

Response to the PSP Guidelines 2.0

The Property Council of Australia welcomes the opportunity to provide feedback on the PSP Guidelines 2.0 (the guidelines) released by the Victorian Planning Authority (VPA).

The Property Council strongly support the establishment of planning tools that enable certainty and deliver plans which support the creation of strong communities.

Any change to existing planning mechanisms must improve on the system it replaces and can be implemented seamlessly. The following submission provides feedback on the revised guidelines. It suggests changes that would promote clarity of use and better outcomes for developers, planners, and authorities tasked with the development of PSPs.

About the Property Council

The Property Council of Australia is the leading advocate for Australia's property industry – the economy's largest sector and employer. The property industry accounts for 13 per cent of Australia's GDP, employs 1.4 million Australians – more than mining and manufacturing combined – and helps secure the future of 14.8 million Australians who invest in property through superannuation funds.

In Victoria, property contributes \$41.7 billion to Gross State Product (11.7 per cent), employs more than 331,000 people and supports more than 400,000 workers in related fields. The Property Council members conceive, invest in, design, build and manage the places that matter most to Australians – our homes, shopping centres, office buildings, industrial areas, retirement villages, education, research and health precincts, tourism and hospitality venues and more.

The Property Council Victorian Division has more than 500 members representing all aspects of the industry. Its members are architects, urban designers, town planners, builders, investors and developers. The Property Council supports smarter planning, better infrastructure, sustainability, and globally competitive investment and tax settings which enable its members to make a lasting contribution to the economic prosperity and social well-being of Australians.

Current Challenges with PSP development

During consultation on PSP reform and previously, the Property Council and its members have reported several operational concerns with PSPs in the greenfields. These include:

- The issue of 'generally in accordance';
- The re-prosecution of issues at permit stage by Authorities, on matters previously dealt with at Panel;
- The inability to easily access an appeals process
- The extended timeframes for PSP preparation.

The reviewed guidelines have not addressed these concerns in totality. Specifically we remain concerned that the costs and time of the PSP process do not equate to improved speed of process or certainty of outcome. There should be a mandate by Government that authority servicing strategies are aligned to the gazettal of a PSP.

Usability of PSP Guidelines 2.0

The Property Council submits that improving the readability of the guidelines will ensure their utility in the development of PSPs.

We submit the following recommendations for consideration:

1. **Reduce the length of the guidelines.** Consideration could be given to separating the first forty pages of the guidelines into a standalone background document. Section 4.0 could also be removed from the guidelines and made into a standalone practice direction.
2. The **removal of all references to the United Nations Sustainable Development Goals** (SDGs). Neither Victoria or Australia are a signatory to the agreement. It is not appropriate for the SDGs to form an integral part of subordinate controls such as PSP guidelines in the absence of any government commitment. If the SDGs are to remain within the guidelines, they should only be listed once but not throughout the document for every PSP feature.
3. The **guidelines are almost exclusively focused on the development of residential metropolitan Melbourne PSPs** with only minor reference to employment lands and regional PSPs. Consideration should be given to the value in reforming the approach with so few PSPs to be developed.
4. The objectives outlined in Plan Melbourne and the **20-minute neighbourhood** strategies are well known. References to these documents throughout the guidelines detracts from the intention of the Guidelines and has led to an unwieldy document. The Property Council proposes instead that the guidelines list any additional policies or reference documents that should be considered in the development of the PSP and not extracts of the references throughout the document.
5. The guidelines would benefit from a **clear hierarchy** of the guidelines – PSP features, general principles, performance targets, testing achievement. A clear hierarchy should be placed and explained at the start of Chapter 3. The use of shorthand for each element is very confusing.
6. Consideration should be given to the **imagery** used throughout the document, some images require review and in many cases seem to be highlighting poor example. Examples include the images on pages 20, 25, 33, 36 and 40. In particular Figure 11, which is intended to show how the new target can be achieved, would be particularly difficult to deliver due to conflicts with engineering standards, open space configuration and could only be possible through use of vast swathes of body corporate land – which serves to increase the cost of living.
7. **Subheadings** should be included throughout the document to support readability.
8. **Density targets.** Some flexibility should be provided on how to achieve the average density required with higher density encouraged (including larger lots capable of future conversion)

should be considered, recognizing that developers cannot feasibly retain higher density lots in perpetuity, whilst they wait for the market to mature.

Access to Practice Notes

The Property Council has flagged concern that several practice notes are not available. If the practice notes are not prepared before the guidelines are adopted, then both the practice notes and the guidelines need to be subject to review as they are read together.

The guidelines should also be reviewed every five years at a minimum.

In particular, the following practice notes need to be consulted on:

- PRACTICE NOTE: TEMPLATE COMPACT PSP
- PRACTICE NOTE: GENERAL GUIDELINES
- PRACTICE NOTE: COMMUNITY INFRASTRUCTURE GUIDELINES
- PRACTICE NOTE: ENGAGEMENT PRACTICE NOTE
- PRACTICE NOTE: AFFORDABLE HOUSING IN GREENFIELDS PRECINCTS
- PRACTICE NOTE: MOVEMENT AND PLACE FRAMEWORK
- PRACTICE NOTE: INTEGRATED WATER MANAGEMENT
- PRACTICE NOTE: COORDINATED DELIVERY OF INFRASTRUCTURE AND STAGING PROVISIONS

PSP Pathways – Coordination Pathway

It is unclear within the guideline what level of consultation there would be in the development of a PSP following a Coordination Pathway. The Property Council understands the concept of broad versus targeted engagement, however, it is not clear what form this pathway will take.

The Property Council seeks guidance on whether there will be specific meeting points in the development of the PSP, or instead one-on-one consultations would occur sporadically throughout the process.

It is the experience of members that the preparation of a PSP and how much involvement landowners require varies greatly depending on who is preparing the PSP and who the main landowners are. For the most part in previous processes, there has been monthly or regular meetings throughout the process, not only at critical milestones.

The Property Council submits an example schedule of meetings should be noted in the PSP pathway. The experience with current PSP is that the consultation has been limited and often instigated by landowners rather than VPA. Formalising a meeting schedule would improve the progression pathway for the PSP.

It is also unclear what involvement the Council will have in the process. Previous experience has been that involvement by Council has varied across the PSPs (understandably, but the Property

Council submits the process would benefit from an articulated understanding of the minimum involvement of the Council proposed by VPA). This recommendation is important to understand the buy-in of the Councils into each PSP.

Clarity is required about the processes after the Planning Panel on what changes the VPA are going to adopt. The PSP 2.0 process could include a last stage of engagement which could involve notifying landowners what changes the VPA are making to the PSP. This step is important given that it can be several months between when a panel finishes and when a PSP is gazetted and during which time landowners and developers want to be preparing masterplans and preparing to lodge a planning permit.

PSP Pathways Innovation Pathway

The Property Council acknowledges the effort taken to seek different outcomes for PSPs and estates and support this. However, there are several questions about how an innovation PSP would operate in practicality. Notably, it would be challenging to pursue an innovation pathway in a Multi-Land Owner setting, and the innovation pathway should be incentivised.

Earlier this year the Property Council prepared a report on precinct development which encouraged the creation of an authority to manage precinct development. The report, titled Principles of Successful Precincts (Attachment 1), outlines an alternative pathway to promote innovative precinct developments and could provide a pathway to be considered.

To ensure innovation pathways are viewed as an attractive option, clarity is needed on the timing on when the PSP would be decided. The VPA also need to provide clarity on the mechanics of considering the effects on the Funding Agreement, additional costs of background studies for an Innovation PSP versus a coordination PSP. For example, if all landowners do not wish to participate, in the innovation pathway how are the preparation costs proportioned.

The VPA in consultation with the Property Council noted that PSPs following an innovation pathway would likely take longer to be developed– it will require considerably more negotiation and likely more costs as the background reports would be more detailed. To ensure that innovation pathways are considered viable, there needs to be incentives for electing to pursue an innovation PSP. If the benefits are not clearly defined industry will not absorb the risk of the process.

Consideration could be given to incentivising innovation PSPs by:

- Guaranteeing development permits through a s96a process
- Holding referral authorities to strict assessment timelines
- Flexibility on standards
- Ministerial call in or support for different product innovation – this need to tie this back to specific planning instruments such as small lot housing code or res code changes for that particular PSP
- An ongoing statutory role for the VPA in either permit approval or seeking to mediate outcomes formally as an alternative to a Tribunal process.

Notably, the Property Council believe there may not be many PSPs remaining in greenfield that are large enough (and not so fragmented) that would be suitable for innovation PSP. The VPA should look to undertake a pilot innovation PSP now.

Timelines for preparing PSPs

The Property Council propose that the VPA undertake analysis on some of the current 2.0 PSPs to determine if the PSPs can be achieved within the proposed timeframes. In addition, there should be set timeframes included in the document to show how long each phase will take.

Figure 7 could also be expanded to list the stakeholders involved at each step of the process and what their key role is. Setting timeframes and keeping stakeholders accountable. This would also allow the VPA to report on and measure stakeholders against the timelines to identify red tape delays.

The Property Council asserts that there is a need for indicative timeframes per phase for innovation and coordination. The commitment has been to reduce it significantly so the VPA now need to show how that is going to be done. PSP 2.0 pilot (Craigieburn West) has already been going for two years and has not been out for public consultation - and it is a relatively simple PSP.

Of note, Stage 2 of the 2.0 process was problematic for Craigieburn West. The authorities did not come prepared and the requisite background work required from the Authorities to inform the workshop had not been undertaken, which significantly impacted on the workshop itself.

Performance Targets

The Property Council has made a series of recommendation and comments in relation to the performance targets which can be viewed in the table below.

Next Steps

We look forward to continuing an open dialogue on behalf of the property development, investment and placemaking industry.

If you require further information or clarification, I can be contacted on 0416 443 555 or via email at mkandelaars@propertycouncil.com.au.

Yours sincerely



Matthew Kandelaars

Interim Executive Director, Victoria
Property Council of Australia

Performance Target

Principle	Performance Target	PCA Comment
F.1 Housing Diversity		
	<p>T1 PSP should facilitate increased densities with a minimum of 30 dwellings or more per Net Developable Hectare (NDHA) where located within an 800m walkable catchment of an activity centre, train station or Principal Public Transport Network (PPTN) (or similar). <i>Source: VPA target (density)</i> <i>Clause 56.04-1 (walkable catchments)</i></p>	<p>The Property Council is a strong advocate for density. However, it is understood that the performance targets have been discussed at multiple Panel Hearings and dismissed as a way forward.</p> <p>The Property Council does not oppose 30 dwelling per NDHA as an <i>aspirational target</i> that could be used by council to support greater density. However, this target would create challenges if adopted as a mandatory outcome.</p> <p>The VPA should review the appropriateness of these targets, allowing for flexibility on how the overall density can be met – as per the commentary above.</p>
	<p>T2 PSP should facilitate increased densities with a minimum of 20 dwellings or more per NDHA across the entire PSP area</p>	<p>The current State requirement sets out fifteen dwellings per hectares. This density is reinforced in Plan Melbourne. It would be appropriate for the PSP guidelines to align with the existing minimum guidelines.</p> <p>The appropriateness of a target of a minimum of 20 dwellings per NDHA needs to be reconsidered for projects 45km or more from the CBD. The VPA should review the appropriateness of these targets and instead allow for flexibility on how the overall density can be met – as per the commentary above.</p>
F1.1 Residential density should achieve higher densities closer to existing or proposed jobs, services and high-quality public transport		<p>The Property Council supports this proposition. We propose the appropriate number of dwellings per hectare should be calculated somewhere between the balance yield and the target yield and flexibility on how the overall density can be met should be applied.</p>

F 1.2 Target densities should be achieved in the long term. The arrangement of residential densities should be cognisant of likely development staging and market acceptance of proposed densities in the short-to-medium term.		<p>How to achieve density over the long term, however a long-term approach also has the potential to sterilize land waiting for that maturation of the market.</p> <p>Previously, a mixed density approach, where the overall density target is achieved, has been applied – this should continue to be supported.</p>
F 1.3 Different types of housing needed to meet the current and future demands of the community, municipality and region should be encouraged. Housing types should consider the physical form of housing (detached housing, terraces, apartments, etc.), the type of housing (single family, group accommodation, retirement living, etc.), tenure options (freehold, rental, social housing, etc.) and size/composition (scale, number of bedrooms, etc.).		<p>The Property Council seeks clarity on whether the PSPs will still require a particular mix of housing to be provided per stage as per recent PSPs? If this is the case this is not something that would be supported.</p> <p>The Property Council is deeply concerned at the proposal that a PSP would inform the physical composition of the product ie scale, number of bedrooms. It is imperative this is removed from the PSP process.</p>
F 1.4 Small office/ home office/ live-work housing (home-based businesses) should be supported within residential areas.		A 'home based businesses' is an "as of right use" within the residential zone. The Property Council asserts that there is no need for this particular performance measure.
F.2 Ability to age in place		
F 2.1 Retirement villages or residential aged care facilities should have safe and convenient access to commercial and community facilities, services and public transport.		<p>Retirement villages and residential aged care facilities are very different products and consideration as to their treatment in a PSP should be considered separately.</p> <p>Retirement Villages tend to be designed as insular communities without community thru ways. They often have inwardly focused services (including visiting services like hair dressing etc) provided on site. While some retirement village residents may preference a location close to community facilities, we suggest promoting the inclusion in the PSP but staying silent on the locational requirements</p>

		<p>as sufficient guidance exists within the planning scheme already.</p> <p>In addition, residential aged care facilities provide accommodation, health care and support services to seniors requiring round-the-clock supervision and assistance. They require ease of accesses for emergency services and road access. Locating these facilities in town centres is often not desired by the operator.</p>
F.3 Affordable housing options		
	T3 Set a minimum target in accordance with the Affordable Housing Practice Note.	<p>The Property Council opposes the use of inclusionary zoning targets as a method of increasing community housing stock.</p> <p>Property in the greenfields regularly meets affordability targets.</p> <p>The Property Council reserves the right to make further comments once the Affordable Housing Practice Note is available.</p>
F 3.1 Affordable housing should be located in areas that have convenient access to commercial and community facilities, services and public transport.		<p>Please refer to the comments above.</p> <p>The other concern with this provision is the issue of whether every site developed would need to provide affordable housing and the practicalities of doing so. In an area with multiple land-owners (Officer PSP, for example) each site requiring affordable housing could be difficult to operate and manage (and potentially not financially viable) if required on each and every site.</p>

F 3.2 The PSP should support existing planning mechanisms to support delivery of affordable housing (e.g. Section 173 agreements).		The Property Council is generally supportive of this approach assuming that the mechanisms continue to be voluntary agreements.
F 3.3 The PSP should identify land that has been or will be designated for social housing by the State Government.		The Property Council supports this position if the Government is willing to identify and acquire the necessary land.
F.4 Safe streets and spaces		
F 4.1 Nominated densities are supported by appropriately scaled and composed streets, blocks and open spaces.		The relevant practice note is necessary to understand this proposal and provide comment.
F 4.2 The design of the public realm should ensure these spaces feel safe and are inviting to pedestrians and cyclists.		
F 4.3 Permeability of the street network for pedestrians and cyclists over vehicles should be prioritised in areas where a higher intensity and of land uses are proposed.		
F 4.4 Large-format ancillary uses, such as large sporting reserves and parks, should be located outside or towards the edge of the walkable catchment of local centres.		
F.5 Walkability and safe cycling networks		
	T4 Bicycle Movement Off road bicycle paths should be provided on all connector streets and arterial roads, connecting where possible with off-road trails within open spaces and the surrounding bicycle network. Source: Clause 56.06-2	<p>Rather than replicating provision that exist in the planning scheme, the VPA may wish to negotiate and agree with all growth area councils a revision to the engineering guidelines.</p> <p>Consideration could also be given to a reference to alternative cross sections or outcome which differ from the existing set of cross section/engineering standards.</p>

	T5 Street Design All streets should have footpaths on both sides of the reservation.	<p>This provision requires further consideration and is not always appropriate for all roads. Moreover, mandating its provision when it may not be needed and may be better used as landscaping (thereby reducing the urban heat island effect) for instance, which can reduce ongoing maintenance.</p> <p>We note that this provision is contrary to Figure 11 in the PSP guidelines which advocates shared spaces.</p>
	T6 Pedestrian and cyclist crossings provided every 400-800m along arterial roads, rail lines, waterways and any other accessibility barriers.	<p>Arbitrary targets for crossings should be avoided as increased bridges and culverts have the potential to significantly impact development costs and ICPs. Instead a place-based destination led approach should be adopted. The 400m range is particularly onerous and, for instance, has not been delivered on any state-based infrastructure projects, such as the regional rail link.</p>
<p>F 5.1 Streets should be carefully and deliberately designed (in terms of their scale, design speeds, configuration and landscaping treatments) to respond to the site context (e.g. topography, natural features), proposed land use context (e.g. future urban form, intensity of activity) and to support early habits for walking and cycling. This includes: » Direct, comfortable and legible off-road walking and cycling paths that connect open spaces and key destinations.</p> <p>» Pedestrian crossings on key pedestrian routes, all legs of signalised intersections in activity centres, and at appropriate bus stops.</p> <p>» Minimal impediments to safe and comfortable pedestrian and cyclist</p>		<p>This approach has the potential to simply result in wider streets with more hard surface coverage as a result, compounding the urban heat island. The width of our streets are dictated almost entirely around the private car and standard garbage truck. Intersections can take up to 1ha of land and more on occasion and are dramatically out of scale with those in the inner area, – which often take significantly more traffic.</p> <p>The engineering standards (road pavement width, location of services etc) should be revisited in tandem with the PSP guidelines to ensure they do not simply add to spatial requirements.</p>

movement (such as slip lanes, cross-overs and roundabouts) on high volume routes. » Greater access to walking and cycling options in areas of higher-intensity activity.		
F.6 Movement and place		
	T7 The arterial road network should provide a 1.6km road grid with safe and efficient connections, adjusted where necessary to reflect local context.	As above – this should be revisited along with the engineering standards to determine whether the current approach is best serving our community.
F 6.1 Adopt a 'Movement and Place' approach to identifying an arterial and connector road network that provides a supportive context for the proposed type and intensity of land uses. The transport and movement network should: » provide a road hierarchy that supports the purpose of the place and preferred urban form » prioritise the needs of pedestrians and cyclists » facilitate access to public transport modes and emergency services » balance the access needs of waste collection vehicles with the amenity impacts on the place.		See above.
F 6.2 Land should be planned and reserved for the future expansion of road and public transport network needs. The minimum appropriate number and width of traffic lanes should be provided based on safety, traffic volumes and speed, and should have regard to the 'place' role of the network.		
F.7 Local public transport		
	T8 95% of dwellings should be located within either of the following walking distances: • 800m to a train station • 600m to a tram stop; or	Often in greenfields areas public transport networks have not yet been finalised. It is not practical to be able to determine all future networks at the PSP stage to meet this standard as outlined.

	• 400m to a future bus route	
F 7.1 The public transport network identifies public transport as the preferred means of transport, when cycling or walking is not possible or practical (i.e. distance or physical mobility). This includes: » high-quality public transport in areas of high land use intensity, along high-trafficked routes, and connecting to key destinations internal and external to PSP area, such as major activity centres and employment areas » local public transport routes through all neighbourhoods (e.g. on bus-capable connector streets).		.
F 7.2 Provision and timing of the public transport network should consider: » the likely development staging of the PSP area; and » its role in facilitating higher intensity uses.		This proposal is a matter to be determined by Public Transport Victoria, it is outside the realm of responsibility of a developer and should be excluded from the PSP.
F.8 Well connected to public transport, jobs & services within the region		
	T9 The provision of land for local employment and economic activity should be capable of accommodating the minimum job density target of one job per dwelling located within the wider growth corridor.	<p>The Property Council recommend this would be better dealt with in growth corridor plans and Plan Melbourne.</p> <p>The availability of local employment is key to delivering a 20-minute neighborhood principle. We are not convinced that this crude metric is relevant and would ask for further background on how this metric has been determined with a view to being able to better understand the rationale.</p>
F 8.1 Preferred local, sub-regional and/or regional economic development opportunities should be identified based on the current and future strategic conditions of the PSP area (including advantages and challenges). These areas should be located, designed and staged to:		<p>The Property Council recommend a practice note be developed in relation to applying zones for employment.</p> <p>It is important that there is some flexibility in planning for employment given the rapid changes to the types of jobs and employee density.</p>

<ul style="list-style-type: none"> » meet the future economic and employment needs of the state » support the types of uses required to support targeted growth industries » be located in areas adjacent to, or in close proximity to, arterial roads, public transport and freight networks » provide diversity in economic opportunities. 		
F 8.2 Align with state, regional and local industrial and commercial land identified in the Melbourne Industrial and Commercial Land Use Plan (MICLUP).		Consideration could be given to a review of employment land at time intervals to ensure that the requirement continue to align with requirements for industrial employment or whether higher density employment, or mixed use could provide an improved outcome.
F 8.3 Locate complementary land uses adjacent to existing or future employment areas, particularly industrial employment areas.		
F 8.4 Protect existing and future priority freight routes from conflicting land uses.		<p>The freight and logistics industry support the prosperity of tens of thousands of businesses and the daily lives of the majority of people across Australia.</p> <p>Provision should be made for freight and logistics activities including corridors for a future freight railway line, Intermodal Terminal and container park, with coordinated consideration of arterial road connections in general, and freight more specifically.</p> <p>Freight connectivity is essential in any PSP. In the Greenfield scenario there is a unique opportunity to separate the transport requirements of future residents from those of industry. To this end a Strategic Arterial Road Network Plan, including access and mobility strategy, should form the basis of any PSP.</p>

		<p>An integrated planning approach incorporating freight and logistic movements is essential in avoiding land use and built form conflicts long term, such as those currently experienced in the inner west.</p> <p>A PSP should allow for the implementation of the soon to be released Buffer Area Overlay (BAO) to prevent incompatible use and development within buffer areas of existing or approved industry or other uses that have potential off-site impacts on sensitive uses. Separating incompatible land uses by means of physical distance, is a common land use planning mechanism that is used to allow a use with the potential to generate adverse amenity impacts to operate without causing unreasonable nuisance to adjoining or nearby sensitive uses. The BAO should apply in instances where amenity impacts, such as noise or odour may cause annoyance or inconvenience to future communities within a defined separation distance from an existing industry. Without protection from such encroachment, future investment in that industry is likely to be impacted, and the viability of existing industry, including road, rail and pipeline corridors that support industry, may be jeopardised.</p>
F 8.5 Protect existing agricultural land from conflicting land uses.		<p>There may be instances where agricultural use or rural industry or other uses need protection because of their importance however – there are other instances where modifying land use will improve the urban outcome for the PSP land leading to a more significance outcome to the State than preserving the adjacent land use. The net community benefit should be noted for consideration in the development of the PSP.</p>
F.9 Local employment opportunities		

F 9.1 Locate and design mixed-use residential and employment areas to ensure residents and employees have access to public transport, local community and retail services, and open space.		
F 9.2 Co-locate complementary commercial, retail, education, medical and other employment uses within or adjacent to activity centres.		
F.10 Local recreation spaces and facilities		
	<p>T10 The open space network should seek to meet the following minimum targets:</p> <ul style="list-style-type: none"> • Within residential areas (including activity centres): - 10% of net developable area for local parks and sports field reserves, plus 1 hectare per 12,000 residents projected for indoor sports and recreation facilities - 3-5% of net developable area set aside for local parks - 5-7% of net developable area set aside for sports field reserves. • Within dedicated employment and/ or economic activity areas, 2% of the net developable area for local parks 	<p>We support having flexible targets in relation to local parks and AOS.</p> <p>There should be reconsideration of the delineation between unencumbered and encumbered open space, in particular the ability to locate active open space within 1:100 flood areas as occurs in the inner urban area (for instance the Gardiners creek corridor). These spaces are readily available for the vast majority of time and would allow for a more efficient approach to development.</p>
	<p>T 11 Open space and sports reserves should be located to meet the following distribution targets:</p> <ul style="list-style-type: none"> • A sports reserve or open space larger than 1 hectare within an 800m safe walkable distance of each dwelling. • A local park within a 400m safe walkable distance of each dwelling. Source: Clause 56.05-2 (400m walkable distance) and VPA (800m walkable distance) Note: Includes sports 	<p>As above we support the ability to locate reserves in land otherwise encumbered.</p> <p>Some flexibility should be allowed for to enable shared usage of facilities and respond to place based strategy rather than a one size fits all metric.</p>

	reserves and public land that is encumbered by other uses but is capable of being utilised for open space purposes.	
F 10.1 The open space network should include local parks that: » have a variety of sizes and proportions, generally ranging from 0.1 to 3 hectares » are located to enable access by local residents without having to cross significant barriers such as arterial roads, railways or waterways » provide a diversity of amenity experiences (both internal to the park and external interfaces that will provide an amenity context for development).		The Property Council supports flexibility for smaller open space areas to be provided. A range of spaces should be adopted. Some of the most livable recent estates utilize smaller pocket parks which are more accessible and more heavily utilized. A key issue will be making clear within the PSP that such land can be provided and that, when it is, this land is to be credited against open space requirements.
F 10.2 Proposed sporting reserves should be located, designed and configured to be: » targeted to forecast community needs » accessible » appropriately meeting their purpose, having regard to shared use opportunities » distinctive and responsive to local character and surrounding land use		Agree.
F 10.3 A network of diverse open space should be provided across the precinct that connect (via open space or major pedestrian/cycle links) to metropolitan or regional open space networks.		
F 10.4 The location and scale of open space should respond to and optimise integration with the existing topography, drainage channels, landscape features, biodiversity conservation areas and cultural heritage values.		

<p>F 10.5 The public realm network should be located, configured and designed to enhance and optimise the role of encumbered or restricted public land (e.g. waterways, conservation, utility easements, schools) for multifunctional spaces and cater for a broad range of local users and visitors. Where possible, the provision of open space should be integrated with and/or link with waterways.</p>		<p>As above, would like to see some sort of performance standard attached to this.</p>
<p>F.11 Green streets and spaces</p>		
	<p>T12 Potential canopy tree coverage within the public realm and open space should be a minimum of 30% (excluding areas dedicated to biodiversity or native vegetation conservation).</p>	
	<p>T 13 All streets containing canopy trees should use stormwater to service their watering needs.</p>	<p>The Property Council supports this proposal. It is important to note that in some instances councils are rejecting trees in normal settings where they don't benefit from passive irrigation (as opposed to other trees in the estate that do).</p> <p>The design should be to maximise tree canopy with an encouragement for passive irrigation but not dispel non passively irrigated trees that could still be beneficial.</p>
<p>F 11.1 Design of the public realm, public infrastructure and open space should:</p> <ul style="list-style-type: none"> » support climate change adaptation and integrated water management opportunities (e.g. greening and tree canopy for cooling and shade and to manage urban heat island effect, integrated use of water resources, renewable energy infrastructure, etc.). » be responsive to the land use context and interfaces (types of uses, intensity of uses, 		<p>The Property Council would like to see more explanation about what the preferred outcomes in relation to climate change adaption are.</p>

<p>etc.). » be sensitive and responsive to interfaces with valuable rural landscapes and green wedges.</p> <p>» be designed to encourage passive surveillance by adjoining land uses and activity.</p> <p>» be responsive to the different needs of the forecast future community.</p> <p>» identify opportunities to incorporate productive vegetation, community gardens or urban agriculture where possible.</p> <p>» identify opportunities to incorporate existing healthy and safe canopy trees where possible</p>		
<p>F 11.2 Aboriginal cultural heritage values of significance should be protected and managed in accordance with the Aboriginal Cultural Heritage Act.</p>		<p>This provision replicates controls that already exist within the Aboriginal Heritage Act and should be removed.</p>
<p>F 11.3 Cultural and post-contact heritage values and features (including buildings, structure, trees, gardens, historical archaeology sites and relics) should be considered and incorporated into the design of the public realm or otherwise protected or celebrated, where appropriate</p>		<p>Move "where appropriate" to the start of the sentence.</p>
<p>F 11.4 Public land set aside for utility or service infrastructure should be optimised and designed to be multifunctional where possible; providing land for infrastructure, amenity, environmental systems and for passive recreation (where safety risks can be managed). Infrastructure should be designed and located to make efficient use of existing</p>		<p>As above, we support the multipurpose use of space. Where this is proposed, it should be appropriately recognized in land credits.</p>

asset capacity and to withstand the impacts of predicted climate change.		
F 11.5 Wherever feasible, existing overhead powerlines should be placed underground in a manner that will allow canopy tree planting within the public realm		This is appropriate in smaller (lower kv) instances but should not be adopted for higher order lines, which can also provide a useful linear trail network.
F.12 Environmental and biodiversity value		
	T14 All conservation areas identified in relevant state strategies should be retained in accordance with relevant legislation.	Relevant in areas BCS and MSA framework areas.
F 12.1 Conservation areas and/or reserves should be provided in accordance with the relevant legislation. Their biodiversity value and their amenity value to the future urban community should be carefully considered and balanced. Conservation reserves should have appropriate transitions and buffers between areas of high conservation value and urban land uses to support the long-term sustainability of conservation areas and reserves. Where the location of infrastructure within areas of biodiversity value cannot be avoided, its location, design and construction should reduce any potential impacts while also balancing infrastructure cost implications.		<p>In the first instance the MSA set the tone for development within the approved development area with offsets to be provided by contributions to the State for acquisition, enhancement and management.</p> <p>No additional buffers to conservation reserves are required—they were built in.</p> <p>There is a responsibility of the developer to provide cash contribution, anything beyond that is a matter for the State to deliver.</p>
F 12.2 Removal of native vegetation should be avoided, minimised and/or offset in accordance with the relevant legislation. Where possible, any native vegetation to be retained that is not within designated conservation areas should be appropriately integrated into the urban structure of the area.		Suggest removal. This was addressed as part of the MSA. The control replicates controls already existing in the planning scheme for those areas not included in the MSA area.

F 12.3 Future neighbourhoods should be planned to strengthen the resilience of communities to bushfire risk through appropriate planning and design that prioritises protection of human life.		
F.13 Sustainable water		
	T15 IWM Solutions contribute towards targets from the relevant IWM Catchment Strategy and meet Best Practice Environmental Guidelines for Urban Stormwater (BPEM).	
<p>F 13.1 Urban planning, including water systems, should have regard to the seven key Integrated Water Management (IWM) principles:</p> <ul style="list-style-type: none"> » Provide a safe, secure and affordable supply of water in an uncertain future. » Use effective and affordable wastewater systems. » Optimise opportunities to manage existing and future flood risks and impacts. » Maintain and enhance healthy and valued waterways and marine environments. » Maintain and enhance valued landscapes for health and wellbeing purposes. » Strengthen community knowledge and local values and reflect them in place-based planning. » Support jobs, economic benefits and innovation. 		<p>It is unclear where the principles referenced in this provision have been drawn from.</p> <p>Further clarity is required as to who these key principles were arrived at.</p>
F 13.2 Drainage management measures should have sufficient capacity to manage and treat 1 in 100 year flows that are expected to occur as a result of predicted climate change, meeting the requirements of		

the relevant authority. Nature-based engineering solutions should be prioritised over 'business as usual'.		
F.14 Local schools and community infrastructure		
	<p>T16 The location of new education and community infrastructure should achieve the following accessibility targets:</p> <ul style="list-style-type: none"> • 70% of dwellings located within 800m of a government primary school. • 100% of dwellings located within 3,200m of a government secondary school. • 80% of dwellings located within 800m of a community facility. • 80% of dwellings located within 800m of a health facility. Note: A health facility may include areas where a general practitioner would be capable of operating (e.g. commercial or mixed-use zone). 	This is a matter for Education Victoria, and it should come with an acquisition timeline rather than warehousing land.
<p>F 14.1 Education and community facilities (i.e. schools, community centres, health facilities and sport reserves) should:</p> <ul style="list-style-type: none"> » be co-located within community hubs. » have good visual and physical links to a local centre. » be located on connector streets, linked by walking and cycling paths, and in close proximity to high-quality public transport where possible. » be located away from gas trunk infrastructure. School sites should not be located closer than 400m from to high voltage transmission easements. 		

F 14.2 High intensity facilities such as libraries, childcare centres, justice/emergency services and community centres should be located within close proximity of an activity centre or have good visual and physical links to an activity centre and active transport routes.		
F 14.3 Upgrades to existing infrastructure and/or the provision of new infrastructure should align with council and/or agency service plans and provision guidance, and reflect the most cost-efficient approach to addressing service needs. This includes making use of any spare capacity of existing facilities within the catchment area, and pursuing integrated service planning and delivery opportunities.		
F 14.4 Where feasible, education and community infrastructure should provide space for not-for-profit organisations. Opportunities should also be explored in town centres for space that not for profits may be able to rent.		
F 14.5 The location of emergency services should be within easy access to the arterial road network to maximise coverage and reduce response times.		
F.15 Lifelong learning opportunities		
F 15.1 The amount of land allocated for education and community facilities, and their role and function, should be determined in consultation with service providers and should respond to the local context, the broader strategic context, and the forecast		

service needs of the new or changing community.		
F 15.2 The location and design of education and community facilities should cost-effectively maximise functional use, flexibility, safety, amenity and operational efficiency (e.g. shared use of facilities with active open space, alternative funding models, adaptable design models, community access to school grounds, etc.).		Where appropriate location and design of education and community facilities facilitate shared use. It would be appropriate for there to be a performance target to measure this provision.
F 15.3 Opportunities for non-government schools and tertiary education facilities should be identified through engagement with the non-government school and tertiary education sectors.		
F 15.4 Future opportunities for higher order health and education (e.g. tertiary education) should be considered during the PSP process and land areas or 'areas of strategic interest' should be nominated where known		
F.16 Thriving local economies		
	T17 80-90% of dwellings should be located within 800m of an activity centre.	The Property Council proposes that modelling be conducted to consider if this proposal is reasonable. There is also a interrelationship between this and our comments relating to density above.
F 16.1 New activity centres should be located, scaled and designed to: » prioritise pedestrian movement with access to all possible forms of transportation » create a 'sense of place' through high-quality and engaging urban design, including maximised activation of uses at ground level		

<ul style="list-style-type: none"> » be sustainable, adaptable and responsive to local conditions and forecast climate change conditions » designate land for an appropriate and viable amount of retail, civic and commercial floorspace. 		
<p>F 16.2 The allocation and arrangement of land uses within new activity centres should:</p> <ul style="list-style-type: none"> » seek to provide a full range of services (including anchor retail) » create a focal point and heart of the centre » provide appropriate interfaces to surrounding land uses » provide for a flexible structure and block pattern that is adaptable over time in response to changing economic, climate and social conditions » maximise opportunity for employment, health, community uses, not-for-profit uses, employment-finding and education services, adaptable/multifunctional spaces and housing in the short and long term. 		
<p>F 16.3 Mechanisms to support early activation of the activity centre should be explored and encouraged.</p>		<p>The fact of the matter is that activity centres only become viable once a catchment has been established.</p> <p>The Property Council is generally supportive of the sentiment of this proposal, however we would like to see an example of the proposed mechanism.</p>
F.17 Staging and location of development		
	<p>T18 Identify all basic and essential infrastructure with spatial requirements on the Future Place-based Structure Plan (e.g. open</p>	

	space, schools, community centres, integrated water management, etc.).	
<p>F 17.1 The structure and design of a PSP should accommodate the coordinated delivery of key infrastructure (basic and essential infrastructure and other infrastructure) and staging of development to provide for:</p> <ul style="list-style-type: none"> » integration and shared-use opportunities » timely delivery, taking into consideration likely sequencing of development, land ownership constraints and funding sources » efficient delivery, taking into consideration likely sequencing of development » development that will not be isolated from basic and essential infrastructure and services » ensuring that development does not take place unless it can be serviced in a timely manner » ensuring that development within a PSP can be staged to match the attainment of infrastructure triggers and the provision of infrastructure and services » opportunities for alternative delivery models that achieve sustainability or other community benefits 		<p>The Property Council hold concerns this provision relies of the availability of GAIC funding.</p> <p>The PSP should cover only essential local services to support or facilitate development of the land.</p>
<p>F 17.2 The staging of development within PSPs should consider:</p> <ul style="list-style-type: none"> » proximity to existing or proposed development fronts or serviced land » proximity to significant public transport infrastructure or public transport service » proximity to existing or committed community infrastructure such as schools » proximity to new or existing arterial or 		

connector road infrastructure » its role in facilitating delivery of this infrastructure.		
F 17.3 Land should be set aside and reserved to allow for all public land uses, including schools, community centres, health, emergency and justice facilities, road widening and grade separation of rail from all transport corridors (includes roads, pedestrian and bicycle paths) where a delivery agency has agreed to the commitment.		
F 17.4 Structure and design of a PSP should seek to maximise opportunities for development to utilise existing infrastructure or to capitalise on planned infrastructure commitments.		
F 17.5 Potential for shared services and precinct-wide alternative waste and recycling management solutions should be assessed and incorporated where feasible. SEE EXAMPLE ALTERNATIVE WASTE COLLECTION		This proposal would need to operate under a government program or rate rebate and may not be appropriate in the PSP. We do however support the investigation of alternative waste collection methods as the waste collection vehicles have an impact on how we design our streetscapes.
F 17.6 Gas trunk pipeline infrastructure should be: » protected from encroachment by inappropriate land uses where possible. » capable of continuing its operation at minimal risk to human health, other critical infrastructure and the environment.		There is a disconnect between the approach to pipelines within the inner urban area and the greenfield context. In the context of the latter, the approach seems to be to simply avoid density and population gatherings in proximity to these facilities and the PCA is unclear why differing approaches re utilized in different areas.
F.18 Innovative and sustainable infrastructure delivery		
F 18.1 Alternative and innovative infrastructure and service delivery approaches should be explored early in the PSP place-shaping and visioning stages to		

ensure new and innovative initiatives are embedded in the design and structure of a PSP. Implications for urban form, housing, jobs and other features of the 20-minute neighbourhood should be considered and addressed through the PSP.		
F 18.2 Potential mechanisms to incentivise the early delivery of key infrastructure should be explored, particularly where the delivery of infrastructure is required to support new job growth.		The Property Council supports this proposition. Government has the greatest role to play in incentivising the early delivery of key infrastructure, especially where land ownership is fragmented. The Property Council proposed that a precinct authority could operate in this capacity.

Attachment 1



PRINCIPLES OF SUCCESSFUL PRECINCTS

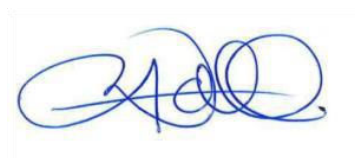
Foreword

Victoria is a diverse and thriving State which, for the last decade, has experienced exponential population growth. To accommodate the additional population demands on our major cities, we have witnessed a period of significant urban sprawl, with new development areas emerging across our State.

To ensure the new development in the greenfield and urban infill areas achieve positive community outcomes, the Property Council has prepared a report to highlight best practice in precinct development in Victoria.

This project was designed to identify a better planning pathway for precinct development. The report was developed in conjunction with the expert members of the Victorian Planning and Infill committee who dedicated their time and the expertise to the development of this project. I thank them for their valuable contributions.

Creating successful precincts in Victoria is vital to our future, and the financial recovery of our State. It is our hope this research will lead to the creation of a dynamic precincts authority for the management of precinct development in Victoria and that this document will be used by Governments as a best-practice guide when considering future developments.



Cressida Wall

Executive Director | Victoria

Property Council of Australia

What do Successful Precincts look like?

Introduction

The purpose of this paper is to discuss the principles that underpin successful precincts and how they can be enabled through public and private sector strategic planning, policy, partnerships, and engagement.

What we want to achieve:

A shared vision and understanding between government and industry about:

1. The need for an well resourced precincts authority to streamline development and foster positive outcomes
2. What features enable the delivery of successful precincts
3. New planning processes that carve out a clearly defined role for precincts as vital infrastructure
4. The role of the private sector in identifying precinct development potential in a site
5. The role of government in the timely delivery of vital infrastructure to enable the success of precinct developments.

The Opportunity

Developing Precincts for Victoria and Victorians: Supporting industry to deliver thriving Precincts

As our city and State grow, so must our focus on delivering high quality, innovative and connected communities. To do this, we must effectively utilise space to deliver higher density hubs to meet the needs of Australia's fastest growing city.

All levels of government recognise the importance of precincts in facilitating the development of location appropriate higher density, high utility environments required to keep pace with demand. In the current climate, with challenging economic conditions and heightened uncertainty impacting immediate demand, the role of government becomes even more critical. Enabling and supporting the private sector to continue to develop new property projects through the economic downturn will be vital to ensuring that projected infrastructure and housing supply keep pace with demand projections. While immediate and short-term demand may be constricted by the pandemic, history shows that there will inevitably be a recovery cycle. The temporary slowing of the market provides government with the opportunity to address a broad range of supply issues that have impacted affordability over several years.

To offset the future risk of extreme supply shortages and associated price bubbles, government must collaborate with the private sector to enable the cost-effective delivery of property stock critical to maintaining the supply pipeline. There is clear agreement that population growth has been and will continue to be a key economic driver for the Victorian economy. As an international city with strong

education credentials and world class employment talent, Melbourne is uniquely placed to attract international investment and become the headquarters for many multinational businesses. Following the pandemic, the success experienced by Australia in managing health outcomes will be a strong driver for international investment and migration. To incentivise investment and development, attractive planning controls and positive tax and policy conditions are required.

Victoria must use the temporary slowdown in population growth to prepare for future growth. Revitalising thinking around the delivery of precinct developments in both infill and greenfields areas should be a key pillar of future population planning. These spaces must not only be responsive to market demand but also be predictive and adaptable to ensure they can respond to changing migration patterns and lifestyle sentiments.

Precincts must be developed to support higher density communities, and planning must consider the health and lifestyle outcomes for the community. A core component of success will be shifting community sentiment about density to enable the delivery of affordable housing solutions for Melbourne into the future. The key benefits around higher density living, including improved liveability and efficiency, must be sold to the wider community.



Policy Settings and the Opportunity

Current Victorian Precinct Policy

In 2018, the Andrews Government introduced a new ministry for Priority Precincts. Following a cabinet reshuffle in June 2020, Minister Pakula took over responsibility for the development of the Docklands Precinct, Fishermans Bend and the Footscray Precinct as part of the new Business Precincts portfolio, while Minister Allan will oversee Development Victoria and the key transport precincts of Arden, Sunshine and the Richmond to Flinders Street corridor. Minister Leane also has the Suburban Development portfolio.

In addition to the split portfolio, Development Victoria, a statutory corporation, has responsibility for undertaking urban renewal, property development and major projects on behalf of the Victorian Government.

The Department of Environment, Land, Water and Planning is currently investigating planning and development principles for Strategic Development Areas. The Department of Jobs, Precincts and Regions retains overview responsibility for Priority Precincts. VicTrack, also a statutory corporation, has a mandate to revitalise transport precincts and maximise returns for land no longer required for transport. The Fishermans Bend Development Board was established to guide the planning and development of the Fishermans Bend Precinct. The Victorian Planning Authority and the City of Melbourne are leading the planning for the Arden Urban Renewal Precinct. At the same time, the City of Melbourne is developing a refreshed structure plan for Macaulay.

This disparate approach to precinct development means that processes and stakeholder experiences vary greatly, leading to inconsistent planning and development outcomes.

The Role of Planning

Historically, planning has, on occasion, been perceived as a brake on inappropriate development or something which protects the community from “bad development”. The Property Council rejects this notion. With precincts, the role of planning could not be more different. Planning needs to enable good development and good design. Its role is to maximise the positive outcomes for the State in terms of social amenity but also, importantly, economic development.

Any conceptualisation of proper precinct planning must place economic outcomes as one of the highest priorities, particularly as part of a COVID-19 recovery effort. This underpinning requires a change in thinking; it cannot just be business as usual. It requires that policy settings (in the form of planning amendments or legislative instruments) include a reference to economic outcomes front and centre and it requires that there are specific staff involved in any precinct teams / authorities, whose role is to consider, at every step of the way, whether the mechanisms and processes are maximising the economic potential of the relevant project. That is not to say that public safety, public amenity,

affordable housing, environmental considerations, and design are not important. They are. It is simply that economic considerations appear often to have come last in the role that planning has played for precincts and this approach is sub-optimal.

Not only does planning need to facilitate economic outcomes, but it also must maintain flexibility to maximise those outcomes. There is a genuine sensitivity that is required to balancing public interest with the ability of the private sector to determine the best outcomes. The focus and goal should be on how the private sector can be allowed to maximise value and amenity without compromising other social outcomes. Notably, the economic drivers on the private sector are such that, given the right instructions on an output requirement such as open space, affordable housing, or environmental considerations, a developer will tend to maximise results because it maximises the prices that can be commanded in the market.

Previous experience of the development sector has been that when governments dictate the precise mix of commercial activities that should occur in a precinct, for example, by nominating that a precinct must favour one industry rather than another, it can actually stifle development, lower the total economic output, create perverse incentives and limit the precinct's chances of success.

Governance structure – A precincts authority

The best structure is one that is flexible and gives specific pathways for precincts to take place. The Property Council recommends the creation of a precinct authority which:

- Can facilitate complex debates between different departments within government
- Has a direct reporting relationship to a key economic minister
- Has decision making power as a planning authority (with appropriate checks and balances in place)
- Can take individual projects or decisions out of the everyday planning processes and make decisions quickly
- Has the power of compulsory acquisition where necessary to maximise site size, resulting in better social and amenity outcomes over the life of the project.

Similar successful models of the proposed authority include the Southern and Eastern Integrated Transport Authority (SEITA) and Major Projects Victoria (in some of its iterations). Much depends on who is appointed as CEO of such an organisation and who is the chair of the relevant board. It is necessary to have a combination of deep public sector and private sector expertise in any relevant entity.

Such an authority could have an ongoing role even after development of a precinct was well underway to help ensure its success through an ongoing partnership with the private sector, as the management of the associated amenities created within the precincts needs to be accounted for during its development cycle. Additionally, smaller precincts in infill areas with multiple owners require strong government leadership to support and enable consultation between the private sector and local government, to enable successful outcomes.

The authority could, in effect, take charge across the life cycle of a precinct by:

- Helping to guide and prioritise the selection of the relevant precinct
- Managing the tender process for government land involved in the precinct
- Identifying and articulating the output requirements of the precinct
- Facilitating within government appropriate transport connectivity for the precinct
- Working with any winning consortia in the development process for the precinct, to cut through red tape and speed up the process
- Supporting the proponents in any ongoing government interface to maximise the precinct's chances of commercial and social success for the medium and long term

End to end management means that understandings can be reached between the private and public sector and again, the certainties that result tend to maximise value for the State and the public who are the eventual occupiers of the precinct.

CASE STUDY: Major Project Victoria, under the *Project Development and Construction Management Act 1994* (Vic)

Major Projects Victoria (MPV), under the *Project Development and Construction Management Act 1994* (PDMC Act), was the facilitating agency situated within various State Departments over time, to deliver nominated projects. Projects would be nominated under this Act as being of State significance, and MPV was given powers such as land acquisition and planning powers.

MPV delivered many public projects (or projects on public land) such as Federation Square, AAMI Park, the Melbourne Park Redevelopment, Beacon Cove, the Parkville Commonwealth Games Village, the Melbourne Exhibition and Convention Centre and the Melbourne Recital Centre and Melbourne Theatre Company development.

The power of the PDCM Act lies in its ability to allocate necessary powers to one agency to undertake projects, like the *Major Transport Facilitation Act 2009* (Vic), which has enabled special vehicle delivery agencies to operate and deliver major transport projects. A similar governance structure could be established for precincts, nominating certain projects of state significance, and allocating one government entity planning and delivery powers, to ensure maximum efficiency and clarity in decision-making. Most significantly, it would also provide the private sector with certainty, should it be partnering with government on a project of this nature.

What makes Precincts unique?

Economic Advantages of Precinct Development

It is well accepted that precincts have a special potential for economic and jobs growth that can have substantial positive impacts on the broader city and region.

The Australian Government has found that “precincts are of increasing importance in driving business and economic growth, and levels of collaboration and innovation.”¹ In an increasingly competitive global market – for investment, jobs and talent – it is crucial to get it right.

Economic impact of precincts internationally

In terms of international precincts, there have been promising developments across the board, servicing a range of industries around the world. Some examples include:

- The South Lake Union precinct in Seattle, which was developed from a post-industrial site into a high-tech precinct, increased permanent jobs by 63 per cent from 1995 to 2012.²
- The top 31 economically significant areas in the UK contributed 20 per cent of the country's Gross Value Add (GVA) but made up only 8 per cent of businesses.³
- During the 2007-08 recession, 40 international high-tech manufacturing clusters achieved an 11.2 per cent average employment growth rate and 40 knowledge-intensive services clusters achieved a 14.3 per cent average employment growth rate.⁴
- The average employment growth rate in 80 precincts across OECD member countries was 13.5 per cent in advanced manufacturing precincts and 19.4 per cent in knowledge-intensive services precincts over a four-year period.⁵

Economic impact of precincts in Australia

Looking toward the domestic market, the redevelopment of Barangaroo in Sydney is estimated to have cost \$6 billion and will bring 23,000 new residents to the precinct, attracting 12 million visitors each year. While the initial costs were significant, the precinct is estimated to inject \$1.5 billion into the New South Wales economy each year.⁶

¹ Department of Industry, Innovation and Science. *Statement of Principles for Australian Innovation Districts – Place-Based Partnerships Building on Competitive Strengths*. October 2018.

² Clark, G. & Moonen, T. *The Logic of Innovation Locations: Understanding the drivers that enable cities to host innovation economies, The Business of Cities and Future Cities Catapult*, London. 2017.

³ Centre for Cities & McKinsey & Company. *Industrial Revolutions: Capturing the Growth Potential, Report commissioned by The Gatsby Foundation, McKinsey & Company*. 2014. [Cite](#).

⁴ Temouri, Y. *The Cluster Scoreboard: Measuring the Performance of Local Business Clusters in the Knowledge Economy, OECD Local Economic and Employment Development*. 2012. [Cite](#).

⁵ Ibid.

⁶ The Urban Developer. *Inside Barangaroo: Sydney's Largest Redevelopment Project*. July 2014. [Cite](#).

The construction cost of Crown Casino at Barangaroo is estimated at \$1.1 billion.⁷ Using the Australian Bureau of Statistics construction multiplier,⁸ this investment will generate \$3.2 billion of economic output for the NSW economy.

Economic impact of precincts in Victoria

Assuming the average precinct development construction cost to be \$2 billion, each such investment would generate \$5.7 billion in economic activity for the Victorian economy.⁹

According to the SGS *Analysing Melbourne's Enterprise Precincts* report, Melbourne has thirteen untapped precincts in Brunswick South, Cremorne, Fitzroy/Collingwood, South Melbourne, Footscray, Abbotsford, Arden, Macaulay, Northland, Swinburne University, Tottenham, West Melbourne and Fishermans bend.¹⁰ The SGS report analyses the economic value associated with these precincts and demonstrates that a precinct plan that favours mixed-use over solely residential developments makes a difference to overall economic impact. The SGS data suggests that a mixed-use precinct plan would increase jobs by an average of 14 per cent (see Table 1) when compared to a precinct which is 'crowded out' by residential developments and over the life of the project, increase in GVA generated by jobs is estimated at \$105.3 million (see Table 2). This modelling illustrates the creation of synergies between the various parts of a precinct, both commercial and residential, which causes this uplift.

Table 1: Employment Impact as a Result of Increased Clustering.¹¹

Precinct	Increase from Base Case	2026	2036	2051
Brunswick South	10%	5,300	6,600	8,100
Cremorne	25%	19,500	23,800	28,000
Fitzroy Collingwood	10%	24,000	29,700	35,300
Gipps St Abbotsford	15%	4,700	5,600	6,600
NURP	10%	8,400	9,400	10,600
Swinburne Uni	15%	32,300	38,100	44,200
Tottenham	10%	6,700	7,200	7,900
West Melbourne	10%	5,200	5,900	7,400
Fishermans Bend NEIC	25%	18,400	21,300	27,400
Arden	10%	4,200	12,200	40,900
Macaulay	10%	9,100	16,700	41,500
Footscray	15%	3,800	4,400	5,100
South Melbourne	15%	16,400	20,400	24,300

⁷ Mladenovski, D. *Crown Sydney Barangaroo Construction Progress 2019*. Build Sydney. July 2019. [Cite](#).

⁸ ABS. *The Construction Industry's Linkage with the economy*. 2000. [Cite](#).

⁹ Ibid.

¹⁰ SGS. *Analysing Melbourne's enterprise precincts*. February 2018. [Cite](#).

¹¹ Ibid.

Table 2: Economic Impact (GVA \$M) of Increased Clustering – Value Generated by New Jobs in Victoria¹²

Precinct	2026	2036	2051
Brunswick South	\$0.9	\$1.2	\$1.5
Cremorne	\$10.9	\$14.5	\$18.2
Fitzroy Collingwood	\$4.3	\$5.7	\$7.2
Gipps St Abbotsford	\$1.8	\$2.2	\$3.1
NURP	\$1.4	\$1.7	\$2.0
Swinburne Uni	\$10.9	\$13.9	\$17.4
Tottenham	\$1.2	\$1.5	\$1.6
West Melbourne	\$1.3	\$1.4	\$2.1
Fishermans Bend NEIC	\$9.6	\$12.0	\$16.6
Arden	\$1.0	\$3.1	\$11.2
Macaulay	\$2.1	\$4.2	\$11.5
Footscray	\$1.0	\$1.3	\$1.6
South Melbourne	\$6.5	\$9.0	\$11.5
Total	\$52.8	\$71.6	\$105.3

Table 3: Base Case Precinct Employment and GVA Projections¹³

Precinct	2026		2036		2051	
	Employment	GVA (\$ million)	Employment	GVA (\$ million)	Employment	GVA (\$ million)
Brunswick South	4,800	\$8.8	6,000	\$12.1	7,400	\$16.0
Cremorne	15,600	\$43.6	19,000	\$57.3	22,400	\$72.8
Fitzroy Collingwood	21,800	\$42.4	27,000	\$56.5	32,100	\$72.6
Gipps St Abbotsford	4,100	\$12.1	4,900	\$15.5	5,700	\$19.4
NURP	7,600	\$13.0	8,500	\$15.8	9,600	\$19.2
Swinburne Uni	28,100	\$72.5	33,100	\$92.2	38,400	\$115.1
Tottenham	6,100	\$11.8	6,500	\$13.7	7,200	\$16.2
West Melbourne	4,700	\$12.2	5,400	\$15.2	6,700	\$20.1
Fishermans Bend NEIC	14,700	\$38.1	17,000	\$47.5	21,900	\$66.0
Arden	3,800	\$9.9	11,100	\$31.2	37,200	\$112.4
Macaulay	8,300	\$21.6	15,200	\$42.6	37,700	\$113.7
Footscray	3,300	\$6.5	3,800	\$7.9	4,400	\$9.9
South Melbourne	14,300	\$44.2	17,700	\$59.0	21,100	\$75.5

¹² SGS. *Analysing Melbourne's enterprise precincts*. February 2018. [Cite](#).

¹³ SGS. *Analysing Melbourne's enterprise precincts*. February 2018. [Cite](#).

The SGS report also calculates that by 2051, precincts suffering from residential ‘crowding out’ will cost the Victorian economy \$234.6 million GVA in lost jobs per annum. By contrast, mixed-use precincts can generate an additional \$105.3 million GVA in jobs per annum over and above the forecasted base rate of \$728.9 million by 2051 (see Table 3). In total, this means that mixed-use precincts will generate \$834.2 million GVA in jobs per annum.



Refining the way we approach precincts plays a dramatic role in the economic fortunes of the State. Across the thirteen precincts identified in the SGS report, the average GVA generated by new jobs generated per annum in a precinct comes to:

$$\frac{\$834.2 \text{ m}}{13} = \$64.2\text{m GVA per precinct}$$

There are, arguably, more than thirteen precincts previously identified across the greater Metropolitan Melbourne region.

With the leadership of Local and State Government and with the support of the private sector, there could be in the region of twenty precincts based on Property Council estimates.

$$\$64.2m \text{ GVA} \times 20 \text{ precincts} = \$1.28b \text{ GVA per annum}$$

Using the average GVA generated by jobs per annum in a precinct, the Property Council calculates that \$1.28 billion GVA could be generated by jobs per annum across greater Metropolitan Melbourne in 2051.

Precinct developments also generate immediate benefits for the Victorian economy both directly through construction and through supporting Victorian jobs in the supply chain. Using the Australian Bureau of Statistics construction economic multiplier for construction, Table 4 estimates the economic impact and the number of jobs supported through the construction of a sole development within a precinct.

Table 4: Immediate Economic Benefit

Development Construction Cost	Economic Impact	Jobs Supported
\$300m ¹⁴	\$859.8m ¹⁵	111,000 ¹⁶

The Geelong's Civic Precinct, with a comparatively smaller development cost of \$220 million, is estimated to create nearly 900 new jobs in Geelong.¹⁷ The Civic Precinct will also be available to residents of Geelong with 48% of the total floor area being publicly accessible. Those who will work in A-grade office space are provided with a range of transport options including pedestrian, bike and public transport access. This bustling hub will likely prove to be a pre-eminent regional hub for prosperity upon its completion in June 2022.



¹⁴ Property Council Estimate.

¹⁵ ABS. *The Construction Industry's Linkage with the economy*. 2000. [Cite](#).

¹⁶ Ibid.

¹⁷ City of Greater Geelong. *A new civic precincts for Geelong*. 2018. [Cite](#).

Types of Precincts

To borrow from the definition of innovation districts defined by think tank, the Brookings Institution, precincts are “the ultimate mash up of entrepreneurs and educational institutions, start-ups and schools, mixed-use development and medical innovations, bike-sharing and bankable investments—all connected by transit, powered by clean energy, wired for digital technology, and fuelled by caffeine.”¹⁸

While the above definition paints a colourful picture of what could be the future of precincts in Victoria, it is important to note there is no fixed or agreed definition of a precinct, nor the types of precincts, in the Victorian planning system.

This term may generally refer to a location, usually defined by spatial boundaries in a structure plan or another form of control or policy, that can include land ownership by multiple entities, a mix of uses and activities and be at any stage of development status.

Precincts are perhaps currently best defined in the planning context through the now well established Precinct Structure Plan (PSP) process that applies to the outline of future development directions for new greenfield suburbs.

The concept of precincts in a planning context is evolving. The term ‘precinct’ is now being used broadly to include the regeneration and renewal of established urban areas and strategic development areas. This may include private properties with surrounding public realm amenity, civic spaces and transport nodes.

Precincts are known to create skilled employment opportunities for local communities and in that way facilitate State Government policies such as to “improve access to jobs across Melbourne and closer to where people live”.¹⁹

A much broader range of precinct types has emerged in recent years, including:

- **‘Priority precincts’** that have a focus on the regeneration and renewal of underutilised inner urban areas (Fisherman’s Bend, Arden, Richmond to Docklands)
- **Transport focused precinct development** (areas associated with Melbourne Metro and Suburban Rail Loop Stations)
- **Nationally significant employment precincts** or National Employment and Innovation Clusters (NEIC) (LaTrobe, Monash, Parkville etc)
- **Suburban office precincts** (Essendon Fields)

It has become increasingly clear that the principles and approaches that have been successfully applied to precinct planning in greenfield contexts do not simply translate to the more diverse and complex nature of precincts in established urban areas.

¹⁸ Katz, B., Wager, J. *The Rise of Innovation Districts: A New Geography of Innovation in America*. The Brookings Institution. May 2014.

¹⁹ DEWLP. *Plan Melbourne 2017-2050*. 2017. p 48.

The establishment of the new Department of Jobs, Precincts and Regions in 2019 signalled the State Government's agenda to elevate the role of designated precincts in delivering government policy objectives around employment innovation, affordable housing, transit-oriented development and urban regeneration. To date, there has been little clarity or consistency around the approach to planning or governance in these emerging precincts, with a variety of multi-agency and taskforce models employed to lead renewal processes, with varied results.

The concept of a precinct in the real estate development market context, is represented by defined geographic redevelopment areas featuring more flexible planning controls with the objectives of:

- Facilitating the delivery of a mix of buildings and uses that collectively enhance the activation of interfacing public spaces
- Encouraging and supporting a more intense and diverse range of economic activities
- Catalysing urban renewal and job creation, while also supporting local business.

The collective benefits and economic outcomes from a precinct planning approach should be greater than what would otherwise be achieved from planning controls that are focused on the built form and use of individual buildings.

The types of precincts in the real estate context should extend beyond the government sponsored precincts above, and could include:

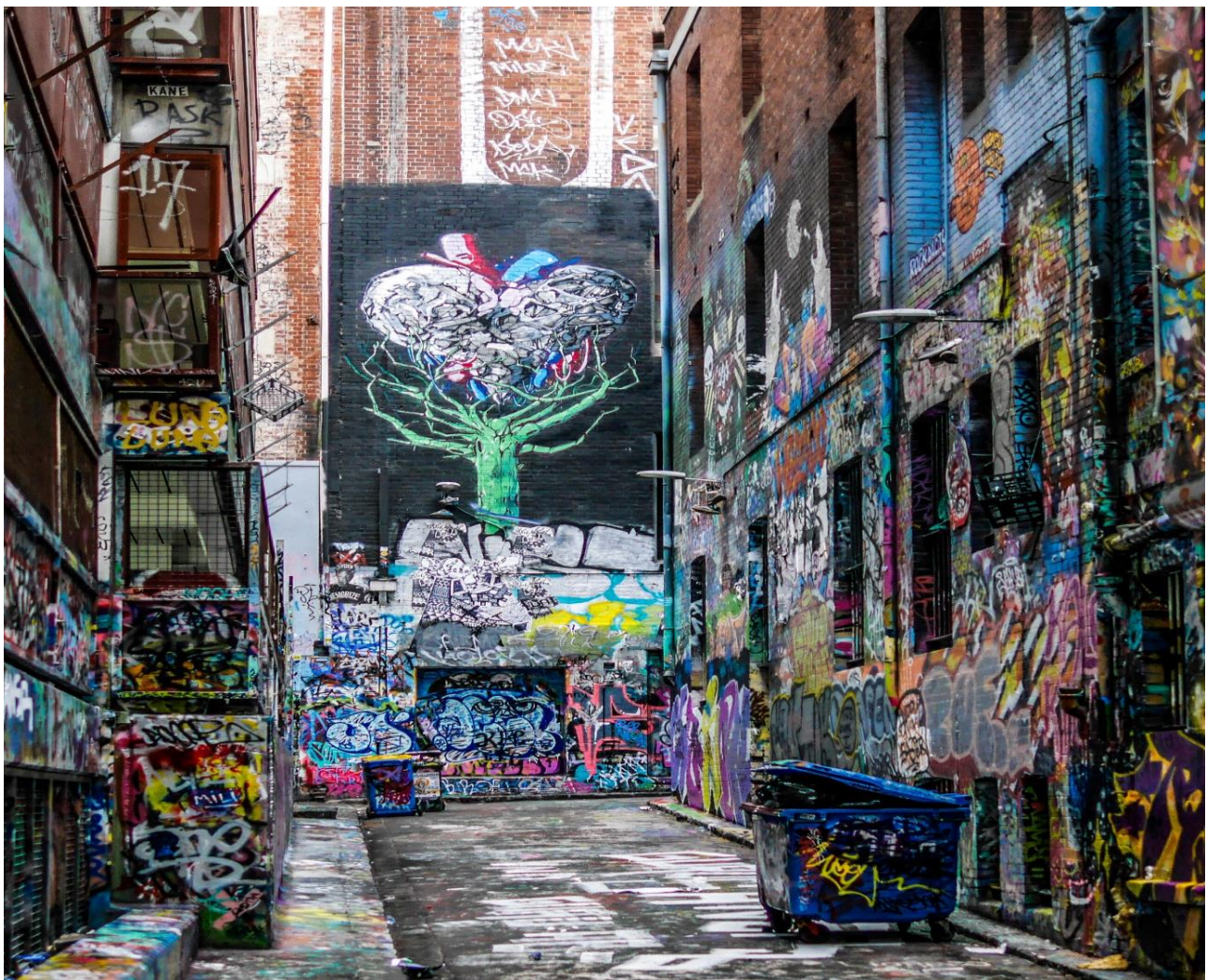
- Transport-node oriented precincts, around an established or new stations such as Jewell Station and Glen Waverly Station.
- Regeneration / renewal / redevelopment precincts, where there is a change of underlying use of the existing land. For example, repurposing obsolete industrial land or repurposing of an ongoing major use such as shopping centres reimagined as town centres and mixed-use precincts with residential, commercial development and civic uses integrated into the existing use.
- Economic and innovation precincts (not just NEICs)
- Consolidated ownership precincts (major landowner(s))

Ongoing management of shared areas in precincts needs to be addressed by government or the private sector to ensure the precinct's success. Without ongoing governance and a management structure for shared amenities and open spaces, over the long term, the precinct may experience maintenance challenges and become less attractive to major investors, anchor institutions and businesses that underpin the continued success of a precinct

Timelines for Precinct Developments

Precincts are inherently dynamic: as they develop, the mix and intensity of use invariably changes over time and user patterns tend to evolve. Planning typically envisages a final or “end-of-state” outcome and a linear and progressive delivery towards that vision. This approach fails to consider the realities that across multiple landownerships there are a range of factors that will influence the timing of delivery and propensity for redevelopment. These factors may include financial capacity, leasing arrangements and passive vs active owners.

As such, planning of precincts must have at least a twenty year time horizon. A successful precinct should never be “finished” or achieve its end of state outcome given it will need to evolve to meet changing community demand. While the buildings may be “final” for a period, the activities within them must have the flexibility to change over time.



Delivering Successful Precincts

Policy settings to create successful precincts

The features that would be desirable for the funding, finance and procurement of precincts are:

Maximum Flexibility

Precincts are often developed over several years. To ensure that precincts can evolve to meet the needs of the populations they intend to service, precinct development needs to be flexible and not fixed in a concept or sole use such as health or education. Enabling flexibility throughout the development period will ensure the precinct delivers value across the life of the project. A precincts' authority should have powers or access to legislative mechanisms via delegated authority from a minister to implement required changes.

Infrastructure Funding

Delivery of public and community infrastructure cannot be tied to population thresholds applied in greenfield planning. Infrastructure needs to be delivered ahead of actual population or community need because it will service much broader catchments across established areas and not simply any population within a defined boundary

There should be specific funding for infrastructure in the precinct set aside and a mechanism by which the developer can work with government on the right sort of transport connectivity to maximise internal rate of return for both the public and private sector.

Contracting

Innovative funding models for infrastructure delivery including public-private partnerships and alliances contracts should be considered as well as traditional contracting to get the right outcomes.

Early identification of Return on Investment

There needs to be analysis and clarity about what level of density can be achieved for a site and what infrastructure investment is likely to be committed to by government prior to tender. If the infrastructure options are known (even as possibilities) prior to tender, the State will get better outcomes from the private sector.

Creative Finance Agreements

Consideration should also be given to alternative financing models that shift thinking on value capture to value creation and long term economic and social benefits. This approach, which could be managed by a precinct authority, should consider revenue share models or long term lease arrangements as well as freehold title arrangements.

Common Features of Successful Precincts

The ability to curate an identity within a precinct

The best precincts have a curated identity that gives people a sense of place and tends to attract superior additional partners, tenants and long-term residents allowing for stability of capital and maximising the economic performance of the precinct. The challenges experienced in the Fishermans Bend Precinct are indicative of the problems caused by the need to masterplan a development with numerous small land holders.

In contrast, Essendon Fields, a joint venture between the Linfox Group and Beck Corporation, is regarded as one of Melbourne's best master-planned commercial precincts. The curated offering includes retail, commercial, aviation, offices, entertainment, hotel and event facilities. In the pipeline, the precinct has planning approval and development finance to construct a new office development comprising over 18,000 square metres over three buildings, which would enable \$120m of direct private investment to commence immediately. Through curating a unique identity by targeting a market niche and developing strong branding collateral, Essendon Fields has effectively leveraged itself as a precinct in Melbourne.

A 24-hour identity

Activated precinct developments must be able to support a 24-hour community. Where precincts only service one objective, such as an office market, there is an underutilisation of the site outside of business hours. Precinct environments rely not only on constant foot traffic, but the ability of those utilising the space to develop a connection with the environment. Residential communities cannot just work within the precinct; they must live there too.

The delivery of a 24-hour identity for a precinct requires consideration of the demographic of those utilising the environment and the ability of the project developer to be able to curate tenancies required to meet demand and the inclusion of significant residential development either within or proximate to the precincts. Precincts also need to include infrastructure that supports a lifestyle option.

Mixed-use, not fixed-use planning

Successful precincts require the government and project developer to have a shared understanding and vision for the site. However, it is also important that the development can be adapted over its lifecycle to respond to market demand. According to a PwC report, "Precincts either form organically or are identified through strategic vision and policy, or a combination of both. They are, however, most successful when policy supports organic and flexible formation."²⁰

The private sector specialises in identifying market demand and developing assets to meet not just existing, but future market demand. Where a strategic precinct site is limited by a fixed vision, such as the Werribee Education Precinct experience, there is insufficient flexibility in a project to respond to changing market indicators. Factory Campus in Berlin exemplifies this flexibility, with offerings for small enterprises all the way up to technology giants such as Twitter and SoundCloud which are serviced by the appropriate amenities ensuring liveability. Because the Factory Campus incorporates a range of companies, it is more versatile and can keep pace with changes in businesses while fostering the same underlying culture of entrepreneurship and innovation.

²⁰ PwC. *How to make better cities through precincts and connectivity*. 2017. [Cite](#).

Barangaroo is a clear example of where a project developer was able to retain the site as a whole and curate tenancies to meet the product demand generated by the office and residential market, allowing the site to provide a thriving 24-hour offering.

These elements are of equal importance and each combine to create the substance of a great place and precinct. They should be the base indicators for the planning and design of new precincts and renewal developments. Together, they are also the foundation of Healthy Cities, a concept which acknowledges that the health and total wellbeing of our people can be shaped by planning and design.

Market demand

Successful precincts are situated in locations where there is a strong existing market demand for the products and services that are provided by that precinct. A talent pool drawn from the surrounding areas to resource this demand is also crucial.

Silicon Valley is a prime example of this. With a focus on technology, companies across the United States are drawn to this precinct bringing with them best and brightest talent where there is an existing market demand for technology and innovation. This fosters a collaborative environment which in-turn attracts capital investment to the precinct, only increasing its success.

Size matters / precinct anchors

Larger sized projects, in terms of land and scope, allow larger private sector bidders to participate in precincts and it is only those principals and the consortia that they bring together which have the balance sheet and access to capital that enables them to maximise amenity in the precinct and create their returns over the longer term. Social and environmental factors often take years to realise and without larger players, those sorts of benefits will not be as significant to the State and to the community. The larger entrants in the market and overseas will only be attracted by projects of sufficient size to be worthwhile spending the funds on conceptualisation and execution with a view to realising their returns over many years.

Transport connectivity

The rise of urban populations has put increasing pressure on transit systems. In this context, Transit Oriented Development (TOD) solutions represent vital interconnecting hubs that maximise the flow and safety of passengers while optimising land use. Mass transport infrastructure is vital to the delivery of a successful precinct. Research shows that successful organically developed precincts virtually always feature rail infrastructure feeding multiple train lines. This attribute can be witnessed in the organic development of Richmond, Surrey Hills and Fortitude Valley as employment precincts. It is well known that buildings' rental return (both commercial and residential) is directly correlated to their proximity to transport.

In master planning new precincts, it is imperative that a transport strategy, which facilitates high frequency mass transport, is developed. Without it, it is hugely challenging to drive the population, business community and residential market required to sustain a precinct in its fledgling stages. This lack, in turn, jeopardises the long-term success of the precinct.

Sustainability at the Heart

Precincts, by essence, are city shaping projects, built with an eye to the future. It is essential to the long term success of a precinct that environmental, social and economic sustainability underpins the

development. Master planning at scale creates more significant opportunities to design and construct with sustainability features at the heart of the project. Initiatives such as energy efficient, low carbon and climate resilient buildings, social infrastructure and public realm that can be run on renewable energy, complemented by urban greening to reduce heat island effect are all effective measures that are more achievable with scale.

Other critical environmental initiatives include a strong focus on reduced potable water use, eliminating waste to landfill and embracing circular economy principles. Social initiatives focused on creating places with green and open space that prioritise health, wellbeing and active living, as well as commitments to universal design that promote inclusion are also priorities. Increasingly, the role of precincts in creating new jobs and fostering ethical supply chains as core economic outcomes is recognised.

A decade ago, it might have been necessary to look overseas for examples of successful sustainable precincts; however, in recent years, many Australian developers have recognised the value of designing their new precincts as sustainable communities. The Green Building Council of Australia's Green Star Communities tool is a critical asset in verifying the holistic sustainability of a sustainable precinct, and the Climate Active standard for precincts provides a Commonwealth Government accreditation for carbon neutral precincts.

Healthy Cities

The notion of healthy and liveable cities has been around for some time. In 2018, Tract in conjunction with Deloitte Access Economics undertook a detailed Healthy Cities study focused on Melbourne, Sydney and Brisbane. This study identified a series of measurable indicators to assess the healthiness of suburbs in each of these cities. The findings were published on *The Age Domain* platforms.²¹ Healthy Cities are defined not just by what they contain, but also, but what they lack. The key elements used in the Tract/Deloitte study of healthy cities were.

Positives to be promoted:

- Access to fresh food
- Walkability (less than 400 metres) to work, transport and services
- Active transport options
- Open space
- High tree cover
- Volunteering and community participation groups
- Access to hospitals
- Access to allied and community health services

Negatives impacts to be avoided:

- Density of liquor stores
- Density of fast food.

These are just a snapshot of key indicators for Healthy Cities. They can equally be applied to the planning and design of new precincts. The indicators promote the creation of the neighbourhood and village, where people can walk to carry out their daily tasks.

²¹ Tract. *Domain healthy suburbs study*. 2018. [Cite](#).



Property Council of Australia
Level 7, 136 Exhibition Street, Melbourne VIC 3000

policyvictoria@propertycouncil.com.au
www.propertycouncil.com.au

ABN 13 008 474 422