

Property Council of Australia ABN 13 00847 4422

Level 7, 136 Exhibition Street Melbourne VIC 3000

T. + 61 3 9650 8300 E. vic@propertycouncil.com.au

propertycouncil.com.au

Australia's property industry Creating for Generations

Environmentally Sustainable Development Roadmap Stage One

The Property Council of Australia welcomes the opportunity to provide feedback on the Environmentally Sustainable Development (ESD) of Buildings and Subdivisions Roadmap Stage One (the Roadmap), released by the Department of Environment, Land, Water and Planning (DELWP).

The Property Council and its members would firstly like to commend DELWP on the creation of the Roadmap and is keen to help DELWP develop the themes that exist within the Roadmap, while also identifying other elements which will assist in the creation of ESDs both currently and into the future.

About the Property Council

The Property Council is the leading advocate for Australia's property industry – the economy's largest sector and employer.

In Victoria, the property industry makes up 13.8 per cent of the Victorian economy and employs one in four Victorians. The industry contributes \$58.8 billion to Gross State Product and accounts for 59 per cent or \$17.9 billion of Victoria's tax revenue.

The property industry employs more than 390,000 people directly and supports more than 471,000 workers in related fields. The industry pays more than \$21 billion in total wages and salaries per year. Approximately 27.9 per cent of wages and salaries paid to Victorian workers are generated by the property sector.

The Property Council's Victorian membership has over 500 members. They are architects, urban designers, town planners, builders, investors and developers. These members develop, invest in, design, build and manage the places that matter most to Victorians — our homes, office buildings, retirement living communities, shopping centres, education precincts, research and health precincts, tourism and hospitality venues.

This submission is informed by many of the Property Council's key member representatives and expert committee members.

ESD planning reforms: key themes		5
1.	Energy	5
2.	Water	6
3.	Waste and recycling	6
4.	Transport	6
5.	Landscaping and biodiversity	7
6.	Urban heat	7
7.	Air and noise pollution	7
Victorian Planning Provisions proposed strategies		8
11.02-2S Structure planning		8
12.	01-1S Protection of biodiversity	8
13.	01-3S Urban heat mitigation	9
13.	05-1S Noise abatement	9
13.	06-1S Air quality management	9
15.	01-2S Building design	10
15.	01-3S Subdivision design	11
18.	02-1S Sustainable personal transport	12
19.	01-1S Energy supply	12
19.	01-2S Renewable energy	13
19.	03-3S Integrated water management	13
19.	03-5S Waste and resource recovery	13

Background

Previous attempts have been made by municipal councils in their Local Government Areas (LGAs) to embed ESD policy and planning requirements into local planning policy. However this approach was not universally adopted and varied on whether individual councils were prepared to adopt an ESD policy and hire an ESD officer to review applications.

The Property Council has advocated for ESDs previously in the form of the '*Every Building* <u>*Counts'*</u> campaign which was created in collaboration with the Green Building Council of Australia (GBCA). The joint campaign outlines practical measures that can be taken to ensure ESDs are constructed. The '*Every Building Counts*' campaign outlined seven key policy areas that could drive sustainability::

- 1. Set a long-term vision for net zero buildings
- 2. Accelerate the transition to high performance buildings with planning incentives
- 3. Support a Zero Carbon Ready building code and improve enforcement and compliance
- 4. Support renters with minimum energy efficiency standards for rental properties
- 5. Unlock the potential of distributed energy
- 6. Lead through government owned and leased buildings
- 7. Empower owners, buyers and renters with a single national rating scheme for home energy performance

The Property Council maintains that the seven goals outlined in the '*Every Building Counts*' campaign will drive sustainability outcomes that are commercially viable and urges DELWP to consider these goals moving forward.

Preliminary comments

In the absence of specific planning provisions in this first stage of reform, this submission addresses themes that the Roadmap mentions along with providing comments on a few strategies outlined in the Appendix A of the Roadmap. The Property Council has also identified key areas which are notably lacking or are inappropriately addressed in the Roadmap, including:

Ratings tools

To ensure buildings are designed and constructed to achieve their stated goals, an as-built tool must be used. The GBCA's Green Star rating tool creates an obligation for developments to fulfill their design and for developers to be held accountable to what was outlined in their planning application.

The Property Council understands that the State Government intends to create its own ratings tool to measure a building's performance. The addition of a State Government ratings tool will only further diffuse the rating tool's effectiveness in a market that is already saturated with similar products. Market recognition of existing tools already suffers due to

their excessive numbers. The Property Council also notes that the addition of another ratings tool will pose a resourcing issue for the State Government. To design, implement and enforce a new ratings tool will take a great deal of time and resources to implement. Additionally, whatever ratings tool that State Government might develop and the standards it prescribes will need to be clearly communicated to industry. The development and successful implementation of an additional ratings tool will only delay DELWP and indeed the State Government's desire to encourage ESDs.

To experience the benefits of the Roadmap immediately, the development of a new tool must be avoided and the existing Green Star tool must be used.

Refurbishments, retrofits and extensions, beyond the design of new buildings

The Roadmap should consider refurbishments, retrofits, alterations and extensions and measures beyond the design of new buildings in achieving ESDs. Planning incentives and concessions should be provided to existing buildings that require a planning permit for any alteration works to drive sustainability outcomes across all assets, not just new ones.

The use of incentives and concessions to drive outcomes

Throughout the Roadmap, the use of monetary incentives and planning concessions to drive high performance buildings has not been mentioned once. It is important to understand that commercial and sustainable outcomes cannot be treated as mutually exclusive and must exist together to drive ESDs. Tax waivers and concessions would act as a catalyst to drive sustainability outcomes. Alongside monetary incentives, planning concessions should be considered to drive sustainable outcomes. Allowing flexible designs, densities and a streamlining of planning approval processes would help to create a diversity of ESDs and ensure projects remain feasible and affordable for the consumer.

Case Study: Chicago's 'Green Permit Benefit Tier Program'

The Green Permit Benefit Tier Program offers qualifying projects an expedited permit process and possible reduction of permit fees. The Green Permit Program also offers projects with green elements (geothermal systems, green roofs, photovoltaic systems, rainwater harvesting systems, solar thermal panels and wind turbines) a priority review process which reduces the planning application process for developers and owners who build to sustainability benchmarks to less than 30 business days, and in some cases, less than 15 days. The length is determined by the number of sustainability elements in the project, LEED certification level, and the project complexity.

The importance of a uniform approach

Although the Property Council understands that the Roadmap seeks to address the inconsistent ESD standards that exist across LGAs, it is worth reemphasising the importance of consistency, clarity and a uniform approach. The Property Council maintains that ESD standards should not vary across LGAs and should be a single standard that is

controlled by State Government's planning authorities. A single standard not only assists the private sector through ensuring a consistent approach but also reduces the difficulty of implementing changes in the future through a single authority.

Government leadership and policy

State and territory governments should commit to a trajectory of performance requirements for publicly owned and leased properties with the aim of achieving Net Zero Energy (NZE) for new buildings by 2030, and existing buildings by 2050. Measures could include strong minimum standards for new buildings and fit-outs, targets for onsite energy efficiency and requirements around renewable energy, offsite renewable energy and offsets. The benefits of NABERS energy ratings should be augmented with a holistic building rating through Green Star, and mechanisms to improve compliance and implementation should be introduced or enhanced. Government leadership is vital in exemplifying how the private sector should respond.

The Roadmap also fails to mention some vital policy work undertaken by the Victorian Government previously, such as the Climate Resilience and Social Procurement Framework. As a state planning authority, DEWLP should be setting a framework to deliver these outcomes so should be referencing key policies.

ESD planning reforms: key themes

1. Energy

The Property Council questions the universal appropriateness of some of the measures suggested in the Roadmap. The reference to a particular measure, such as geothermal (page 18), might not be the most effective example to illustrate best practices for industry. Instead, a performance-based approach to measures should be adopted. Although the Property Council acknowledges this is high-level advice, consideration should be given to relevant best practices as these will inform future changes. For example, a better envelope and air source split system would be more efficient in comparison to ground heat pump in some instances. There is a technical inconsistency between precinct energy and geothermal energy systems (page 19). Greater clarity is needed from DELWP on what they are aiming to encourage.

The Roadmap makes no mention of the Victorian Energy Upgrades (VEU) program. Consideration should be given to the use of the VEU program in driving sustainability outcomes across all sectors. The consideration and possible expansion of the VEU program will also drive Victorian Energy Efficiency targets through the use of more capable technologies.

Embodied carbon is another key consideration which is absent from the Roadmap. Embodied carbon, that is carbon which is released throughout the life span of a material, will be responsible for half of the entire carbon footprint of new construction between now and 2050. ¹ As operational carbon in buildings is reduced, embodied carbon will also grow as a proportion of a building's total emissions. Addressing this requires a new response that sees action taken across the value chain. The State Government can reduce embodied carbon through increasing the availability of cost-effective low emissions building materials and stimulating market demand for such materials which will reduce embodied carbon over the longer term. As a first step, the planning stage could increase visibility of embodied carbon without necessarily mandating targets, for example by providing a tool that estimates emissions.

A transition to low energy buildings and indeed NZC and NZE by 2050 has already been outlined in the Council of Australian Governments Energy Council. The 'Trajectory for Low Energy Buildings' sets a clear trajectory to achieve NZC and NZE buildings implemented through the National Construction Codes (NCC). More ambition in the NCC, rather than minimum standards, would drive NZC and NZE outcomes over the coming 30 years. National cohesion is incredibly important in this respect as the trajectory provides a clear ratcheted approached in the achievement of NZC and NZE. The Victorian Government should align itself with the next NCC installment in 2022. The Property Council understands the standards in the NCC fall outside the remit of the Victorian Government, so alternate avenues to facilitate change should be explored. The *Building Regulations 2018* is a statutory rule that should be considered as an avenue for the Victorian Government to drive ESDs through the NCC.

2. Water

More thought must be given to water recycling in the Roadmap and the infrastructure that will facilitate it. Industry currently observes a sporadic approach that varies between developments in the implementation of water infrastructure – a State-wide approach is necessary. Further, if recycled water is to be used for potable use, a comprehensive effort to shift public perception and build perceptions of safety will be required from the Victorian Government.

3. Waste and recycling

The Property Council would also highlight the use of the Victorian social procurement framework as a means of driving waste and recycling outcomes. The planning provisions outlined in the Roadmap Stage Two should align with the Victorian social procurement framework.

Over the coming years, there will be strong disincentives for not incorporating the principles of the circular economy into a businesses' operations. By 2023, the landfill levy will almost double and by 2025, the Government will introduce new rules for businesses requiring the separation of organics and commonly recycled materials from unrecoverable wastes. These are all positive steps, but again thought must be given to incentives, not just disincentives.

4. Transport

A sensible approach is required in developing the infrastructure for low or no carbon means of transport. The Property Council supports strong public transport integration in priority and

¹ Green Building Council Australia, Property Council of Australia. Every Building Counts. Cite. pg 35

urban renewal sites, such as the Fishermans Bend tram route in recommendation 43. Timely train and/or tram linkages should be a focus in all priority precinct sites identified by the Government.

As electric vehicles (EVs) become more prevalent, the consumption patterns of electricity will evolve also. Thought needs to be given on how planning provisions can support the expansion of EVs and the increased demand on existing services this will pose. The Victorian Government should also support the NCC 2022 provision to better facilitate the use of EVs in the NCC. Incentives to retrofit buildings with EV infrastructure is another consideration.

5. Landscaping and biodiversity

Property Council members have alluded to the use of 'Landscaping' in the Roadmap as framing the issue incorrectly. Referencing 'Biodiversity outcomes' more appropriately describes the objective that the Roadmap is trying to achieve. 'Landscaping' implies that the creation of new artificial spaces takes precedence over the preservation of existing biomes. Currently, the competing policy objectives that exist between different LGAs are convoluted and require a great deal of resources to navigate. The PPF addressing this and creating uniformity will provide clarity to the property industry. Further, in setting out specific biodiversity provisions, consideration must be given to different building typologies and asset classes to ensure they are appropriate and achievable.

The Property Council notes that neither light pollution, nor its reduction, is mentioned within the Roadmap. DELWP should consider how the PPF might ameliorate light pollution in ESDs.

6. Urban heat

The Property Council considers that different materials should be performance rated in their effectiveness at mitigating urban heat. The use of a performance rating tool will provide industry with a mechanism to choose the appropriate materials for a given development.

7. Air and noise pollution

The Property Council recognises DELWP's previous and ongoing work relating to the Victorian environment protection reforms in the *Environment Protection Amendment Act* and notes that updated standards mentioned in the Act should be transitioned into the PPF.

Victorian Planning Provisions proposed strategies

Property Council members have provided feedback on existing and amended strategies in the following pages. The Property Council notes that the absence of an amended strategy does not necessitate the absence of a proposed change. All member feedback is set out in **bold**. Again, as the proposed strategies do not mention specific provisions, only limited input can be provided. Each outlined strategy has been considered with comments provided on an exceptions basis, where relevant to our membership

11.02-25 Structure planning

Objective

To facilitate the orderly and sustainable development of urban areas.

Strategies

Facilitate the preparation of a hierarchy of structure plans or precinct structure plans that:

• Assist the development of walkable neighbourhoods.

The Property Council commends DELWP on their drive for active transport outlined in the Roadmap. Walkable neighbourhoods that incorporate bike lanes are of huge benefit to emerging communities as they eliminate the need to travel in the first instance. Taking active transport into consideration, appropriate planning provisions which allow for greater density need to be adopted.

12.01-15 Protection of biodiversity

Objective

To assist the protection and conservation of Victoria's biodiversity.

Strategies

Assist in the establishment, protection and re-establishment of links between important areas of biodiversity, including through a network of green spaces and large-scale native vegetation corridor projects.

The Property Council notes that Resilient Melbourne has already implemented an urban forest strategy. Moving forward, DELWP should consider previous actions undertaken by Resilient Melbourne in establishing and re-establishing green spaces.

Support land use and development that contributes to protecting and enhancing urban biodiversity values.

There is a disconnect between terms of phrase used in the above statement. Rather than focusing on enhancing urban biodiversity values, preserving and enhancing existing environments should be considered for inclusion in the strategy. The metrics used in evaluating urban biodiversity outcomes will also prove to be pertinent.

The Roadmap also fails to mention any planning provisions relating to urban agriculture. An incorporation of a tool, such as the City of Melbourne's Green Factor tool, would be beneficial.

13.01-35 Urban heat mitigation

Objective

To reduce urban heat exposure through land use, built form and design responses.

Strategies

Green and cool urban areas, buildings, transport corridors and open spaces through use of vegetation, integrated water management and appropriate materials.

The Property Council notes that the NCC has maximum requirements for solar absorptance, which represents a light-coloured roof. A performance-based approach and the use of metrics is vital in mitigating the urban heat island effect.

While the Property Council notes that the use of flora is vital in mitigating urban heat, consideration must be given to solar panels and how the positioning of natural flora might impact its effectiveness. Flora comes in various forms and is not limited to tall trees which limit the effectiveness of solar panels.

13.05-15 Noise abatement

Objective

To assist in the control of noise pollution and minimise its effects on residential developments and other sensitive land uses.

Strategy

Ensure that human health and community amenity is protected, and that development is not adversely impacted by noise emissions, using a range of building design, urban design and land use separation techniques.

The Property Council notes that the Roadmap makes no mention of the impact of noise on fauna and the ecology of the existing environment. DELWP should consider how human environments may impact the surrounding wildlife in the Roadmap.

13.06-15 Air quality management

Objective

To assist in the protection and improvement of air quality.

Strategies

Ensure that land use planning and transport infrastructure provision contribute to improved air quality by:

• Providing infrastructure for public transport, walking and cycling.

The ongoing creation of safe separated bike lanes, providing secure storage areas for bikes and the expansion of end of trip facilities are vital in encouraging reduction of emissions and improving air quality through reducing the use of greenhouse gas emitting vehicles.

Minimise air pollutant exposure to occupants of residential development and other sensitive uses near transport infrastructure through suitable siting, layout and design responses.

The Property Council agrees with this point; however, it should be expanded upon. Thought needs to be given as to how delivery of goods and services will impact the urban realm and air quality across all sectors.

15.01-25 Building design

Objective

To achieve building design and siting outcomes that contribute positively to the local context, enhance the public realm and support environmentally sustainable development.

Strategies

Ensure development is designed to protect and enhance valued landmarks, views and vistas.

Development should also be designed to protect and complement the cultural heritage of its immediate precinct.

Ensure development provides safe access and egress for pedestrians, cyclists and vehicles. Encourage retention of existing vegetation and planting of new vegetation as part of new developments.

Where existing vegetation is retained, it must not impact net developable areas (NDA). The retention of existing vegetation and its deficit on NDA has been an issue for Property Council members in the past. The issue does not lay in an unwillingness to retain existing vegetation but rather how it affects a broader development. Excessive retention that is not reflected in NDA is an additional cost of development that is ultimately absorbed by the consumer.

Ensure the layout and design of the development supports waste and resource recovery and the efficient use of water.

Considerations relating to waste and recycling must be framed through how planning authorities can aid in the creation and maintenance of circular economies. The Property Council understands there are opportunities for industry to actively support the transition to a circular economy, with grants and information available through the Circular Economy Business Innovation Centre. However, to encourage the creation of infrastructure required for circular economy practices, specific planning provisions and concessions should be incorporated. The Property Council cannot make comment on what form these provisions or concessions may take given there are not any specific planning provisions currently outlined in the Roadmap but will do so in the Roadmap Stage Two once they are defined.

Improve the energy performance of buildings through siting and design measures that support:

• Cost effective compliance with energy performance standards in the National Construction Code.

The thermal performance of new buildings can be improved through better insulation, airtight construction and potentially the wider scale adoption of heat recovery ventilation systems. An increase in thermal performance has a corresponding reduction in energy consumption, widescale adoption of high-efficiency heat pumps for hot water and building heating and cooling will reduce or eliminate the need to provide non-renewable gas energy to new housing estates and towns.

• Passive design responses that minimise the need for heating and cooling.

The sizing and specification of window sizes is important in the creation of an energyefficient building. The Property Council understands this is influenced by the construction code but thought must be given to daylighting effects compared to the size of the window.

• Adoption of renewable energy and storage technologies.

The Property Council notes that the above elements are best driven through the NCC and its prescribed standards rather than siting and design measures.

15.01-35 Subdivision design

Objective

To facilitate subdivisions that achieve attractive, safe, accessible, diverse and sustainable neighbourhoods.

Strategies

In the development of new residential areas and in the redevelopment of existing areas, subdivision should be designed to create liveable and sustainable communities by:

• Protecting and enhancing native habitat.

Again, the Property Council questions the term of phrase in 'enhancing' an environment rather than be preserving it. Ensuring provision of ecology corridors will also prove vital in preserving native habitat.

- Reduce car dependency by allowing for:
 - Safe and attractive spaces and networks for walking and cycling.

Consideration should also be given to how electric scooters will interact with these new spaces.

- Creating an urban structure and providing utilities and services that:
 - Support energy efficiency through urban layout and lot orientation.

Providing examples of best practices and the impact of accessing services within a master planned community are important considerations in urban layout and lot orientation which are not reflected here.

18.02-15 Sustainable personal transport

Objective

To promote and support the use of low-emission forms of personal transport.

Strategies

Encourage building and subdivision layout and design responses that:

• Include infrastructure for low emission vehicles (including electric vehicles)

Consideration shoud be given to the provision of electric vehicles (EVs) and not only the infrastructure they require in the immediate term but also how the electricity grid can best facilitate the provision of new technologies for EVs into the future.

19.01-15 Energy supply

Objective

To facilitate appropriate development of energy supply infrastructure.

Strategies

Support the development of energy infrastructure in appropriate locations where it provides benefits to industry and the community and takes advantage of existing infrastructure.

Consideration should be given to facilitating the effective use of distribution infrastructure. to allow the rapid transition to low-carbon modes of transport in the future.

Support achievement of greenhouse gas emission reduction targets under the Climate Change Act 2017 and the transition to a low-carbon economy by adopting renewable energy and low emission technologies.

To drive Net Zero Carbon (NZC), thought must be given to fuel switching as the Roadmap makes no mention of carbon-intensive fuels. Electric alternatives must be considered over gas.

19.01-25 Renewable energy

Objective

To support the provision and use of renewable energy, and achievement of greenhouse gas emission reduction targets under the Climate Change Act 2017 in a manner that ensures appropriate siting and design considerations are met.

Strategies

Recognise that economically viable wind energy facilities are dependent on locations with consistently strong winds over the year

Thought must be given to the appropriate infrastructure to enable the transfer of energy from wind energy facilities to the grid.

19.03-35 Integrated water management

Objective

To sustainably manage water supply, water resources, wastewater, drainage and stormwater through an integrated water management approach.

Strategies

Plan and coordinate integrated water management, bringing together stormwater, wastewater, drainage, water supply, water treatment and re-use, to:

• Reduce pressure on Victoria's drinking water supplies.

Consideration should be given to the use of recycled water as a drinking water alternative. The Victorian Government's overreliance on desalination is an unrealistic expectation and detrimental to the environment. Other major metropolitan cities such as London and Singapore already recycle water for drinking use.

Ensure land is set aside for water management infrastructure at the subdivision design stage.

Work should go into understanding whether this is best done on a large or small scale, such as third pipe system or immediate precinct recycling. Pumping infrastructure must be considered too.

19.03-55 Waste and resource recovery

Objective

To reduce waste and maximise resource recovery so as to reduce reliance on landfills and minimise environmental, community amenity and public health impacts.

Strategies

Ensure developments provide for segregation, storage and collection of waste and recyclable materials.

Consideration should be given for organic food waste and how composting may be integrated as standard. Mixed-use developments and how they can facilitate the reuse of organic food waste must also be considered.

Next steps

We look forward to continuing to support the DELWP in the development of the ESD Roadmap and would like to re-iterate our availability to provide expert industry knowledge where it is required to support a better understanding of the nuances of the industry and industry operation.

If you require further information or clarification, please contact Alex Harvey, Policy and Research Officer, on 0400 199 609 and <u>aharvey@propertycouncil.com.au</u>.

Yours sincerely,

Danni Hunter Executive Director, Victoria