

# Arden Structure Plan – Amendment C407

Expert Evidence Statement, Chris De Silva, Executive Director, Mesh Planning

---

Harwood Andrews

January 2022

The background features a series of thin, light grey lines that intersect to form a complex, abstract geometric pattern. Some of these lines are highlighted in a vibrant orange color, creating a sense of depth and movement. The overall aesthetic is clean and modern, with a focus on geometric shapes and lines.

mesh

# Arden Structure Plan – Amendment C407

Expert Evidence Statement, Chris De Silva, Executive Director, Mesh Planning

Harwood Andrews

January 2022

---

Client	Harwood Andrews
Project	Arden Structure Plan – Amendment C407
Version	1.0
Prepared By	Chris De Silva
Date	January 2022

---

**Copyright** © Mesh Livable Urban Communities 2022

This document is subject to copyright. The use and copying of this document in whole or in part, other than as permitted by Mesh constitutes an infringement.

**Disclaimer**

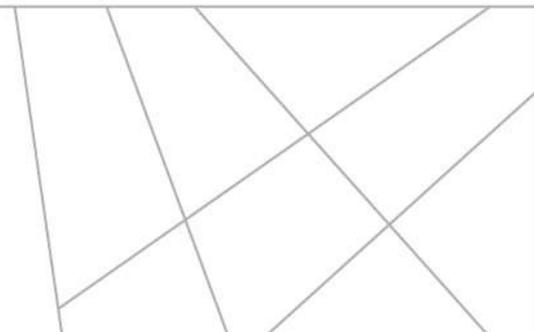
All professional care has been taken to ensure that the content of this report is current and accurate. However, it is not purported that it is complete, and it is not guaranteed that the content of the report is free from errors. Mesh accepts no liability for error, loss, damages or other consequences arising from reliance on information contained in this report.

Mesh acknowledges the Traditional Owners of the lands on which we work, and pay our respects to Elders past, present and emerging.

---

The logo for Mesh Planning, featuring the word "mesh" in a lowercase, orange, sans-serif font.

Level 2, 299 Clarendon Street South Melbourne VIC 3205  
office. +61 3 9070 1166 | [meshplanning.com.au](http://meshplanning.com.au)



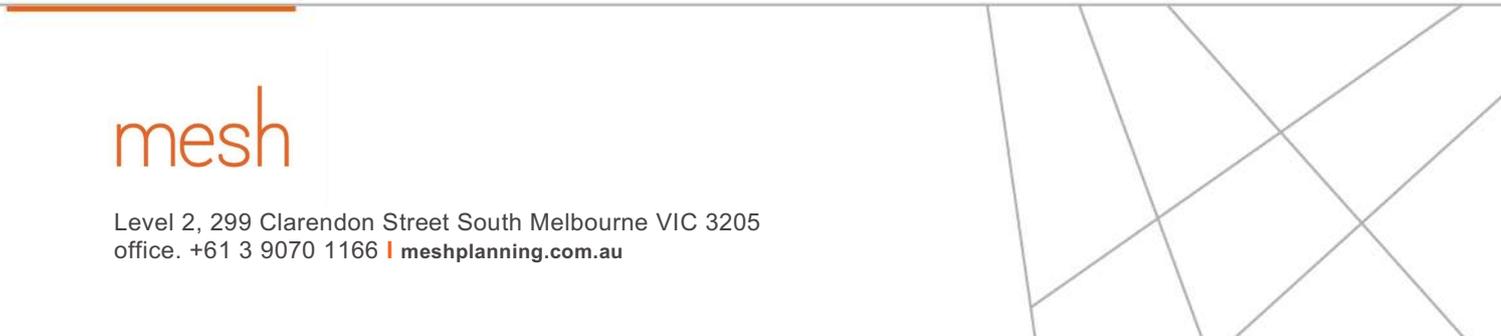
## CONTENTS

<b>1. Expert Statement</b> .....	<b>5</b>
1.1 Name & Address.....	5
1.2 Qualifications and Experience .....	5
1.3 Area of Expertise .....	5
1.4 Other Contributors .....	5
1.5 Instructions for scope of work.....	5
1.6 Completion of tests or experiments upon which the expert has relied.....	6
1.7 Declaration.....	6
<b>2. Summary of Opinion</b> .....	<b>7</b>
2.1 Summary.....	7
2.2 Specific Recommendations .....	7
<b>3. Introduction and Approach</b> .....	<b>10</b>
3.1 Introduction .....	10
3.2 Information Relied Upon.....	10
3.3 Previous Peer Review and Memo .....	10
3.4 Revisions and Qualifications.....	12
3.5 Approach to preparation of Expert Evidence Statement.....	12
<b>4. Arden Background</b> .....	<b>13</b>
4.1 Development Context.....	13
4.2 DCP Approach.....	13
4.3 Policy Framework .....	14
<b>5. Assessment of Amendment</b> .....	<b>15</b>
5.1 Introduction .....	15
5.2 Strategic Justification .....	15
5.3 Identification of Projects.....	15
5.4 Review of project list.....	15
5.5 Charge Areas .....	17
5.6 Yield Projections.....	18
5.7 Equivalence Ratios .....	18
5.8 External Apportionment.....	19
5.9 Calculation of DCP Costs .....	20
5.10 Calculation of DCP Charges .....	20
5.11 Administration and Implementation .....	21
<b>6. Summary of Submissions</b> .....	<b>22</b>
6.1 Identification of DCP Projects .....	22
6.2 Yield .....	23
6.3 Calculation of Charges and Affordability.....	23
6.4 Implementation.....	24
<b>7. Conclusion</b> .....	<b>25</b>
<b>APPENDIX 1 – CVs</b> .....	<b>29</b>

## TABLES

<i>Table 1: Summary of Proposed Changes/Observations regarding Part A DCP</i> .....	8
<i>Table 2: Estimated DCP Revenue based on Proposed DIL and CIL Charges</i> .....	20
<i>Table 3: Comparison between Peer Review comments on August 2021 DCP and Part A DCP (January,2021),</i> .....	25

---



mesh

Level 2, 299 Clarendon Street South Melbourne VIC 3205  
office. +61 3 9070 1166 | [meshplanning.com.au](http://meshplanning.com.au)

## 1. EXPERT STATEMENT

### 1.1 Name & Address

1. Chris De Silva, Executive Director, Mesh, Level 2, 299 Clarendon Street, South Melbourne, VIC 3205

### 1.2 Qualifications and Experience

2. I hold a Bachelor of Applied Science (Planning) (Honours) from RMIT University. I have worked as a strategic planner, principally in the field of metropolitan and regional growth area planning for approximately 30 years.

A CV is included at Appendix 1.

### 1.3 Area of Expertise

3. I have a broad range of experience in strategic planning and development matters (including preparation of numerous precinct structure plans and development contributions plans).
4. I started my career in a planning consultancy and thereafter was employed by the City of Whittlesea over an extended period (approximately 20 years). At the City of Whittlesea, I occupied various positions including Manager Strategic Planning and Director Planning and Development. After leaving Council I occupied a specialist strategic planning role in a privately-owned development company for a year.
5. I established Mesh in 2009 and have since occupied the position of Executive Director and owner of the company. Mesh acts for a combination of public and private sector clients on a broad range of metropolitan and regional and growth area projects, infill redevelopment projects, urban design of all scales and infrastructure funding frameworks including preparation and implementation of Development Contributions Plans (DCPs) and Infrastructure Contributions Plans (ICPs).
6. I was a member of the Standard Development Contributions Advisory Committee (SDCAC) that was appointed by the then Minister for Planning in 2011/12. Since being a member of the SDCAC, my company has provided on-going advice and support to Government to implement the Infrastructure Contributions Plan (ICP) system and I have been involved in preparation of a significant number of development contributions plans.
7. I have also been responsible for provision of advice to Local Government to assist with preparation and implementation of municipal development contributions plans including appearances as an expert witness in relation to the Yarra and Maribyrnong municipal DCPs.
8. I was also a member of the three-person Ministerial Advisory Committee that was appointed by the current Minister for Planning and the Treasurer that was commissioned to review the entire infrastructure contributions system across the State of Victoria.

### 1.4 Other Contributors

9. This evidence statement has been prepared by Chris De Silva with assistance from Jo Fisher (Associate Director, Mesh) and John Petrakos (Associate, Mesh). CV's for Jo Fisher and John Petrakos are included at Appendix 1.

### 1.5 Instructions for scope of work

10. I have been engaged by Harwood Andrews and requested to prepare an expert evidence statement which includes:
  - > An outline my previous involvement in the Amendment and role in preparing previous documents;

- > Identify any revisions or qualifications in previous work;
- > Consider the VPA's Part A version of the draft DCP and associated planning ordinance;
- > Consider whether the Part A versions of the DCP and associated planning ordinance sufficiently respond to the recommendations previously made;
- > Identify, if applicable, any further recommendations in relation to the drafting of those documents;
- > Consider and respond to the submissions made to the Amendment; and
- > Prepare an expert witness statement in accordance with the planning panels Victoria guide to expert evidence.
- > These instructions follow completion of tasks associated with prior involvement as outlined in Section 3.1.

### **1.6 Completion of tests or experiments upon which the expert has relied**

11. No additional test or experiments have been completed.

### **1.7 Declaration**

In giving my evidence, I confirm that:

12. I will be alone in the room from which I am giving evidence and will not make or receive any communication with another person while giving my evidence except with the express leave of the Advisory Committee;
13. I will inform the Advisory Committee immediately should another person enter the room from which I am giving evidence;
14. During breaks in evidence, when under cross-examination, I will not discuss my evidence with any other person, except with the leave of the Advisory Committee;
15. I will not have before me any document, other than my expert witness statement and documents referred to therein, or any other document which the Advisory Committee expressly permits me to view; and,
16. I have made all enquires I believe are desirable and appropriate and confirm that no matters of significance, which I regard as relevant, have to my knowledge been withheld from the Advisory Committee.



Chris De Silva  
Executive Director

## 2. SUMMARY OF OPINION

### 2.1 Summary

17. I support preparation of the Arden DCP and the approach that has been adopted by the VPA for the following reasons:
- > The DCP Guidelines (**the Guidelines**) anticipate preparation and utilisation of DCPs for the urban infill context.
  - > The Guidelines specifically identify that the types of projects in a DCP can include:
    - o A new item of infrastructure;
    - o An upgrade in the standard or provision of an existing infrastructure item;
    - o An extension to an existing facility, or
    - o replacement of an infrastructure item after it has reached the end of its economic life.
  - > Redevelopment and intensification of existing well serviced inner/middle urban areas such as Arden along with planning for and delivery of infrastructure needs are supported directions that are contained within Plan Melbourne.
  - > It is possible and appropriate to identify infrastructure as being either development infrastructure and/or community infrastructure as defined within the Guidelines and the relevant Ministerial Direction.
  - > There are substantial background reports and other investigations that have informed preparation of the of the DCP and the Amendment.
  - > The Amendment proposes to introduce PAO8 and PAO9 to secure land for footpaths, road and drainage and open space projects. The acquiring authority for these public acquisition overlays is the Secretary to the Department of Transport.
  - > Whilst PAO8 and PAO9 will secure multiple parcels for several proposed DCP projects, it is important to note that proposed PAO9 will secure DR-02, which has an estimated land value of approximately \$137.7M, which is 60% of the total proposed Part A DCP land costs.
  - > The State Government commitment to delivery of the Arden precinct through the introduction of proposed PAO8 and PAO9 will significantly reduce the implementation risk to Council as the Collecting and Development Agency and enable the vision for Arden to be delivered.
  - > Given that several DCP projects are located on Government land there is an opportunity in the future for the Government to directly deliver this infrastructure (or enter into development agreements which require delivery of the infrastructure) to further de-risk the DCP.

### 2.2 Specific Recommendations

18. Notwithstanding my support for the Arden DCP, I am of the opinion that the Part A version and associated statutory provisions could be improved by having regard to the detailed recommendations that are set out in Table 1.

Table 1: Summary of Proposed Changes/Observations regarding Part A DCP

Change	Page Number	Section of Part A DCP	Change Proposed / Observation
1	5	Table 1: Overall Summary of Costs and Charges	<p>The right hand column should be titled “Total Costs Attributed to the DCP” as the total costs of projects included in the DCP is \$360.7M of which \$346.2M are attributed to the DCP area.</p> <p>Given the charge rates are to proposed to be reduced, it would be of assistance if Table 1 also included a row item titled “Estimated DCP Revenue” to demonstrate that approximately \$302.7M of revenue is expected.</p>
2	16	Infrastructure Projects	<p>It would be useful to identify DCP priorities in terms of short, medium and long term to support implementation planning work that will be undertaken by the Collecting Agency. This is especially important for land costs associated with drainage projects given their scale and cost and likely necessity for early delivery.</p>
3	28-31	Open Space projects	<p>It is recommended that all open space projects, both land and construction, are funded via a single mechanism to reduce implementation risk and complexity.</p> <p>It is recommended that ancillary open space currently in private ownership that is required for future DCP projects is valued and included in the DCP.</p>
4	28 & 39	Table 6: Sporting reserve projects	<p>Table 6 specifies that SR-03 is construction of a skate park whereas Table 15 (page 39) specifies that SR-03 is construction of a sporting reserve. The project descriptions need to be consistent.</p>
5	34	2.1.6 Drainage Projects	<p>It is unclear whether the Arden precinct generates the need for the entire land area that is proposed to be funded for drainage as there is some reference to the facility being designed to manage a broader need.</p> <p>However, I am comfortable with the current approach given: -</p> <ul style="list-style-type: none"> <li>&gt; the Part A DCP proposes to reduce the proposed DIL charges at a discounted rate than what is required to fund the total project cost attributed to the Part A DCP; and</li> <li>&gt; State Government is introducing PAO8 and PAO9 which will secure in excess of \$137M worth of land projects – the majority of which is required for drainage project DR-02, which will significantly de-risk the Part A DCP and liability resting with Council as the Development Agency as well as stimulate development through the provision of catalytic infrastructure.</li> </ul>
6	38	Section 3.1.1 Projected dwelling and floorspace yields	<p>The additional text added into this section clearly sets out the DCP uses an applied yield rather than the total forecast yield for the precinct. The applied yield is defined as the total forecast yield minus any land/development that is exempt from the provisions of DCPO3 or a site that has been identified as having a constraint that will limit further future development even though this existing and proposed development generates need/demand for the DCP infrastructure.</p> <p>This definition results in future development subsidising existing development, development exempt from proposed DCPO and constrained sites even though these uses generate demand for the proposed DCP infrastructure and are located within the DCP main catchment area.</p> <p>It is recommended that this section is reviewed to ensure that the total projected dwelling and floor space forecast to be provided with the Arden precinct by the year 2051 is specified and identified as the total demand units.</p>

Change	Page Number	Section of Part A DCP	Change Proposed / Observation
7	38	Table 11: Demand Units	<p>It is acknowledged that the projected retail floor space has been determined by Retail Demand Report prepared by Deep End, 2018. However, it is unclear how the commercial floor space projections have been determined.</p> <p>It is unclear whether the demand units specified includes existing development i.e. the entire catchment that will use and benefit from the proposed DCP infrastructure.</p> <p>The DCP should identify the total demand units within the DCP main catchment area and attribute the costs to this development.</p>
8	39	Table 13: Open Space Availability	<p>Suggest renaming this column to "Open Space Usage" as this percentage represents the proportion of estimated usage by each development type.</p>
9	48	Section 3.4.1 Summary of Contribution	<p>This table sets out the reduced DIL and CIL charges, which currently amount to a funding gap of approximately \$58M (which includes the \$14M attributed to external apportionment). Melbourne City Council is nominated as both the collecting agency and development agency and is therefore responsible for funding this gap.</p> <p>However, Part A submission (paragraph 266) notes that the VPA prepared the Part A DCP on the basis that the funding gap is intended to be funded by the State and not the City of Melbourne or via additional contributions from land owners.</p> <p>However, the DCP does not currently allocate this funding gap to the State Government and it is recommended that the DCP explain how the funding gap will be addressed.</p>
10		Appendix 2	<p>Currently does not include detailed project costs for projects SR-02 and SR-03, it is recommended that these be included.</p>

### 3. INTRODUCTION AND APPROACH

#### 3.1 Introduction

19. In addition to preparing this evidence statement, I have had prior involvement in relation to preparation of the Arden DCP.
20. Mesh has previously provided Harwood Andrews with a preliminary review letter (July, 2021), preliminary draft peer review (dated August, 2021), and final peer review (September, 2021) regarding a May 2021 version of the DCP and accompanying documents.
21. Accompanying the final peer review was a memo that provided comment on the August 2021 version of the DCP that was used for public consultation by the VPA.
22. This evidence statement incorporates the findings of the final peer review and memo and the more recent review of the Part A version of the DCP and DCPO.
23. This evidence statement also responds to matters raised in submissions.

#### 3.2 Information Relied Upon

24. Information that I relied upon for preparation of this statement is listed below:
  - > Previously prepared advice (peer review and memo which included a review of the previous versions of the DCP, Background Report and the exhibited background technical documents);
  - > Part A version of the DCP - will be hereafter referred to as the **Part A DCP**;
  - > Part A version C407melb DCPO Amendment; and
  - > Submissions in response to exhibition of the Amendment that relate to the DCP.
25. Legislation and other documents that authorise or inform the DCP system in Victoria, including:
  - > *Planning & Environment Act 1987, Part 3B*;
  - > *Ministerial Direction on the Preparation and Content of Development Contributions Plans and Ministerial Reporting Requirements for Development Contribution Plans (2016)*; and
  - > *Development Contributions Guidelines (2007)*.

#### 3.3 Previous Peer Review and Memo

26. As the Mesh 2021 peer review and memo are documents that have been submitted to the Panel I will assume that the Panel is familiar with their content, however, the *key* observations and recommendations of these documents are summarised below.
27. Regarding technical inputs that informed the preparation of the draft DCP:
  - > Recommend that that the VPA ensures it is comfortable with a potential difference between yield/population projections used in background technical studies and those applied to the DCP; and
  - > Recommend making all background technical documents that have informed the drafting of the DCP available during public consultation including the Arden Central Drainage Investigation prepared by Engeny in 2021.
28. Regarding the methodology used to calculate the DCP levy:

- > Supportive of the application of a single charge area because of the high-density and mixed-use nature of the precinct meaning all areas of the precinct will likely draw equal use of proposed infrastructure items;
- > Supportive of the application of a “bottom-up approach” to determining yield potential in Arden (i.e. based on development potential);
- > Recommend inclusion of assumptions, methodology and data that have been used to calculate projected development yields and equivalency ratios in the DCP document for useability and transparency, especially to assist future DCP reviews;
- > Supportive of the ‘per capita’ based apportionment to calculate equivalency ratios for transport projects;
- > Concern about applying the principle that retail and commercial users will generate the same need for open space as residential users (since addressed via a reduced useage proposal for retail and commercial land); and
- > Listed projects are consistent with the DCP Guidelines however the definition of what is ‘basic improvements to public open space’ in the Arden context may be scrutinised.

29. Specifically, regarding open space and drainage:

- > Recommend increasing transparency of the DCP by describing the different types of categories of open space (capital city, waterway and drainage reserve, other uncredited, existing open space, credited open space) in the DCP such as a table or in a glossary of terms;
- > Observation that there may be disagreement about whether or not linear open space located in a road reserve can be classed as open space;
- > Observation that the provision of public open space in the DCP is 6.54% whereas the minimum open space in the Melbourne Planning Scheme is identified as being 7.06% which means there is excess funds collected through Clause 53.01 for open space projects currently not allocated;
- > Observation that multiple mechanisms to fund open space which could make implementation challenging for the Collecting/Development Agency and applicant;
- > Recommend that the Clause 53.01 contribution mechanism for public open space might not be reliable within the Arden development context and a preferable approach would be to include the Clause 53.01 contributions within the DCP as a funded project;
- > Observation that identifying need/nexus associated with drainage infrastructure may be required to determine appropriate cost apportionment applied to the DCP, including the relationship between drainage infrastructure funded by the DCP for Arden (as distinct from Macaulay) and infrastructure funded via the Urban Renewal Cost Recovery Scheme (URCRS);
- > Observation that the DCP proposes to fund the land acquisition for the main drainage facility but that the URCRS will fund the construction projects. It is unclear why this distinction has been made noting that other equivalent schemes would also include the land component; and
- > Observation that it is unclear whether the Arden DCP area generates the need for the entire land area that is proposed to be funded for drainage as there is some reference to the facility being designed to manage a broader need.

30. Regarding implementation of the DCP:

- > Observation that land acquisition for drainage projects is a significant component of the total cost of the DCP and that the cost of land is not fixed by the DCP, therefore poses a risk to the Collecting/Development Agency in terms of a funding shortfall and is symptomatic of the limitations of the DCP system and DCP legislation;
- > Observation that a significant landholding is under the ownership of State Government, recommendation to explore an arrangement where infrastructure items and/or land within the government ownership are provided through a development agreement. This would reduce the total cost of the DCP and serve to de-risk a large proportion of the DCP;

- > Observation that the levies identified in the draft DCP are higher than comparison infill DCP levies however this should not influence the calculation of the levy;
  - > Observation that affordable housing is not exempt from paying contributions; and
  - > Recommend identify infrastructure delivery priorities in terms of short, medium and long term to assist with planning capital expenditure and negotiating with developers about works in kind and DCP credits.
31. There were also various typographical errors that will need to be rectified in any final updates to the DCP.

#### **3.4 Revisions and Qualifications**

32. Regarding previous advice on the May 2021 DCP, I make the following revisions and qualifications:
- > The peer review was a thorough review of the May 2021 version of the DCP and accompanying background technical documentation listed in the peer review. The peer review did not include the proposed DCPO.
  - > The VPA has released a Part A version of the DCP and DCPO as well as tabled additional documents since public consultation. I assess and comment on the revised Part A DCP in light of previous observations and recommendations in Section 5.

#### **3.5 Approach to preparation of Expert Evidence Statement**

33. I undertook the following steps in forming my opinion regarding the revised Part A DCP and associated, where relevant, documents:
- > Reviewed of the Part A version of the DCP and DCPO including responses to previous advice;
  - > Identified any further recommendations to the revised documents; and
  - > Considered the key matters raised in submissions.
34. This review did not interrogate:
- > Detailed calculations that underpin the charges; and
  - > The mapping of the project locations.

## 4. ARDEN BACKGROUND

### 4.1 Development Context

35. The VPA have prepared the Arden Precinct Background Report, August 2021, which provides a summary of the planning history in relation to the Arden Precinct.
36. It is important to note that the Structure Plan for Arden envisages significant redevelopment and intensification in a mixed-use development setting.
37. In this context the, planned infrastructure will play an important part in realising the vision both in terms of facilitating development that would not otherwise be possible (such as via provision of drainage infrastructure) and creation of the sort of built form environment that will be required to attract investment in high quality, mixed use development outcomes (such as open space and transport connections).
38. When assessing the infrastructure projects and the methodology that has been utilised in preparing the DCP, it is important to consider the relationship between the Structure Plan and the DCP holistically in this regard.

### 4.2 DCP Approach

39. In other development contexts, such as incremental infill, the contributions that are gathered can be used to fund necessary infrastructure progressively as development takes place without the need to fund significant catalyst infrastructure.
40. In Arden however, a precinct where significant redevelopment will not be possible without proactive land acquisition and up-front delivery of catalyst infrastructure, such as drainage infrastructure, an essential role must be played by Government.
41. Due to the extent and cost of land acquisition and infrastructure delivery that is required (particularly associated with drainage), it is essential for Government to adopt a proactive, forward acquisition of land and delivery of infrastructure role to enable development to take place.
42. In Arden, the role of Government extends beyond land acquisition and delivery of key infrastructure by assuming responsibility for the funding gap that is the result of reducing DCP charges.
43. The complex and significant co-ordinating, funding and infrastructure delivery role that Government must perform in order to enable development is a core characteristic of infill development precincts such as Arden.
44. The benefits that flow from the role of Government in this regard to privately owned land are significant and should not be underestimated and affordability of proposed charges and equity considerations should be assessed in this context.

### 4.3 Policy Framework

45. The State and Local policy and strategy context is relevant to preparation of a DCP for the Arden Precinct. A summary of the most relevant references is provided below:

#### Plan Melbourne 2017 – 2050

46. Plan Melbourne places significant emphasis on inclusion of infill development within Melbourne's future housing supply in appropriate locations while making sure that existing infrastructure can cope with change and that infrastructure upgrades and new infrastructure is provided as required. Arden benefits from proximity to key economic, entertainment and infrastructure investments as well as a built form legacy which makes it an attractive location for future residents.
47. Arden will also benefit from the Government investment and delivery of the Melbourne Metro Rail Project including the Arden Station which will be a significant catalyst for change and redevelopment of the precinct.

#### Clauses 11 and 19 of the Planning Scheme

48. **Clause 11** recognises that planning for urban growth should consider opportunities for the consolidation, redevelopment and intensification of existing urban areas to create more housing choice, jobs, opportunities for local businesses and better access to services and facilities.
49. **Clause 19** encourages facilitating the timely provision of planning infrastructure to communities through the preparation and implementation of development contributions plans.

#### Clause 21.10 of the Melbourne Planning Scheme

50. Clause 21.10 highlights the need for associated infrastructure to accommodate growth and development within the municipality.

## 5. ASSESSMENT OF AMENDMENT

### 5.1 Introduction

52. In preparing my statement I have focused on the strategic justification for the charge areas, demand units, projects to be funded, basis for external apportionment, overall transparency of the calculations and ease and consistency of implementation.
53. I am of the opinion that the Part A DCP is generally consistent with the broader DCP statutory framework.
54. My specific recommendations are set out following and in response to lodged submissions in the next section of this statement.
55. The Amendment has been prepared by the VPA and proposes to make the following changes to the Melbourne Planning Scheme as it relates to implementation of the Arden DCP (which supports the implementation of the Arden Structure Plan):
  - > Apply new Public Acquisition Overlays (PAO8 and PAO9) in favour of the Department of Transport for the purpose of key road and drainage projects;
  - > Amend Schedule 3 to Clause 45.06 (Development Contributions Overlay) (DCPO3) to enable implementation of the *Arden Development Contributions Plan, August 2021*;
  - > Amend the boundary of the DCPO3 to apply the overlay consistent with the precinct boundaries;
  - > Amends the Schedule to Clause 72.04 to include a new incorporated document titled *Arden Development Contributions Plan, August 2021*.

### 5.2 Strategic Justification

56. The Arden Precinct will enable growth to occur including an aspiration for an increase the residential population by an additional 15,000 residents and a workforce of 34,000.
57. This growth results in the need for infrastructure to support that level of change and for development to make a contribution for the provision of acceptable projects as outlined in the *Ministerial Direction on the Preparation and Content of Development Contributions Plans and Ministerial Reporting Requirements for Development Contribution Plans (2016)*; the through the application of the DCP mechanism.

### 5.3 Identification of Projects

58. There are 61 projects (43 transport, 3 community, 6 local parks, 4 sporting reserves and 5 drainage); included in the DCP the justification for inclusion of which has been informed by a number of technical studies by reputable consultants with suitable qualifications:
  - > Arden Structure Plan Community Infrastructure Needs Assessment – ASR 2020
  - > Arden Macaulay Precinct Flood Management Strategy, August 2021
  - > Arden Public Realm and Open Space Strategy – AECOM 2020
  - > North Melbourne, West Melbourne and Parkville Active Transport Investigation – GTA 2021.

### 5.4 Review of project list

59. Listed projects in the draft DCP are consistent with the DCP Guidelines in terms of the types of projects funded and the CIL/DIL categorisation.

60. Most projects are identified as development infrastructure and therefore funded through the DIL. The following projects are identified as community infrastructure and are therefore proposed to be funded through the CIL:
- > CB-01c – Community Centre construction (15%) – learning and cultural centre
  - > CB-03c – Community Centre construction (100%) – family and community centre
  - > SR-01 – Sporting Pavilion (100%)
61. LP-01 and LP-02 are identified as linear open space (credited).

#### Drainage

62. The Part A DCP funds the land required for drainage projects and the construction of the drainage projects to be delivered on the DCP land that is funded via the Urban Renewal Cost Recovery Scheme (URCRS) (formerly referred to as the Development Services Scheme) which is currently being prepared by Melbourne Water.
63. The drainage land projects included in the Part A DCP and construction projects to be funded via the future URCRS have been identified in the Arden Macaulay Precinct Flood management Strategy (Engeny, 2021).
64. It is unclear whether the Arden precinct generates the need for the entire land area that is proposed to be funded for drainage as there is some reference to the facility being designed to manage a broader need.
65. However, I am comfortable with the current approach given: -
- > the Part A DCP proposes to reduce the proposed DIL charges at a discounted rate than what is required to fund the total project cost attributed to the Part A DCP; and
  - > State Government is introducing PAO8 and PAO9 which will secure in excess of \$137M worth of land projects – the majority of which is required for drainage project DR-02. This will significantly de-risk the Part A DCP and liability resting with Council as the Development Agency as well as stimulate development through the provision of catalytic infrastructure.

#### Open space

66. The Part A DCP proposes to fund open space improvements on credited and uncredited open space for the purpose of passive and active recreation.
67. The Part A DCP identifies three local parks as being credited open space:
- > LP-01 Fogarty Street linear reserve
  - > LP-02 Laurens Street / Arden Street linear open space
  - > LP-04 Arden Central open space
68. Land for credited open space is proposed to be provided through Clause 53.01. Table 10 (Summary Land Use Budget) in the Part A DCP identifies that 6.55% of NDA is being set aside for credited open space to be provided through Clause 53.01. The Schedule to Clause 53.01 of the Melbourne Planning Scheme identifies a 7.06% contribution rate or land value for the Arden Precinct. The 1.24ha of credited open space is located on four parcels of land the bulk of which (nearly 90%) is located on government land. Construction of credited open space is proposed to be funded through the DCP.
69. Uncredited open space is land set aside for non-recreation purposes however recreation can occur as a non-primary purpose. Ancillary open space can be encumbered, impacted through regular inundation, service easement and overhead structures which potentially restrict the adaptability of the open space to be utilised. The Part A DCP identifies the following parks and reserves as being provided as uncredited open space:
- > LP-03 Queensberry Street linear open space (encumbered land primary use)
  - > LP-05 Drainage Reserve, west of Langford Street (drainage primary use)

- > LP-06 Drainage Reserve, western edge of Arden Central (drainage primary use)
  - > SR-02 Construction of sporting surface and associated works (drainage primary use)
  - > SR-03 Construction of a skate park (drainage primary use – no additional land)
70. Land for uncredited open space is proposed to be funded through the DCP as land for drainage with the exception of LP-03 which will be provided through developer works associated with a road. Construction of uncredited open space is proposed to be funded through the DCP.
71. Road projects RD-12 and RD-13 (Munster Terrace) as part of the road construction, fund a 10-13m wide green link within an existing road reserve.
72. Open space (credited and uncredited) land and construction costs are being funded through multiple sources:
- > Levies to be raised by the DCP for drainage land
  - > Levies to be raised by the DCP for open space (active/passive) construction costs
  - > Clause 53.01 contributions for credited open space
  - > Developer works for land associated with LP-03
73. Credited open space is identified as being 6.55% of NDA in the Part A DCP, Clause 53.01 in the Melbourne Planning Scheme identifies a 7.06% contribution rate or value for the Arden Precinct which means there will be excess funds collected through Clause 53.01 for open space projects currently not allocated.
74. I acknowledge it is possible to use a combination of mechanisms to fund open space and there are examples of this approach.
75. My focus is on reducing implementation risk and complexity. These objectives, in my view, would be better served by using a single contribution mechanism for open space.

## 5.5 Charge Areas

76. DCPs are required to demonstrate there is a connection between new development and the nominated infrastructure project it is funding. Cross subsidisation occurs when new development pays for infrastructure it will not use or new development pays above its fair share of that infrastructure item.
77. The avoidance of cross-subsidies ought not to be taken to extremes. It is proper to allow for a reasonable margin of error when it comes to the principle of nexus to ensure the DCP can be easily understood, effectively implemented and reviewed.
78. The draft Arden Structure Plan identifies four sub-precincts (Arden Central – Mixed Use & Innovation, Arden North and Laurens Street). Each precinct is slightly different from the other in terms of scale and use, in particular for Arden Central – Innovation which has a much larger commercial emphasis.
79. Notwithstanding that the Part A DCP identifies four sub-precincts (each of which have different land use objectives and are of differing scales) it is noted that the Part A DCP proposes to apply one charge area.
80. A single charge area is justified by the size of the precinct, the type of infrastructure being proposed, its high-density and mixed-use nature and the 20-minute neighbourhood policy setting which means that all areas of the precinct will draw more or less equal use of proposed infrastructure items subject to the determined equivalence ratios.
81. Notwithstanding that the Part A DCP references four sub-precincts in the form of different types of mixed use, it is proposed to apply one charge area. This approach is supported for simplicity and ease of administration reasons and noting the proposed approach as set out below in relation to equivalence ratios.

## 5.6 Yield Projections

82. Residential, commercial and retail yield projections are utilised to determine the infrastructure that will be required to support future development. Projected yields are also utilised to calculate demand units. Demand units are utilised to calculate the Development Infrastructure Levy (DIL) and Community Infrastructure Levy (CIL) by dividing the cost of the DCP by the demand units.
83. The draft Arden Structure Plan states that the precinct is projected to accommodate 15,000 residents and 34,000 jobs by the year 2051.
84. The Part A DCP states that the DCP uses an applied yield rather than the total forecast yield for the precinct to calculate the total demand units for each development type. The applied yield is defined as the total forecast yield minus any land/development that is exempt from the provisions of DCPO3 or a site that has been identified as having a constraint that will limit further future development even though this existing and proposed development generates need/demand for the DCP infrastructure.
85. Given the retail projected floor space of 22,500m<sup>2</sup> GLFA matches the forecast by Deep End, 2018, it is assumed that the applied yield (i.e. discounted yield) affects the residential demand units and potentially the commercial demand units.
86. The projected retail floor space has been determined by the Retail Demand Report prepared by Deep End, 2018. However, it is unclear how the commercial floor space projections have been determined (retail and commercial floor space projections will be the subject of separate evidence).
87. A DCP must determine the demand for all DCP infrastructure, regardless of whether that demand is generated by existing or future uses.
88. It appears that the Part A DCP DIL charges will result in new development subsidising sites with constrained redevelopment opportunities as well as uses exempt from draft DCPO as described in Section 3.1.1 of the DCP. It is understood that development that has taken place over the past 10 years has been excluded.

## 5.7 Equivalence Ratios

89. Equivalence ratios have been used in the past on the premise that different development types or land uses generate different levels of demand for infrastructure (land and construction). Typically, equivalence ratios have been applied to non-residential land uses to define the amount of floorspace that is equivalent to the demand that is created by one dwelling.
90. The impact of equivalence ratios and differences in the ratios that are applied to retail, commercial and industrial land use (particularly where multiple charge areas are utilised) are often subject of debate and review. Prior to commenting on the proposed approach, it is also relevant to note that typically where equivalence ratios are utilised variable assumptions are also applied in relation to demand for community infrastructure (land and construction) and open space.
91. The Guidelines provides standard equivalency ratios for standard development types that can be applied to DCPs. The Guidelines provides for converting non-standard land uses into common demand units and recommend documenting assumptions if alternative equivalence ratios have been applied.
92. It is acknowledged however, that the equivalence ratios set out in the Guidelines lack relevance in a mixed-use environment and a revised approach is required.
93. Upon review of the Part A DCP, it has become apparent that a significantly different approach has been adopted. Rather than using dwelling as the common demand unit (to which equivalence ratios are applied to GLFA) the common demand unit that has been utilised is a 'per capita based apportionment', that is based on the number of "users" generated by a development type. The common demand unit of 1 user has been applied to transport and open space infrastructure for each resident and each worker for commercial and retail land whereas the demand unit for drainage infrastructure is GLFA.
94. It is understood that in order to calculate the number of "users" for residential development the number of projected dwellings is multiplied by the estimated number of persons per household of 2.13.

95. To calculate the number of “users” for commercial and retail development, the GLFA is divided by 23 (assumption of 1 job per 23m<sup>2</sup> of GLFA).
96. Tables 12, 13 and 14 document the equivalence ratios that have been applied to transport, open space and drainage project for each development type and Section 3.1.1 explains the calculations.
97. In lieu of any commonly used alternative, the Part A DCP adopts the approach that a common demand unit of 1 user is utilised for transport projects and for open space (reduced to 71% for open space for retail and commercial users) but that GLFA has been used for drainage land.
98. The number of transport and open space users is determined by calculating the number of people per dwelling (2.13) and the number of jobs per GLFA of commercial and retail land (1 job per 23m<sup>2</sup> of GLFA). The Part A DCP recognises that retail and commercial users will not utilise open space projects as highly as residential users and therefore a discount of 29% has been applied.
99. The principles that have informed the equivalence ratios applied in the Part A DCP are:
  - > *Methodology is to be simple;*
  - > *The distribution of cost is based on use generated by each development type;*
  - > *The justification of projects is multi-faceted (i.e. transport is not just about transport, it also about amenity which is also about open space and so on);*
  - > *Residents and workers will use transport, drainage and open space infrastructure in a 20-minute neighbourhood context; and*
  - > *Delivering a high-quality urban environment is of necessity for the benefit of commercial and retail development and not just residential development.*
100. It is noted that the Part A DCP adopts a significantly different approach to use of equivalence ratios to those that are set out in the DCP Guidelines and which have been adopted in past practice.
101. The alternative approach involves adoption of a ‘per capita based apportionment’ including a discount for retail and commercial users of open space.
102. Having regard to the planned mixed-use environment and simplicity of the alternative approach, it is considered that such an approach has merit in lieu any other accepted method.
103. As noted earlier, it appears the demand units applied for residential and potentially commercial development types (as set out in Table 11 of the Part A DCP) use an ‘applied yield’ whereby exempted uses and land with constrained development potential have been removed from the demand units and therefore not factored into the DIL charge calculations.
104. It is understood that development that has taken place within the last 10 years has been excluded from the DCP and other sites have been excluded in calculating the “applied yield” on the assumption that they will not be redeveloped within the life of the Part A DCP.
105. It is understood that this approach has been adopted in order to avoid ‘under collection’ of contributions.

## 5.8 External Apportionment

106. Projects included in the draft DCP are 100% apportioned to development within Arden except for:
  - > CB-01c – Community Centre construction (15%) – learning and cultural centre
  - > RD-01 – Macaulay Road construction – (50%)
  - > IN-01 – Boundary Road / Macaulay Road construction (50%)
107. The apportionment of 15% of the total cost of CB-01c is consistent with ASR technical advice.
108. It is assumed that the 50% costs associated with RD-01 and IN-01 will be shared with the Macaulay development in the future.

## 5.9 Calculation of DCP Costs

109. The total value of the draft DCP projects is \$360.7 of which \$228.2M (63%) is for land and \$132.5M (37%) is for construction.
110. Based on the projections inputted into the DCP methodology; \$346.2M of the total \$360.7M is attributed to the DCP with the balance apportioned to external use. The \$14M of external apportionment is attributed to projects CB-01C, ST-01c and IN-01.
111. The total cost of the DCP has been informed by the estimated construction and land costs associated with the 61 projects. The costing sheets are included in the appendix of the DCP and have been informed by the following technical inputs:
- > Arden Public Spaces Design and Costing Report – GHD 2021
  - > Arden Community Infrastructure Buildings Indicative Cost Plan Report – Turner & Townsend 2021
  - > Arden Valuation Report – Westlink Consulting 2021.

## 5.10 Calculation of DCP Charges

112. The DCP charges required to fund the total \$346M project cost attributed to the Part A DCP are: -
- > Residential (DIL) - \$24,201 per dwelling
  - > Residential (CIL) - \$1,281 (note current cap is \$1,225) per dwelling
  - > Commercial and Retail (DIL) - \$344 per sqm GLFA
113. However, draft DCP03 and Part A DCP proposes reduced DIL charges of: -
- > Residential (DIL) - \$21,500 per dwelling
  - > Commercial and Retail (DIL) - \$295 per sqm GLFA
114. In some development settings drainage infrastructure (land and construction) at a precinct scale is dealt with independently via a development services scheme that is administered directly by Melbourne Water.
115. In this instance, however, the land for drainage infrastructure is funded via the Part A DCP and the construction of the associated drainage infrastructure projects is proposed to be funded via the URCRS.
116. It is noted that Melbourne Water have nominated a preliminary contribution rate of \$80-90 per square metre of gross leasable floor area to be levied across all development with the Arden precinct. If a dwelling is 65m<sup>2</sup> in size this would result in a charge of \$5,850 per dwelling under the URCRS.
117. A final URCRS charge rate is to be determined by Melbourne Water following public engagement in 2022.
118. The capped charges are estimated to generate a revenue of approximately \$302.7M, as illustrated in Table 2. This results in an estimated funding gap of approximately \$58M, which includes the \$14M attributed to external apportionment.

Table 2: Estimated DCP Revenue based on Proposed DIL and CIL Charges

Proposed Charge Rate	Yield	EST. REVENUE
Proposed DIL Charge Rate		
\$21,500 per dwelling	6,300	\$135,450,000
\$295.68 per sqm GLFA	516,900	\$152,836,992
\$295.68 per sqm GLFA	22,500	\$6,652,800
Proposed CIL Charge Rate		
\$1,225 per dwelling	6300	\$7,717,500

Proposed Charge Rate	Yield	EST. REVENUE
TOTAL Estimated Revenue		\$302,657,292
Total DCP Project Cost		\$360,654,062
<b>Est. Funding Gap</b>		<b>\$57,996,770</b>

119. The VPA Part A submission, paragraphs 265-266, note that the State Government is currently considering the allocation for funding this shortfall or gap.
120. The VPA note that the DCP has been prepared on the basis that the funding gap is intended to be covered by the State and not the City of Melbourne or via additional contributions from land owners. However, the Part A DCP does not currently attribute the funding gap to the State Government.
121. Whilst the funding gap is not attributed to the State Government in the Part A DCP it is acknowledged that the Amendment is proposing to introduce PAO8 and PAO9, which will secure multiple sites for drainage, road and footpath DCP projects.
122. The majority of the land covered by PAO9 will secure land required for drainage project DR-02 which has a value of approximately \$137M. This is a significant investment by the State which will significantly de-risk the Part A DCP and reduce the liability resting with Council as the Development Agency as well as stimulate development through the provision of catalytic infrastructure.
123. Whilst a reduced DIL charge is proposed, it appears the demand units (as set out in Table 11 of the Part A DCP) use an 'applied yield' whereby exempted uses and land with constrained development potential have been removed from the demand units and therefore not factored into the DIL charge calculations.

## 5.11 Administration and Implementation

### Collecting agency and development agency

124. The City of Melbourne is identified as the collecting agency and development agency. The Part A DCP nominates the City of Melbourne as being responsible for the provision of the designated infrastructure projects which are funded under the DCP.
125. The DCP does acknowledge however that the designated development agency for some projects may change from Melbourne City Council to the Department of Transport (or equivalent), dependent on written agreement from the Department of Transport (or equivalent).
126. It is noted that there are drainage projects that are associated with Part A DCP land projects where the construction of the project will be managed by Melbourne Water utilising funds collected through the Urban Water Cost Recovery and Renewal Scheme.
127. It is also noted that there are significant land costs associated with the purchase of land for drainage infrastructure and a large proportion of that land is in government ownership.
128. Given that several proposed DCP projects are located on Government land there is an opportunity in the future for the Government to directly deliver this infrastructure and further de-risk the Part A DCP.

### Land acquisition

129. A significant proportion of DCP costs are attributed to the purchase of land – 66% or \$228.2M of a \$346.2M DCP.
130. The cost of land is not fixed by the DCP and therefore poses a risk to the Collecting/Development Agency in terms of a funding shortfall and is symptomatic of the limitations of the DCP system and DCP legislation.

- 131. It is noted that the Amendment proposes to introduce PAO8 and PAO9 to secure land for footpaths, road and drainage and open space projects. The acquiring authority for these public acquisition overlays is the Secretary to the Department of Transport.
- 132. Whilst PAO8 and PAO9 will secure multiple parcels for several proposed DCP projects it is important to note that proposed PAO9 will secure DR-02, which has an estimated land value of approximately \$137.7M, which is 60% of the total proposed Part A DCP land costs.
- 133. The proposed PAO8 and PAO9 significantly reduce the pressure and risk to Council as the Collecting and Development Agency because the State is the acquiring authority.

#### DCP Review

- 134. The Part A DCP is proposed to have a 25-year lifespan from the date upon which it is incorporated into the Melbourne Planning Scheme.
- 135. The DCP is expected to be revised and updated every five years (or more frequently if required). The Part A DCP specifies that the review is anticipated to include:
  - > Updates to any aspect of the plan
  - > Review of projects, cost, scope etc
  - > Review of estimated dwellings and commercial/retail floorspace
  - > Review of land values for land to be purchased through the plan

#### Project timing and delivery

- 136. Decisions will need to be made by the Collecting Agency and Development Agency about the sequencing of infrastructure delivery when it comes to capital expenditure and negotiating with developers about works in kind and DCP credits.
- 137. It would be useful to identify DCP priorities in terms of short, medium and long term to support implementation planning work that will be undertaken by the Collecting Agency. This is especially important for land costs associated with drainage projects given their scale and cost and likely necessity for early delivery.

## 6. SUMMARY OF SUBMISSIONS

### 6.1 Identification of DCP Projects

- 138. Several submissions questioned whether community infrastructure projects should be funded via the DCP, why linear open space within a road reserve is to be funded via Clause 53.01, and why the DCP did not include the extension to existing bridges or construction of new bridges over Moonee Ponds Creek to facilitate cyclists.
- 139. In response it is noted that community infrastructure projects are considered basic and essential and have long been recognised as allowable DCP items. The community projects included in the Part A DCP serve broader catchments and have therefore been attributed external apportionment.
- 140. In my opinion, appropriate background investigations have been prepared in relation to community infrastructure requirements/needs and it is noted that additional funding from sources other than the DCP will be required in order to deliver the infrastructure.
- 141. With regard to why the DCP does not include additional projects such as bridge connections to facilitate cycle access, this is a matter that needs to be addressed within the context of the Structure Plan and the land use and transport priorities that are contained within the plan however it is noted that the cost of such infrastructure would exceed the costs that can be funded within the reduced contributions.

142. In terms of whether it is appropriate to use clause 53.01 to fund linear open space it is noted that widened or embellished road reserves are typically funded via DCPs whereas passive open space is commonly funded via Clause 53.01.
143. In this context, the mechanism that is used to deal with the land is of lesser importance to the first question which is whether such land serves an open space function or other purpose within the planned mixed-use environment.
144. Although extending beyond my brief in preparing this evidence statement, I note that widened road reserves that accommodate central medians are commonly associated with higher density, mixed use environments in the inner parts of Melbourne and that such spaces offer context and relief for high density, mixed use development.

## 6.2 Yield

145. Concern was raised regarding the basis of the yield forecast for the Arden precinct.
146. In other development settings (such as within greenfield areas) there is relatively little risk that development projections (typically number of dwellings) will not be realised as a per hectare 'flat' charge is typically applied.
147. In an infill development setting however where significant redevelopment is being planned for there is a need to confirm the capacity and development projections as a key input that is used to calculate the revenue potential of the DCP.
148. As per previous advice, it is recommended that the basis of the demand units is reviewed and confirmed and that the demand units included in the DCP represent the full development yield as at 2051 for all development that will generate a need for the proposed DCP infrastructure i.e. including existing development and development that is exempt from paying DCP charges but that generates a need for the infrastructure.
149. The DCP should then specify the proportion of revenue that will be received via the projected future development.

## 6.3 Calculation of Charges and Affordability

150. Concern was raised that the proposed DCP does not include full cost recovery.
151. Other submissions raise concern regarding the impact of the proposed DCP levies on housing affordability resulting from the cumulative impact of the different taxes and charges imposed upon development.
152. In response it is noted that a DCP is not a full cost recovery mechanism, it is designed to seek a 'contribution' from development to fund the shared, higher order infrastructure that benefits the main catchment and it is required to include an allowance for external demand (where external demand is relevant).
153. Based on the infrastructure needs that have been identified (including drainage infrastructure) it is apparent that the vision for Arden will not be able to be realised without Government intervention and adoption of a central funding, land acquisition and delivery of catalyst infrastructure role.
154. It would be inappropriate in this context for the DCP to adopt a full cost recovery approach which would be likely to significantly impact on the cost and affordability of development.
155. It is noted in this context that the proposed DCP includes reduced contributions.

## 6.4 Implementation

### Exemptions

156. Several submissions seek alterations to the current exemptions to pay contributions under the proposed DCPO3.
157. Exemptions are sought in relation to affordable housing, land subject to a proposed PAO, specific sites such as the North Melbourne Football Club, registered Australian charities, non-for-profit organisations, and alternations to existing businesses regardless of the additional floor space delivered.
158. Several submissions raised concern regarding the need to provide 6% of affordable housing and pay development contributions on this development.
159. In response, it is noted that no evidence has been produced to demonstrate that these uses do not generate need for the proposed infrastructure.
160. Submitters have typically sought exemptions on the basis that such organisations are charity based or not for profit.
161. In the absence of any tangible demonstration that such uses do not generate the demand for the proposed infrastructure, I note that the planning authority has the ability to exempt uses but that any such decision is a policy matter.
162. I also note that if additional exemptions are to be considered by the planning authority that the exemption would cause a funding gap that would need to be met by others or to be treated as external apportionment which also has funding implications.

### Securing land projects

163. Submissions were received requesting implementation of PAO's to secure land required for DCP projects and questioning why ancillary open space required for a DCP project is not valued.
164. The Amendment proposes to introduce PAO8 and PAO9 to secure multiple properties to deliver several road and drainage projects.
165. Adoption of this approach significantly reduces the financial risk to the City of Melbourne as the Collecting/Development Agency as the Government will secure land for DCP drainage and road projects that is valued in excess of \$137M.
166. The approach to including land projects in the DCP with or without an accompanying PAO is a practice that has been adopted in many DCPs.
167. With regards to ancillary open space, it is understood that this classification of open space refers to privately held land that is encumbered via inundation or service easements etc.
168. I am of the view that if privately held land is required for a public purpose then the land is to be valued and included in the DCP. If the required land is encumbered, then the estimate of value will reflect this accordingly.

### Role of State Government Land

169. A submission raised the important role of state government land holdings within the precinct and the opportunity for these properties to directly deliver specific projects that could then be removed from the DCP.
170. In my opinion, the presence of large government land holdings within the precinct is a key strategic advantage to the future implementation of the DCP and realisation of the vision for Arden.
171. As per previous advice, it is recommended that before any Government owned land is sold or released for development purposes that such land is accompanied by development agreements that secure land and/or delivery of DCP projects.

## Timing of Project Delivery

172. Several submissions noted the importance of delivering key infrastructure, notably drainage infrastructure, early on to facilitate development of the precinct and deliver the vision for Arden.
173. The Part A DCP includes several significant projects that are supported by the State Government through the introduction of PAO8 and PAO9 that will require co-ordination between City of Melbourne and Melbourne Water.
174. In light of the importance of this infrastructure, it would be beneficial if the DCP includes indicative infrastructure staging timeframes which reflect the projected staging of infrastructure projects in the short, medium and long term across the 25-year development horizon.

## Funding Gap

175. Concern was raised regarding the funding gap created through the proposed DIL caps for residential, retail and commercial development.
176. The funding gap is estimated to be approximately \$58M (which includes \$14M attributed to external apportionment).
177. Whilst the Part A DCP does not directly attribute this gap to the State Government, it is understood that the VPA prepared the DCP on that basis, the State Government is introducing PAO8 and PAO9 whereby land will be secured for drainage and road projects that are worth in excess of \$137M.
178. It is recommended that the funding gap is deducted from the land costs attributed to the DCP projects to be secured via PAO8 and PAO9 i.e. Council as the Collecting Agency transfers to Government the balance of funds that is the difference between the total cost of the land DCP projects secured as stipulated in the Part A DCP minus the funding gap.
179. It is recommended that the DCP is amended to include text to explain how the funding gap will be met by the State Government.

## 7. CONCLUSION

180. Table 3 reviews each of the observations and recommendations made in the Mesh Peer Review (2021) against the revised Part A DCP (2022).

Table 3: Comparison between Peer Review comments on August 2021 DCP and Part A DCP (January, 2021),

No.	Peer Review Comment/ Recommendation	Part A DCP & DCPO Response to Peer Review comments
<b>Regarding technical inputs that informed the preparation of the draft DCP:</b>		
1	Recommend that that the VPA ensures it is comfortable with a potential difference between yield/population projections used in background technical studies and those applied to the DCP; and	The background reports appear to reference the same demand units in the DCP, however it is still unclear as to what the total demand units (combined existing and future demand) of the precinct are as the DCP uses an 'applied yield' that has been discounted to remove exempted uses and existing development. No evidence has been provided to suggest that these uses do not generate a need for the proposed infrastructure.
2	Recommend making all background technical documents that have informed the drafting of the DCP available during public consultation including the Arden Central Drainage Investigation prepared by Engeny in 2021.	Background reports have been made available

No.	Peer Review Comment/ Recommendation	Part A DCP & DCPO Response to Peer Review comments
<b>Regarding the methodology used to calculate the DCP levy</b>		
3	Supportive of the application of a single charge area because of the high-density and mixed-use nature of the precinct meaning all areas of the precinct will likely draw equal use of proposed infrastructure items;	No change proposed in Part A DCP.
4	Supportive of the application of a “bottom-up approach” to determining yield potential in Arden (i.e. based on development potential);	Clarification that this comment relates to residential development yield only.  It is noted that the City of Melbourne has expressed concern regarding the inputs used to determine the developable land upon which the potential yield has been based.  The retail and commercial floor space projections are subject to separate evidence.
5	Recommend inclusion of assumptions, methodology and data that have been used to calculate projected development yields and equivalency ratios in the DCP document for useability and transparency, especially to assist future DCP reviews;	The Part A DCP includes additional explanatory text and tables outlining how the demand units and equivalence ratios have been used and applied to each infrastructure category.  As per previous comments the basis of the projected total yield for commercial development is not specified.  The retail and commercial floor space projections are subject to separate evidence.
6	Supportive of the ‘per capita’ based apportionment to calculate equivalency ratios for transport projects;	No change proposed in Part A DCP.
7	Concern about applying the principle that retail and commercial users will generate the same need for open space as residential users; and	Clarification that the retail and commercial uses fund the equivalent of 71% of residential uses for open space projects. It is agreed that retail and commercial uses should fund a discounted proportion of the open space projects.
8	Listed projects are consistent with the DCP Guidelines however the definition of what is ‘basic improvements to public open space’ in the Arden context may be scrutinised.	No change proposed in Part A DCP.
<b>Regarding open space and drainage:</b>		
9	Recommend increasing transparency of the DCP by describing the different types of categories of open space (capital city, waterway and drainage reserve, other uncredited, existing open space, credited open space) in the DCP such as a table or in a glossary of terms;	Definitions have been added to the glossary but there are still multiple categories of open space.
10	Observation that there may be disagreement about whether or not linear open space located in a road reserve can be classed as open space;	No change proposed in Part A DCP.
11	Observation that the provision of public open space in the DCP is 6.54% whereas the minimum open space in the Melbourne Planning Scheme is identified as being 7.06% which means there is excess funds	Part A DCP proposed 6.55% of land for open space purposes.

No.	Peer Review Comment/ Recommendation	Part A DCP & DCPO Response to Peer Review comments
	collected through Clause 53.01 for open space projects currently not allocated;	
12	Observation that multiple mechanisms to fund open space which could make implementation challenging for the Collecting/Development Agency and applicant;	No change proposed in Part A DCP.
13	Recommend that the Clause 53.01 contribution mechanism for public open space might not be reliable within the Arden development context and a preferable approach would be to include the Clause 53.01 contributions within the DCP as a funded project;	No change proposed in Part A DCP.  Recommendation for a single mechanism to deliver all open space.
14	Observation that the DCP proposes to fund the land acquisition for the main drainage facility but that the URCS will fund the construction projects. It is unclear why this distinction has been made noting that other equivalent schemes would also include the land component;	No change proposed in Part A DCP.
15	Observation that identifying need/nexus associated with drainage infrastructure may be required to determine appropriate cost apportionment applied to the DCP, including the relationship between drainage infrastructure funded by the DCP for Arden (as distinct from Macaulay) and infrastructure funded via the Urban Renewal Cost Recovery Scheme (URCS);	No change proposed in Part A DCP.  However, I am comfortable with the current approach given: -
16	Observation that it is unclear whether the Arden DCP area generates the need for the entire land area that is proposed to be funded for drainage as there is some reference to the facility being designed to manage a broader need.	<ul style="list-style-type: none"> <li>&gt; the Part A DCP proposes to cap the proposed DIL charges at a discounted rate than what is required to fund the total project cost attributed to the Part A DCP; and</li> <li>&gt; State Government is introducing PAO8 and PAO9 which will secure in excess of \$137M worth of land projects – the majority of which is required for drainage project DR-02, which will significantly de-risk the Part A DCP and the liability resting with Council as the Development Agency.</li> <li>&gt; Delivery of the infrastructure will also stimulate development.</li> </ul>
<b>Regarding implementation of the DCP</b>		
17	Observation that land acquisition for drainage projects is a significant component of the total cost of the DCP and that the cost of land is not fixed by the DCP, therefore poses a risk to the Collecting/Development Agency in terms of a funding shortfall and is symptomatic of the limitations of the DCP system and DCP legislation;	The State Government is introducing PAO8 and PAO9 to secure multiple properties to deliver road and drainage infrastructure including all of the land required for drainage project DR-02 which has an estimated land value of \$137M which makes up 60% of the proposed DCP total land costs.
18	Observation that a significant landholding is under the ownership of State Government, recommendation to explore an arrangement where infrastructure items and/or land within the government ownership are provided through a development agreement. This would reduce the total cost of the DCP and serve to de-risk a large proportion of the DCP;	The presence of large government land holdings within the precinct is a key strategic advantage to the future implementation of the DCP and realisation of the vision for Arden.  As per previous advice, it is recommended that before any Government owned land is sold or released for development purposes, that such land is accompanied

No.	Peer Review Comment/ Recommendation	Part A DCP & DCPO Response to Peer Review comments
		by development agreements that secure land and/or delivery of DCP projects.
19	Observation that the levies identified in the draft DCP are higher than comparison infill DCP levies however this should not influence the calculation of the levy;	<p>No change proposed in Part A DCP.</p> <p>VPA Part A submission notes that Melbourne Water have nominated a preliminary contribution rate of \$80-90 per square metre of gross leasable floor area to be levied across all development with the Arden precinct. If a dwelling is 65m<sup>2</sup> in size this would result in a charge of \$5,850 per dwelling under the URCRS. Therefore, this charge needs to be added to the cap of \$21,500 per dwelling to determine the total combined infrastructure charges under the DCP and URCRS but excluding Clause 53.01.</p> <p>Note that a cap on all DIL rates is proposed, which results in a funding gap of approximately \$44M-\$58M.</p>
20	Observation that affordable housing is not exempt from paying contributions; and	<p>No change proposed in Part A DCP.</p> <p>It is noted that the planning authority has the ability to exempt uses but that any such decision is a policy matter.</p> <p>If additional exemptions are to be considered by the planning authority that the exemption would cause a funding gap that would need to be met by others or to be treated as external apportionment which also has funding implications.</p>
21	Recommend identify infrastructure delivery priorities in terms of short, medium and long term to assist with planning capital expenditure and negotiating with developers about works in kind and DCP credits.	<p>No change proposed in Part A DCP.</p> <p>Considering the importance of this infrastructure, it would be beneficial if the DCP includes indicative infrastructure staging timeframes which reflect the projected staging of infrastructure projects in the short, medium and long term across the 25-year development horizon.</p>

**APPENDIX 1 – CVs**



## Chris De Silva

executive director.

office. +61 3 9070 1166

mobile. 0418 148 605

email. [chris@meshplanning.com.au](mailto:chris@meshplanning.com.au)

2021

PLANNER OF THE YEAR



PLANNING INSTITUTE OF AUSTRALIA  
NATIONAL AWARDS FOR PLANNING EXCELLENCE 2021

Chris De Silva is highly respected in the planning industry for his ability to conceptualise the strategic merits of any given project.

Chris has over 30 years experience as a planner, primarily in the specialized field of growth area planning.

Spending 18 years at the City of Whittlesea, occupying the positions of Manager Strategic Planning and Director Planning and Development Chris was broadly responsible for conceptualising and implementing the Whittlesea Growth Areas framework. This process involved in-house preparation of Precinct Structure Plans for each of the growth areas and formulation of integrated transport plans and development contributions plans for the City.

The approach adopted by the City under Chris's guidance culminated in a total of 11 State awards from the Planning Institute of Australia for Planning Excellence and visits from all other growth areas.

education.

+ Bachelor of Applied Science (Planning) RMIT University

employment.

+ 2009 – Mesh, Director

+ 2008 – Villawood Properties, Strategic Development Director

+ 1991 – City of Whittlesea, Director of Planning and Development (and formerly Manager Strategic Planning)

+ 1990 – Wilson Sayer Core, Town Planner

key projects.

Chris has been the mastermind behind the following key projects:

+ Armstrong Creek West Precinct Structure Plan and Development Contributions Plan, Geelong

+ Wollert Precinct Structure Plan, Whittlesea

+ Davies Hill, Woodend

+ Strathfieldsaye East Development plan, Bendigo

+ Schofields Indicative Layout Plan Urban Design Review, New South Wales

+ Trillium Estate Masterplan, Hume

+ Redstone Hill Masterplan and Town Centre, Sunbury

+ Greenvale Central Precinct Structure Plan and Masterplan, Hume

+ North of the Merri Local Structure Plan, Development Contributions Plan and Development Plan, Warrnambool

+ Crinigans Road Development Plan, Morwell

+ Cross' Road Development Plan, Traralgon

# mesh

Level 2, 299 Clarendon Street, South Melbourne, VIC 3205

phone. +61 3 9070 1166 [meshplanning.com.au](http://meshplanning.com.au)





## Jo Fisher

associate director planning.

office. +61 3 9070 1166

email. jo@meshplanning.com.au

Jo's extensive knowledge affords her the ability to review and prepare implementation models in a fair and equitable manner.

Jo is a strategic planner with 14 years experience in the public (local and state) and private sectors. Jo has joined the Mesh team after working at the Growth Areas Authority (GAA now VPA) as a Structure Planning Manager. Her role at the GAA involved the preparation of Precinct Structure Plans and DCP across Melbourne's growth areas.

Jo has a particular interest in the "on-the-ground" outcomes of the various strategic plans she has worked on and she has extensive experience in the development and implementation of development contribution plans.

Specialising in infrastructure funding implementation and review, high level strategic plans, development plan preparation and review, planning scheme amendments. Her knowledge affords her the ability to review and prepare implementation models to support projects to get off the ground in a fair and equitable manner.

education.

- + Masters in Regional and Resource Planning
- + Bachelor in Science (Geography)

employment.

- + 2012 – Mesh, Principal Consultant Urban Planning
- + 2008 – Growth Areas Authority (now VPA) Structure Planning Manager
- + 2004 – Whittlesea City Council Multiple Strategic Planning Roles
- + 2003 – Ratio Consultants, Strategic Planner

key projects.

A selection of major projects Jo has worked on include:

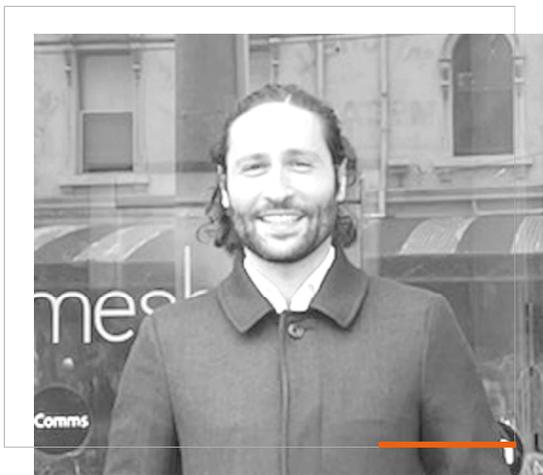
- + Fishermans Bend Infrastructure Contributions Plan (draft), Fishermans Bend Taskforce
- + Fishermans Bend Infrastructure Funding Case Studies, City of Port Phillip
- + Peer review of City of Yarra Municipal DCP, City of Yarra
- + Peer review of the Josephs Road DCP, Maribyrnong City Council and VPA
- + Assisting the VPA with the translation of recent ICPs into the new ICP template to reflect the new land contribution model
- + Maiden Gully DCP, Huntly DCP, City of Greater Bendigo
- + Huntly DCP, City of Greater Bendigo
- + Wangaratta North & South DCPs, Rural City of Wangaratta
- + North Dennington DCP, Warrnambool Shire
- + Implementation and Management of Whittlesea's DCPs, City of Whittlesea
- + Advice to DELW&P regarding the Infrastructure Contributions Plan system

# mesh

Level 2, 299 Clarendon Street, South Melbourne, VIC 3205

phone. +61 3 9070 1166 [meshplanning.com.au](http://meshplanning.com.au)





## John Petrakos

associate planner.

office. +61 3 9070 1166

mobile. 0402 752 161

email. [john@meshplanning.com.au](mailto:john@meshplanning.com.au)



John is passionate about town planning and brings experience and expertise to all stages of the strategic planning lifecycle.

With over 10 years' experience, John brings valuable insight into strategic planning at every level - how to prepare strategic plans; resolving issues during the planning scheme amendment process; and quickly identifying likely challenges at the permit stage.

John's experience of strategic planning at state, local and subdivision levels, alongside 5 years of contributions to the work of the Planning Institute of Australia, has given him the skills to quickly assess the *line of sight* of planning policy intent. This assists him with focusing time and effort on the matters that have the most impact.

John places great importance on building relationships with those he works with across the whole strategic planning lifecycle and takes pride in offering well thought through solutions based on robust evidence.

Whether you are a state, local or private practitioner, John will be able to assist you with preparing and implementing strategic plans or policy as well as navigating the Victorian Planning System.

### education.

+ Bachelor of Arts, La Trobe University

+ Masters in Urban Planning, University of Melbourne

### employment.

+ 2021 - Mesh, Associate Planner

+ 2017 - VPA, Strategic Planning Manager

+ 2015 - VPA, Senior Strategic Planner

+ 2014 - VPA, Precinct Structure Planner

+ 2012 - DELWP, Policy Officer

+ 2011 - DELWP, Graduate Planning Policy and Reform Officer

### professional.

+ 2021 - Victorian Representative at PIA National

+ 2020 - Convener of PIA's Victorian Planning Awards

+ 2019 - PIA Victoria Vice President

+ 2016 - PIA Victoria Member Representative

### key projects.

A selection of projects John has worked on since joining Mesh include:

+ Epping Central DCP review, Whittlesea Council

+ DCP Software Gap Analysis, Regional DCP Forum

+ Creamery Road PSP

+ Arden DCP Peer Review, VPA

# mesh

Level 2, 299 Clarendon Street, South Melbourne, VIC 3205

phone. +61 3 9070 1166 [meshplanning.com.au](http://meshplanning.com.au)



