin would be prioritised over the Local Road as there is a higher probability of cost escalation and easier to acquire by negotiation. Furthermore, the owners of the parent lot for Road would likely be more amenable to acquisition when development of the parent lot is sought, because it will be needed for them to achieve their development vision.

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