FLEMINGTON LIFE - SOCIAL IMPACT ASSESSMENT

PEER REVIEW REPORT FOR THE ADVISORY COMMITTEE ON BEHALF OF MINTERELLISON AND THE VICTORIA RACING CLUB

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<td>Development Contributions Plan</td>
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CONCLUSIONS

PUBLIC OPEN SPACE CONTRIBUTIONS

The proposed 5% cash contribution to the City of Melbourne for the Epsom site is considered to be appropriate for the following reasons:

a. A 5% cash contribution satisfies the recently amended Schedule Clause 52.01 of the Melbourne Planning Scheme (through Amendment C209).

b. The provision of a 5% cash contribution will assist the City of Melbourne to implement its Open Space Strategy (2012), upon which Amendment C209 was based, including the implementation of the Newmarket Reserve Master Plan.

c. Given the relatively constrained area of the Epsom site, it is considered that setting aside 5% of the land area would not be practical, or appropriate from a location point of view.

The proposal for Flemington Green sets aside a large public open space area of approximately 1,400 square metres, which creates a central ‘village green’. This land is to be transferred to the City of Moonee Valley.

The area of the “Village Green” open space equates to 5% of the site area for FG.

Accordingly, I consider that this meets the requirement for open space contributions for the site, provided the land is vested in the Moonee Valley City Council.

DEVELOPMENT CONTRIBUTIONS

In my view, the infrastructure to be provided by the FL project that will clearly benefit the wider community (as well as the development itself), includes:

- Bicycle paths and associated works to provide links between the development and the wider bicycle network;
- Improved pedestrian connections to the local area;
- DDA compliant bus stops;
- The improvements to the Village Green public open space;
- The improvements to the publicly accessible space adjacent to the VRC’s Hill Gate including DDA compliant access to the railway station;
- The contributions to improvements to Newmarket Reserve including upgrading the access path to tram stops and increased tree planting;
- Signalised pedestrian crossing across Epsom Road.

I do not believe that adding in the full cost of the roads and intersections as a development contribution is appropriate, but nor is it appropriate to exclude those costs altogether. For the purposes of this assessment, I have included 25% of the costs as a development contribution on the basis that there will be a share of usage of the infrastructure by the wider community.
Cash contributions of $1.79 million that are proposed to be made towards the enhancement and extension of community facilities in the City of Moonee Valley are also included in the development contribution assessment.

The infrastructure costs that could be considered a development contribution total $7.051 million which equates to $6,218 per dwelling (based on an estimated 1,134 dwellings).

This amount is much higher than the development contribution levies for other infill urban renewal areas and is much higher than the quantum of contributions estimated for the Moonee Valley Racecourse redevelopment on a like-for-like basis (given that the Moonee Valley Racecourse contributions included the value of land for public open space).

In my view, a development contribution in the order of $6,200 per dwelling, as outlined above, would be a reasonable contribution for the FL project and is at the upper end of the range for these types of developments.

AFFORDABLE HOUSING

The VRC is proposing to incorporate an affordable housing component aimed at supporting VRC staff and track workers. However, the lack of detail regarding the proposal for worker housing associated with the Racecourse makes it difficult to assess the proposal.

The proposal has merit because:

- There is a defined target group associated with the racecourse that needs affordable housing. The salaries of track workers and other VRC staff are in the bottom 45% of household income groups in the City of Moonee Valley. This aligns with the objective of improving housing affordability in the Moonee Valley Planning Scheme;
- There is a clear nexus between the affordable housing component and the racecourse;
- The location of the affordable housing component is appropriate.

The proposal needs to be developed further.

The FL project will increase housing diversity in the study areas. More than 500 of the proposed dwellings will be one bedroom dwellings. In the two study areas, there will be more than 13,000 additional lone person and couple households by 2031.

It is most likely that lone person and couple households will predominately occupy one bedroom dwellings. The dwelling mix in the FL project is therefore well-matched to the type of households that are forecast to grow in the study area.

The estimated price range of the one bedroom dwellings in FL is $443,000 to $451,000.

The expected price range for one bedroom apartments would be affordable to purchase for households earning $70,000 per annum or more, based on 30% of income being available to meet housing cost. Households in the City of Moonee Valley earning more than $70,000 per annum make up 55% of all households. This is a substantial contribution to meeting the objective of Clause 21.05-3 of the Moonee Valley Planning scheme to improve housing affordability for households with incomes within the 60th percentile of income groups.
1. INTRODUCTION

1.1. INSTRUCTIONS

I was instructed by MinterEllison, on behalf of the Victoria Racing Club (VRC) to prepare a peer review report on social impact assessment, including commentary on public open space, development contributions and affordable housing, with respect to the proposed Flemington Life project.

1.2. THE PROPOSED PROJECT

The Flemington Life project comprises:

- a proposed development of land at 550 Epsom Road, Flemington (Epsom) for medium to high density residential use and ancillary commercial and retail use;
- a proposed development of land at Leonard Crescent, Flemington, (Flemington Green) abutting Fisher Parade and the Flemington Racecourse railway line, for medium to high density residential use, with complementary commercial, retail and community facilities.

An Indicative Development Concept (IDC) has been prepared for both sites.

The IDC for Epsom provides for:

- a split level podium of 2-3 storeys to the Epsom Road frontage;
- a residential tower of up to 31 storeys;
- Car parking;
- Internal private courtyard;
- Retention of the former Jockeys’ Convalescent Lodge;
- Improved pedestrian access to surrounding facilities including a new signalised pedestrian crossing across Epsom Road;
- Estimated yield of 398 dwellings and an estimated population of 750.

The IDC for FG provides for:

- Two podium buildings of 1-4 storeys;
- Three residential towers of 25 storeys, 20 storeys and 14 storeys;
- A low rise residential precinct of 1-4 storeys;
- An estimated yield of 736 dwellings and an estimated population of 1,400;
- Approximately 1,900 square metres of commercial and retail space fronting Leonard Crescent;
- 827 car spaces;
- A new east-west road through the site;
- A public open space called “Village Green”;
- A large area of publicly accessible open space adjacent to the VRC’s Hill Gate
- A new widened north-south pedestrian link;
- Traffic mitigation measures.
These IDCs are not necessarily how the final development will proceed. They provide an understanding of a hypothetical development that could be permitted under the proposed controls. The assessment of the proposed development contributions, in terms of the nature of infrastructure to be provided and the quantum of contributions, is based on these IDCs. The total estimated dwelling yield is 1,134.

1.3. PLANNING SCHEME AMENDMENT

A planning scheme amendment is proposed to rezone the land to Comprehensive Development Zone, with a Schedule to the Zone outlining requirements relating to use and development, generally in accordance with the Comprehensive Development Plans (CDP).

An amendment to the Schedules to Clause 52.01 of the Moonee Valley and Melbourne Planning Schemes is also proposed to:

- Provide for a 5% cash contribution in respect of 550 Epsom Road;
- Provide for the vesting to the Moonee Valley City Council, of land designated as Public Open Space in the CDP.

1.4. ADVISORY COMMITTEE STAGE 1 REPORT

The Advisory Committee made the following recommendations, amongst others, in its report:

- Recommendation 6 - “Provide the following information in support of the proposal to the Committee by close of business on 23 February 2016:
  
  d. Reconcile how the public open space contribution will be allocated and implemented.
  
  e. Define the extent of development contributions required for the Project in consultation with the Cities of Melbourne and Moonee Valley, and determine the planning mechanism for this to be implemented.

- Recommendation 7 - “Provide the following information in support of the project to the Committee by close of business on 23 February 2016:

  a. Work with the Cities of Melbourne and Moonee Valley to develop a proposal to identify reasonable affordable housing opportunities, and the planning mechanisms (or options) to implement such opportunity.

  b. An independent peer review report on social impact assessment, including commentary on public open space, development contributions and affordable housing.

This report addresses part (b) of Recommendation 7.

1.5. MATERIAL REVIEWED

In preparing this Peer Review report, the following material relating to the project has been reviewed:

- Flemington Life Planning Report, Exhibition Version, January 2016, Urbis;
- Flemington Hill and Epsom Road Advisory Committee Stage 1 Report, 17 December 2015;
- Flemington Life Social Impact Assessment, Updated Report, November 2015, Urbis;
- Impacts of the Proposed Flemington Life Development on Community Facilities in Moonee Valley, report dated January 2016, MVCC;
- Response to Flemington Hill and Epsom Road Advisory Committee Report: Social Impact Assessment, Open Space and Affordable Housing, February 2016, Urbis;
- Cost estimates for infrastructure works prepared by WT Partnership, 18 February 2016;
- Correspondence from GTA Consultants dated 19 February 2016, regarding transport infrastructure cost apportionment;
- Correspondence from the MVCC dated 5 February 2016, regarding development contributions;
2. PUBLIC OPEN SPACE CONTRIBUTIONS

2.1. WHAT IS PROPOSED?

It is understood that the proposed public open space contributions for both sites will be made pursuant to Clause 52.01 of the Melbourne and Moonee Valley Planning Schemes.

Draft Planning Scheme Amendment documentation for the Epsom site (within the City of Melbourne) proposes to:

"Amend the Schedule to Clause 52.01 - Public Open Space Contribution and Subdivision to confirm the proposed development will make a 5% cash contribution for Public Open Space." (Explanatory Report, GC40, p.1)

Draft Planning Scheme Amendment documentation for the Flemington Green site (partially in the City of Melbourne and partially within the City of Moonee Valley) proposes that:

"Rather than provide small open space areas in both the Cities of Melbourne and Moonee Valley, a design decision was taken to provide one public open space area for the development, to be located on the western side of Leonard Crescent. This site, which represents 5% of the total Flemington Green site, is within the City of Moonee Valley. The draft amendment seeks to amend the schedules to Clause 52.01 Public Open Space Contribution And Subdivision to confirm that the Public Open Space as proposed to be vested in Moonee Valley City Council will meet the obligations for both Councils." (Explanatory Report, GC40, p.3).

An amendment to the Schedules to Clause 52.01 of the Moonee Valley Planning Scheme is proposed to:

- Provide for a nil contribution provided that "the land designated as Public Open Space in the Flemington Comprehensive Development Plan is vested in Moonee Valley City Council."

An amendment to the Schedules to Clause 52.01 of the Melbourne Planning Scheme is proposed to:

- Provide for a 5% cash contribution in respect of 550 Epsom Road;
- Provide for a nil contribution in respect of the "the land designated as Public Open Space in the Flemington Comprehensive Development Plan is vested in Moonee Valley City Council."

The proposed location of open space in the Flemington Green site is shown in Figure 1.
2.2. STATUTORY FRAMEWORK FOR PUBLIC OPEN SPACE CONTRIBUTIONS

In Victoria, public open space contributions can generally be sought through the following mechanisms:

- Clause 52.01 of the Planning Scheme;
- Section 18 of the Subdivision Act 1988;
- A Development Contributions Plan (DCP) prepared in accordance with Section 3B of the Planning and Environment Act 1987; or
- A Voluntary Agreement pursuant to Section 173 of the Planning and Environment Act 1987.

The proposal seeks to utilise Clause 52.01 of the Planning Schemes to make a public open space contribution, hence the discussion in this report will focus on this mechanism.

2.2.1. STATE PLANNING POLICY FRAMEWORK

The State Planning Policy Framework (SPPF) refers to open space planning in Clause 11.03 Open Space. The Clause has the following two objectives:

- "To assist in the creation of a diverse and integrated network of public open space commensurate with the needs of the community" (emphasis added); and
- "To provide for the long term management of public open space".
Clause 11.03 includes the following strategies (not exhaustive), selected due to their relevance to public open space contributions:

- Ensure that land is set aside and developed in residential areas for local recreational use and to create pedestrian and bicycle links to commercial and community facilities.
- Improve the quality and distribution of open space and ensure long-term protection.
- Ensure land identified as critical to the completion of open space links is transferred for open space purposes.
- Protect the overall network of open space by ensuring that where there is a change in land use or in the nature of occupation resulting in a reduction of open space, the overall network of open space is protected by the addition of replacement parkland of equal or greater size and quality.
- Provide new parkland in growth areas and in areas that have an undersupply of parkland.

2.2.2. CLAUSE 52.01 OF THE PLANNING SCHEME

Clause 52.01 of the Planning Scheme allows a Council to impose a public open space contribution as follows:

"A person who proposes to subdivide land must make a contribution to the council for public open space in an amount specified in the schedule to this clause (being a percentage of the land intended to be used for residential, industrial or commercial purposes, or a percentage of the site value of such land, or a combination of both). If no amount is specified, a contribution for public open space may still be required under section 18 of the Subdivision Act 1988."

2.2.3. PUBLIC OPEN SPACE CONTRIBUTIONS IN THE CITY OF MELBOURNE

Clause 21.10 (Infrastructure) of the City of Melbourne MSS includes an objective to “maintain, enhance and increase Melbourne’s public open space network and promote greening of the City”. Strategies seek to ensure there is no net loss of public open space, to secure new public open space where opportunities arise and to provide an integrated network of public open spaces in Urban Renewal Areas.

The City of Melbourne Open Space Strategy (2012) identifies the Flemington Green and Epsom sites within the ‘Flemington / Ascot Vale’ Precinct as part of the open space strategy. New open space is proposed including neighbourhood level facilities provided in a proposed ‘Capital City Open Space’ adjoining the Maribyrnong River, and two Small Local parks.

The Flemington Green site is identified as an “indicative area in which future Small Local open space is proposed – minimum 0.03 to 0.25 hectare in size with a 300m walkable catchment.”

The City of Melbourne recently amended the Melbourne Planning Scheme through Amendment C209 to introduce a schedule to Clause 52.01 and a new local policy relating to public open space contributions at Clause 22.26.

Amendment C209 was gazetted on 18 February 2016, making the following changes to the Planning Scheme:
- Introduce a new local policy into the Planning Scheme at Clause 22.26, titled 'Public Open Space Contributions', which identifies the location in which public open space land contributions are preferred over cash contributions, application requirements, the criteria against which the appropriateness of land for open space is to be assessed, and information regarding the early consideration of land contributions; and
- Introduce a new schedule to Clause 52.01 of the Planning Scheme, specifying the requirement for a public open space contribution of 5% or 7.06% of land to be subdivided (or a cash equivalent), depending on the area in which the subdivision is located.

Figure 2 shows the boundary of open space precincts in the Flemington area. Both the Flemington Green and Epsom sites are located within Area B, in which a 5% public open space contribution applies.

Both sites are also located in precincts “where land contribution is preferred” as shown in Figure 3.

FIGURE 2 CITY OF MELBOURNE OPEN SPACE CONTRIBUTION PRECINCTS (MAP 1)
2.2.4. PUBLIC OPEN SPACE CONTRIBUTIONS IN MOONEE VALLEY

The Moonee Valley City Council introduced a new schedule to Clause 52.01 through Amendment C98, approved in June 2012.

The schedule requires subdivisions of greater than 10 lots to provide 5% of the land value (where a contribution is made in cash), and at least 5% of the land area where the contribution is to be made in land.

The Planning Panel report for Amendment C98 discusses the merits of including a range of public open space contributions payable for land contributions (i.e. “5% or greater subject to negotiation”). The Panel supported the inclusion of the range because it could enable Council to vary the quantum and layout of open space on larger sites to respond to the need generated by a development.

Figure 4 shows the current schedule to Clause 52.01 in Moonee Valley.
FIGURE 4 MOONEE VALLEY SCHEDULE TO CLAUSE 52.01

<table>
<thead>
<tr>
<th>Type or location of subdivision</th>
<th>Amount of contribution for public open space</th>
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<tr>
<td>Subdivisions of greater than 10 lots</td>
<td>5 per cent where provided as a percentage of the site value of the land</td>
</tr>
<tr>
<td></td>
<td>5 per cent or greater subject to negotiation of the density and layout of the development where provided as land</td>
</tr>
<tr>
<td>All other land</td>
<td>5 per cent</td>
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</table>

Source: Moonee Valley Planning Scheme.

Clause 22.02 of the Moonee Valley Planning Scheme identifies areas within the municipality where a land contribution is preferred, as shown in Figure 5. The suburb of Ascot Vale (including the Flemington Green site) is identified as an area where a public open space land contribution “may be sought as identified in the Open Space Strategy”.

Clause 22.02 states that:

“Land contributions for public open space will generally be preferred over cash contributions for the purposes of Clause 52.01 of the scheme within the areas identified in Map 1. Land will be requested and accepted at Council’s discretion, in accordance with the open space land requirements identified in the Moonee Valley Open Space Strategy. In all other areas of the municipality, a cash contribution equal to the amount specified in Clause 52.01 is preferred, at Council’s discretion.”

Clause 22.02 states that:

“Land contributions greater than 5% may be required for the subdivision of land into more than ten lots when located within the precincts where land contributions may be sought”.

Clause 22.02 also states that:

“Land contributions greater than 5% should have regard to:

- The selection criteria for public open space;
- The open space type and required land size;
- The existing characteristics of the site including features to be retained;
- The intensity of the proposed development and surrounding development;
- The extent of the additional population and the anticipated demographics based on the development design;
- Recommendations for the site and surrounding area contained in the Moonee Valley Open Space Strategy;
- Any other relevant strategic planning documents.
The Urbis Social Impact Assessment Updated Report, November 2015, notes that:

- The Moonee Valley Open Space Strategy (2009) is a reference document to key open space policy contained in the planning scheme.

- Within the Open Space Strategy, the Flemington Green site is contained with the Ascot Vale Precinct (Sub Precinct 3032A). The strategy states that in Sub-precinct 3032A: There are no gaps in open space distribution in this sub-precinct, with a diversity of open space providing both formal sporting and informal recreational use.

- There are, however, gaps in the linear open space system along the Maribyrnong River south of Riverside Golf Course. The gaps have been identified in the Moonee Valley Planning Scheme with Public Acquisition Overlays over the river frontage of private properties downstream of Riverside Golf course to Fisher Parade.

- The Epsom site sits outside of the Moonee Valley municipal boundary, but adjacent to the Newmarket Precinct. The strategy for this precinct states that: There is an under-supply of open
space in Newmarket and it is therefore anticipated that additional Small Local open space will be required to cater to both the new and existing population.

2.3. ASSESSMENT OF THE APPROACH TO PUBLIC OPEN SPACE CONTRIBUTIONS

2.3.1. CLAUSE 52.01

The proposed use of Clause 52.01 of the planning scheme in order to make a public open space contribution for the developments is appropriate. Amending the Schedule to Clause 52.01 provides a sound statutory basis for collecting the contributions.

It should be noted that contributions made under Clause 52.01 are designed to cater for both land for open space and improvements to open space.

2.3.2. EPSOM

The Flemington Life Planning Report, January 2016 notes that the Epsom site is located in proximity to a number of open space reserves including:

- The 1.7 ha Newmarket Reserve on the opposite side of Epsom Road, with sporting facilities and informal open space. The report notes that “a master Plan for the Newmarket Reserve has been prepared by the City of Melbourne, which seeks to develop a well-designed open space area including trees, grass, hard surfaces, a playing field appropriate for a range of sports, BBQ and picnic facilities.”
- Coronet Park in Newmarket;
- Kensington/Kensington Banks Small Reserves;
- Stock Route Reserve;
- Women’s’ Peace Gardens, Kensington.

I consider the proposed 5% cash contribution to the City of Melbourne for the Epsom site to be appropriate for the following reasons:

- A 5% cash contribution satisfies the recently amended Schedule Clause 52.01 of the Melbourne Planning Scheme (through Amendment C209).
- The provision of a 5% cash contribution will assist the City of Melbourne to implement its Open Space Strategy (2012), upon which Amendment C209 was based, including the implementation of the Newmarket Reserve Master Plan.
- Given the relatively constrained area of the Epsom site, it is considered that setting aside 5% of the land area would not be practical, or appropriate from a location point of view.

2.3.3. FLEMINGTON GREEN

The proposal for Flemington Green sets aside a large public open space area of approximately 1,400 square metres, which creates a central ‘village green’. According to the Flemington Life
Planning Report, January 2016, this open space will provide communal space that defines the surrounding built form and provides a network of linkages that permeate surrounding residential courtyards.

A large area of publicly accessible space (VRC Forecourt) is also proposed adjacent to the VRC’s Hill Gate to provide an open area adjacent to the podium buildings to:

- Provide seating and outdoor dining areas associated with cafes;
- Accommodate the significant flow of pedestrians during event mode who will rely on Leonard Crescent to access taxis and buses; and
- Provide a DDA compliant pedestrian path connection to the railway station.

The Flemington Life Planning Report, January 2016, notes that “Flemington Green sits adjacent to the Maribyrnong River Valley. The riverside precinct provides a range of formal and informal open space and recreation facilities approximately 400 to 600 metres to the south west of FG.”

The area of the “Village Green” open space equates to 5% of the site area for FG.

Accordingly, I consider that this meets the requirement for open space contributions for the site, provided the land is vested in the Moonee Valley City Council.

It should be noted that the proponent also proposes to develop the Village Green, with soft and hard landscaping, irrigated grassed areas, trees, park furniture and playground equipment. WT Partnership estimates the cost of these works at $579,150. These improvement works are in addition to the 5% land contribution and should be considered as part of the overall development contribution for the site.

The proponent also proposes to develop the large area of publicly accessible space (VRC Forecourt) adjacent to the VRC’s Hill Gate with soft and hard landscaping, feature paving, grassed areas, mass planting and trees, park furniture and access ramps/stairs to the railway station. WT Partnership estimates the cost of these works at $1,996,650. Whilst these works are not part of the formal public open space contribution, they could be considered to form part of the overall development contribution given that they will:

- be able to be accessed by the public, as well as residents of FG; and
- provide a benefit to people accessing the Flemington Racecourse and the railway station.
3. DEVELOPMENT CONTRIBUTIONS

3.1. WHAT IS PROPOSED?

The Urbis report, "Response to Flemington Hill and Epsom Road Advisory Committee Report: Social Impact Assessment, Open Space and Affordable Housing", February 2016, states that "the Advisory Committee still requires guidance as to an appropriate developer contribution rate to apply to the proposed developments to ensure adequate ongoing community facilities are provided for the local community. As such, in accordance with the Advisory Committee's advice, Urbis met with the City of Moonee Valley and the City of Melbourne to determine the extent of future community infrastructure planned for each Council area to inform the eventual development of a Development Contributions Plan for the two sites."

3.1.1. MOONEE VALLEY CITY COUNCIL

The Moonee Valley City Council has provided an assessment of the community infrastructure needs arising from the Flemington Life project ("Impacts of the Proposed Flemington Life Development on Community Facilities in Moonee Valley", report dated January 2016, MVCC).

The MVCC report shows the place of residence of the users of its community facilities, and hence the primary catchment for these facilities. These maps show that the Flemington Life project lies well within the catchment for its community facilities.

MVCC estimates that the project will generate demand for a range of facilities including:
- approximately one MCH consultation per week (MCH centres are assigned based on residential address, therefore most Flemington Life residents will attend centres in the City of Melbourne)
- licensed sessional kindergarten places
- 18 long day care places
- additional 79 square metres of library floor space
- 2.2 outdoor playing ovals and fields
- 1.4 outdoor courts
- 0.6 indoor courts.

However, cost estimates have not been provided by MVCC at this time for the enhancement or extension of existing facilities. In the absence of cost estimates from MVCC, Urbis sought estimates from WT Partnership for the extensions and enhancements to community facilities in the City of Moonee Valley which are shown in Table 6 of the Urbis (Feb 2016) report.

Urbis has apportioned the demand generated by the Flemington Life project to these extensions and enhancements based on the Social Impact Assessment Update report, 2015 (Table 19), which is shown in Table 5 of the Feb 2016 report. These Tables have been included in Section 3.1.3.
The total cost proposed to be contributed for community facility improvements is $1.79 million which equates to $1,578 per dwelling over the Flemington Life project.

3.1.2. MELBOURNE CITY COUNCIL

The Urbis, February 2016 report states that “the City of Melbourne considers the developer should be required to construct all physical infrastructures at their cost and delivered to the satisfaction of the Council. This should include all new roads within the site (including footpaths, stormwater drainage, public lighting, streets trees, pavement marking and signage), works to the traffic network (including intersection upgrades if required), the pedestrian crossing at Epsom Road and reinstatement of the Newmarket Reserve works as a result of the pedestrian crossing work. It should be noted that the IDC does appear to integrate all these elements within the proposal.”

Furthermore, the Urbis report outlines the City of Melbourne’s approach to the upgrading of community infrastructure in the area (namely the development of an indicative community hub) as follows:

- Based on the cost of recently constructed community facilities at the City of Melbourne a $7000 per sqm cost to deliver community infrastructure should be applied. This figure does not include the cost of land;
- Based on the information provided the development will generate a need for 311 sqm additional community floor space (based on a projected 750 population increase/398 new dwellings);
- The cost of delivering the additional floor space requirement for the community infrastructure demand is therefore 311 x $7000 = $2,177,000 which is the equivalent to $5,500 per dwelling

There is no analysis provided by the City of Melbourne that identifies how the need for 311 sq m floorspace was arrived at. Hence it is not possible to comment on whether the approach is valid or not. However, 311 sq m of space for 750 residents equates to 0.414 sq m per person. If this rate was applied to the population of the City of Moonee Valley (estimated at 117,000 in 2014), it would equate to a requirement for more than 48,500 sq metres of community floorspace in the municipality.

From my previous experience with DCPs for growth areas as well as established urban areas, the estimated cost of $7,000 per sq metre to deliver a community space appears to be high. WT Partnership estimates the cost of multi-purpose community space (including consultants, contingency, preliminaries, overhead and profit) to be $4,050 per sq metre, which I consider to be more in line with previously approved DCPs.

3.1.3. PROPOSED APPROACH BY URBIS

The Urbis Report (February 2016) proposes an alternative approach to development contributions using benchmarks against an assessment of the cost of infrastructure works to be provided as part of the development.

The Urbis report states that “the Advisory Committee refers to the Standard Development Contributions Advisory Committee rates for Strategic Development Growth Areas ($4,500 or
$6,000 per dwelling), or $3,000 dwelling in metropolitan Urban Areas as appropriate benchmarks against which to consider the value of development contributions for these two sites."

The Urbis report relies on cost estimates provided by WT Partnership for community infrastructure that is proposed to be provided by the proponent for use by the local community at no cost to the Councils.

This is summarised in the Table below.

**Summary of Development Proposal Infrastructure Costs (from Urbis, Feb 2016)**

<table>
<thead>
<tr>
<th>Community Infrastructure included in Proposal</th>
<th>Epsom Road</th>
<th>Flemington Green</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Open Space</td>
<td>$230,000</td>
<td>$3,690,000</td>
<td>$3,920,000</td>
</tr>
<tr>
<td>Bicycle Links</td>
<td>$100,000</td>
<td>$400,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Pedestrian Links</td>
<td>$230,000</td>
<td>$350,000</td>
<td>$580,000</td>
</tr>
<tr>
<td>Road Improvements</td>
<td>$700,000</td>
<td>$3,350,000</td>
<td>$4,050,000</td>
</tr>
<tr>
<td>Bus Stops</td>
<td>0</td>
<td>$30,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>Contingencies</td>
<td>$375,000</td>
<td>$2,328,000</td>
<td>$2,703,000</td>
</tr>
<tr>
<td>Project Management</td>
<td>$135,000</td>
<td>$812,000</td>
<td>$947,000</td>
</tr>
<tr>
<td>Totals</td>
<td>$1,770,000</td>
<td>$10,960,000</td>
<td>$12,730,000</td>
</tr>
</tbody>
</table>

The Urbis report states that "a total of $12.7 million in community infrastructure provision for the development is the equivalent of $11,199.29 per dwelling contribution to the community (based on an overall total of 1,134 dwellings)."

Furthermore, the Urbis report relies on the advice of GTA Consultants that in lieu of a detailed cost apportionment of the community contributions, the proposed developer contributions provide improvements that benefit both the development and the wider community.

It should be noted that GTA’s advice relates to transport infrastructure improvements.

The Urbis report summarises these improvements as follows:

"Road Network Mitigation Works: A number of intersection treatments have been proposed to mitigate traffic impacts. These treatments are expected to mitigate impacts during the weekday peak hours, and at some locations over mitigate impacts during other peak hours (e.g. the Saturday midday peak hour).

Bicycle Network Improvements: The bicycle network enhancements will provide an overall community benefit. Relative to the number of likely users to/from the development, the proposed enhancements are significant and are beyond those of solely mitigation works."
Public Transport Improvements: The proposed bus stop improvements will provide another community benefit and are effectively proposed to rectify an existing deficiency. Similarly, the PTV requested tram fairway on Epsom Road will benefit passengers on the entire route through improved travel time, and is largely unrelated to the impacts caused by the development."

In respect of contributions to enhancements and extensions to existing community facilities, Urbis propose the following method for calculating an appropriate contribution:

- Determine the cost of the enhancements/extensions;
- Calculate the proportion of demand generated by FL;
- Calculate the resulting cost to be apportioned to FL.

I consider this to be an appropriate method for calculating community facility contributions and accords with the principle of "nexus".

Using this approach, Urbis have summarised the community infrastructure contributions that would be made. The Tables below have been taken from the Urbis Feb 2016 report.

**SUMMARY OF MVCC GENERATED COMMUNITY INFRASTRUCTURE AND SERVICE COSTS URBIS SIA**

<table>
<thead>
<tr>
<th>Community Infrastructure Generated By Both Proposals</th>
<th>Unit rate</th>
<th>Additional Size Required (SQM)*</th>
<th>Estimated Cost Generated By Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maternal and Child Health Facility - 1.4 consults/week</td>
<td>Minimal impact</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kindergarten extension to existing Facility - 3 sessional spaces</td>
<td>Minimal impact</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Day Care - 18 places</td>
<td>$4,000 per sqm</td>
<td>126</td>
<td>$504,000</td>
</tr>
<tr>
<td>Library extensions to existing Facilities - 79 m2</td>
<td>$4,000 per sqm</td>
<td>79</td>
<td>$316,000</td>
</tr>
<tr>
<td>Upgrade to Ascot Vale Leisure Centre</td>
<td>$750 per sqm</td>
<td>1000</td>
<td>$750,000</td>
</tr>
<tr>
<td>Upgrade to Fairburn Park</td>
<td></td>
<td></td>
<td>$220,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td></td>
<td><strong>$1,790,000</strong></td>
</tr>
</tbody>
</table>

*Estimate based on percentage of people expected to use community facilities – see Table 19 of Urbis SIA, 2016

** Including to aquatic and leisure centre, outdoor playing fields, and indoor courts

Urbis estimates the cost of community facility enhancements and extensions arising from the FL development at $1.79 million.
The $1.79 million cost of community facility enhancements and extensions arising from the FL development equates to $1,578 per dwelling as shown in the Table above.

### 3.2. STATUTORY FRAMEWORK FOR DEVELOPMENT CONTRIBUTIONS

Following an extensive review of the Victorian Development Contributions system which began in May 2012, the then Minister for Planning announced a new framework for standard development contributions for local infrastructure. The new system is proposed to come into effect in early 2016.

The new system will replace the existing DCP system in areas that are expected to undergo significant housing and employment growth, including greenfield ‘Growth Areas’ and ‘Strategic Development Areas’. The existing DCP system will continue to operate in other areas.

The new system also provides for Supplementary Levies (in addition to Standard Levies) in ‘exceptional circumstances’ which require funds for major or non-standard infrastructure items not covered by the Standard Levy.

The introduction of Standard Levies will be supported by the preparation of Infrastructure Contributions Plans (ICP), which will outline the infrastructure requirements of the Growth Area or Strategic Development Area (SDA), and the relevant levy payable, including whether a Supplementary Levy is proposed.

Details of the proposed system (including proposed levy amounts) were originally published on the website of the former Department of Transport, Planning and Local Infrastructure (DTPLI) based on reports prepared by the Standard Development Contributions Advisory Committee (SDCAC in 2012 and 2013).
Following a change of government in 2014, proposed levy amounts are no longer published on the State government website.

**STATUS OF REVIEW**

Legislation to implement the new system has been introduced into the Planning and Environment Act 1987 through the Planning and Environment Amendment (Infrastructure Contributions) Bill 2015.

The Bill “introduces a new simple, standardised and transparent infrastructure contributions system for levying development contributions towards the provision of infrastructure in growth and strategic development areas across Victoria.”

The legislation has now been passed. The implementation package has not been finalised, however, and Infrastructure Contributions Plans are yet to be completed for any growth area or Strategic Development Area (as at February 2016). Nor have the levy rates for SDAs been finalised.

### 3.3. BENCHMARKS FOR DEVELOPMENT CONTRIBUTIONS

#### 3.3.1. STANDARD DEVELOPMENT CONTRIBUTIONS ADVISORY COMMITTEE

Strategic Development Areas (SDA) are defined as:

“Locations within existing urban areas that are planned or become available for significant growth and change. Generally, these areas will be identified in Plan Melbourne (for example National Employment Clusters, Urban Renewal Areas) or in a regional growth plan.”

For the Strategic Development Area (SDA) setting, the indicative Standard Levy proposed by the SDCAC in Report 2: Setting the Levies was $4,500 per dwelling and $6,000 per dwelling.

The SDCAC stated that “to justify the lower of these two levels, the demonstrated level of infrastructure needed must be significantly in excess of what could be funded by the application of a Standard Levy of $3,000. To have a levy of $6,000 approved, demonstrated infrastructure needs will need to be significantly in excess of the revenue that the $6000 levy would generate given that revenue from the levy is expected to be only a contribution to infrastructure needs.”

The previous government proposed to introduce a levy of $4,500 per dwelling for SDAs as published on the DTPLI website.

The infrastructure categories and types of allowable items for SDAs are shown in Table 1 below, as published on the former DTPLI website.

The current government has yet to outline what the standard levy for SDAs will be.

---


2 Department of Environment, Land, Water and Planning, Infrastructure Contributions Fact Sheet, June 2015.
TABLE 1 PROPOSED ALLOWABLE ITEMS FOR STRATEGIC DEVELOPMENT AREAS (DTPLI)

<table>
<thead>
<tr>
<th>Infrastructure Category</th>
<th>Infrastructure Type</th>
<th>Standard Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community facilities</td>
<td>Contribution to expanding or upgrading space for:</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Multi-Purpose Community Centre/Library</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kindergarten/Pre-School/Occasional childcare</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maternal and Child Health consulting room</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other community services facilities</td>
<td></td>
</tr>
<tr>
<td>Public Realm</td>
<td>Urban design elements that improve pedestrian access or enable high density living</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Creation of high quality public spaces - including paving, seating, landscaping, lighting</td>
<td></td>
</tr>
<tr>
<td>Public Transport</td>
<td>Council owned bus, tram shelters on council land</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Road widening and intersection upgrades on council roads including council local roads, collectors and arterials</td>
<td></td>
</tr>
<tr>
<td>Roads</td>
<td>Installation of traffic management items to reduce the impact of increased traffic improvements to bicycle and pedestrian connectivity</td>
<td>Yes</td>
</tr>
<tr>
<td>Drainage</td>
<td>Upgrades to existing council drainage assets</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Stormwater treatment projects to improve water quality including Water Sensitive Urban Design treatments and wetlands</td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>Land required as an integral part of providing any of the Allowable Items</td>
<td>Yes</td>
</tr>
<tr>
<td>State owned infrastructure</td>
<td>VicRoads arterial roads</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>State owned public transport facilities and services</td>
<td></td>
</tr>
<tr>
<td>Public open space</td>
<td>Improvements to local sports facilities, local parks and open space reserves.</td>
<td>No</td>
</tr>
</tbody>
</table>

Note 1 - Up to 15% of the revenue raised by the Standard Levy can fund the preparation of an ICP in Strategic Development Areas.
Note 2 - Projects included in the Infrastructure Contribution Plan may be extensions or upgrades to existing facilities or may be part of a new or replacement facility.
Note 3 - Contributions to open space purchase and improvement will be through Clause 39.01 of the Victorian Planning Provisions or Section 18 of the Subdivision Act 1998.


The allowable items published by DTPLI differed from the allowable items listed in the SDCAC report in the following way in that the SDCAC report included upgrades or extensions to sporting facilities and parks and reserves as allowable items, whereas the DTPLI list specifically excluded all public open space improvements.

This is an important difference because the cost of improvements to sports facilities, parks and open space can be substantial. The SDCAC included this cost in the proposed levy of $4,500 and $6,000 per dwelling.

3.3.2. INFRASTRUCTURE REQUIREMENTS AND LEVIES IN STRATEGIC DEVELOPMENT AREAS

Urban Enterprise recently undertook an analysis of development contributions in eight metropolitan case study areas. These case study areas were selected based on the likelihood that they could be considered to be Strategic Development Areas (SDA) due to their development setting (infill, brownfield or activity centre) and location (metropolitan Melbourne, generally in established
municipalities rather than growth areas). These are also the areas for which Urban Enterprise could readily access the necessary information.

A brief description of each case study is provided as follows.

- The Chirnside Park DCP applies to a Major Activity Centre in an established commercial and industrial area designated to be redeveloped for residential and commercial uses. Infrastructure items are limited to an urban park (land and improvements), a linear trail and landscaping, and pedestrian signals. The DCP includes a complex set of demand units and levies which merge public open space contributions with the DCP, and apply different levies to 3 charge areas. Data is therefore not readily comparable with other case studies.

- The City North and Southbank DCP applies to two separate Urban Renewal Areas (URA) in the inner city (City of Melbourne) expected to undergo significant development including residential, commercial and retail growth. The DCP has not been approved, with the Planning Panel recommending abandonment of the Planning Scheme Amendment. The DCP included a range of public realm, intersection, drainage and community items across multiple charge areas, although it is not possible to determine what infrastructure was to be delivered using DCP funds.

- Pentridge is a former prison site in the established suburb of Coburg that is being converted to residential, commercial and retail uses. A Section 173 Agreement requires the two major landholders to undertake significant road, intersection, public realm, drainage and heritage works on and adjacent to the site. This includes the provision of land and the construction of an arterial road connecting Bell Street and Sydney Road. The cost of works associated with this agreement (including costs already incurred over many years) were sourced directly from the developers and indexed to 2014 dollars.

- Doncaster Hill is an established activity centre in Melbourne’s east that was expected to experience significant retail and commercial growth, as well as some residential development. The DCP collects funds for public realm, public art, roads and community facilities.

- Fishermans Bend is a major Urban Renewal Area that is proposed to form an extension to the Melbourne Central Business District, covering an area in excess of 200ha. Land is expected to be converted from the existing industrial uses to medium to high density residential, commercial and retail use. Significant infrastructure is required to support this redevelopment. A draft DCP was prepared, including funding for roads, intersections, community facilities, open space, a river crossing and light rail infrastructure (state infrastructure has been excluded from this analysis). Note: a rebate was proposed to apply, effectively discounting the overall levy payable by approximately $13,000 per dwelling. The levy values shown in this analysis are before any rebate is applied. Fishermans Bend still does not have an approved DCP in place.

- Epping Central is an established activity centre in Melbourne’s north with numerous sites available for more intensive urban development, including retail, commercial and residential. The DCP collects funds for roads, public realm improvements, drainage and community infrastructure.

- Altona North is an Urban Renewal Area that will transition from existing industrial uses to residential development at medium densities (approximately 52 dwellings per hectare). The
DCP proposes to collect funds for roads, community facilities and public land. The high land values in this area (approximately $3m per hectare) means that public land acquisition comprises a significant component of the levies in this area.

In order to compare levies for case study areas and allow comparison with the proposed Standard Levies, the following adjustments were made:

- All costs were indexed to 2014 values using a common indexation method (Building Price Index, Melbourne, published in Rawlinsons Construction Handbook);
- Infrastructure items proposed to be classified as ‘Supplementary items’ for SDAs were deducted from costs and levies, including public open space land and improvements, State infrastructure, bridges, heritage works, etc; and
- Where DCPs include multiple charge areas and therefore multiple levy amounts, the median levy was used.
- For levies expressed in Net Present Values (Fishermans Bend, Epping Central and Doncaster Hill), a full analysis of the impact of the above adjustments was not possible based on the information and data available. Best estimates of the impact of these adjustments on the published levy amounts were made based on the proportion of Supplementary item costs. It is also noted that Net Present Value (NPV) DCPs allow for finance costs associated with infrastructure delivery (i.e. debt servicing), and therefore typically result in a marginally higher levy amount.

Tables 2 and 3 show details of the case study areas, including infrastructure costs and levies payable. The tables show that:

- SDA candidate areas vary significantly in terms of location, development setting, scale, density of development and infrastructure required to support development.
- Residential levies vary widely from approximately $1,200 per dwelling to $19,000 per dwelling.
- Some case studies (City North, Southbank, Epping Central and Doncaster Hill) have similar levy values in the order of $2,000 to $3,000 per dwelling;
- Other case studies (Pentridge, Fishermans Bend, Altona North and Berwick Waterways) have significantly higher residential levies in excess of $7,000 per dwelling.
- Commercial levies vary widely from $11 per m² to $119 per m².
- There is little consistency in how commercial levies are applied to retail and industrial land uses. In some cases, retail levies are higher than commercial and industrial levies, aligning with the principles of demand equivalence included in the Development Contributions Guidelines. In Fishermans Bend, however, this situation is reversed (i.e. the retail levy is lower than the commercial levy per m²).
### TABLE 2 CASE STUDY DEVELOPMENT AND INFRASTRUCTURE DETAILS

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Development setting</th>
<th>Mechanism</th>
<th>Status</th>
<th>Demand Unit (DU)</th>
<th>New Demand Units</th>
<th>Total cost (2014)</th>
<th>Cost to MCA (2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Altona North</td>
<td>Brownfield URA</td>
<td>DCP</td>
<td>Draft</td>
<td>NDA (ha)</td>
<td>56.37</td>
<td>$44,519,329</td>
<td>$42,199,321</td>
</tr>
<tr>
<td>Penridge</td>
<td>Brownfield URA</td>
<td>173</td>
<td>Executed</td>
<td>Equivalent dwellings</td>
<td>4.460</td>
<td>$38,132,240</td>
<td>$38,132,240</td>
</tr>
<tr>
<td>Fishermans Bend</td>
<td>Brownfield URA</td>
<td>DCP (NPV)</td>
<td>Draft</td>
<td>Equivalent dwellings</td>
<td>29.165</td>
<td>$297,123,807</td>
<td>N/A</td>
</tr>
<tr>
<td>City North</td>
<td>Infill URA</td>
<td>DCP</td>
<td>Exhibited</td>
<td>Equivalent dwellings</td>
<td>3.983</td>
<td>$81,766,417</td>
<td>N/A</td>
</tr>
<tr>
<td>Southbank</td>
<td>Infill URA</td>
<td>DCP</td>
<td>Exhibited</td>
<td>Equivalent dwellings</td>
<td>12.364</td>
<td>$75,555,465</td>
<td>N/A</td>
</tr>
<tr>
<td>Doncaster Hill</td>
<td>Activity Centre</td>
<td>DCP (NPV)</td>
<td>Approved</td>
<td>Equivalent dwellings</td>
<td>8.440</td>
<td>$47,694,320</td>
<td>$21,819,569</td>
</tr>
<tr>
<td>Epping Central</td>
<td>Activity Centre</td>
<td>DCP (NPV)</td>
<td>Approved</td>
<td>Equivalent dwellings</td>
<td>14,000</td>
<td>$95,418,035</td>
<td>$31,252,057</td>
</tr>
<tr>
<td>Chirnside Park</td>
<td>Activity Centre</td>
<td>DCP</td>
<td>Approved</td>
<td>Development footprint (ha)</td>
<td>95</td>
<td>$5,369,659</td>
<td>$2,430,832</td>
</tr>
<tr>
<td>Berwick Waterways</td>
<td>Growth Area Infill</td>
<td>DCP</td>
<td>Approved</td>
<td>NDA (ha)</td>
<td>57.72</td>
<td>$31,951,464</td>
<td>$28,580,637</td>
</tr>
</tbody>
</table>

1. Demand units generated as a result of development over the DCP period. (i.e. excludes existing development). 2. Costs exclude Supplementary and State items. 3. A secondary demand unit of Maroondah Highway frontage (metres) is also used for one item.

### TABLE 3 CASE STUDY LEVY DETAILS

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Residential Levy (per dwelling, 2014)</th>
<th>Public transport</th>
<th>Public realm</th>
<th>Drainage</th>
<th>Community (Dl)</th>
<th>Public land</th>
<th>DIL Total</th>
<th>CIL</th>
<th>Total Levy</th>
<th>Commercial Levy (per m², 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Altona North</td>
<td>$1,954.14</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$577.31</td>
<td>$4,790.12</td>
<td>$7,321.56</td>
<td>$0.00</td>
<td>$7,321.56</td>
<td>N/A</td>
</tr>
<tr>
<td>Penridge</td>
<td>$2,153.17</td>
<td>$0.00</td>
<td>$5,806.09</td>
<td>$179.18</td>
<td>$0.00</td>
<td>$297.61</td>
<td>$8,436.04</td>
<td>$0.00</td>
<td>$8,436.04</td>
<td>N/A</td>
</tr>
<tr>
<td>Fishermans Bend</td>
<td>$5,438.16</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$1,591.35</td>
<td>$789.17</td>
<td>$7,818.68</td>
<td>$924.82</td>
<td>$8,743.50</td>
<td>$64.65</td>
</tr>
<tr>
<td>City North</td>
<td>$1,617.91</td>
<td>$0.00</td>
<td>$222.97</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$1,840.89</td>
<td>$924.82</td>
<td>$2,765.71</td>
<td>$22.61</td>
<td>$22.61</td>
</tr>
<tr>
<td>Southbank</td>
<td>$1,230.37</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$1,230.37</td>
<td>$0.00</td>
<td>$1,230.37</td>
<td>$26.66</td>
<td>$26.66</td>
</tr>
<tr>
<td>Doncaster Hill</td>
<td>$583.21</td>
<td>$0.00</td>
<td>$795.69</td>
<td>$0.00</td>
<td>$619.85</td>
<td>$1,998.76</td>
<td>$659.41</td>
<td>$2,658.17</td>
<td>$111.40</td>
<td>$72.57</td>
</tr>
<tr>
<td>Epping Central</td>
<td>$1,335.59</td>
<td>$0.00</td>
<td>$268.28</td>
<td>$369.01</td>
<td>$0.00</td>
<td>$1,922.88</td>
<td>$952.74</td>
<td>$2,925.62</td>
<td>$78.05</td>
<td>$78.05</td>
</tr>
</tbody>
</table>

1. Altona North levies converted to a per dwelling rate based on development projections in DCP.
The data in Tables 2 and 3 show that there is significant variation in levies for areas that could potentially qualify as SDAs, ranging from $1,200 to $19,000 per dwelling. Commercial levies also vary significantly, from $11 to $78 per m² of floorspace.

There appears to be some consistency by development setting, however. Two broad categories of development settings can be identified as follows:

- Activity Centres and Infill Urban Renewal Areas; and
- Brownfield Urban Renewal Areas and Greenfield Infill Areas.

Urban Renewal Areas and Activity Centres that are expected to experience infill development within existing residential and commercial areas (including Epping Central, Southbank, City North and Doncaster Hill) generally have a residential levy in the order of $2,500 - $3,000 per dwelling. This is a similar levy amount to that proposed by the SDCAC for infill development in existing urban areas ($3,000 per dwelling).

It is noted, however, that not all activity centre case studies analysed include items in all infrastructure categories. In some cases, this is likely to be a function of the existing infrastructure available within each area, and/or a result of decisions made at the time of preparation of each DCP to exclude certain items because they were not needed or to reduce the cost to developers or reduce the overall liability of Council.

For example, the Doncaster Hill DCP does not collect funds for any drainage items, and the Epping Central DCP does not collect funds for community facilities. The Southbank DCP does not collect funds for drainage or the Community Infrastructure Levy, and none of these DCPs fund the acquisition of public land. If each of these DCP areas were to include an indicative levy for drainage (in the order of $300 per dwelling, based on the Epping Central and City North levies), community facilities ($620 per dwelling based on Epping Central) and a Community Infrastructure Levy of $845 per dwelling (the average of Epping Central, City North and Doncaster Hill), the total residential levies for each of these case studies would be as follows (including the CIL):

- City North $3,385 per dwelling;
- Southbank $2,992 per dwelling;
- Doncaster Hill $2,954 per dwelling; and
- Epping Central $3,546 per dwelling.

This would increase the levy to around $3,000 to $3,500 per dwelling.

This reflects that new development within or near existing activity centres can usually utilise existing infrastructure to some extent, and therefore a full suite of new infrastructure items is not necessarily required. However it is also clear that the quality, capacity and type of existing infrastructure available is likely to vary in each case.

Other case studies analysed can be classified as brownfield urban renewal areas or greenfield infill areas that will experience significant transformational land use change, such as Fishermans Bend, Pentridge and Altona North.

In these cases, significantly higher levies in the order of $7,000 to $8,500 per dwelling are charged.
Some factors contribute to the levies in these areas being higher than usual, such as the high land values in Altona North and construction of an arterial road by agreement in Pentridge.

Pentridge is a somewhat different circumstance, given that the mechanism for collecting development contributions is a Section 173 agreement as opposed to a DCP, and a significant amount of heritage and public realm works were required to convert former prison areas to usable public space and buildings.

The higher levies in these areas compared with Activity Centres generally reflect the significant cost of providing new infrastructure to support land use change, major increases in density, the need to deliver catalyst infrastructure projects to stimulate development of a new area, and the need for new stand-alone facilities to be provided within the relevant precinct as opposed to making a contributions towards use and expansion of existing facilities.

There are also some infrastructure types that are not funded through levies in these areas.

For example, there is no Community Infrastructure Levy proposed in the Altona North DCP, no community facilities funded through the Pentridge section 173 agreement, and no drainage works funded through the proposed Altona North and Fishermans Bend DCPs.

Allowances for typical levies in these categories have been added where appropriate based on the average levy for other areas in that category, as per the approach taken for activity centre SDAs. This results in the following indicative levies for a brownfield URA setting:

- Altona North: $8,426 per dwelling;
- Pentridge: $10,445 per dwelling; and
- Fishermans Bend: $8,923 per dwelling.

### 3.3.3. DEVELOPMENT CONTRIBUTIONS FOR MOONEE VALLEY RACECOURSE REDEVELOPMENT

The Advisory Committee report for Amendment Cl20 to the Moonee Valley Planning Scheme in respect of the Moonee Valley Racecourse Redevelopment made the following comments in respect of development contributions:

- The Racing Club proposed $2m - $2.5m for transport contributions, along with community and open space contributions;
- When Public Open Space contributions (land and cash) were included, total development contributions were estimated at $13 - $15m, equating to $5,000 - $6,000 per dwelling;
- The Advisory Committee recommended 30% contribution to the cost of building a multi-purpose community hub, and public art to be provided on site;
- The Advisory Committee supported a total contribution of $6,000 per dwelling as “appropriate” and at the “higher end for a proposal such as this”.
- The Advisory Committee supported the use of a Section 173 agreement to formalise contributions, and inclusion in the schedule to the Activity Centre Zone. It is noted that the schedule does not specify a monetary per dwelling contribution.

Table 4 provides a summary of the development contributions proposed for the redevelopment of the Moonee Valley Racecourse.
**TABLE 4 PROPOSED DEVELOPMENT CONTRIBUTIONS, MOONEE VALLEY RACECOURSE**

<table>
<thead>
<tr>
<th>Infrastructure Type</th>
<th>Total cost</th>
<th>Cost per dwelling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>$2m - $2.5m</td>
<td>$800 - $1,000</td>
</tr>
<tr>
<td>Public open space land (7,000sqm)</td>
<td>$5m - $5.5m</td>
<td>$2,000 - $2,200</td>
</tr>
<tr>
<td>Public open space improvements (onsite)</td>
<td>$1m</td>
<td>$400</td>
</tr>
<tr>
<td>Public open space improvements (off-site active open space)</td>
<td>$2.5m - $3m</td>
<td>$1,000 - $1,200</td>
</tr>
<tr>
<td>Community infrastructure (Public art, and 30% of the cost of a multi-purpose community centre)</td>
<td>$2.5m - $3m</td>
<td>$1,000 - $1,200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$13m - $15m</strong></td>
<td><strong>$5,200 - $6,000</strong></td>
</tr>
</tbody>
</table>

Source: Advisory Committee Report, Amendment C120, p.128. Note: community infrastructure costs not listed, derived by Urban Enterprise.

If public open space land and improvements is excluded from the total, the contributions per dwelling equate to $3,200 to $3,800 per dwelling.

This amount is generally consistent with the levies analysed above for other infill urban renewal areas and Activity Centres.

**3.4. WHAT CONSTITUTES A STRATEGIC DEVELOPMENT AREA?**

The then Department of Environment, Land, Water and Planning, defined a SDA in its Infrastructure Contributions Fact Sheet, June 2015 as:

“Locations within existing urban areas that are planned or become available for significant growth and change. Generally, these areas will be identified in Plan Melbourne (for example National Employment Clusters, Urban Renewal Areas) or in a regional growth plan.”

The SDCAC Report 1 “Setting the Framework”, 17 December 2012, defined a SDA as:

“Key sites or broader areas within a municipality where significant development or redevelopment is proposed to occur and will generally be sites where intensification is planned.....Sites or areas would be nominated through the relevant MSS and would be clearly identified in a supporting structure plan, framework plan, settlement plan...”

These definitions are very broad and do not provide much guidance as to the threshold between what constitutes an infill development opportunity in an urban area as opposed to a SDA.

The SDCAC, in its first report, flagged the potential for “Large Scale or Small Scale” SDAs.

Clause 21.04 ‘Settlement’ of the Melbourne Planning Scheme identifies potential urban renewal areas within the City of Melbourne. The ‘Racecourse Rail Corridor’ is identified as one such area, stating “The Racecourse Rail Corridor between the Flemington Racecourse and the Showgrounds has potential similar to the Jolimont Rail Corridor. The area’s potential for urban renewal will depend on future options of a rail service to the area”. This is reiterated in Clause 21.15 ‘Potential Urban Renewal Areas’.

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3 Department of Environment, Land, Water and Planning, Infrastructure Contributions Fact Sheet, June 2015,  
4 Melbourne Planning Scheme, MSS Clause 21.04-1.4
An objective under the clause includes to direct growth to identified areas including a strategy to consider potential for urban renewal in the Racecourse Rail Corridor.

Clause 21.15 ‘Potential Urban Renewal Areas’ also provides direction in regard to Economic Development and Transport of the Racecourse Rail Corridor including:

- Support the ongoing operation of Flemington Racecourse and the Royal Agricultural Showgrounds, including ancillary activities.
- Minimise the impact of Flemington Racecourse and the Royal Agricultural Showgrounds, including traffic, noise and parking on nearby Residential and Mixed Use Zones.
- Strengthen pedestrian links between Flemington Racecourse and the Footscray Botanical Gardens across the Maribyrnong River.

I consider that the Flemington Life project in its entirety, would qualify as an SDA. However, my previous assessment of other areas that could be considered SDAs suggests that Flemington Life would be categorised as an infill urban renewal area/Activity Centre SDA, rather than a brownfield/greenfield SDA. Similarly, I would categorise the Moonee Valley Racecourse redevelopment in the same way.

**3.5. ASSESSMENT OF THE PROPOSED DEVELOPMENT CONTRIBUTIONS**

Urbis has summarised the infrastructure costs for the project and WT Partnership has estimated those costs at $12.73 million. Urbis’ assessment includes 100% of the cost of all infrastructure as a potential development contribution, to arrive at the figure of $11,199 per dwelling.

However, some of this infrastructure is needed for the development. This includes local roads and intersections required to provide access to the development, as well as streetscape works (nature strips, street trees, footpaths, seats, bins, lighting).

This infrastructure is also likely to provide benefits to the wider community and typically an apportionment of costs would be undertaken to identify the nexus, ie the share of usage extent of the infrastructure by the development as opposed to the wider community.

GTA Consultants have indicated that the task of apportioning costs for the transport infrastructure is complex and is not able to be achieved in the timeframes required by the Advisory Committee. GTA state that “it is our view that the proposed infrastructure works will not only assist to mitigate the impacts of the development, but also benefit the broader community in general.”

I consider that this is a reasonable conclusion. For example, the modification to the intersection of Epsom Road, Ascot Vale Road and Racecourse Road at a cost of $945,000 will benefit existing users of that intersection due to improved and safer operation.

I do not believe that adding in the full cost of the roads and intersections as a development contribution is appropriate, but nor is it appropriate to exclude those costs altogether. For the purposes of this assessment, I have included 25% of the costs as a development contribution on the basis that there will be a share of usage of the infrastructure by the wider community.

In my view, the infrastructure to be provided by the FL project that will clearly benefit the wider community (as well as the development itself), includes:
- Bicycle paths and associated works to provide links between the development and the wider bicycle network;
- Improved pedestrian connections to the local area;
- DDA compliant bus stops;
- The improvements to the Village Green public open space;
- The improvements to the publicly accessible space adjacent to the VRC's Hill Gate including DDA compliant access to the railway station;
- The contributions to improvements to Newmarket Reserve including upgrading the access path to tram stops and increased tree planting;
- Signalised pedestrian crossing across Epsom Road.

The cost of this infrastructure, as estimated by WT Partnership is outlined in the following Table.

The Table also includes cash contributions proposed to be made towards the enhancement and extension of community facilities in the City of Moonee Valley, as outlined in Section 3.1.3.

<table>
<thead>
<tr>
<th>Infrastructure Item</th>
<th>Epsom</th>
<th>FG</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public open space improvements to Village Green, VRC forecourt and Newmarket Reserve</td>
<td>$310,500</td>
<td>$2,575,800</td>
<td>$2,886,300</td>
</tr>
<tr>
<td>Improved bicycle connectivity</td>
<td>$135,000</td>
<td>$540,000</td>
<td>$675,000</td>
</tr>
<tr>
<td>Improved pedestrian connections</td>
<td>$472,500</td>
<td>$310,500</td>
<td>$783,000</td>
</tr>
<tr>
<td>Bus stops</td>
<td></td>
<td>$40,500</td>
<td>$40,500</td>
</tr>
<tr>
<td>Roads and intersections (75%)</td>
<td>$236,250</td>
<td>$1,130,625</td>
<td>$1,366,875</td>
</tr>
<tr>
<td>Community Facility Contributions</td>
<td></td>
<td>$1,300,000</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td></td>
<td>$7,051,675</td>
</tr>
</tbody>
</table>

Source: WT Partnership, 18 Feb 2016, Urban Reg 2016 report (Table B).

The infrastructure costs that could be considered a development contribution total $7.051 million which equates to $6,218 per dwelling (based on an estimated 1,134 dwellings).
This amount is much higher than the development contribution levies for other infill urban renewal areas and is much higher than the quantum of contributions estimated for the Moonee Valley Racecourse redevelopment on a like-for-like basis.

I also note that the SDCAC in its “Setting the Framework” report, identified a number of key principles to guide the development of a standard levy system. One of those principles is that development levies are not full cost recovery. “Although levies may recover the costs of individual items, they will rarely recover the costs of delivering the full suite of urban infrastructure required for new communities. Councils will ultimately need to rely on other streams of funding … particularly in established areas, which will include general rate and external grants.”

In my view, a development contribution in the order of $6,200 per dwelling, as outlined above, would be a reasonable contribution for the FL project and at the upper end of the range for similar infill urban renewal areas.

### 3.6. METHOD FOR DELIVERING DEVELOPMENT CONTRIBUTIONS

The planning scheme amendment seeks to rezone the land to Comprehensive Development Zone with Schedules outlining requirements for use and development.

Whilst there are IDCs and a CDP for both sites, assuming the amendment is approved, the final dwelling and commercial/retail floorspace yield will be determined through the subsequent planning permit process.

Therefore the final make up and details of infrastructure to be provided and the demand for community facilities that will be generated by FL is not yet fully resolved.

It is possible to identify the infrastructure that the proponent intends to deliver as works-in-kind and a quantum of cash contribution per dwelling to be made for community facilities.

This could be outlined in the schedule to the Zone, similar to the way the Development Plan Overlay has been used for infill, greenfield growth areas such as Princes Street, Drysdale and Trethowan Avenue, North East Ocean Grove. A requirement for the proponent to enter into a Section 173 Agreement for the development contributions could be included with the details finalised at the time the development plans are finalised.

The collection of development contributions through a Development Contributions Plan is not recommended. This mechanism is too complex and too time consuming for the scale of development proposed in the FL project.
4. AFFORDABLE HOUSING

4.1. WHAT IS PROPOSED?

The Urbis SIA 2015 report notes that the FL project will increase the diversity of housing choice in the study areas. Urbis Feb 2016 report states that the IDC illustrates how this could be achieved, seeking to deliver a significant number of one, two and three bedroom dwellings (including apartments and townhouses) to cater for the changing demographic profile of the study area.

The Urbis Feb 2016 report outlines a proposal to provide affordable housing for workers at the Flemington Racecourse.

"It is proposed that VRC purchase apartments for the sole purpose of worker housing for low income Victorian racing industry (VRI) employees /track workers.” According to Urbis, the VRI employs over 20,000 people and at Flemington there are approximately 150 staff working at stables in a full time capacity and a further 150 casual staff. The full time workers earn between $50,000 and $60,000 per annum.

In addition, the VRC employs a further 100 staff and contractors working on site in a range of roles earning between $60,000 and $75,000 per annum.

According to the VRC, track workers and VRC staff are finding it increasingly difficult to find affordable accommodation in the local area.

The VRC are proposing to set aside accommodation for approximately 10 to 15 staff in the Flemington Green development. Urbis state that “this housing could be appropriately located in one of the Flemington Green lower density buildings or clustered in the Epsom Road development.”

The details of this proposal have not been resolved at this time. Questions that need to be addressed include:

- How much affordable housing is to be provided and where?
- Who will develop and manage the affordable housing, including the potential involvement of a Registered Housing Association?
- Who pays for the development of the affordable housing?
- What controls and requirements need to be put in place to ensure that the affordable housing is made available to the target market?

4.2. STATUTORY FRAMEWORK FOR AFFORDABLE HOUSING

Policy objectives and strategies relating to affordable housing are outlined in the SPPF and LPPF. However, there is no statutory framework for defining “affordable housing”, or identifying the circumstances where the provision of affordable housing is appropriate, or for collecting contributions for affordable housing or governing how affordable housing is to be achieved, unlike the development contributions regime which is provided for in Part 3B of the Planning and Environment Act.
4.2.1. STATE PLANNING POLICY FRAMEWORK

Clause 16 Housing states that:

- Planning should provide for housing diversity, and ensure the efficient provision of supporting infrastructure.
- New housing should have access to services and be planned for long term sustainability, including walkability to activity centres, public transport, schools and open space.
- Planning for housing should include providing land for affordable housing.

Clause 16.01-5 Housing Affordability sets out the following objective and strategies:

Objective
- To deliver more affordable housing closer to jobs, transport and services

Strategies

Improve housing affordability by:

- Ensuring land supply continues to be sufficient to meet demand.
- Increasing choice in housing type, tenure and cost to meet the needs of households as they move through life cycle changes and to support diverse communities.
- Promoting good housing and urban design to minimise negative environmental impacts and keep down costs for residents and the wider community.
- Encouraging a significant proportion of new development, including development at activity centres and strategic redevelopment sites to be affordable for households on low to moderate incomes.

Increase the supply of well-located affordable housing by:

- Facilitating a mix of private, affordable and social housing in activity centres and strategic redevelopment sites.
- Ensuring the redevelopment and renewal of public housing stock better meets community needs.

4.2.2. MOONEE VALLEY PLANNING SCHEME

Clause 21.05-3 Affordable Housing

The objective of Clause 21.05-3 is to improve housing affordability within the municipality for households with household incomes below the 60th percentile of income groups.

Strategies include:

- Encourage affordable housing in locations with good access to public transport, services and retail opportunities.
- Encourage affordable housing through partnerships with housing providers or participation in the National Rental Affordability Scheme.
- For residential developments of 10 or more dwellings, encourage the provision of affordable dwellings.
4.2.3. MELBOURNE PLANNING SCHEME

Clause 21.07 states the following in relation to affordable housing:

“Social diversity is an important factor in the social health of the city. A diverse population needs a diversity of housing sizes and types. There is also a need to increase the proportion of lower cost accommodation, social housing and housing for people of all abilities”.

Objective 4 of Clause 21.07 states that “housing is to support a range of housing tenures, types and options to meet diverse housing needs.”

Strategies related to affordable housing include:

- Support the provision of well-designed and managed affordable housing, social housing, crisis accommodation and rooming houses.

4.3. CURRENT INITIATIVES

4.3.1. PLAN MELBOURNE REFRESH

Plan Melbourne Refresh 2015 provides discussion around the issue of affordable housing.

It recommends the following definition for affordable housing:

“Housing where the cost (rent or mortgage payments) is no more than 30% of gross income for households in the bottom two quintiles for area (i.e. Greater Melbourne) median income.”

Plan Melbourne Refresh discusses a number of possible mechanisms for the provision of affordable housing including Housing Policy, Inclusionary Zoning, Density Incentives and Development Contributions.

4.3.2. OTHER RENEWAL PROJECTS

Schedule 5 to the Development Plan Overlay in the Yarra Planning Scheme contains a requirement for a Development Plan for the redevelopment of the Channel 9 site in Richmond. This includes “provision of affordable housing representing 5% of the total number of apartment dwellings to be developed” to the satisfaction of the Responsible Authority.

Schedule 11 to the Development Plan Overlay in the Yarra Planning Scheme contains a requirement for a Development Plan for the redevelopment of the Amcor site in Alphington to “provide 5% of the total number of dwellings for the purpose of affordable housing developed in association with an accredited housing association.”

4.4. ASSESSMENT OF THE PROPOSED AFFORDABLE HOUSING

4.4.1. WORKER HOUSING

The lack of detail regarding the proposal for worker housing associated with the Racecourse makes it difficult to assess the proposal.

In my view, the proposal has merit because:
There is a defined target group associated with the racecourse that needs affordable housing. The salaries of track workers and other VRC staff are in the bottom 45% of household income groups in the City of Moonee Valley. This aligns with the objective of improving housing affordability in the Moonee Valley Planning Scheme and reasonably aligns with the recommended definition in Plan Melbourne Refresh;

- There is a clear nexus between the affordable housing component and the racecourse;
- The location of the affordable housing component is appropriate.

The questions posed above in Section 4.1 need to be addressed in progressing this proposal.

4.4.2. DIVERSITY OF HOUSING

TYPE OF DWELLINGS

According to the Urbis SIA Updated Report, 2015, 45% of the FG dwellings and 42% of the Epsom dwellings will be one bedroom dwellings. More than 500 of the proposed dwellings will be one bedroom dwellings.

The SIA report estimates that there will be 6,900 additional lone person households and 3,300 couple households in the FG study area by 2031. In the Epsom study area, there will be an additional 1,960 lone person households and 930 couple households by 2031. In the two study areas, there will be more than 13,000 additional lone person and couple households by 2031.

It is most likely that lone person and couple households will predominately occupy one bedroom dwellings. The dwelling mix in the FL project is therefore well-matched to the type of households that are forecast to grow in the study area.

DWELLING PRICE

The estimated price range of the one bedroom dwellings in FL is $443,000 to $451,000.

This compares with the median price of units/apartments in the City of Moonee Valley of $460,000 (2014 values, derived from the Valuer General).

The expected price range for one bedroom apartments would be affordable to purchase for households earning $70,000 per annum or more, based on 30% of income being available to meet housing cost. Households in the City of Moonee Valley earning more than $70,000 per annum make up 55% of all households. This is a substantial contribution to meeting the objective of Clause 21.05-3 of the Moonee Valley Planning scheme to improve housing affordability for households with incomes within the 60th percentile of income groups.