

ADDENDUM
**Preston Market Planning Review:
Planning Benchmarks and Tools**

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Report Prepared for:

Victorian Planning Authority

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1 Introduction and summary

1.1 Purpose of this Addendum

This Addendum has been prepared to supplement the Preston Market Planning Review Stage 2: Planning Benchmarks and Tools Report, dated July 2019.

VPA advised that the Project Area boundaries have expanded, and provided the following instructions, on 6 September 2019:

The addendum is to address the implications of the expanded study area on your previous report findings. Your earlier work provided an indication of reasonable density and capacity ranges for the precinct based on benchmarking assessments. It also noted that those ranges are indicative and would be subject to urban design testing before any specific development proposals and outcomes could be agreed.

Preparation of the addendum should take account of the expanded study area and address (amongst any other relevant matters) whether the information provided in your earlier report requires amendment or further qualification, as well as the rationale behind that advice.

This addendum therefore specifically addresses:

- The approach used to derive the benchmark dwelling densities, including the underpinning demographic forecasts.
- The role of other Strategic Redevelopment Sites in Preston Activity Centre and future growth beyond 2041.
- The review of dwelling densities identified in comparable developments and the analysis of planning best practice and emerging trends.

1.2 Key findings and summary of reasons

This Addendum finds that:

- the benchmark dwelling densities remain an appropriate indication of reasonable density and capacity ranges for the precinct, and
- it is not appropriate or necessary to adjust the benchmark densities to reflect a site area of 5.2ha rather than 4.6ha.

In summary the reasons include:

- The benchmark densities are provided as an indicative range and are not so definitive that a 12% variance would not be tolerated.
- The methodology was demand based (i.e. to accommodate projected number of dwellings at a point in time), not supply based (i.e., derived from a target number of dwellings). There is not a finite number of dwellings, or dwelling target, that must not be exceeded in Preston, and opportunities to accommodate additional growth beyond 2041 will need to be identified.
- Further adjustments to the benchmark densities should be informed, in the first instance, by urban design testing of the capacity of the site the potential impacts of accommodating the densities proposed. Further consideration should also be given to the economic and employment role of the centre and the need to accommodate non-residential floor space on the site.

2 Background: Preston Market Planning Review: Benchmarks and Tools - Overview Report July 2019

2.1 Project Objective

A primary function of the July 2019 report was to provide advice regarding potential dwelling densities that could be achieved on the site. The approach to providing this advice included:

- A review of demographic projections for numbers of dwellings required in Preston Activity Centre over the period to 2041.
- Consideration of the strategic role of the Preston Market site in the context of other strategic opportunity sites in the centre.
- Identification of a 'demand based' dwelling density for the site, also translated into a residential FAR.
- Benchmarking of dwelling densities against an analysis and comparison of dwelling densities (and FAR) achieved in ten comparable developments in other major activity centres in metropolitan Melbourne, selected in consultation with Council and VPA.
- Benchmarking of dwelling densities for the site against dwelling densities (and FAR's) identified in an analysis of 'planning best practice and emerging trends' relating to use of dwelling densities (and FAR) controls to manage development.

2.2 Key findings

The key findings of the July 2019 report included:

- Demographic projections indicate future demand for an additional 5700 dwellings within the Preston Activity Centre over the period from 2016-2041. Recently developed and approved sites are expected to deliver approximately 1200 dwellings. There remains a need to accommodate an additional 4500 dwellings within the centre over the forecast period.

- Preston Market is located within a 'Substantial Change Area' and demonstrates ALL characteristics of a Strategic Opportunity Site' as defined in the planning scheme. There is very strong strategic planning and policy justification for directing residential/mixed use development at increased densities to this site. Council's housing strategy and local policy also direct substantial growth to strategic opportunity sites, and the Market site has a key role to play in accommodating future dwelling demand.
- An analysis of Strategic Opportunity Sites greater than 1000sqm located in the centre (other than the Market Site) which could potentially be developed indicates that between 2340 to 3000 dwellings could be expected to be delivered on these other sites in Preston Activity Centre in the period to 2041. This estimate is based on averaged dwelling density of between 314dw/ha to 402dw/ha for these sites which aligns with recent development trends in the Centre.
- There is therefore a strategic need and imperative for the Preston Market site to accommodate approximately **1500 to 2160 dwellings** on the site. This represents **26% to 38%** of the total demand for 5700 dwellings forecast to 2041.
- Based on the initially identified land area of 4.6ha, this yield would equate to low-high range dwelling densities of **327dw/ha to 470dw/ha**. This would generate residential floor space demand of approximately 180,000 to 280,000sqm, depending on dwelling mix, which translates to a residential **FAR of 3.9:1 to 6.2:1**.
- A mid-range point of **421dw/ha** would deliver **1935 dwellings**, representing **34%** of future demand for 5700 dwellings. This would generate residential floor space demand of approximately 230,000 to 250,000sqm, depending on dwelling mix, which translates to a residential **FAR of 5.0:1 to 5.5:1**.
- These densities (and FARs) are comparable to densities seen in the ten developments assessed with comparable size or approved development heights, which ranged from **333dw/ha to 469 dw/ha**, and with urban renewal precincts reflecting recent planning best practice which had densities of **323dw/ha to 429dw/ha**.

- The comparable development analysis also indicates potential for densities in the order of up to **470dw/ha** to be accommodated within development of **10-15 storeys**, subject to urban design testing.
- It is recommended that the higher range density at **470 dw/ha** (which translates to a residential **FAR of 5.5:1 to 6.2:1**) may also be achievable on the Preston Market Site given the absence of sensitive interfaces, subject to urban design testing of potential offsite impacts on the public realm. This would provide flexibility to meet approximately **2160 dwellings** or **38%** of total housing need to 2041.

The July 2019 report strongly recommends that further work is required to:

- Undertake urban design testing of the potential floorspace/FAR generated by the suggested dwelling densities to test potential amenity impacts of the scale of development required to deliver the potential dwelling densities.
- Commission further research on the future economic role of Preston Central and future employment floorspace requirements, to provide further guidance about the potential role that Preston Market could play as a truly mixed use site and establish appropriate employment or commercial FAR for the site.

3 Revised Preston Market Urban Renewal Precinct Area

The Revised Preston Market Urban Renewal Areas is **5.2 ha** as shown below in Figure 1. It includes land bounded by:

- Murray Road to the north,
- Cramer Street to the south
- St Georges Road to the west
- and the access road to the rear of the High Street shops to the east

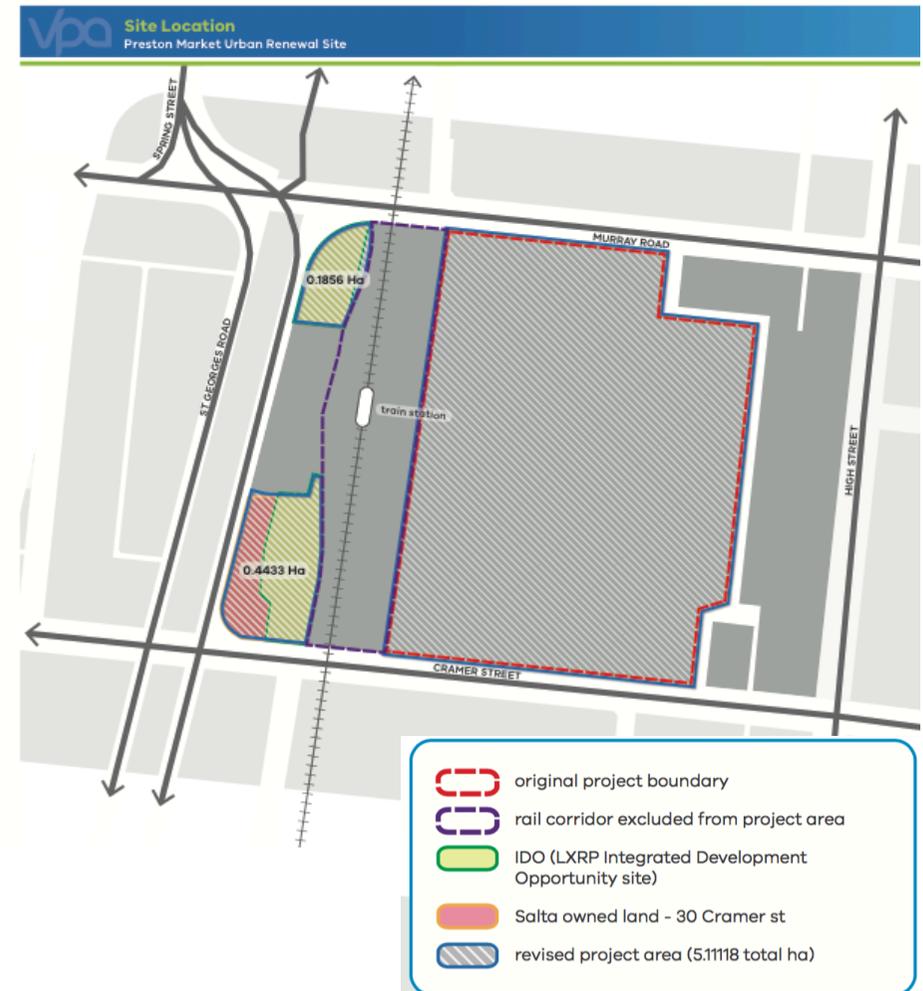
The revised boundaries now include two additional sites, in addition to the 4.6ha Preston Market Development Site identified as ‘the site’ in the July 2019 Report. The additional sites now included are:

- **Corner St Georges Road and Murray Road (0.19ha)**. This site is owned by VicTrack
- **Corner St Georges Road and Cramer Street (0.44ha)** This site is part owned by VicTrack and part privately owned by the same development interest that owns the Market Site.

The revised project area boundaries exclude:

- the Preston Railway Station and rail corridor land which is under the control of Level Crossing Removal Authority.
- the commercial properties addressing High Street to the east, which are predominantly in fragmented, private ownership, (excluding the site strategically acquired by Darebin Council to provide a future through block connection).

Figure 1 Preston Market Urban Renewal Precinct Area showing study area for July 2109 report and additional sites included in September 2019 (VPA 2019.)



4 Implications for benchmark dwelling densities ranges

4.1 Background: Key findings of July 2019 Report

Key findings of the July 2019 report identified benchmark densities:

- Demand based, low-high range dwelling densities of **327dw/ha to 470dw/ha**. This would generate residential floor space demand of approximately 180,000 to 280,000sqm, depending on dwelling mix, which translated to a residential **FAR of 3.9:1 to 6.2:1**
- **a mid range point of 421dw/ha** at the mid-range point, this would generate residential floor space demand of approximately 230,000 to 250,000sqm, depending on dwelling mix, which translated to a residential **FAR of 5.0:1 to 5.5:1**

4.2 Key issue for consideration in this Addendum

These benchmark densities were derived using the 4.6ha Preston Market Development Site as the study area. The inclusion of the additional 0.5ha of land as potential redevelopment sites raises the question as to whether these benchmark densities require adjustment or further qualification.

To respond to this issue, this Addendum addresses the following aspects:

- The approach used to derive the benchmark dwelling densities, including the underpinning demographic forecasts.
- The role of other Strategic Redevelopment Sites in Preston Activity Centre and future growth beyond 2041.
- The review of dwelling densities identified in comparable developments and the analysis of 'planning best practice and emerging trends

4.3 Findings and summary of reasons

This Addendum finds that:

- the benchmark dwelling densities remain an appropriate indication of reasonable density and capacity ranges for the precinct, and
- it is not appropriate or necessary to adjust the benchmark densities to reflect a site area of 5.2ha rather than 4.6ha.
- The benchmark dwelling density range of **327 dw/ha to 470dw/ha (mid-point 421 dw/ha)** is appropriate for the whole of the revised Preston Market Urban Renewal Area (this translates to a Residential FAR of **5.5:1 to 6:2:1**), subject to further urban design testing.

In summary the reasons include:

- The benchmark densities are provided as an indicative range and are not so definitive that a 12% variance would not be tolerated.
- The methodology was demand based (i.e. to accommodate projected number of dwellings at a point in time), not supply based (i.e., derived from a target number of dwellings). There is not a finite number of dwellings, or dwelling target, that must not be exceeded in Preston, and opportunities to accommodate additional growth beyond 2041 will need to be identified.
- Further adjustments to the benchmark densities should be informed, in the first instance, by urban design testing of the capacity of the site the potential impacts of accommodating the densities proposed. Further consideration should also be given to the economic and employment role of the centre and the need to accommodate non-residential floor space on the site.

4.4 The approach to establishing benchmark densities

The methodology developed to determine an appropriate benchmark density for the site has relied upon a ‘demand’ based approach, or an analysis of the housing need forecast to the period 2041. A longer time period has not been used due to lack of readily available data beyond that period.

The analysis identifies that there is a need to accommodate approximately 5700 dwellings in Preston Activity Centre over the period from 2016 to 2041. Recent approvals and developments account for approximately 1200 dwellings, leaving 4500 to be accommodated within the Centre.

Based on recent development trends, it has been assumed that between 2340 to 3000 dwellings could be expected to be delivered on other Strategic Redevelopment Sites in Preston Activity Centre in the period to 2041. This is discussed in further detail below.

This leaves a need to accommodate approximately 1500 to 2160 dwellings in the Centre over the period to 2041. This equates to 26 to 38% of total projected demand for 5700 dwellings from 2016 to 2041.

The Preston Market site is located within a Substantial Change Area and is also specifically identified as a ‘Strategic Opportunity Site’ within the *Darebin Housing Strategy 2013 (updated 2015)*. It also demonstrates ALL characteristics of a ‘Strategic Opportunity Site’ as defined in the planning scheme. There is very strong strategic planning and policy justification for directing residential/mixed use development at increased densities to this site.

The approach to determining the benchmark densities has considered the possibility of the Preston Market Site meeting housing need to 2041 not otherwise accounted for by the recent approvals, developments, and assumed development of Strategic Sites.

Based on the original parcel site of **4.6ha**, the accommodation of **1500 to 2160 dwellings** (mid-range point of 1935 dwellings) equates to dwelling densities of **327 dw/ha to 470dw/ha (mid-point 421 dw/ha)**.

The review of dwelling densities identified in comparable developments and the analysis of ‘planning best practice and emerging trends confirms that these

densities are comparable to densities seen in the ten developments assessed with comparable size or approved development heights, which ranged from **333dw/ha to 469 dw/ha**, and with urban renewal precincts reflecting recent planning best practice of **323dw/ha to 429dw/ha**.

A ‘recalibration’ of the benchmark densities calculated on the basis of the site being **5.2ha**, rather than 4.6ha would result in approximately a 12% reduction in the benchmark densities to **295dw/ha to 423dw/ha (mid-point 379dw/ha)** as shown in the table below.

Figure 2 Impact on Dwelling density of increasing site area.

Dwelling density ranges and site size	High range	Mid-range	Low range
Total dwellings to be accommodated	2160	1935	1503
A. Dwelling density at 4.6ha (dw/ha)	470	421	327
B. Dwelling density at 5.2ha (dw/ha)	415	372	289
Difference in Dwelling density between A and B	12%	12%	12%

At the low range, the recalibrated densities are notably less than the lower range densities being delivered in comparable developments or reflecting best practice. At the revised high end, the revised dwelling density would be comparable only to the ‘mid-point’ identified in the previous study.

Put another way, if the ‘recalibrated densities’ were adopted, a 12% variance to these could be comfortably accommodated within the ranges identified by comparable developments and reflecting best practice.

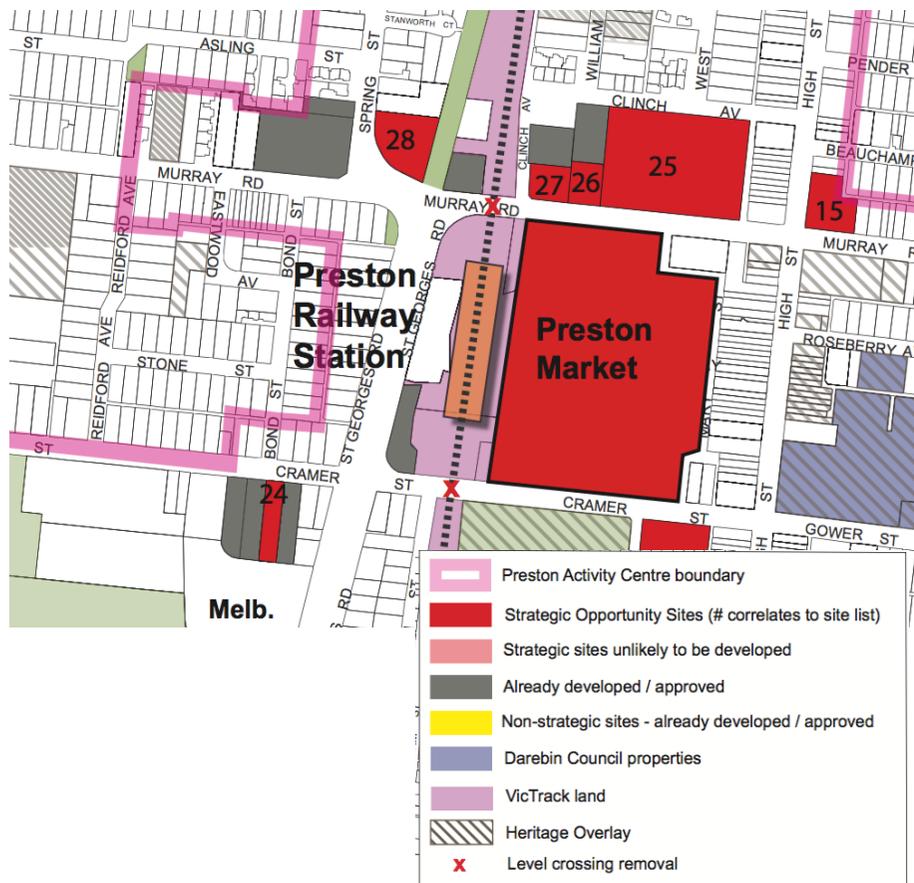
TQ Urban Planning considers that the benchmark dwelling densities as initially identified are reflective of, and comfortably within the range of, comparable and best practice development. Furthermore, as an indicative density range, a refinement of 12% is not required.

The previous report strongly recommends that further urban design testing and economic modelling is required. The outcomes of this additional work may indicate that further refinement of the dwelling densities is required to achieve an appropriate outcome that responds to the specific constraints and opportunities of the site. In the absence of that work, a rationale for a 12% reduction in dwelling densities, on the basis of site size alone, does not exist.

4.5 Role of other Strategic Sites and future growth beyond 2041.

Notably, the previous analysis of Strategic Redevelopment sites greater than 1000sqm excluded the additional ‘St Georges Road’ sites now included in the revised boundaries for the Preston Market Site, which was identified as ‘VicTrack land’ in the original analysis.

Figure 3 Extract from July 2019 Report - Identification of Strategic Opportunity Sites - excludes St Georges Road sites



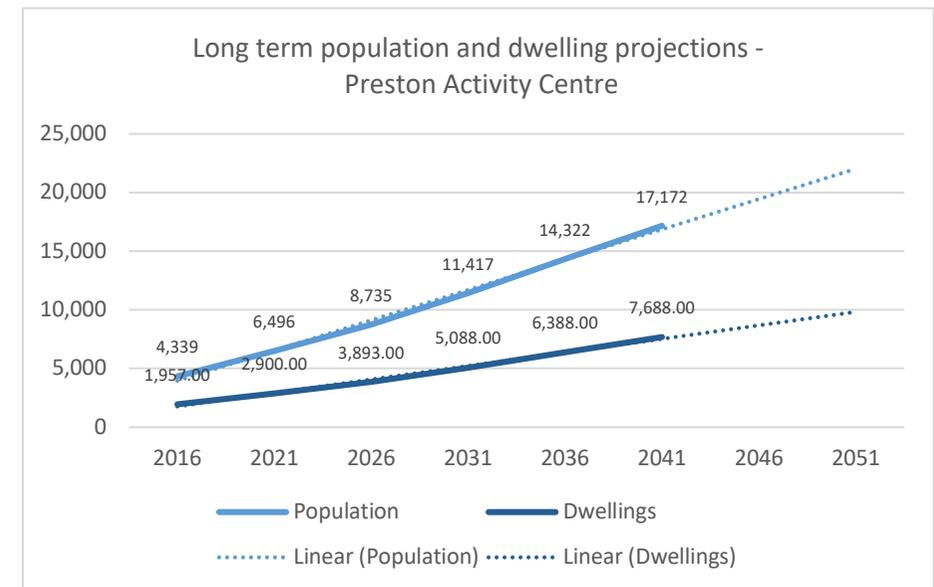
The previous work has considered the role of other Strategic Redevelopment Sites in Preston, as well as the Market Site, in accommodating future dwelling demand up to 2041. However, this work represents dwelling growth to a ‘point in time’, not an ‘end point’ or maximum amount of growth that will occur in the centre.

Importantly, the projections and calculations of benchmark densities do not consider potential demand for additional dwellings into the long term beyond 2041, or the potential for higher than projected growth rates to occur.

A simple trendline extrapolation of current forecasts indicates that Preston Activity Centre could need to accommodate approximately a total of 10,000 dwellings by 2051 – or an additional 2,300 dwellings in the period from 2041 to 2051, in addition to the 5700 required from 2016 to 2041. This is shown in the figure below.

Put another way, over the ten years from 2041 to 2051, approximately the same amount of growth will need to be accommodated as all of the strategic redevelopment opportunities currently identified to accommodate growth over the 25 year period from 2016 to 2041.

Figure 4 Population and Dwelling forecasts (2016 to 2041) extrapolated to 2051



A significant number of additional, new, strategic redevelopment opportunities will need to be identified within the Preston Activity Centre to accommodate growth beyond 2041.

Minimal and Incremental Change Areas can only be expected to play a continued limited role in accommodating growth.

The previous work assumed that over the medium term **90%** of identified Strategic Redevelopment Sites will be developed over the timeframe to 2041 as sites become scarcer and demand pressure continues. On this basis, a small percentage of the currently identified sites will remain available for redevelopment. However, these are likely to sites more constrained or difficult to develop.

The identification of additional sites at St Georges Road, now included in the Preston Market Renewal Area, as potential future redevelopment sites is a much needed first step in identifying additional opportunities that will be needed to accommodate long term growth beyond 2041.

The previous work demonstrated the forecast dwelling demand up to 2041 could be comfortably accommodated on the Preston Market site within benchmark density ranges that reflect comparable developments and best practice. It would not be logical to apply a 10% reduction in dwelling densities for the Market Site, and to forgoing the additional opportunity offered by the St Georges Road sites, particularly in light of the need to accommodate significant levels of future dwelling demand beyond 2041.

The application of the benchmark densities to the additional VicTrack Land would yield in the order of an approximately **200-300 dwellings** comprising:

- **62-89 Dwellings on the St Georges Road/Murray Road site (0.19ha).**
- **143-206 Dwellings on the St Georges Road/Cramer Street site (0.44ha)**

Subject to urban design testing, these sites may also have capacity to deliver provide additional mixed use elements to support the economic and employment role of the centre.

4.6 Comparable Developments and Best Practice

Previous work involved undertaking a review of other development with comparable features to the Preston Market site, identifying the number of dwellings per developable hectare, residential floorspace, commercial (non-retail) and retail floorspace. It considered similar development:

- a) Within the City of Darebin;
- b) Within other comparable major activity centres; and
- c) Sites of a similar size and with proximity to a railway station and/or activity centre.

Ten development projects were identified in consultation with Council and VPA. All were located in inner north and west metropolitan or major activity centres 3km to 12 km from the CBD. The comparable development analysis indicated potential for densities in the order of up to **470dw/ha** to be accommodated within development heights similar to those already approved for Preston Market site 10-15 storeys), subject to urban design testing.

The Best practice review examined recently amended planning controls in comparable major activity centres to identify the potential dwelling densities and employment floorspaces that were being achieved. In urban renewal precincts reflecting recent planning best practice, it was found that densities in the order of **320dw/ha to 430dw/ha** are achieved.

As shown in the Table below:

- Based on the **4.6ha** site, densities identified would provide scope to deliver approximately **2000 to 2150 dwellings**. This closely aligns with the mid to high range forecast dwelling need (1935 to 2160 dwellings) to 2041.
- Based on a **5.2ha** site, densities identified would deliver approximately **1650 to 2450 dwellings**, which would meet the high range forecast need and go some way to accommodating demand beyond 2041.

The benchmark densities identified in the July 2019 report were found to sit comfortably within densities ranges identified through the comparable development and best practice analysis. This principle continues to be relevant for the additional parcels now included in the Preston Market renewal site.

Figure 5 Density ranges indicated by Comparable Developments and Best Practice Analysis

Best Practice and comparable development density ranges	High range	Mid-range	Low range
Dwelling density	470	430	320
Dwellings delivered on 4.6ha site	2162	1978	1472
Dwellings delivered on 5.2 ha site	2444	2236	1664

5 Conclusion

This Addendum finds that:

- the benchmark dwelling densities remain an appropriate indication of reasonable density and capacity ranges for the precinct, and
- it is not appropriate or necessary to adjust the benchmark densities to reflect a site area of 5.2ha rather than 4.6ha.
- The benchmark dwelling density range of **327 dw/ha to 470dw/ha (mid-point 421 dw/ha)** is appropriate for the whole of the revised Preston Market Urban Renewal Area (this translates to a Residential FAR of **5.5:1 to 6:2:1**).
- Further Urban Design testing is required to test potential amenity impacts of the scale of development required to deliver the potential dwelling densities. This testing will confirm the need for further adjustment or refinement to the dwelling densities.
- Subject to urban design testing, the additional sites may also have capacity to deliver provide additional mixed use elements to further support the economic and employment role of the centre.

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