

“Not just all houses”

Homebuyer Preferences and Developer
Contributions in New Release Areas in Sydney



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Disclaimer


The authors have endeavoured to provide reliable analysis and accurate reporting of the research project. The views expressed in the report are entirely those of the authors and do not represent the policies or opinions of the Urban Development Institute of Australia or any of its members in any way.

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Executive Summary

This study investigates homebuyer knowledge and preferences for facilities supplied through Section 94 (S.94) Development Contributions at three sites in suburban Sydney.

In the context of debate about the use of the developer levy mechanism for funding community services, it is timely to explore the assumptions underlying decision making about what facilities are to be provided through this mechanism. On the one hand, developers have raised concerns about the limits, and intergenerational equity, of an expanding “shopping list” to be funded up front through S.94 contributions, while councils have been concerned about funding to meet expanding community expectations.

The cultures of operational practice around S.94 have largely rendered residents and communities as passive consumers of service provision, with their agency assumed solely in terms of financial circumstance.

Aim

The aim of this research is to provide new and detailed knowledge about the perspectives of homebuyers and communities, and specifically, how they variously value the community facilities delivered with new housing developments. Principally the study aims to better clarify the ‘demand side’ dynamics in relation to community facilities in three case study sites that are representative of suburban development in the mid-price range market.

Specifically, the research addresses the following questions:

1. What, if anything, do homebuyers know about developer contributions?
2. How do homebuyers feel about having paid for community facilities through a proportion of their house/land price?
3. What constitutes baseline facilities for homebuyers?
4. What facilities are homebuyers prepared to ‘trade off’ against their property price?
5. What are the limits to homebuyers’ sense of responsibility and ownership in relation to public services/facilities?

Research design and methods

The research applied a mixed-method approach and was conducted in two stages. The first stage involved the complementary qualitative methods of focus groups and a household survey. It sought to identify trends in baseline facilities according to homebuyer preferences and knowledge of S.94 contributions. Stage Two enlarged the more fact-finding focus through in-depth interviews with 12 homebuyers, exploring the potential for 'trade-offs' between provision and affordability.

Key findings

The results show that:

- a substantial proportion of homebuyers in these estates have limited knowledge of developer contributions as a mechanism for funding community facilities/services.
- the majority of homebuyers are, however, willing to pay upfront for community facilities through development contributions. For this group, community facilities are regarded as part of the home purchase package which consists of 'not just all houses'.
- there is an upper limit to what homebuyers' regard as a reasonable amount to contribute to community facilities as part of the property price;
- homebuyers consider that 1-5 years is a reasonable time to wait for the delivery of community facilities to be funded through S.94 contributions.

The results of this research suggest that homebuyers (as distinct from investors) are generally comfortable with the idea that a proportion of the property price (that which is passed on from developer contributions) constitutes a contribution to funding local public infrastructure. Although the decision to buy a home within a particular location, as reported by homebuyers in this research, is

in the first instance related to the price they could afford, there were additional reasons that attracted buyers to particular estates and which were key to the mix of decision-making factors. In particular, having open space, parks and bushland nearby, attractive design of housing, being in a desired local government area, and being close to family and friends were the most common features which attracted homebuyers to the estates included in the study.

The facilities which a majority of homebuyers in this study prefer to fund through the developer contributions scheme (knowing that this would increase their property prices) were as follows: road building and upgrading, dedicated land for open space, conservation and recreation, planting of street trees and landscaping, and establishing local parks with children's playground equipment. On the other hand, the facilities which most homebuyers reported they would be prepared to wait for, and pay for through an alternate funding mechanism (such as rates) were: library resources and upgrades, community buildings, and larger district park facilities.

Conclusion

The findings of the research have implications for ongoing debate at local, state and national scales about funding of public infrastructure provision. Importantly, understanding homebuyer preferences in regard to the public infrastructure to which they, at least in part, contribute through their property purchases, can inform economic and political decision-making in the interests of the smooth running of urban and community development on many fronts.



1

introduction

FOR SALE

Sanctuary 3rd

- 3 Bedrooms
- 2.5 Bathrooms
- Granite benchtops
- Smeg stainless steel appliances
- R/C air conditioning

OUTDOOR WALK

9836 2642



STYLISH



Introduction

In New South Wales (NSW), as elsewhere in Australia, local governments have increasingly relied on, what is described as, 'user pays' methods of funding urban and community infrastructure. A primary funding mechanism used in NSW is Section 94 (S.94) of the *NSW Environmental Planning and Assessment Act, 1979* which empowers local councils to levy financial contributions from developers towards the provision of public infrastructure (facilities, services and amenities for community benefit) required to meet the demand generated by new development.

S.94 legislation has been reviewed and reformed several times since its introduction mainly in response to concerns raised by councils and developers about the mechanism and its administration. These reviews include the 1988 *Simpson Inquiry*, 2000 *Review of the Developer Charges System*, (DIPNR, 2005) and most recently, the 2004 *S.94 Contributions and Development Levies Taskforce* (DIPNR, 2004). The reviews have prompted legislative amendments to improve the administration, mainly in terms accountability and flexibility, but the principle of extracting a levy for new developments has continued to be supported.

Another wave of debate about developer contributions has been triggered recently by the decision of the NSW Government to impose levies to recover up to 75 per cent of the cost of public infrastructure in Sydney's urban growth centres. In those centres an estimated 170,000 homes are planned to be built over the next 25 years (Goodsir, 2004). The Minister for Planning, when introducing legislation in early 2006 to enable these contributions to be made stated, on the one hand, that councils were using levies as a "back door cash cow", citing spending on public art, street trees and upgrading a museum and public toilets as "inappropriate", while on the other hand enabling the state government to levy contributions, for the first time, for

facilities such as schools, hospitals and police stations, deemed as "more important" (Nixon, 2006).

Developers, in responding to this announcement, have argued that the cost of development levies are largely passed on to homebuyers and will reduce housing affordability in these new release areas. The developer lobby has succeeded in gaining some reduction in the amount that will likely be charged for contributions in the growth centres (Klan, 2006). Nevertheless the 'special infrastructure levies' mean that homebuyers in these areas will be paying for an expanded range of public infrastructure facilities, not previously included under S.94.

In the midst of this most recent set of debates about s.94 contributions, and the enlargement of the mechanism to take in ever-more facilities and services, homebuyer awareness of the contributions and the amount transferred to them through their house/land price, remains unknown. There is a need for research to investigate consumer preferences about, and prioritisations of, community facilities and services, noting how much was paid per lot and what facilities were provided with these contributions.

The extent to which residents feel a sense of 'ownership' of the facilities also requires study given its significance for actual use, willingness to participate and acknowledge a role in facility maintenance, and community/estate sustainability in a broad sense. Understanding the boundaries between the residents' sense of what they are willing to share as a collective good and what they consider is their private possession and domain is another critical ingredient shaping their agency in s.94 policy and practice. As yet, however, little research has addressed this matter.

The lack of knowledge about homebuyer views regarding S.94 contributions, prompted the Urban Development Institute of

Australia to initiate and support this research project undertaken by the Centre for Cultural Research, at the University of Western Sydney. The research adds to studies exploring community formation in new master planned estates (Gwyther, 2005) and to literature demonstrating the value of applying qualitative methods to urban analysis (see Maginn, 2006; Seelig & Phibbs, 2006) in order to go beyond 'normative' approaches to community facility needs.

Homebuyers in new release areas are creditors/consumers/users of public facilities provided through S.94 contributions. In the interests of public and the smooth running of the contributions mechanism, it is reasonable and sensible to learn more about their views.

S.94 Development Contributions in NSW

NSW Government Practice Notes (DIPNR, 2005) set out the current administration of the development contribution system under S.94 of the *Environmental Planning and Assessment Act* (1979). S.94 development contributions are imposed by way of a condition of development consent or complying development. Such contributions can be made by:

- the dedication of land free of cost
- the payment of a monetary contribution by the developer to the local council
- material public benefit
- a combination of some or all of the above.

Legislative amendments in 2005 introduced two new methods by which development contributions to be obtained, that is by:

- voluntary planning agreements – providing a statutory framework for contractual agreements between the planning authority and the developer
- fixed development consent levies – to enable a

simplified mechanism whereby a consent authority can impose a condition that a developer pay a levy of a fixed percentage of the cost of carrying out the development.

Additionally, the 2005 amendments, introduced measures to allow councils to pool collected contributions funds to enable the provision of infrastructure in a timely and efficient manner. Contributions may also now be levied or imposed for the benefit of an adjoining council area.

S.94 Contributions Plans: Where are they?

The 1988 *Simpson Inquiry* instigated the requirement upon councils to have a complete S.94 Contributions Plan before they could impose levies. This regulation came into effect in 1992.

S.94 contribution plans outline the anticipated population growth likely to be generated by the development and the likely demand for public infrastructure that will be required by the expanded population. S.94 Contributions are based on two key principles (DIPNR, 2005):

- *Reasonableness* in terms of the nexus (the connection between development and demand created) and apportionment (the share borne by the future development) and other relevant factors; and
- *Accountability*, both public and financial.

The contributions levied must fairly and equitably reflect the demands that the development will create, not other or existing demands. Councils have the responsibility to determine what infrastructure may be reasonable to include in a contributions plan, however, contributions can only be sought for:

- The capital costs, including land acquisition costs
- Public facilities that a council has responsibility to provide

- Public facilities that are needs as a consequence of, or to facilitate new development

Importantly, contributions cannot be levied for

- Recurrent funding (except for road maintenance costs)
- Planning studies other than those directly related to the development contributions plan
- Ongoing administrative costs

Public infrastructure funded by S.94 contributions

The range of public infrastructure provided by the S.94 contributions varies between councils and between developments. There is no predetermined set of facilities that are to be provided in development areas, and councils have some discretion in what they might include in their S.94 contributions plans.

To assist councils with the preparation of Section 97 Contributions Plans the NSW Department of Urban Affairs and Planning produced a *S.94 Contributions Plans Manual* which was widely used (Dollery, 2005). It was revised in 1996 and the revised version is currently being updated to reflect changes in the way S.94 contributions are administered, and current practice in planning public infrastructure (DIPNR, 2005).

Generally, 'baseline facilities' are understood as those that are to be provided to a new community when the first residents move in, while 'threshold facilities' are those which are provided as the community grows. Baseline facilities require upfront charges to be made by developers, and there is a general consensus that such charges are passed on to the purchaser (BBC, 1997) fuelling claims that contributions passed forward to homebuyers may reduce housing affordability.

The cost and construction of local roads and footpaths within planned residential estates are usually incorporated into the development application and are not funded through S.94 levies. However, the case is often made that the impact of an increased population on arterial roads warrants the upgrading the existing thoroughfares and that the apportioned costs of road upgrading may be included under S.94.

Contributions have extended to such things as street trees and landscaping, bus shelters, child care centres, sports fields and tennis courts. Contributions have extended to other areas of council's responsibility including upgrading and resourcing local libraries, and in public facilities like regional museums. More unusually, in two Sydney councils, North Sydney and Waverley, S.94 charges are levied to replace affordable housing when its availability is reduced as a result of development (McNeill & Dollery, 1999). The appropriateness or otherwise of the inclusion of any new or refurbished facilities must always be demonstrated on the basis of reasonableness (see above).

The Cost of Developer Contributions

In determining and allocating developer charges, council planners must firstly calculate the anticipated demand for public facilities and then determine the full cost of providing the facilities. Secondly, planners must determine who will be the likely beneficiaries from having the infrastructure. The costs are then apportioned across all the likely beneficiaries (Dollery, 2005). In this way costs of providing the facilities are apportioned between the incoming and existing populations based on whether the facility will satisfy the demand of the new development only, or a wider public.

The S.94 levy that is charged to developers represents the sum total of a sophisticated set of calculations based on the estimated costs of each item apportioned to the estimated number of

beneficiaries. The ultimate amount paid by developers is usually allocated per lot depending on the size of the lots. Levies are generally less for apartments and units than they are for single detached dwellings on the basis of average household size.

The degree to which S.94 contributions charged to developers are passed on to homebuyers is not a simple matter. The amount that developers may pass on to homebuyers in the price

contributions (Dollery 2005). Reinforcing this point, a review of current cost structures for development of new housing, for the Property Council of Australia (UrbisJHD, 2006), found that because developers have limited ability to absorb extra costs beyond the rate of return they require for delivering new housing, development contributions are essentially passed on to homebuyers.

Table 1. Developer Contributions and mortgage repayments

Contributions Costs	Addition to monthly repayment □ 7% interest over 25 years	Interest payable □ 7% interest over 25 years	Total Cost of Contribution over 25 years
\$20,000	\$141	\$22,407	\$42,407
\$30,000	\$212	\$33,610	\$63,610
\$40,000	\$283	\$44,814	\$84,814
\$50,000	\$353	\$56,017	\$106,017
\$60,000	\$424	67,220	\$127,220

Source: Mortgage choice online loan repayments calculator (www.mortgagechoice.com.au)

they pay for their property is influenced by market forces. As Dollery (2005, p6) points out, almost all levies will be passed forwards, whereas a greater supply of land will mean that levies to be paid by developers will be passed back to developers and/or the original landowner.

The economic principle underpins arguments by some stakeholders for the release of more land to ease the pressure on affordability. In reality, however, there is an acknowledgement that, ultimately residents of new and existing housing in residential developments will “bear the burden” of developer

The Property Council review found that, on a national average, a quarter of the money paid for new homes and units is made up of taxes, including S.94 levies (UrbisJHD, 2006). Moreover, estimated costs as a proportion of property prices were higher in North West and South West Sydney than anywhere else across Australia. It was estimated that in 2005 homebuyers in North West Sydney were paying as much as 34.8 per cent of their property in government charges and levies: in South West Sydney the figure was 30.6 per cent (PCA, 2004).

On a per lot basis, the costs of development contributions

can be anything up to \$60,000 and beyond. When passed on to consumers who are relying on mortgages to purchase their properties these costs are then subject to interest. The flow on effects of development contributions on a typical mortgage are shown in Table 1.

S.94 Contributions: developer and council concerns and criticisms

Concerns about the administration of the S.94 contributions have been raised by developers and councils over the years. On the one hand, councils have been mostly concerned about sourcing adequate funds to meet expanding community expectations (Fensham & Gleeson, 2003), while on the other hand, developers have raised concerns about the limits and intergenerational equity of an expanding “shopping list” for facilities to be funded up front through S.94 contributions (UDIA, 1997).

Local Government Concerns

Local governments in NSW face major challenges to meet increasing demands to provide an expanded range of services and assets, at a higher standard and to growing and changing populations, while maintaining and upgrading existing infrastructure.

A backlog in the provision and upgrading of infrastructure and services

A 2006 report for the Local Government and Shires Association (NSW) into the financial sustainability of councils concluded that NSW Local Government has a backlog in infrastructure renewals that alone requires an extra \$900 million a year to be found from their revenue base (LGSA, 2006).

Limited sources of revenue

A main source of council revenue is through rates. Rates account

for about 37 per cent of council total revenue but are set by the State government. The statutory limitations on council rates, known as “rate pegging”, introduced in 1976, mean that Local government has a limited capacity to expand this primary source of revenue.

Increasing demands for additional services to be provided by councils

The LGSA (2006) report notes that the role and responsibility of local government has greatly expanded, especially in community services, and a public expectation to provide these services. At the same time there has been an increase in regulatory reporting requirements which councils must fulfil for State government but without a concomitant expansion of resources to do so. According to the LGSA report ‘cost shifting’ of service responsibilities from State and Commonwealth Government to Local Government is estimated at about \$430 million per year (LGSA, 2006, p11).

Increasing land values

At the same time councils have to contend with ever-increasing land values when acquiring land for public infrastructure purposes. Where land has to be acquired by council for the purposes of providing infrastructure designated in a S.94 plan, and is not able to be dedicated by a developer at the time of acquisition, then this can result in budget shortfalls, between developer contributions levies based on historical and estimated costs and the actual costs of providing facilities set out in S.94 plans at the time of delivery (Dollery, 2005).

Developer concerns

The financial constraints upon councils that influence their policy decisions and management of S.94 contributions often are the source of criticism by developers. Concerns raised by developers have included that:

- levies are not efficient or fair and involve significant



compliance costs (ACG, 2003)

- levies are inconsistently applied (UDIA, 1997)
- levies are inflexible in addressing emerging community needs (UDIA, 2004)

The changes to the S.94 system introduced in 2005, introducing new methods of obtaining the contributions, and enabling councils to pool funds were aimed largely to address these concerns (DoP, 2006).

Concerns have continued to be raised by developers and most recently include as follows:

- councils are relying too heavily upon developer contributions heavily to finance infrastructure and other needs (HIA, 2006)
- S.94 contributions are applied inappropriately by councils (UDIA, 2006)
- councils are not spending accumulated contributions within reasonable timeframes (Freeman, 2006)
- there is a negative impact on housing affordability of the levy mechanism (PCA, 2006)

S.94 is a “cash cow” for government

The Housing Industry of Australia has stated in their policies on land supply and developer contributions (HIA, 2006) that councils have increasingly relied on S.94 contributions to fund infrastructure provision and upgrading, rather than through government borrowing or general rate levies. The HIA argues that, in doing so, councils are breaking the nexus between demand created by new development and costs apportioned to meet the demand, and “opening the door to increasing use of housing and development as a “cash cow” to finance infrastructure and other needs” (HIA, 2006).

This concern may reflect more a difference of opinion about the nature of the demands created by new development, the backlog in infrastructure maintenance and the changing public expectations about the quality of infrastructure and services that councils ought to be providing. The requirement to have S.94 Contribution Plans and the fact that the plans may be legally challenged provides a check on the limits to which contributions are sought.

S.94 contributions for ‘inappropriate’ uses

In a similar vein to the cash cow argument, developers are concerned about what infrastructure and services are included in S.94 plans (UDIA, 2006). This again relates to the demands for new and additional services to be provided by councils.

The developers prefer that there is a close spatial nexus between the infrastructure that is provided through S.94 contributions and the location of a new housing development. Potentially, new or upgraded infrastructure and services in a location close by, is more likely to add value to the development and improve its marketability and sale price.

The question about what is (and is not) appropriate for inclusion in S.94 contributions plans is not easily answered. Decisions about inclusions will reflect social and cultural influences at a point in time. Indeed, the Housing Industry Association NSW has questioned the use of developer charges to finance state infrastructure, as proposed for the new growth centres. The executive director, Wayne Gersbach, quoted in *The Australian* newspaper in June 2006, stated that “This is not a new home-buyer responsibility. Never in the past have NSW homebuyers been forced to pay this sort of charge.” (Klan, 2006)



Timeliness of the delivery of infrastructure

Freeman (2006) has argued that councils ought to be spending accumulated S.94 contributions in a far more rapid timeframe than they do, so as to deliver better value for money to the community. In some cases, the time to deliver infrastructure has been determined by the pace at which new development occurs, especially in the case of threshold facilities. The 2005 amendments to the legislation have now enabled councils to be more flexible in the way they spend the S.94 contributions which may alleviate these concerns (while possibly intensifying others).

Housing affordability

Research by Burnley et al. (1997) indicates that housing affordability is more frequently nominated as an important influence in residential choice in outer suburban Sydney than 'design quality of the environment' in the locality chosen. This suggests that residents moving into new residential sub-divisions may be willing to sacrifice some of the amenity of an area, provided by S.94 funded facilities, for more affordable housing, particularly in lower to mid-priced subdivisions. But this is a claim that requires further evidence and study: in this case, into residents' willingness or otherwise to trade-off facilities (and if so, which ones) against property price, with all the implications of this balancing act for the nature of developments, community-building and sustainability, and indeed the range of stakeholders in urban and community development.

In tandem with their concerns about the appropriateness of the expansion of the S.94 system to a wider range of state and local infrastructure, developers have argued that the costs of expanding contributions will reduce housing affordability and make home ownership more difficult for first homebuyers. This is likely to strike a chord, particularly in Sydney, where the median house price was four times the average Australian annual earnings in

1986 and had increased to 12 times the average earnings by 2003 (Stillwell & Jordan, 2005).

Against this, the Australian Government Productivity Commission inquiry report (PCA, 2004) into home ownership estimated that the impact of developer charges on house prices had not been significant. The Productivity Commission report states that "while infrastructure charges, like other costs of bringing houses to the market, have increased over time, they did not explain the surge in house prices since the mid-1990s" (PCA, 2004, p. 155).

The affordability of housing in Sydney, however, could be argued to be more sensitive to the effect of developer contributions than elsewhere, based on the findings of the review of cost for the Property Council referred to previously (UrbisJHD, 2006).

New directions

Suggestions for alternative mechanisms for funding public infrastructure, particularly betterment taxes, have been expounded by Day (2005) and Fensham and Gleeson (2003). Others have proposed a single federal charge on land values (Kavanagh, 2005; Stilwell and Jordan, (2005). These proposals counter the 'user pays' view presented in the LGSA report that recommends that Local Government "become financially sustainable and ensure intergenerational equity" it is incumbent upon them to adopt a balanced budget approach and ensure that "today's citizens meet the full cost of their use of services and infrastructure" (LGSA, 2006, p. 33).

Even before the recent proposal to extend the developer contributions concept to cover costs of facilities such as new schools, roads, police stations, ambulance services and rail lines in the growth centres, (The Sun Herald newspaper, 20 August 2006; Klan, 2006) there was a need to explore more rigorously

the assumptions underlying the cost burden of facilities provided through development contributions. Research that documents homebuyer views may help inform debates about what levies are reasonable and fair. It may also help determine which uses of the mechanism hold out the most promise of delivering viable and 'successful' urban and community development, both in terms of developer profitability and community sustainability.

Research Aim

The aim of this research is to provide new and detailed knowledge about the perspectives of homebuyers and communities, and specifically, how they variously value the community facilities delivered with new housing developments. Principally the study aimed to investigate homebuyer knowledge and preferences of facilities/services supplied through S.94 development contributions to better clarify the 'demand side' dynamics in relation to community facilities in recently built housing developments in suburban Sydney.

It is important to note this research only sought the views of those who could afford the house and land packages in the subject estates. It is almost impossible to interview the aspiring home owners who may have been excluded from the area by mortgage ceilings and/ or various taxes and charges.

The research aimed to address the following questions:

1. What, if anything, do homebuyers know about developer contributions?
2. How do homebuyers feel about having paid for community facilities through a proportion of their house/land price?
3. What constitutes baseline facilities for homebuyers?

4. What facilities are homebuyers prepared to 'trade off' against their property price?
5. What are the limits to homebuyers' sense of responsibility and ownership in relation to public services/facilities?

Research to date has not adequately addressed the role or views of residents within this complex framework. Policy development in this area has largely been informed by submissions from councils and developers. There are assumptions being made about what is 'good' for both incoming and existing populations well in advance of residents moving in. Developers attempt to tailor their plans to pitch their estates to particular markets and retain profit margins. In this relationship, homebuyers are customers of the developers. Local government planning is subject to the political pressures of the elected councillors, who are accountable to their constituents, the existing rate payers. In this relationship, new homebuyers become voters. It follows that understanding homebuyer preferences in regard to the public infrastructure to which they, at least in part, contribute through their property purchases, can inform economic and political decision-making in the interests of the smooth running of urban and community development on many fronts.





methods

research design

Research design & methods

The research investigated the views of homebuyers in three recent residential estates. The research applied a mixed-method approach and was conducted in two stages:

Stage One: The first stage of the research involved the complementary qualitative methods of, focus groups and a household survey. Analysis of the contribution plans for each site and interviews with development managers and S.94 planners were also undertaken as background research prior to the focus groups and survey of residents.

The focus groups helped to elicit general issues relating to community facilities in each location, and provided useful input to the construction of the survey questionnaire. The survey provided general trends in the preferences of residents related to the facilities in their areas and background demographic data.

Stage Two: The second stage enlarged the more fact-finding focus of the first stage by exploring homebuyers' views through in-depth interviews with 12 homebuyers. The interviews explored in more detail the views of homebuyers about the potential for 'trade-offs' between provision and affordability; their understanding of their agency and responsibility in relation to S.94 contributions; their views on the relationship between facility provision, use, and community; and any differences that might exist in resident views between new housing developments sites and between subgroups of the population at these sites.

The two stages were complementary. The first stage sought to identify trends in baseline facilities according to homebuyer preferences in the selected housing development sites, and homebuyer knowledge of S.94 contributions. The second stage sought to consolidate these findings with a deeper, qualitative study. This second stage aimed to inform conceptual analysis of the dynamics of urban collective consumption (a term first

coined by Manuel Castells (1983) to refer to service provision), and the complex 'cultural geographies of publicity, privacy and community' in the Sydney region (see Anderson et al., 2003; Anderson & Jacobs, 1999). The findings might also be expected to introduce some specificity to debates about the fate of the 'public sphere' within Australian cities (eg. Gleeson, 2006).

Site selection

Three sites were selected in consultation with UDIA NSW and its member organizations. The case study sites were representative of suburban development occupying a similar mid-range market and excluded value-added developments. The chosen developments were limited to 'green field' residential developments.

Interviews were conducted with key stakeholders for each site, including nominated staff from the relevant council and developer to gather background information about the sites and the development contributions plans that related to them. A review of policy and related documents was conducted for the nominated sites, including procurement of S.94 contribution plans for each case study and identification of designated facilities using the funds.

For each site, demographic and social data was considered, and community facilities funded by S.94 contributions and other funding mechanisms were examined during an on-site visit.

Methods and sample

A total of 80 homebuyers participated in the research across the three methods applied. In addition to the participants, interviews were conducted with 9 stakeholder informants, including the development managers for each site, the council planners

for S.94 contribution plans, two community development workers in the north-west release area and a manager from the Department of Planning.

Focus groups

Focus groups were organised in each case study site through contact with local community organisations in the case of Rouse Hill and Kellyville estates, and through contact by the site manager at Warriewood estate. The focus groups were used to gauge level of knowledge of the application of S.94 contributions to their area and explore their views and preferences about the community facilities that have been provided or are planned, and their thoughts about the costs and funding of these facilities.

A total of 24 people participated in the focus groups across the three sites, with a reasonably balanced gender mix overall, as shown in Table 2.

The Rouse Hill group participants had the widest age range of between 25 and 65 years, the Beaumont Hills group were mostly

younger 25 to 34 year old women with young children and the Warriewood group were all over 50 years of age. The Rouse Hill and Warriewood groups were held in the evening, while the Beaumont Hills group was held during the day, which helps to explain the variation in the gender and age mix of the groups.

Survey

A four page, self-administered questionnaire was hand-delivered to 607 households in the three case study sites during March and April 2006. Hand delivery method was used as a way of improving the response rate by promoting and explaining the research in person. Time and cost limited the research to a randomised sample rather than a whole-of-population survey.

Approximately 60% of all households in each site were selected at random to be included in the sample. Of the total of 607 households surveyed there were 66 completed returns of the questionnaire, proportionally spread across the three sites. This represents a response rate of approximately 11%, as shown in Table 3.

Table 2 Focus group participants at each site

Focus group participants	The Outlook	Highlands Ridge	Seagreen	Total
Females	7	3	3	13
Males	1	7	3	11
Total persons	8	10	6	24

Table 3 Survey sample size and response rate

Site	Number of households per site	Proportion of households included in sample	Sample size (No. of Households)	Total Responses (No. of questionnaires returned)	Response Rate
The Outlook	479	60.1%	288	32	11.11%
Highlands Ridge	415	55.9%	232	26	11.21%
Seagreen	138	63.0%	87	8	9.25%
Total	1032	58.8%	607	66	10.88%

In-depth interviews

Respondents to the survey were invited to participate in in-depth interviews for the research. A total of 12 respondents agreed to be interviewed with equal numbers between two sites as shown in Table 4. Because the Warriewood site had a much smaller population there were too few respondents to the interviews to include as a comparison though their responses are included in section 5.

Table 4 Interviewees by place and gender

Focus group participants	The Outlook	Highlands Ridge	Total
Females	2	3	5
Males	4	3	7
Total persons	6	6	12

The interviews were mostly one hour in duration, recorded and transcribed.

Limitations of the research

The scope of the project constrained the sample size and the numbers of participants in the in-depth interviews. The results, therefore, can only be regarded as indicative of a trend in the preferences of a selected group of homebuyers. Because the group had already purchased their properties, that is they had made their locational choice, their responses may be as much about confirming the validity of their choice and their satisfaction with it. The results may be quite different with a group of prospective homebuyers in a lower income market segment. This could be the subject of further research.



case study sites

Case study sites

Property analysts described the residential market in Sydney in 2006 as rather “volatile” (McLean, 2006) and a “buyers market” (Christopher, 2006) as the housing downturn of 2005 has reduced the median house price by 5.1 per cent down to \$518,000 in December 2005. Prices fell in 89 per cent of suburbs in Western Sydney by an average 6 per cent.

Projections for total population growth in Sydney are presently estimated to be around 50,000 people pa. This is despite migration out of Sydney of currently 12,000 pa to northern NSW and Queensland mostly. Residential demand is still estimated to be anywhere between 18,000 and 25,000 dwellings per year (DIPNR, 2003).

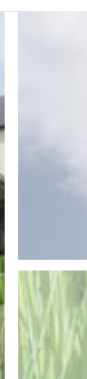
In the context of these trends, three development sites were selected as case studies for this research, from within the mid-range prices (\$400,000 – \$600,00) in the market. The sites were:

- “The Outlook” in Beaumont Hills (Kellyville), by the developer Stockland
- “Highlands Ridge” at Rouse Hill, by the developer Winten
- “Seagreen” at Warriewood, by the developer Australand

The Outlook and Highlands Ridge are both located in the local government area (LGA) of Baulkham Hills Shire Council, in the north west, and are part of the Kellyville Rouse Hill Release Area. The Seagreen development is located in the local government area of Warringah Council and is part of the Warriewood Valley land release. The location of the case study sites is shown in Figure 1, followed by a brief overview of their market position and population profile.



Figure 1. The location of selected sites within Sydney local government areas



The Outlook, Beaumont Hills

The Outlook site was released in 2000 and The Outlook is located in the suburb of Beaumont Hills, and is a fully planned residential community. The urban design for this 72-hectare site provided a choice of lot sizes and innovative housing options. There are 745 home sites in total. Lots were sold as land only or house/land packages. The development includes a strip of 'designer townhouses'.

In 2005 the median house price in Beaumont Hills was \$543,000. House prices in the suburb fell by 1.7 per cent in 2005 (APM, 2006). According to the Stockland marketing plan the market for the development was primarily young families, professionals from the Baulkham Hills LGA, 1st or 2nd homebuyers (78% of homes in this LGA are owned or being purchased), in the 35 – 45 age group, with household incomes of over \$70k. This LGA has the highest proportion of households working from home in Sydney. (Dorman, 2005)

Highlands Ridge, Rouse Hill

Highlands Ridge is an integrated development of 420 lots, which began selling in 2001 and the last properties were sold in 2004. The lots were mostly sold as vacant land. The estate is within walking distance of the Rouse Hill centre under construction along Windsor Road.

In 2005 the median house price was \$510,000 (APM, 2006) and experienced a decline of 4.7 per cent in 2005 but an average increase of 10.4 per cent since 1994. The target market was mainly to families and the development was promoted as having larger lot sizes than other estates in the area.

Seagreen, Warriewood

Seagreen development is located in the northern beaches suburb of Warriewood. The site was a redevelopment of an old drive-in theatre site, although it forms part of the Warriewood Valley Release Area. It is one of the few areas outside of western Sydney that are classified as a greenfield development area.

The estate has 129 lots which were developed to include a mix of "townhomes" (housing similar in size to detached houses, except with common walls with neighbours like a terrace), terraces and low rise apartments developed into an integrated design.

In 2005 the median price in Warriewood for houses was \$674,000 and for units was \$540,000. The northern beaches is an area of high demand that was resilient to the price falls of 2005. In Warriewood the median price increased by 10.1 per cent, and the average 10 year trend was an increase of 9.1 per cent.

The estate targeted the "mid-range homebuyer market" of young couples and empty nesters, although prices in the area are in the higher ranges. The estate was promoted by its proximity to a beach lifestyle, boasting the quality of life offered by "a brilliant Northern Beaches location", and environmentally friendly features such as underground water tanks and energy efficient design.

The development manager regarded this estate as an amazing success story in a subdued market, and as evidence of a latent demand for mid-range (as opposed to luxury) dwellings. It is interesting to note that as a special discount to homebuyer the developer offered to "pay stamp duty" on the purchase of a property in the estate. All lots were sold within 6 months.



Related S.94 Contributions Plans

The S.94 Contributions Plans that apply to these case study sites were obtained from Baulkham Hills Shire Council and Warringah Council websites. Clarification was sought from each Council in the preliminary interviews with S.94 planners. Each council has the following types of facilities and amenities in common in their S.94 plans.

- Open Space – Land
- Open Space - Embellishment (including sports fields, parks, playgrounds and picnic facilities)
- Community Facilities – Land
- Community Facilities – Capital (including multi-purpose centres suitable for childcare centres or aged care or community services)

- Libraries
- Roadworks – Land
- Roadworks – Capital (including cycleways)
- Studies and Administration

The Kellyville/Rouse Hill S.94 Contribution Plan

The *Kellyville/Rouse Hill S.94 Contribution Plan* was adopted by Baulkham Hills Council in July 2000. The plan is based on an expected population, including the existing population in 1991 of 2,000, to be 42,423 once the area is fully developed.

A prominent feature of the plan is “*The Greenway*” an extensive off-road open space providing for pedestrian and cycleways that follow protected linear corridors of open space. The Greenway is managed for conservation and recreation purposes and connects

Table 5. Kellyville/Rouse Hill Contributions Plan No. 8 Schedule Of Rates

	Estimated Total 2001	Cost per lot 450sqm 2001	Cost per lot 450sqm 2006
Open space – land only	\$ 84m	\$ 10,112	\$ 26,966
Open space - park facilities such as seating, play equipment, pedestrian and cycleways etc.	44m	4,159	4,890
Roadworks – land	15m	1,666	4,443
Roadworks – construction of roads, roundabouts, bus shelters etc.	42m	3,961	4,658
Community facilities – land	2m	217	581
Community facilities – construction of community centres, child care facilities	21m	1,886	2,218
Council administration – research and planning	3m	290	341
TOTAL	\$ 211m	\$ 22,291	\$ 44,097

Source: Baulkham Hills Shire Council Planning Services



parks, recreation areas, historical sites, wildlife habitats, schools, commercial centres and other activities.

The estimated total cost of the facilities planned for the Kellyville/Rouse Hill release area and the schedule of rates (cost per lot) charged to developers as developer contributions is shown in Table 5.

A fixed amount of \$84,082,068 was estimated as the cost of the land required by the council for open space and recreation consequent on the development of the Kellyville Rouse Hill areas for residential use. Dramatic increases in land values between 2001 and 2005 prompted Baulkham Hills Shire Council to review the schedule of fees to cover the potential shortfall.

In 2005 Baulkham Hills Council was successfully challenged by developer, Group Development Services Pty Limited, through the Land and Environment Court and the Supreme Court for imposing contribution conditions on development consent in respect of additional amounts, over and above the amount fixed in the Kellyville/Rouse Hill S.94 Contribution Plan to compensate for increases in the value of the land in the area since the Plan was adopted. The Plan failed to include clauses to allow the contribution amount to be fixed with reference to an index that reflected changes in land values (Ware, 2005). The schedule of fees was subsequently revised.

Baulkham Hills Shire Council is also considering whether to remove the provision of land and building costs for child care centres from the S.94 contributions on the basis that private child care providers are able to purchase or develop sites within the area with their own finances. It is unclear to the council at this stage the level of demand for publicly subsidised child care centres in the area.

Community facilities in the Outlook Estate

The S.94 plan contributions that were located in Beaumont Hills where the Outlook Estate is situated include the extensions to roads, embellishment to open space, parks and cycle ways. Examples of these facilities are listed in Table 6.

In addition to these facilities and amenities, the developer has created a water feature and parkland at the entrance of the development site. In the development of the estate a situation arose where the developer successfully challenged some of the conditions of the contribution plan. In another, instance the developer renegotiated with the council for open space designated for a local park within the estates to be subdivided and sold, in a trade off for expanded open space at the entrance of the estate. This has been a cause of concern for homebuyers living nearby, who had made their purchases expecting that they would have a local park. They have taken their complaints to the council but the issue is yet to be resolved.

Community facilities in the Highlands Ridge Estate

In Highlands Ridge estate the S.94 contributions have mainly funded local parks, drainage lands, and cycleways. An emphasis has been placed on providing access to local creek and bushland.

A major design challenge for the developer was the presence of high voltage transmission lines that dissect the site. The developer was able to negotiate for extensive bush regeneration and bush path walkway to be constructed under the transmission creating a central feature of natural vegetation and an extra linkage from the northern end of the site to the Smalls Creek cycleway.

Table 6. Examples of public infrastructure financed by S.94 contributions in and near The Outlook

Open space - Recreation Areas	Local parks with children's play equipment Land for Local Open Space Parks Sanctuary Drive Land for Local Open Space Parks Caddies Creek District Park - Turkey Nest Park
Active playing fields	Sports Fields - Second Ponds Creek Oval
Conservation areas	Caddies Creek Conservation Area Bush Regeneration along Caddies Creek
Cycleways and pedestrian links	The Greenway off road link - Turkey Nest Park to Brampton Drive Pedestrian cycleway to Neighbourhood Centre
Drainage Links	Drainage Link - Smalls Creek Cycleway Drainage Link - Cycleway Caddies Creek Reserve to Samatha Riley Drive
Roadworks	Bridges over over Samatha Riley Drive
	Sub-Arterial Road Upgrade - Poole Road Sub-Arterial Road Upgrade - Samantha Riley Drive Collector Roads - Adjacent to Turkey Nest Park 6
	Traffic Signals - Poole Road and Old Windsor Road
	Combined Transit Corridor - Sanctuary Drive and Hotham Ave
	Bus Bay and Shelter - Collector Road - Sanctuary Drive Bus Bay and Shelter - Sub-Arterial - Poole Road
Community centres	Multi-purpose community Centre - Beaumont Hills Neighbourhood Centre
Library services	Community Facilities and Library - Mungerie Park
	Community Development Worker - North West Community Care
	Community Development Projects - eg. Newsletter, Resident Network
Administration and research	Studies - eg. Kellyville/Rouse Community Plan (1990); Archaeological Study; Vegetation Study
	Administration and Planning - Planning manager; Assets manager

Source: Baulkham Hills Shire Council (2001) S.94 Kellyville/rouse Hill Contributions Plan No.8

The site is within walking distance of the Aberdoon house, a heritage building which has been restored through S.94 contributions and is used as a community meeting place, coffee shop and art gallery. Next to Aberdoon House is the Rouse Hill (multipurpose) Community Centre which is utilised by playgroups for parents with young children, respite care for people with disabilities, meeting spaces for general community and religious gatherings. Examples of other facilities are listed in Table 7.

The developer has also engaged the services of Northwest Community Care, a local non-government organisation, to arrange and provide community development activities, such as neighbourhood recreational events, information packages for new residents and a regular newsletter. S.94 regulations do not allow for Councils to levy for social services to employ community development workers. The emerging trend to employ or engage community development workers by developers demonstrates an increasing awareness of the value of building social capital in new release areas.

The Warriewood Valley S.94 Contributions Plan

The Warriewood Valley S.94 Contributions Plan (WVS94) Plan No. 15 was adopted by Pittwater Council in December, 2005 anticipating the release area will add over 5,289 additional residents to the Pittwater local government area by 2012.

In the plan a strong emphasis has been placed on environmental objectives. Restoration and preservation of creeks and waterways is paramount. Because release area is nestled within a built up area, the need for new

Table 7. Examples of public infrastructure financed by S.94 contributions in and near Highlands Ridge

Open space - Recreation Areas	Parks - Milford Road Park with children's play equipment
Active playing fields	Sports Fields - Second Ponds Creek Oval
Conservation areas	Caddies Creek Conservation Area Bush Regeneration along Transmission Easement
Cycleways and pedestrian links	The Greenway off road link - Rouse Hill Village Green to Mile End Road
Drainage Links	Drainage Link - Smalls Creek cycleway Drainage Link - Cycleway Caddies Creek cycleway
Roadworks	Sub-Arterial Road Upgrade - Mile End Road (West)
	Sub-Arterial Road Upgrade - Withers Road
	Collector Roads - Aberdoon District Park 6
	Traffic Signals - Withers Road and Mile End Road
	Traffic Signals - Withers Road and Commercial Road
	Bus Bay and Seats - Milford Drive
	Bus Bay and Shelter - Sub-Arterial - Withers Road
Community centres	Multi-purpose community Centre - Aberdoon
Child care centres	Multi-purpose child care centre - Aberdoon
Library services	Community Facilities and Library - Mungerie Park
	Community Development Worker - North West Community Care
	Community Development Projects - eg. Newsletter, Resident Network
Administration and research	Studies - eg. Kellyville/Rouse Community Plan (1990); Archaeological Study; Vegetation Study
	Administration and Planning - Planning manager; Assets manager

Source: Baulkham Hills Shire Council (2001) S.94 Kellyville/rouse Hill Contributions Plan No.8

community buildings is reduced, however, there is an emphasis on upgrading roadways and footpaths and included in the plan are contributions to build a new municipal library. Flood and bush fire mitigation as a characteristic feature of the plan because of its location close to national park bushland and Narrabeen Lakes wetlands.

The estimated total cost of the facilities planned for the Warriewood Valley release area and the cost per lot charged to developers as developer contributions is shown in Table 8.

Community Facilities in Seagreen Estate

The developer negotiated credits on S.94 contributions in return for regeneration of a local creek and native bushland. The emphasis has been on tree planting, flood mitigation and cycleways.

Examples of the facilities provided or planned for through developer contributions that are located in or near Seagreen estate are shown in Table 9.

Table 8. Schedule of rates for developer contributions

	Estimated Total 20005/06	Cost per equivalent dwelling 2005/06	Cost per equivalent dwelling 2011/12
Traffic and Transport	11,776,461	6,833	9,384
Creek Line Corridor (Works)	9,580,593	6,750	10,311
Creek Line Corridor (Land)	18,074,782	10,081	13,690
Community Facilities	7,866,386	5,259	7,468
Public Recreation & Open Space	16,652,414	11,254	15,356
Pedestrians/Cycleways	7,227,304	4,953	6,822
Bushfire Protection	731,612	256	560
Library Services	271,000	1,045	1,848
Plan Management	2,035,302	1,711	2,443
TOTAL	\$74,215,854	\$48,142	\$67,882

Source: Pittwater Council (2005) Warriewood Valley S.94 Contributions Plan No.15 Amendment No.12. (WVS94)



Table 9. Examples of public infrastructure financed by S.94 contributions in and near Seagreen

Open space - Recreation Areas	Local parks with children's play equipment along Fern Creek and Narrabeen Creek District Park -adjacent to sports fields along Fern Creek Bushfire Protection – 2,400 sqm Fire trails along escarpment
Active playing fields	Sports Fields – Jackson Road and Macpherson Street
Conservation areas	Warriewood Wetland Bush Regeneration - Fern Creek, Narrabeen Creek
Cycleways and pedestrian links	Cycleways along Narrabeen Creek and Fern Creek Walkway through Warriewood Wetlands
Roadworks	Bridges over Fern creek on Garden Street
	Road upgrading – MacPherson and Garden Street Street trees and landscaping – along Warriewood Rd Footpaths along Garden Street Bus shelters along Macpherson Street and Garden Street
Community centres	Multipurpose community centre to be planned
Library services	New Mona Vale Library Building, 12,000 additional library resources

Source: Pittwater Council (2005) Warriewood Valley S.94 Contributions Plan No.15 Amendment No.12. (WVS94)



4

summer events

Survey Results

There were 69 respondents to the survey across the three sites. The respondent profile is described below followed by the details of results to the questionnaire. The results of a sample this size can be regarded as indicative only of the general trend in preferences amongst the homebuyers in these sites.

Survey Respondent profile:

The majority of the respondents were female (68% compared to 32% male) and aged between 25 and 44 (66% compared to 30% aged 45-64 and 5% aged over 65 years). Just over half of the respondents lived in households of 3 to 5 people (56%) with most of the rest in households with 2 people only and 9% in lone-person households. Only 2% of respondents lived in households with more than 5 people.

About half of the respondents lived in households with children under 15 (52% compared to 48% of households with no children).

The majority of respondents were employed full time (66%) and lived in households which had two income earners (62%). A small proportion of respondents were retired (6%) and not employed at all (8%). Not surprisingly given the high rate of dual income households among respondents, 69% of respondents had household gross income over \$90,000.

The housing status profile of the sample generally conforms to the market position of the estates, being above average price range for house and land packages. As would be expected in recently-built residential housing estates, 89% of the respondents were original purchasers of the home and 59% had lived in the house for less than 3 years.

The majority of respondents (64%) were second or subsequent homebuyers, about a quarter (23%) were first homebuyers, while

13% of respondents had more than one property. Despite the high rate of respondents being on their second or subsequent home purchase, almost three quarters of the respondents had mortgages on their homes and, for many (57%) respondents, these mortgages were substantial, that is, above the Sydney median of around \$300,000.

The majority of the respondents had moved within their own local government area, although there was a definite shift from Blacktown City Council to Baulkham Hills Shire Council among the north west homebuyers. Homebuyers in Seagreen estate were almost entirely from the northern beaches area.

Home purchase preferences

Respondents were asked about the three most important features that attracted them to their estate when choosing to buy a house or land (Question 6). Analysing the responses the feature most frequently ranked as '1' was that "the price was affordable".

This was followed by the location of the house/land within the local government area where respondents preferred to live. Respondents ranked proximity to family and friends as the next (third) most frequently mentioned feature that attracted them to buy a house in the estate. These results show homebuyer preferences, when choosing to purchase a house, tend towards factors that are extrinsic to those that are specifically constructed within the estate, although it could be argued that what is 'an affordable price range,' as determined by the consumer, is a function of what is 'built into' the development.

When respondents' 'three most important features' were combined, the feature most frequently mentioned feature was having open space, parks and bushland nearby. In other words 48% of respondents included open space, parks and bushland as the feature among their three most important). Affordability was

ranked second (mentioned by 42% of respondents) followed by the style of housing as the third most frequently mentioned feature (by 38% of respondents).

Features that were mentioned least frequently as important to respondents when choosing to buy a house in the estates were 'good access to public transport', play area and 'equipment for children', 'other people in the neighbourhood' and proximity to shops. This is not to say that any of these features are not important to respondents, but that these features were not considered most important by most of the respondents. Interestingly, when asked what additional facilities that respondents would like in their area, the most common responses were improved public transport and access to children's play areas. This suggests that the absence of these features precluded their consideration at the time of purchase.

A significant difference between men and women emerged in what was considered the most important feature attracting them to a house within the estate. A much higher proportion of female respondents rated affordability, open space and bushland nearby, and investment potential as the most important features. For male respondents, a greater proportion rated the visual appearance of the houses in the estate as most important. This, perhaps unexpected, finding may deserve further study into the differential (gendered) inputs into home purchase.

Homebuyer knowledge of developer contributions

The results show that a substantial proportion of homebuyers in these land release estates have little idea about developer contributions as a mechanism for funding community facilities and services. When asked in Question 11 "To what extent did you

know you were contributing to the cost of some community facilities and services when buying your house?" relatively few respondents (12%) knew "all about it". Just over a third (35%) had "no idea" while a similar proportion (38%) had some idea and 15% didn't think about it.

The follow-on question addressed respondents' views about developer contributions and the impact on the price of their house/land. There was a positive sentiment expressed by 42% of respondents, that they felt "fine" or that this arrangement was "fair enough". A further 32% reported their conditional support for much of the cost of developer contributions being embedded in their housing price, with the main concern being that planned facilities were actually delivered. Together, this result suggests three quarters of homebuyers are comfortable knowing that they have contributed upwards of \$40,000 towards community facilities in their areas. Only 3% of respondents reported feeling "not happy" knowing that they were contributing to community facilities through developer contributions.

Given that these respondents have already made this investment, these findings may be different among prospective homebuyers. This would be a subject for a separate study.

Use of facilities

The facilities that were most used on a weekly basis were those connecting the estate to the surrounding areas. District roads, intersections, roundabouts were cited as used on a weekly basis by almost 90% of respondents, followed by footpaths and cycle ways by 45% of respondents. The next group of facilities most frequently used were recreational open space areas, namely local creek and bushland areas, walking paths and cycle ways and

local parks with children's play equipment used on a weekly basis by about one quarter of the respondents. Least frequently used facilities were the childcare centres, bus stops and library facilities.

Baseline versus threshold facilities

Preference for facilities paid for by developer contributions

When respondents were asked in Question 9 to consider which facilities and services they would prefer to pay for 'up front' through developer contributions, the pattern of responses was similar to those regarding use of facilities. Respondants ranked facilities they would most prefer to pay for upfront through developer contributions knowing that this would increase their property price. Their responses (ranked 1,2 and 3) are shown in Table 10.

There was unequivocal support for linkages (roads, cycleways and footpaths), and amenity provided by the natural environment, namely the dedication of open space for conservation and recreation and landscaping and planting of street trees.

Roads, intersections and bridges were rated most frequently as being among the top three preferences by 90% of respondents, followed by dedication of open space by 83% of respondents, and landscaping and tree planting by 73% of respondents. Least frequently mentioned as a first preference was building and refurbishing library facilities (ranked in the top three preferences by only 7% of respondents) and constructing sporting fields and facilities (ranked by 9% of respondents).

Preferred timelines for delivery of facilities

A consistent picture emerges of homebuyers' preferences for (baseline) facilities to be in place when they move in, with 88% of respondents rating dedication of open space, conservation and recreation and building roads and intersections as baseline facilities. An equally high proportion of respondents rated establishing local parks with children's play equipment as baseline facilities.

Among the facilities that respondents would be prepared to wait for, library facilities, multipurpose centres and the larger district parks with barbecue facilities were three facilities most frequently preferred for delayed establishment, (as rated by 83%, 78% and 63% of respondents respectively).

Footpaths and access to transport were the two main 'other facilities' rated by a large proportion of respondents (67%) to be included as baseline. Gyms and pools were among the 33% of 'other facilities' rated by respondents for delayed establishment.

Private housing costs versus expenditure on public goods: the \$20,000 question

Respondents were asked if they had their time again, and had an option to pay \$20,000 towards additional community facilities either by (a) upfront \$94 contribution added to their property price; or (b) over time through council rates, (paying \$20,000 less for their property price), or to "keep the money" by paying \$20,000 less on their property price. The overwhelming result is that four-fifths of respondents (81%) state that they would prefer to pay for community facilities over personal use or household goods, if given the option.

Amongst the willing contributors to community infrastructure, a slightly larger proportion of respondents (53%) indicated a preference to have reduced house price but to pay for additional facilities through council rates. A slightly smaller proportion of respondents (38%) would prefer to have the \$20,000 paid up front to have the community facilities sooner.

Only 15% of respondents indicated that they would prefer to pay less for their house and keep the money to use to purchase home furnishing, home theatre equipment or other personal expenses. Two respondents suggested splitting the \$20,000 between up front payment and rates.

These results were based on the understanding that

- their preferred baseline facilities had been provided through an upfront \$9,94 contribution
- the facilities will actually be delivered within a reasonable timeframe; and that
- there might be a limit to the cost they might be prepared to bear.

The reasoning behind the trends shown in the results from the survey was explored in the findings from the in-depth interviews, described in the next section.



Table 10. Q9 Response by sex

	Male	Female
Building & upgrading district roads, bridges & installing traffic signals, roundabouts & pedestrian overpasses	13	22
Planting street trees & landscaping	9	18
Dedicating land for open space, conservation & recreation	10	23
Establishing local parks with children's play equipment	6	14
Constructing local & district cycle ways & walking paths	5	10
Restoring and conserving district creeks and native bushland	3	9
Establishing large district parks with BBQ & picnic facilities	4	5
Building & refurbishing library facilities	2	1
Building childcare centres for non-profit childcare providers	1	5
Building multipurpose community centres for various group activities	2	3
Constructing sports fields and facilities	1	3





in-depth interviews



In-depth interviews

The interviews explored people's views about their motivations and decision-making in relation to their home purchase and surrounding facilities. The interviews illustrate the high value that people ascribe to the features that make up the built and natural environments in which they live, as an integral part of their housing choice. This exceeds a materialistic interest in the property asset (which is recognised as important) and is described in terms of a 'quality of life'. Significantly, residents demonstrate a willingness to help fund the amenities and services that support that life and community experience.

In what follows, the key findings emerging from the survey results are listed below, are then each one is 'captured' using verbatim quotations from the transcribed interviews.

Resident Opinion: Key Findings

- Attachment to a location for housing choice goes beyond estate boundaries regardless of the main motivation for house/land purchase. However, some homebuyers were attracted to specific qualities of the estates, such as land parcel size, price, or aesthetic features such as bushland nearby.
- Homebuyers have limited knowledge of development contributions as a mechanism for funding community facilities.
- The majority of homebuyers are willing to pay for community facilities through development contributions. For this group community facilities are regarded as part of the home purchase 'package'. They suggested that what's good for the community makes for a better place to live.
- A majority of homebuyers are committed to sharing the costs of service provision and maintenance regardless of their actual use (or otherwise) of facilities.
- In response to the \$20,000 question, a tiny minority of people state they would prefer to 'keep the money,' based on the reasoning that they think that either they "pay enough taxes already" or that they are sceptical that the services will (ever) be delivered, in other words that their contribution would be spent wisely.
- There is an upper limit to what homebuyers' regard as a reasonable amount to contribute to community facilities as part of the property price.
- Homebuyers consider that 1 to 5 years is a reasonable time to wait for the delivery of community facilities.
- Scepticism abounds as to developer largesse and council competence in delivering community facilities, although on the whole people expressed general satisfaction with the actions of both.
- Homebuyers place a high value on natural vegetation, 'useable' open space, walking and cycling tracks and roads within the estate: these are regarded as baseline. Major roads, beyond estates, although included among priority baseline facilities, were questionable on the point of whether they ought be funded through S.94 contributions.

Attachment to a location for housing choice exceeds estate boundaries.

Regardless of the main motivation for house/land purchase, homebuyers describe their property search in terms of local government area, not individual estates. Often this was because they had some existing attachment to the area, had grown up in the area, and had friends or family in the area.

There was a variety of reasons reported for moving to a new release area. As the following quotes indicate, motivations for moving and decisions to buy in a particular area are very much entangled:

... Well, there was always the intention that my work would relocate here in the west, so I wanted to move somewhere that was close to it. Also the fact that, I guess, the Kellyville-Rouse Hill general area was in its development stages, so there was a lot of land to choose from in different estates.
(Interviewee 7, Male, The Outlook)

... Well, we backed onto Windsor Road, where we were before, so it was quite noisy, and we just wanted to move to a quieter area. (Interviewee 9, Female, Highlands Ridge)

... Down sizing, we were in a house with 6 bedrooms on a 1400 metre square block and we just needed to have a smaller place to look after. ... I'd been watching this development for a while and a friend moved in down here and said it was really good quality. The homes all have a double garage and underground water tanks and air-conditioning. It's close to the shops and the

bus stop. There's the park close by where you can walk. When I came and had a look I thought yes this is good. And it's close to the family. (Interviewee 10, Male, Seagreen)

... Probably because I wanted to live in a new house. I would have loved to have had a more modern house, but the affordability wasn't in the area we were living in, and at the time we had our house valued and we just went out to Homeworld and had a look, and realised, "Oh, we can actually do this." So that's how it all came about. (Interviewee 11, Female, Highlands Ridge)

Once interviewees had commenced the search for a house or land, homebuyers were attracted to particular estates based on various, estate-specific, qualities, such as land parcel size, price, or aesthetic features including bushland nearby. Few interviewees, however, had singled out the particular estate from other estates in the area they sought to purchase. For some homebuyers it was even a matter of chance.

... There was, I guess, a lot of housing options to consider as well. So the particular house design that I liked requires a very wide frontage, so it's hard to build the house that I built in estates elsewhere. Some estates are very narrow in terms of frontage.
(Interviewee 7, Male, The Outlook)

... Originally we were looking at Kellyville, but with the land sizes we got a little bit bigger land in Kellyville for the same price.
(Interviewee 11, Female, Highlands Ridge)

... I liked the fact that it was up on a hill, and there's a creek down the bottom and a bit of a dam up the top. A few areas for the kids to play. *It's not all just houses.*

(Interviewee 12, Male, The Outlook, emphasis added)

Homebuyers have very limited knowledge of development contributions as a mechanism for funding community facilities.

All interviewees, without exception, and as the following sample of quotations is intended to evoke, reported they had very little knowledge of the developer contributions scheme.

... My husband would probably know, because he gets right into things like that. I don't. So in terms of how much [was contributed] or something, no I wouldn't know. (Interviewee 1, Female, The Outlook)

... To be honest, until you spelt it out in the survey, I wouldn't have known. Having grown up in the Hills and having been involved in a bit of sport, I always knew that...they always talk about this S.94 something-or-other, but I never knew what it meant, probably until I read the stuff you sent out... (Interviewee 6, Male, Highlands Ridge)

... I didn't know anything... Sometimes you're better off not knowing what you've paid for! Sometimes it's better to say that the cost of your land is X dollars, and not getting a breakdown of what it's made up of. (Interviewee 7, Male The Outlook)

... Q: Did you know that some of the price involves money towards those things?

A: Not really. (Interviewee 8, Male, The Outlook)

... Q: OK. And what about the fact that – obviously, the price you paid for your land, some of that money went to contribute to providing parks and facilities like that. Did you know that was part of your house price?

A: No, not really, I didn't know that. (Interviewee 9, Female, Highlands Ridge)

... Q: How much did you know about the developer contributions and the community facilities in the area that you had contributed to?

A: Not much. (Interviewee 10, Male, Seagreen)

... I think there was something, I think somewhere, written. I don't know if there was something when we bought, but I remember it being knowledge about it – maybe it was on the news, it was mentioned about development in certain areas, that developers had to put in a certain amount. It could have been to do with the Highland's Ridge – some sort of committee, where they used to have billycart days, and I know those funds are used from what the developers have put in for the community get-togethers, or something. I'm not sure how long that continues, if it only lasts a few years or...they

used to have something behind here which used to be funded by that. The Residents' Fund, or something, which I think was funded by developers to begin with. As for our contributions, I'm not sure whether – I think we contributed for plants and things like that, or something, which we're finally getting. I'm not exactly sure. I can't really remember it standing out when we were settling. (Interviewee 11, Female, Highlands Ridge)

... Not a lot. Like, we've always known that...you talk to people that are subdividing, say, and they say that for every block they have to put in thirty thousand or forty thousand to Council, whatever, and I think it's increased a fair bit since then. (Interviewee 12, Male, The Outlook)

The large majority of homebuyers are willing to pay for community facilities through development contributions.

The majority of interviewees were at ease with the fact (and realisation) that some part of the developer contributions was included in their purchase price. Almost all interviewees expressed a willingness to pay for community facilities. For this group, community facilities are regarded as part of the home purchase 'package'. They suggested that what's good for the community makes for a better place to live. When asked if they had an option, would they prefer to pay for extra facilities or keep a sum of \$20,000 off the price of their property, all but 2 interviewees stated they would prefer to have the facilities. The following quotes (plus those in the next section) capture this broadly shared sentiment:



... I mean, if we sort of found out that twenty thousand from [the cost of] our land was going to go to something else and it still came into our budget, I don't think it would have made a difference...do you know what I mean? (Interviewee 1, Female, The Outlook)

This preference for facilities over personal goods relates to homebuyers' view of their purchase as an investment on multiple levels, quality of life and hip pocket included.

... Q: Buying the house as a property investment, was that ever a consideration for you?

A: No. I don't think so. Oh, maybe. I don't know. Like, we had our last house for fourteen years. We've built here with everything that we want. We've got our pool, we've got grass for the dog, we've got schools...yes, some of our neighbours have moved on. They built and the property prices and everything went up, and they made quite a bit of money and moved on, but for us, no. Does that make sense?... I just can't understand why people come in ... they build everything that they want, get the whole house the way they want, then finish it and sell it. I don't know. I just have a real problem understanding that. (Interviewee 1, Female, The Outlook)

... Well, this is the environment you live in, and money's always short, and you can't expect to live in a five-star environment if you're trying to fund it on a three-star budget.



Yeah, so if you want to live in a ghetto, don't contribute anything. (Interviewee 3, Female, Highlands Ridge)

... I don't really – it doesn't really worry me, because my view of the house and what I've got is: I bought it for X amount of dollars at the time, and it will increase in value, so I'm not really – do you know what I mean?

Look, all you know is that a block of land is worth that much money, and it's relative to what a block of land is priced at around. For us, when we first bought a block of land, it was like: this is how much the block of land's going to cost, this is how much the house is going to cost, (?) and other things will be roughly our total cost. If I go and buy (?) this much, it's what I want to do. The taxes, the charges...it's all one inclusive price, so...

(Interviewee 6, Male, Highlands Ridge).

There is also a view that the contributions to the facilities are part of the whole purchased package, that is not just a house but a place to live:

... I think it should be part of the parcel. Like, at the end of the day, you can't expect something for nothing. And it's your own enjoyment. So I don't think you feel any bad feelings towards it, no. It's probably no different to when you build a house, there's set council requirements, so Council requires you to have insulation. Wall and ceiling insulation. They require you to have

recyclable water access. They require you to have a whole heap of particular things, like sun and shade and all that sort of stuff. So it's an additional cost, but you wash it up as part of the cost of building a house. You don't necessarily see it as something you could potentially save if you didn't choose to live in that area, because you could move to a different council area that may not necessarily have the same conditions. So, I think in terms of land, like, land has risen so much in price anyway that if you had a choice between saying you either live here and pay the twenty thousand or live somewhere else and pay nothing, then it's a choice about where you prefer to live more, not necessarily the value of the money you're contributing. (Interviewee 7, Male, Highlands Ridge)

... I think [I'd pay] the money towards the facilities, otherwise we wouldn't get them! (laughs) (Interviewee 9, Female, Highlands Ridge)

... When you first buy a home and you're building and stuff, money is tight, so if you offer people something like that they're automatically going to go, "Give me the twenty thousand," and in a different stage of your life, where you've only got babies, you're not going to think about libraries and schools at that stage. Not so young. It's more as they get to preschool and you're starting to think ahead. Now I'm starting to think what high school is going to be around. We should be OK for high school, but there's kids

in Year 5 that aren't going to have a high school until 2009, so they've got to travel to Galston or – so that sort of thing is really hard, so you need to have an infrastructure in there, to make sure that we have proper facilities within an easy-reach distance.

(Interviewee 11, Female, Highlands Ridge)

The preference to pay for community facilities was not confined to those facilities that the interviewees themselves actually used.

... Q: Next to the school is Beaumont Hills Community Centre. Have you ever used that?

A: No.

Q: That's one of the facilities that have been built out of the contributions that have been drawn from houses in the area, actually from the whole land release, which goes beyond this particular estate. Do you have a problem with feeling like you've made some contribution to facilities like that?

That I don't use? No... I don't have a problem with facilities for other people to use. Our kids are older now, and they do a lot of before and after school care there. I think they have play groups and stuff up there. So I don't have a problem with anyone else using the facilities that my children are now too old for. And I mean,

you never know. Down the track they could have something on up there – I don't know, a garden club, they could have anything – which means that I could use it as well.

(Interviewee 1, Female, The Outlook)

... Q: What about, you know they've the cycle way and they've got the walk-along... [Smalls Creek]

A: Yeah, that's all good.

Q: Do you use it though?

A: No, no time for that! But I think it's good. My next-door neighbour does. He goes off for a walk... somewhere... down there.

(Interviewee 3, Female, Highlands Ridge)

... Q: How do you feel about contributing towards some of those facilities that you might not actually use?

Again, I don't feel any negative sentiments towards that at all. (Interviewee 7, Male, The Outlook)

... Q: And does it worry you about contributing to facilities that you might not use?

A: No, not really, as long as... like, if I decide to go there, say with family or friends, I go there and I'm pleased by what I see... do you know what I mean? Rather than turn

up and go, "Oh, my money's gone into this and they don't even care for it!" Yeah. So that doesn't really bother me. As I said, I think if it's added into something, you don't notice it, whereas if you're asked to contribute as a donation you think, "No, I'm not going to give it!" (laughs) (Interviewee 9, Female, Highlands Ridge)

Only a small minority of people state that they would prefer to "keep the money".

For those few who stated that they would prefer to 'keep the money' rather than pay for extra community facilities, their rationale was driven by doubt and anxiety about whether they were getting value for money from their taxes, and/or whether the services would (ever) be delivered. In other words, the interest was less in the money as such, than a concern that their contribution be spent wisely.

... I'd probably keep the money because you can't guarantee that the Council will put the facilities in place. We still have to pay our rates, but the roads are shocking. (Interviewee 10, Male, Seagreen)

In stark contrast, very strong views were expressed about making contributions for community benefit. These are included here to underline the consistency of the finding (illustrated in the previous section) of public willingness to invest in the contributions scheme.

... Well the money's got to come from somewhere, so where's it going to come from if it doesn't come from us contributing?

Like if it's not going to come out of our rates or something like that, through Council, where's it going to come from? (laughs) from nowhere! (Interviewee 9, Female, Highlands Ridge)

... I think you need to incorporate it within prices in order to have the facilities, because if we moved out here and we still had all the ratty roads – I mean, even this road, Mile End Road, that you came up, I mean, that's just had a set of lights – all of that, a path's just gone in along that road for the kids to walk to school...you can't – it's just too dangerous. You need to have local facilities. It's brilliant. (Interviewee 11, Female, Highlands Ridge)

... Yeah, I'd probably go for the community facilities, for the long term. Plus, if you've got community facilities then it's not going to be wall-to-wall housing, so it's going to be a nicer environment for people coming after you. (Interviewee 12, Male, The Outlook)

... This is a little bit... basically, not a big problem for me, but of course we need to think in a global way with people. We're all together. (Interviewee 8, Male, The Outlook)

Homebuyers did not necessarily express resentment that future residents would benefit from contributions they have made.

... It's almost like the premium you've got to pay to have the investment, isn't it. (Interviewee 6, Male, Highlands Ridge)

... I think it didn't worry me because I knew my kids would benefit from it. Maybe if I was an older person I'd be, like, "Well, my kids aren't going to use it, so..." (Laughs) I sort of knew my kids would benefit from the things in the area. (Interviewee 9, Female, Highlands Ridge)

There is an upper limit in what homebuyers' regard as a reasonable amount to contribute to community facilities as part of their property value.

Despite the strongly expressed preference to contribute to community facilities, there was a limit to residents' commitment to share the costs. There were explicit conditions stated by homebuyers, relating to the cost and timing of delivery of community facilities, as well as (see next entry) the spatial extent of shared funding.

... Well, I paid two hundred and fifty thousand for the land, so probably if they said to me, "Ten percent more is going to...[extra facilities] well, I probably would have said okay. But again that depends on your financial situation – some people might have said, "Oh no, I can't". (Interviewee 3, Female, Highlands Ridge)

Q: ... Have you got any sense of how much would be your upper limit?.. Either as a dollar figure or a percentage?

A: Oh, I suppose five percent. (Interviewee 9, Female, Highlands Ridge)

... Around ten percent would be reasonable I think. (Interviewee 10, Male Seagreen)

... No. I suppose I just like to think that if they took out the minimum amount that they could to do a reasonable job within the Estate, and left it at that, sort of thing. Like, you don't want people that are going to go and buy a block of land in a new estate to be subsidising someone in a different part of the council that's been there for a hundred years (Interviewee 12, Male, The Outlook)

This was the only interviewee who felt the contributions should be levied only for facilities within the estate. For the other homebuyers, the spatial limits for contributions extended to facilities outside of their estates (see below).

Homebuyers consider that facilities funded through S.94 ought to be located near where they live – but not necessarily limited to their estate, nor even within the boundaries of their local government areas.

The respondents expressed views about the spatial limit to the location of facilities funded through S.94 contributions. These views support the 2005 S.94 amendments which allowed for levies to be pooled across local government boundaries. It strengthens the planning argument that community facilities and services be linked to a catchment area of facilities/services users, rather than invisible jurisdictional boundaries.

... Q: How would you feel, for example, if your money – the contributions – were going to things that was sort of... beyond,

like, how far would we go...maybe into Blacktown?

A: Oh, so contributing to things that are being built in Blacktown?

Q: Yes, beyond the boundaries of what you see as your community.

I'd probably be a bit iffy with that, because we don't go that way [to Blacktown]. If you'd said, "Hills District" I would say yes, but it depends on each family, really ... I mean, I do go to Stanhope Gardens Leisure Centre, and that's Blacktown Council, so that's still a community-use thing. If it was in a five or ten kilometre radius, I'd probably be OK with it. (Interviewee 11, Female, Highlands Ridge)

Another respondent reiterated a willingness, though not unbounded, to enlarge the range of facilities to be funded from 'his' contributions.

... Q: A lot of people made that contrast between Blacktown Council and Baulkham Hills Council. Do you think you would have had a problem if some of the contributions went to something like Stanhope Gardens [Leisure Centre], which was in another council [area], for example?

No. Because it's close. Everyone's going to benefit from it. (Interviewee 12, Male, The Outlook)

Most homebuyers consider up to 1 year and possibly up to 5 years is a reasonable time to wait for the delivery of planned community facilities.

... Q: And how long was it before those facilities were put in place?

They were actually already there before we built. (?) pretty much straight away.

Q: And how important for you was it to have those things in place when you moved in?

A: Very! (laughs) Yeah. It was good to see that they didn't just say it was going to happen, that it was actually there, because I think that was pretty much there before many houses were built. Yeah. That was pretty much there before they were doing the roads, and that. (Interviewee 9, Female, Highlands Ridge)

... Four or five years, I suppose. I suppose as long as you knew, like, long-term the facilities are going to be in place (Interviewee 12, Male, The Outlook)

... I'd say – from the first block on a development, I would say up to a year for everything. You'd want all of those facilities up and running. (Interviewee 11, Female, Highlands Ridge)

Some of these conditions stem from homebuyer dissatisfaction or lack of confidence with the performance of both developers and councils.

Homebuyers are ambivalent about developers and councils.

Scepticism abounds as to developer largesse and council competence in delivering community facilities, but on the whole people expressed satisfaction with the actions of both.

... A lot of it was there when they first set up. I think the developers have now moved out, and now it's been returned to Council, and we can see that the Estate has started to drop a little bit in standard, with some of the streetscapes...

Like, at the end of the day, the developers spend a lot of money, so part of their contribution back to society should be some of the infrastructure that they've built along the way. Like, obviously the price that they get for a particular block of land is supported from the environment the land is on. So if there are facilities, people are more attracted to it, which probably means they get to sell land a lot faster at probably an inflated price to what they would if there was none. So yeah, profitability I think is dependent upon what they build into the estate, whether they recoup it back through a higher price or not, I think there should always be some sort of contribution that developers need to make. It would be unfair to let it fall on council, but I think council needs to have some part in cleaning the estate and potentially co-contributing with developers. Which they probably do.

(Interviewee 7, Male, The Outlook)

... No, I'm quite happy. Yeah. It's always been pleasant – like, there's a few things that have broken down in the past, but they've always fixed them. Yeah. And, like, I've noticed they've built, like, more facilities are going up. Big sporting fields on the main road there, and the netball fields are upgraded and different things are happening, so you can see that more fields are going in, and they're catering for the kids and the sport, which is good.

So you can see that things are actually happening...

Yeah. And as I said, the upkeep and the maintenance of them is very good. I haven't really got a complaint there. I'd be ringing Council and whinging if there was! (Interviewee 11 Female, Highlands Ridge)

Contradictory views were sometimes expressed about both developers and councils, even in the same interview. This tended to occur when interviewees were thinking about specific facilities or incidents, which coloured their view one way or another, but were on the whole satisfied with their home purchase. This is self-evident as homebuyers have already made a decision to buy into the place where they live and generally are happy with their decisions.

... I think Councils really lean on developers a lot and it's hard for them when they have to pay all this money up front and then the Council doesn't put the facilities in... But we're fairly well catered for here. (Interviewee 10, Male, Seagreen)

... We've all got Claret Ashes out the front, to the point where across the road, they were building a driveway and they actually knocked out their Claret Ash. And it was interesting. I've got really good neighbours, but they actually rang up the developer and said, "Can you give us another Claret Ash, because it's going to be out of place in the street." And one was delivered! (Interviewee 1, Female, The Outlook)

... Almost like you step across the Old Windsor Road and you can see the difference in sporting facilities... Blacktown Council had done a good job where we were, it was a really nice area... Glenwood. So really, stepping across Old Windsor Road, the difference between Councils, where I was looking at, there are better schools, better sport facilities in terms of ovals and the landscaping and the playground equipment, the walking tracks.. all of that stuff's been done by Baulkham Hills Council. Blacktown Council are really slow to get things done (Interviewee 6, Male, Highlands Ridge.)

... Baulkham Hills Council has never been great in actually spending money to make more fields. (Interviewee 2, Male, The Outlook)

... No, I think Blacktown Council seems like a fairly progressive council. Like, it's got really good roads. (Interviewee 12, Male, The Outlook)

Most concerns arose around the situations where what was planned, either by council or developer, was not actually delivered as was the case in Beaumont Hills with the rezoning of proposed parkland to residential land. There was also acute frustration expressed about delays.

... But I don't know what's happening, but everybody, everybody's complaining. (?). And you can't use a bicycle with a little one, because a car is coming. You have no place that a little one can use a bicycle. We have grandchildren that come, someone has to walk on each side of them, because the car is coming, coming, coming... this is it. It's stupid. Even the bicycle way isn't ready when it was promised, you know? There is nothing ready. (Interviewee 8 Male, The Outlook)

... If we only waited two years for footpaths and we contributed, how long would we have to wait for Council to put them in? So I'd rather them have the money and put them in two years later than them not have the money and I'm still waiting ten, fifteen years later.

Q: So you feel Council just doesn't deliver soon enough? Is that your experience?

A: I think everything's "coming". I don't know. That's just the way I feel. They plan things but then they don't exactly deliver. Everything's "coming", it's always "coming". Eventually. (Interviewee 1, Female, The Outlook)

Homebuyers place a high value on natural vegetation, ‘usable’ open space, walking and cycling tracks, and road works: these are regarded as baseline.

Homebuyers’ priorities regarding the facilities that ought to be provided under developer contributions showed a strong consensus for: the provision of open space including children’s playgrounds, natural vegetation, walking and cycling tracks. These baseline facilities and amenities were considered so important as to have fundamentally informed their decision to purchase their homes.

... Then we looked at facilities. We were happy that there were parks nearby, that there was a walking track that goes through the Estate so we could take the kids bike riding and that, away from main roads, and it was quite safe, because I’ve got small children. Yeah. And open space. We were across the road from open space. Even though it’s power lines, but it’s still an open space where the kids can go across and kick a ball, and stuff like that. So we liked that there were places to go rather than just houses everywhere. (Interviewee 9, Female, Highlands Ridge)

... But the thing is, there’s plenty of wetland there, and it looks great on paper, but you can’t use it. You can’t walk your dog through it, you can’t cycle through it...you can look at it, look at the wild ducks, but...and then when you’re actually driving to the estate,

we’ve got the boardwalk with the fountain. That is packed on a weekend! It’s packed. Or you can go right on top of the hill and use up the top of the hill. (Interviewee 1, Female, The Outlook)

Although roads were high up on the short list of baseline facilities in the survey there were mixed views as to whether the funding of roads beyond the estate ought to be included in S.94 contributions.

Q: What do you think has to be done absolutely first?

A: I would have thought they would build the roads first. Put the roads through and transport infrastructure. Particularly out west. It’s a joke out there. Well if you’ve lived in the Hills, you’d know (Interviewee 6, Male, Highlands Ridge)

... I suppose I sort of think, like, it’s fair enough to develop parks and stuff in the estate, but then to do road works and stuff like that, maybe that should be...Apart from the Estate itself, I reckon it should go back on the council.

Q: And how do you think Council would be best to pay for things like road works, or even State Government?

A: Rates and taxes. (Interviewee 12, Male, The Outlook)





discussion

Discussion

The research provides evidence that new homebuyers value, and are willing to financially contribute to, public infrastructure and amenities on new residential developments. It indicates that homebuyers where they can afford the house/land package, support s.94 levies as a mechanism to deliver local infrastructure in a timely manner.

In addressing the research questions the results show:

1. That homebuyers are largely uninformed of S.94 contributions, and the costs associated with these contributions that might be embedded in the cost price of their property (and mortgages).
2. When informed of the nature and cost of S.94 contributions as they applied to their release area, homebuyers, in this market segment, were mostly comfortable. Indeed, the overwhelming sentiment was one of satisfaction with the principle and application for the benefit of the community (see below) that, in their view, extends beyond their particular estates and local government areas, and for facilities they may not use.
3. There was a broad consensus on the value of providing natural useable parklands, children's playgrounds, footpaths and cycleways as baseline facilities.
4. Road works were also considered essential for new developments, but there was some divergence of opinion about whether these should be funded through S.94 contributions.
5. Facilities such as community buildings, meeting places, sporting facilities, libraries and child care centres

were regarded highly by interviewees, but as more discretionary in terms of prioritised provision and length of time for delivery.

6. Homebuyers willingness to contribute to both baseline and discretionary facilities is not unbounded.
7. Community consultation around the types of facilities that are provided through S.94 may help to come to an agreed minimum entitlement and acceptable timeframes for the delivery of facilities that respond to emerging needs that may not be anticipated at the time S.94 plans are prepared.

Homebuyer knowledge

For something that involves a substantial financial investment (of up to \$60,000) there is a striking level of ignorance among the homebuyers who participated in this study. The degree to which the S.94 contributions are unknown and misunderstood raises questions about how the situation has arisen, and the level of transparency the system offers to homebuyers. This is not only a matter of the 'exclusion' of homebuyers, but of the smooth running of the developer levy system in the interests of all parties to it.

Homebuyer satisfaction

When informed of the dynamics of the S.94 contributions system, the large majority of the respondents, from the focus groups, to the survey, to the interviews, were at ease with the knowledge of their financial input.

For the homebuyers who participated in this study, there is a sense of the inevitability of 'death and taxes'. But it is also the case that for these buyers - who have contributed

more towards public infrastructure (as a percentage of their property prices) than anywhere else in Australia - there is also a strong commitment to public infrastructure that enhances the environment in which people live, and which supports not just individual quality of life, but community sustainability. Regardless of whether this sentiment can ultimately be tracked to householder's stake in property values, or a genuine sense of "community mindedness", the significance for this study is that the amenity of local environments - and the expected flow-on effects to community well-being - is something for which this market segment is prepared to pay.

Baseline facilities

The facilities that the respondents considered non-negotiable at the time of moving into their new homes, or shortly after, were as follows: 'useable' natural parklands; children's playgrounds; footpaths and cycleways that provide safe passage to recreation and other facilities within and beyond the estate. These were the things whose cost burden homebuyers were readily prepared to bear through their property/purchase/ mortgages.

The special case of roads

Roads and traffic works were regarded as baseline facilities but there was disagreement and confusion about how these have and ought to be funded. Opinion was split on the question of the appropriate funding source for roads beyond the estate. In the North West estates there was a view that the major thoroughfares and their integration to the land release areas ought to have been completed much sooner. Unlike the aforementioned baseline facilities, major roads were not considered an appropriate use of developer contribution money.

Discretionary facilities

There were a number of amenities and facilities that respondents rated equally (to baseline) in terms of community benefit. These included community buildings, meeting places, sporting

facilities, libraries and child care centres that had been included in the S.94 plan that related to their release areas. These are the facilities that respondents would be prepared to help fund through rate payments.

In addition, there were other facilities, such as schools, hospitals, pools, gyms and age-appropriate leisure facilities for young people (such as skateparks and entertainment venues) which respondents regarded as important facilities to be provided for community benefit. There was no consistency or clarity, however, on the appropriate funding source or mechanism for these.

The limits of homebuyer contributions

This study has elicited that, just as developers wish to contain the "shopping list" of facilities to be provided upfront to release areas, so too are there limits to "homebuyer contributions".

It is somewhat of a misnomer to regard S.94 as a 'user pays' system, when homebuyers are willing to contribute to facilities beyond their estates and regardless of whether they use them. In this sense, the flow-on effects of S.94 contributions to mortgages constitutes the domestication of government debt for public infrastructure.

Community consultation

Some years ago, baseline facilities and services were said to include such things as a primary school, a children's playground, community centre, doctor, corner shop, bus service, public telephone and a post box (BBC Consulting Planners, 1997).

Nearly ten years later, this list seems outdated, reflecting how cultural, social, and technological change requires ongoing consultation with prospective and new homebuyers to ensure

supply better reflects market demand. Such change also indicates how quickly lists of facilities, especially in relation to telecommunications, can become redundant.

It follows that the baseline facilities identified according to homebuyer preferences in this study will also have a 'shelf life', and that consultations about consumer demand should be continually updated and adapted to local contexts.

Such consultation is not simply a matter of 'including' homebuyers and communities in decisions that affect them. The point to underline here is that the more that homebuyers are brought into infrastructure funding conversations, the more likely they are to 'own' a sense of agency and responsibility for service provision and to scale their expectations accordingly. Although potentially time-consuming from the developer point of view, this approach is ultimately fundamental to the smooth running of service delivery systems in the interests of all parties - homebuyers, developers, and local councils.

Methodological challenges

A major challenge for this research was to resolve a strategy for accessing people's opinions on a complex system about which they may have limited knowledge. Methodologically, the research has demonstrated that, to traverse a complicated policy terrain, there is value in bringing qualitative and quantitative approaches together to build a comprehensive picture of community perspectives.

The use of focus groups in the first instance helped to formulate the survey questions and possible responses, and to shape the structure of the in-depth interviews. The in-depth interviews helped to explain why people held the views indicated in the survey responses. Equally, the survey gave quantitative weight to the trends that emerged in the interviews.

The main limitation of the research was the sample size for the survey and interviews. Using a random sample within each estate produced only a relatively small number of responses which excluded any further comparative analysis. The sample size in this case meant that the survey would not have been sufficient on its own as evidence of the views of homebuyers.

Gwyther's (2005) studies of master planned estates in South West Sydney also combined interview and survey data, but in the reverse order, using survey data to clarify the interview findings. The practical value of conducting the survey first, as Gwyther (2005) also found, was that it was an effective way to locate participants who were willing to be interviewed. In retrospect, a whole-of-population mail out survey in each estate may have produced more statistically reliable survey results, (possibly a larger pool of interviewees), but, by applying a mixed method approach, the main themes that have emerged are nonetheless valid.

Implications and Conclusion

The concept and application of S.94 contributions has been the focus of considerable debate since the introduction of developer levies in 1979. Who should pay, how much, and for what, have been contentious issues throughout this period. This debate has in large part taken place in the absence of knowledge about resident views on community facility provision - their preferences, priorities, and willingness (or otherwise) to 'own' a financial role in service provision and maintenance.

Impasses and blindspots have emerged in the debate at many scales, with developers expressing frustration at council's power to determine uses of contribution money and delay the provision of agreed services, and councils feeling the pinch of

limited funds to meet their obligations to S.94 contracts in the absence of power to increase rates. The press has also entered the fray of debate, for example, pointing the finger at state government taxes and developer levies in such a way as to depict homebuyers as victims - unwilling dupes of a hidden system of cost transfers (The Sun-Herald 20 August 2006). Meantime, developers arguments about 'housing affordability' risk deflecting the debate away from the core principles of S.94 contributions.

With mounting pressures on developers and councils to achieve their (sometimes conflicting) objectives from urban and community development, it is timely - if not urgent - that more consideration be taken of homebuyer opinion about minimally acceptable service provision on new estates.

From this study, developers can take confidence in the finding that there is clear market consensus about a list of 'baseline facilities' - as well as support, at least from this market segment, to bear some of the cost of 'upfront' facilities. In fact, the research suggests that far from being apprehensive about greater transparency in relation to these costs, developers can continue to work directly with housing consumers to satisfy their sense of minimum entitlement to services.

Despite residents' lack of awareness and understanding of the contributions scheme as such, the buyers consulted in this study nonetheless identify with the complexities at stake in service provision. In so far as they are committed to financially contributing to a quality of life that is 'not just all houses', they recognize they must own some of the upfront cost. To recall the succinctly stated view of one interviewee: ... "Well the money's got to come from somewhere, so where's it going to come from if it doesn't come from us contributing?" (Interviewee 9, Female, Highlands Ridge)

As for councils, there is a signal from this research that the

implementation, and any reviews of S.94 contributions plans, would benefit from consultation with incoming residents to new release areas. Because respondents were, on the whole, comfortable with the workings of the scheme, councils need not fear public complaints unless they are unable to demonstrate responsible management of the funds.

Councils could take this research as an indication that there is also a need to inform residents, and seek their input, into the roll out and delivery of facilities to which residents have contributed. Taking a proactive approach to accountability for S.94, Pittwater Council publishes on its website the ongoing progress towards the delivery of the goals set out in its Contributions Plan.

Enter the State and Federal Governments

To return to the debate about public infrastructure funding mechanisms, we note that most recently the NSW State Government is trying to garner public support for extending the developer levy mechanism to help fund facilities that have never before been 'paid for' out of people's mortgages. These include schools, hospitals and police stations. Not only is the expansion of the 'user pays' philosophy to core human services likely to be resisted by the development industry, it is also taking the concept to an extreme that has, as yet untested, social impacts.

The Federal Government has been noticeably silent on the issues of public funding of public infrastructure in urban areas. The primary responsibility for urban policy and planning has traditionally been taken by state governments, which have wielded their authority to a greater or lesser extent over local government, with the federal government rarely intervening (Gleeson & Low, 2000). In a passing comment on housing affordability, the Prime Minister recently called for the release of more land for residential development to ease the pressure on property prices (Howard, 2006), but no mention was made of

how the inevitable demand for community facilities, services or amenities (that would flow from more land releases) could be financed.

The 2005 report of the House of Representative Inquiry into Sustainable Cities (Parliament of the Commonwealth of Australia, 2005) states as a vision that:

Creating sustainable cities for the future requires planned action. Australia must proactively shape the growth and liveability of cities into the future. Our cities must be inclusive, healthy environments that are rich in economic as well as social capital, and that are open, accessible and safe (HRSCEH, 2005, p. 1).

Despite these high-sounding sentiments, there are no recommendations in the report that address the issues of funding public infrastructure, beyond an expansion of a federal grants scheme to support road upgrading by local councils. In any case, the Federal Government has yet to respond to any of the recommendations, showing a demonstrable lack of interest in these concerns.

Far from being a passive bystander to the infrastructure pressures created by urban expansion, the Federal Government has considerable influence on urban development and infrastructure in cities. In Sydney, in recent years, the sale of Sydney airport for over \$5 billion, and tracts of Crown and surplus departmental lands for commercial, industrial and residential development - for example, the 1,545 hectare ADI site in St Marys and the 181 hectare site at Cranebrook (Goodsir, 2004a) - bolstered the consolidated revenue pot.

The federal government is well placed to reinvest some of the surplus into reducing the backlog of infrastructure demands on local government rather than provide tax cuts to residents, which barely compensate for the repayments on the component of their mortgages that development contributions comprise, especially in a cycle of potentially rising interest rates.

Doubtless the debate around these questions will be lively and ongoing, not least including the contentious issue of whether the 'developer levy' mechanism is the only or most appropriate source of funding such infrastructure.





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Appendix

1. Survey responses

Profile of Survey Respondents

Q1: Were you the original purchaser of this house and land?

Yes	89%
No	11%
Total	100%

Q2: How long have you lived in this house?

Less than 1 year	20
1-3 years	39
More than 3 years	41
Total	100

Q3: How would you classify your purchase of this house?

My 1st home purchase	23%
My 2nd (or subsequent) home purchase	64%
One of a no. of properties I own	13%
Total	100%

Q14: Are you Male or Female?

Male	32%
Female	68%

Q15: What age group do you fall within?

Under 25	0%
25-44	66%
45-64	30%
Over 65	5%

Q16: How many people live in this house?

1	9%
2	33%
3-5	56%
More than 5	2%

Q17: How many children under 15 live in this house?

0	48%
1	17%
2-4	34%
More than 4	2%

Q18: How many people in this house are in paid work?

0	5%
1	28%
2	62%
3 or more	6%

Q19: What is your current work status?

Employed Full-time	66%
Employed Part-time/Casual	20%
Retired	6%
Not Employed	8%

Q20: What is your household gross income?

\$60,000 or less	16%
\$60,001-\$90,000	16%
\$90,001-\$120,000	33%
\$120,001-\$150,000	23%
More than \$150,000	13%

Q21: Do you have a mortgage on this house?

Yes	74%
No	26%

If yes, how much is your mortgage?

\$100,000 or less	2%
\$100,001- \$200,000	9%
\$200,001- \$300,000	33%
\$300,001- \$400,000	22%
More than \$400,000	35%

Q4: What was the name of the town/suburb where you moved from?

Respondents' previous LGA	The Outlook	Highlands Ridge	Seagreen	TOTAL
Auburn		2		2
Baulkham Hills	11	8		19
Blacktown	6	9		15
Camden	1			1
Fairfield	1			1
Gosford	1			1
Hawkesbury	1			1
Holroyd	4			4
Hornsby	1			1
Ku-ring-gai		1		1
Liverpool	1	1		2
Manly		1	1	2
North Sydney		1	1	2
Parramatta	1	1		2
Penrith	1			1
Pittwater			3	3
Ryde	1			1
Sutherland Shire	1			1
Warringah			3	3
Outside Sydney	1	2		3
Total	32	26	8	66

2. Homebuyer preferences

Q6: When choosing to buy a house in this estate what were the three (3) most important features that attracted you to buy a house in this estate?

	First mention	All mentions
The price was affordable	24%	42%
The estate was in the LGA where I wanted to live	15%	30%
The estate is near family and friends	15%	21%
The estate has open space, parks and bushland nearby	12%	48%
The style of the housing in the estate was attractive	12%	38%
The estate has good investment potential	12%	35%
The estate has a well designed street layout	6%	17%
The estate has child care centres and schools	5%	8%
The estate has well maintained and landscaped streets	3%	27%
The estate has cycle ways and walking paths	3%	18%
The estate is close to work	3%	12%
The estate is close to shops	2%	5%
The other people in the neighbourhood	2%	3%
The estate has a play area and equipment for children	0%	3%
The estate has good access to public transport	0%	2%
Other	3%	3%

Other* Large blocks with bush aspects, quiet and no thru traffic, vacant/flat land, block has a nice outlook.

Q6: Responses by sex

When choosing to buy a house in this estate what were the three (3) most important features that attracted you to buy a house in this estate?

**data recoded and ignore cases with multiple 1st pref.
(Total male: 17, Total female: 37)

	First mention**	
	%	
	Male	Female
The estate is near family and friends	24	14
The style of the housing in the estate was attractive	24	5
The price was affordable	18	30
The estate was in the LGA where I wanted to live	18	8
The estate has a well designed street layout	12	0
The estate has good investment potential	6	16
The estate has open space, parks and bushland nearby	0	16
The estate has child care centres and schools	0	3
The estate is close to shops	0	3
The estate has cycle ways and walking paths	0	3
Other*	0	3
The estate is close to work	0	0
The estate has well maintained and landscaped streets	0	0
The other people in the neighbourhood	0	0
The estate has a play area and equipment for children	0	0
The estate has good access to public transport	0	0
	100	100

Other* Large blocks with bush aspects, quiet and no thru traffic, vacant/flat land, block has a nice outlook.

Q9: Please select which of the following facilities you would most prefer to pay for upfront through developer contributions, knowing that this would increase the cost of your property by the estimated amount. (Rank 1, 2,3, ...up to 10)

	Preferences			
	1st %	2nd %	3rd %	mention in 1st three pref. %
Building & upgrading district roads, bridges & installing traffic signals, roundabouts & pedestrian overpasses	41	9	9	90
Planting street trees & landscaping	18	23	8	73
Dedicating land for open space, conservation & recreation	15	18	21	83
Establishing local parks with children's play equipment	15	5	11	46
Constructing local & district cycle ways & walking paths	2	15	11	41
Restoring and conserving district creeks and native bushland	2	8	12	32
Establishing large district parks with BBQ & picnic facilities	2	5	8	21
Building & refurbishing library facilities	2	0	3	7
Building childcare centres for non-profit childcare providers	0	6	3	14
Building multipurpose community centres for various group activities	0	5	5	14
Constructing sports fields and facilities	0	3	3	9

Q9: Responses by sex

Please select which of the following facilities you would most prefer to pay for upfront through developer contributions, knowing that this would increase the cost of your property by the estimated amount. (Rank 1, 2, 3, ...up to 10)

	First mention			Mention in 1st 3 pref. (Actual Counts)	
	Male	Female	Total	Male	Female
Building & upgrading district roads, bridges & installing traffic signals, roundabouts & pedestrian overpasses	46%	54%	100%	13	22
Planting street trees & landscaping	27%	73%	100%	9	18
Dedicating land for open space, conservation & recreation	13%	88%	100%	10	23
Establishing local parks with children's play equipment	20%	80%	100%	6	14
Constructing local & district cycle ways & walking paths	0%	100%	100%	5	10
Restoring and conserving district creeks and native bushland	0%	100%	100%	3	9
Establishing large district parks with BBQ & picnic facilities	100%	0%	100%	4	5
Building & refurbishing library facilities	100%	0%	100%	2	1
Building childcare centres for non-profit childcare providers	0%	0%	0%	1	5
Building multipurpose community centres for various group activities	0%	0%	0%	2	3
Constructing sports fields and facilities	0%	0%	0%	1	3

Q10: To what extent did you know you were contributing to the cost of some community facilities and services when buying your house?

	Percent
I had no idea	35
I didn't think about it	15
I had some idea	38
I knew all about it	12
Total	100

Q12: Please indicate for each of these facilities those which you would rate as baseline and those which you would be prepared to wait for if it reduced the up front price of your property?

	Baseline	Prepared to wait up to 5 years
	%	%
Dedicating land for open space, conservation & recreation	88	13
Establishing local parks with children's play equipment	88	13
Building and upgrading district roads, bridges and installing traffic signals, roundabouts and pedestrian overpasses	88	12
Planting street trees and landscaping	75	25
Constructing local & district cycle ways & walking paths	68	32
Restoring and conserving district creeks and native bushland	53	47
Building childcare centres for non-profit childcare providers	43	57
Constructing sports fields and facilities	40	60
Establishing large district parks with BBQ & picnic facilities	37	63
Building multipurpose community centres for various group activities	22	78
Building & refurbishing library facilities	17	83
Other*	67	33

Other* footpath and access to transport - baseline
 gyms, pool - prepared to wait up to 5 years.

Q13: If you had your time again to buy your property, and assuming that some contributions have provided the facilities which you have indicated as baseline in Q10, please indicate how you would prefer to invest an amount of \$20,000.

	Percent
I would prefer to reduce the cost of my house by \$20,000 and use the money on home furnishings, home theatre, or other home improvements	15
I would prefer to pay \$20,000 less for my house and wait to have community facilities, beyond the baseline (essential) ones, provided later and paid through my Council rate payments.	43
I would prefer to pay \$20,000 up front as part of my house price to have community facilities, beyond the baseline ones, provided sooner.	38
Other*	3

*Other - \$10,000 upfront and \$10,000 paid through council rates.

Q13: Responses by sex

If you had your time again to buy your property, and assuming that some contributions have provided the facilities which you have indicated as baseline in Q10, please indicate how you would prefer to invest an amount of \$20,000.

	Percent	
	male	female
I would prefer to reduce the cost of my house by \$20,000 and use the money on home furnishings, home theatre, or other home improvements	21	15
I would prefer to pay \$20,000 less for my house and wait to have community facilities, beyond the baseline (essential) ones, provided later and paid through my Council rate payments.	42	40
I would prefer to pay \$20,000 up front as part of my house price to have community facilities, beyond the baseline ones, provided sooner.	37	40
Other*	0	5

Q13: Responses by household income

If you had your time again to buy your property, and assuming that some contributions have provided the facilities which you have indicated as baseline in Q10, please indicate how you would prefer to invest an amount of \$20,000.

	<\$60,000	\$60,001-90,000	\$90,001-\$120,000	\$120,001-\$150,000	>\$150,000
I would prefer to reduce the cost of my house by \$20,000 and use the money on home furnishings, home theatre, or other home improvements	2	1	4	3	0
I would prefer to pay \$20,000 less for my house and wait to have community facilities, beyond the baseline(essential) ones, provided later and paid through my Council rate payments.	6	3	11	5	1
I would prefer to pay \$20,000 up front as part of my house price to have community facilities, beyond the baseline ones, provided sooner.	1	6	5	6	7
Other*	0	0	0	1	0
Total (Actual Counts)	9	10	20	15	8
Total count	62				

3. In depth interview questions

1. What was your main motivation for moving house?
2. How did you make the decision to buy in this particular estate?
3. What attracted you most to the estate at the time you decided to buy?
4. Since living there, what features have been or become most important to you?
5. How much did you know about the developer contributions and the community facilities in the area that you had contributed to?
6. How did you feel about paying towards these community facilities through your house price?
7. How do you feel about contributing towards facilities in your local area that you might not use?
8. How do you feel about contributing towards community facilities that might not be built for another 5 or 10 years?
9. Who do you consider to be part of your community? How would you feel about contributing towards facilities for areas/people outside of your community?
10. If you had your time again, and had the choice to take \$20,000 off the house price or have the community facilities what would you choose to do? Why?
11. Is there an upper limit, either a dollar figure or a percentage of your house price, that you would consider was reasonable for homebuyers to contribute towards community facilities?
12. So which facilities do you think are essential to be in place before people start building or moving in?
13. Which facilities do you consider reasonable for homebuyers to contribute to?
14. Are there any facilities that should be paid for in other ways such as through rates, taxes, government borrowing?
15. The decisions about which community facilities are provided through developer contributions are made usually by council planners and sometimes developers long before new residents move in. Would you like to have an opportunity to have a say in what facilities get provided? Why/why not, and if so, which facilities would you like to be consulted about?
16. Do you have any suggestions about how different community facilities should be funded or any other comments?



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Notes

A photograph of a park area. In the foreground, a concrete curb runs along the bottom left. Behind it is a bed of dark mulch with several small green plants. To the left, a young tree with green leaves and a reddish-brown trunk stands. In the background, a large, leafy tree is visible. A white sign with black text is mounted on a post to the right of the tree. The sign reads "BAULKHAM HILLS SHIRE" and "MARIA IORI PARK :".

BAULKHAM HILLS SHIRE
MARIA IORI PARK :

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