

Preston Market Precinct

BACKGROUND REPORT

MAY 2021





Traditional owner acknowledgement

Aboriginal people have lived on the land now called Preston for tens of thousands of years. We acknowledge Aboriginal people as Australia's first peoples and as the Traditional Owners and custodians of the land and water on which we rely.

We recognise and value the ongoing contribution of Aboriginal people and communities to Victoria and how this enriches us. We embrace the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice.

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CONTENTS

1.0	INTRODUCTION	1	10.0	HOUSING	12
2.0	PROJECT BACKGROUND	2	10.1	Planning Benchmarks	12
2.1	Project Location and Context	2	10.2	Darebin Housing Strategy	12
2.2	Review of Planning Controls	3	10.3	Response	13
2.3	OVGA Review of Scenarios	3	11.0	AFFORDABLE HOUSING	14
2.4	Direction to prepare a Structure Plan and Planning Scheme Amendment	3	11.1	Response	15
2.5	Recent planning approvals	3	12.0	PUBLIC OPEN SPACE	16
3.0	PLANNING CONTROLS REVIEW	4	12.1	Breathing Space: The Darebin Open Space Strategy 2019	16
3.1	Response	4	12.2	Preston Market Precinct Public Open Space Needs Assessment	16
4.0	COMMUNITY ENGAGEMENT	5	12.3	Preston Market Precinct Public Open Space Analysis (2020)	16
4.1	Preston Market Site Review Engagement (Phases 1 and 2)	5	12.4	Response	16
4.2	Preston Market Precinct Engagement (Phase 3)	5	13.0	ECONOMIC IMPACT	17
4.3	Response	6	13.1	Retail Activity Centre Strategy	17
5.0	URBAN DESIGN	7	13.2	Preston Market Development Potential and Economic Impact Assessment	17
5.1	Response	7	13.3	Response	18
6.0	DRAINAGE	8	14.0	SOCIAL INFRASTRUCTURE	19
6.1	Response	8	14.1	Response	19
7.0	TRANSPORT AND CAR PARKING	9	15.0	ENVIRONMENTAL SUSTAINABILITY	20
7.1	Response	9	15.1	Darebin Planning Policy Framework	20
8.0	MARKET HERITAGE	10	15.2	VPA Sustainability Report	20
8.1	Aboriginal Heritage	10	15.3	Response	20
8.2	Market Heritage	10			
8.3	Response	10			
9.0	MARKET CHARACTER AND IDENTITY	11			
9.1	Response	11			

1.0 INTRODUCTION

This report summarises the following background and technical studies that have helped inform preparation of the Preston Market Precinct Structure Plan:

- *Preston Market - Peer review of Heritage Study Documentation*, GJM Heritage, August 2018
- *Preston Market Planning Review: Planning Benchmarks and Tools*, TQ Urban Planning – Final Report (July 2019), Final Report Appendices (July 2019), Final Report Addendum (October 2019)
- *Preston Market Development Potential and Economic Impact Assessment*, MacroPlanDimasi, April 2019
- *Peer Review of Preston Market: Development Potential and Economic Impact Assessment*, SGS Economics and Planning, September 2019
- *Preston Market PSP – Final Review of Economics Advice*, Deep End Services, 27 October 2020
- *Preston Market Precinct Engagement Report*, RPS, July 2019
- *Preston Market Phase 2 Engagement Findings Report*, Capire, September 2018
- *Preston Market Draft Affordable Housing Strategy*, Affordable Development Outcomes, November 2020
- *Preston Market Quarter Identity Study*, Hello City, August 2019
- *Stormwater Drainage Assessment Report*, Cardno, 3 September 2019
- *Social Infrastructure Assessment*, ASR Research, November 2019
- *Preston Market Transport and Car Parking Strategy*, Cardno, May 2021
- *Preston Market Precinct - Public Open Space Needs Assessment*, Mesh Consultants, May 2020
- *Environmental Sustainability Report*, VPA, June 2020
- *Preston Market Development Principles and Options Review*, MGS, March 2020
- *Urban Design Report – Preston Market Precinct*, Architectus Australia Pty Ltd, May 2021
- *Heritage Design Guidelines: Preston Market*, GJM Heritage, 12 June 2020

The Structure Plan provides the long-term framework to guide growth at a higher density in the precinct. It includes the long-term vision for the precinct, as well as objectives and actions to guide future development. It is also supported by an amendment to the Darebin Planning Scheme that introduces planning controls that reflect the future vision for the precinct.

The Plan was prepared by the Victorian Planning Authority (VPA) in consultation with the City of Darebin, state government agencies, the market precinct landowners, local traders and wider community.

2.0 PROJECT BACKGROUND

2.1 Project Location and Context

The Preston Market Precinct is located 10 kilometres north of Melbourne’s Central Business District (CBD). It is approximately 5.1 hectares in area and bordered by Murray Road to the north, Cramer Street to the south, St Georges Road to the west (excluding the existing apartment building and rail corridor) and Mary Street and the High Street retail and commercial strip to the east (refer to Figure 1)

The precinct is identified in the *Plan Melbourne 2017-2050* metropolitan planning strategy as a Strategic Development Site in the Preston High Street major activity centre. It has excellent access to public transport and a range of services, facilities and amenities.

The precinct accommodates the privately owned Preston Market, an Aldi supermarket, Centrelink office, Asian grocer and uncovered ground-level car parking area.

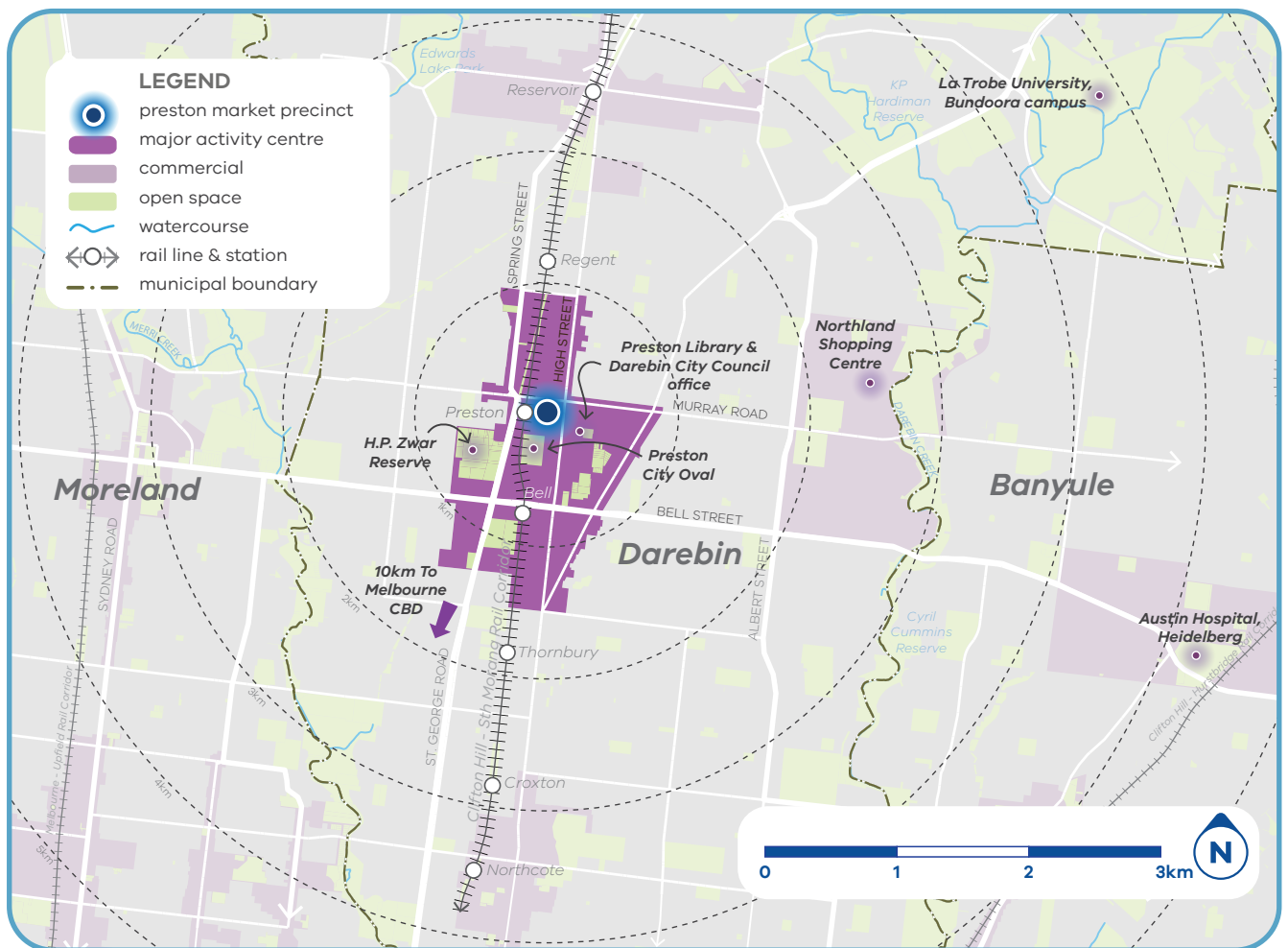


Figure 1: Location Plan

Darebin Planning Scheme

Under the Darebin Planning Scheme, the precinct is currently in a Priority Development Zone Schedule 1 and has the *Preston Market Incorporated Plan March 2007* in place. This Incorporated Plan encourages the continuation of a fresh food market as well as a vibrant mix of land uses. The Plan nominates preferred single storey building heights for part of the market component and between 8 and 10 storeys for the remainder of the precinct.

Under Clause 21.03 (Housing) of the Darebin Planning Scheme the precinct is in an area identified as a ‘substantial housing change area’ and falls within the category of ‘Strategic Opportunity Sites’ as outlined at Clause 21.03-1. The precinct is also identified as being in the Preston Central Activity Centre

by the Strategic Economic Development Framework Plan at Clause 21.04 (Economic Development) of the Scheme.

Any development of the precinct must address local planning policy Clause 22.12 (Environmentally Sustainable Development) which is a policy committed to creating an environmentally sustainable city.

The precinct is currently affected in part by an Environmental Audit Overlay (EAO) due to the site's previous use as a tannery, a Special Building Overlay (SBO) due to potential overland flows from the urban drainage system, and the municipal-wide Development Contributions Plan Overlay (Schedule 1) (DCPO1) to assist fund local infrastructure.

2.2 Review of Planning Controls (refer also to section 3)

In August 2017, the Minister for Planning requested the VPA to review planning controls in the precinct. The VPA's review was completed in October 2018.

To provide protection to the market during the VPA's review, the Minister applied a nine metre Interim Height control over the existing market buildings that has been extended to expire on 30 December 2021.

2.3 OVGA Review of Scenarios

As part of the Planning Controls Review, the Office of the Victorian Government Architect (OVGA) provided feedback on early layout scenarios for the precinct in August 2018 and, in particular, how the preparation of new controls might:

- Contribute to the creation of a stronger overall sense of place, and
- Provide a high amenity public space area that links with Preston Station and key pedestrian routes.

Feedback from the OVGA regarding the Planning Scheme Amendment was on the following aspects:

- Define the minimum public realm needed
- Provide clarity on movement networks
- Consider staging
- Set a target percentage of affordable housing, and
- Require clarity on ESD aspirations.

2.4 Direction to prepare a Structure Plan and Planning Scheme Amendment

Following completion of the Planning Controls Review, the Minister gave Planning Authority status to the VPA and directed the VPA to prepare a structure plan and an amendment to the Darebin Planning Scheme to guide future development in the precinct.

2.5 Recent planning approvals

Planning permits issued for new development in the precinct include:

- Planning Permit D/285/2015: construction of a part six-storey and part nine-storey apartment building at 30 Cramer Street (north-east corner of St Georges Road) with ground floor shops, a reduction in car parking, waiver of loading bay requirements and alteration of access to a Road Zone Category 1
- Various planning permits to enable cosmetic improvements and minor extensions to the existing market buildings
- Planning Permits D/393/2016 and D/398/2016 on the north-west corner of the Preston market site, fronting Murray Road:

- D/393/2016: for a 14-storey building accommodating 155 dwellings and a reduction in car parking requirements

- D/398/2016: for two 10-storey buildings accommodating 128 dwellings, re-location of the Aldi supermarket, retail, offices, a reduction in car parking and alteration to vehicular access to Murray Road

- The applications were assessed concurrently and refused by the Council. They were subsequently considered and approved by the Victorian Civil and Administrative Tribunal (VCAT).

3.0 PLANNING CONTROLS REVIEW

On 6 August 2017, the Minister for Planning asked the VPA to review planning controls across the Preston Market precinct. The review assessed current controls against relevant local and state planning policy and the recommendations of a Community Reference Group (CRG) set-up during the first phase of community consultation.

The first part of the VPA's review was completed in October 2018. To provide protection to the market during the VPA's review, the Minister applied a nine metre Interim Height Control over the existing market buildings. That control originally expired on 30 June 2019 but has been extended to 30 December 2021.

The *Preston Market Planning Review Report* identified:

- Misalignment between existing planning controls and the strategic intent expressed in Plan Melbourne
- Insufficient certainty in current controls regarding key elements of future development
- The market precinct's strategic location and isolation from sensitive land uses lends itself to a potential increase in the intensity and diversity of land uses to improve the vibrancy of the activity centre and deliver a sustainable and liveable 20-minute neighbourhood
- Gaps in evidence relating to community infrastructure, retail mix, employment, public realm, open space provision and other matters
- Weak provisions in the Incorporated Plan to support the ongoing operation of a fresh food market
- Current development approvals do not adequately address the provision of affordable housing
- A set of guiding principles and objectives to inform the next stages of this process, including the development of planning controls for a planning scheme amendment.

The VPA also prepared the following draft vision for the precinct, which was informed by the vision for the market produced by the CRG (refer to section 1 of the Preston Market Planning Review) and relevant state and local planning policy.

"The Preston Market site is a thriving place with a fresh food market at its core, complemented by housing; office and retail jobs; community services; and vibrant and accessible public spaces.

Continuing its role as the gateway to Preston, the site welcomes a diverse community from the local area and across Melbourne."

3.1 Response

In response to the Planning Review report, the Minister for Planning directed the VPA to prepare a structure plan and planning scheme amendment for the precinct. The structure plan and amendment:

- Reflect the strategic intent expressed in *Plan Melbourne*, which seeks to integrate land use, infrastructure and transport planning and deliver 20-minute neighbourhoods
- Provide strategies and planning controls that will deliver planning certainty to the community and landowners about future development expectations in the precinct
- Set out a strategic vision for the precinct as a higher density location for more jobs, housing and support services in close proximity to a range of transport options
- Build on evidence to set out requirements for a range of future land uses in the precinct, including community infrastructure, public realm and open space
- Seek to retain a vibrant fresh food market in the precinct
- Require the provision of affordable housing in any future development
- Require the collection of developer contributions towards essential infrastructure to be delivered in association with the re-development of the site
- Require the provision of open space to be delivered on site
- Apply heritage protection and heritage design guidelines to inform the extent of retention of existing built form of the Preston Market and guidance on development of the site to respect the identified heritage significance
- Support ESD considerations as part of any new development in the precinct

4.0 COMMUNITY ENGAGEMENT

Preparation of the Preston Market Precinct Structure Plan and planning scheme amendment has included several stages of community engagement.

4.1 Preston Market Site Review Engagement (Phases 1 and 2)

The Phase 1 Engagement was carried out with the assistance of the Capire Consulting Group. The Engagement commenced on 12 February and concluded on 20 April, 2018. Phase 1 Engagement focussed on understanding the market and its identity.

The Phase 2 Engagement, also carried out by Capire Consulting Group, commenced on 9 July and concluded on 3 August in 2018. Phase 2 Engagement activities included pop-up sessions in the market, community drop-in sessions, trader interviews, trader meetings, on-line engagement and establishment of a Community Reference Group.

The CRG participated in a series of exploratory workshops that prepared the following vision for the precinct.

The Preston Market site is a vibrant and diverse place for community to gather around food and celebrate culture.

Following completion of the engagement program, Capire prepared the *Preston Market Site Review Phase 2 Engagement Findings Report* (24 September 2018). The report provides an overview of the initial engagement program and its findings.

4.2 Preston Market Precinct Engagement (Phase 3)

A further period of community engagement was carried out over four weeks between May and June 2019 with the assistance of the RPS Group. It focussed on identifying matters of importance to the community for consideration in any future redevelopment of the precinct. The engagement program comprised:

- An online survey
- Meetings with landowners, community action groups, traders and business owners, local (non-market) business owners and operators and Level Crossing Removal Project representatives
- Two day-time 'pop-up' displays at Preston Market and intercept discussions with stall holders and local businesses along High Street
- An evening community 'display and discuss' session
- 'kitchen table discussions' held by Council staff with culturally and linguistically diverse community members
- Three deliberative workshops held with a broadly representative cross-section of randomly selected community members.

The deliberative workshops were with 24 community representatives who were selected through a random sampling process. The workshops explored key structure planning elements for the future development of the precinct. Feedback included the importance of providing the following elements:

- Green, open spaces
- Pedestrian-centred outcomes
- Sustainable outcomes
- Market character.

The outcomes from this phase of engagement are reported in the *Preston Market Precinct Engagement Report* (July 2019).

Key findings from the engagement program were that the most important matters to participants when considering the future of the Preston Market Precinct were:

- Green, open spaces: the provision of green open space in the precinct is the most important consideration for participants
- Pedestrian-centred: having a pedestrian-centred space was strongly preferred, as was providing the safe separation of pedestrians from other traffic and access across and through the site
- Sustainability: participants identified sustainability as a key consideration in the future of the precinct, including the use of green building materials, solar access, energy efficiency and green-star buildings
- Market character: maintaining the intangible essence of the market was an important consideration. This included the range and diversity of offerings, affordability, providing a welcoming and inclusive space, having a range of stallholders, cultural diversity and 'grunge' aesthetic
- Market location: for the majority of participants, the location of the market was not a concern.

In consideration of trade-offs that could apply in the precinct's future development, the two most important community preferences were:

- Providing a range of open, green spaces is more important than limiting building height, and
- Creating a pedestrian-centred, accessible precinct is more important than creating a car-centred space.

4.3 Response

The Structure Plan responds to community feedback by adopting a vision for the precinct informed by the feedback received, and by including the five principles and objectives that were developed through the process of community consultation and the input of the CRG during the initial phases of engagement in 2018.

The Structure Plan and amendment documents also respond by providing for:

- Green, open spaces: a 10% public open space contribution (6% as land within the precinct and 4% as a cash contribution for other open space improvements)
- Pedestrian-centred: walking and cycling as the priority means of transport throughout the precinct, as well as a focus on public transport access to the precinct
- Sustainability: new development to deliver 6 Star Green Star Communities and Design & As Built ratings, as well as the City of Darebin's local sustainability policy and best practice water, energy and waste management outcomes
- Market character and location: retention of a fresh food and variety market that has a prominent frontage to Cramer Street and reflects and maintains the existing market's character and heritage.

5.0 URBAN DESIGN

The *Urban Design Report - Preston Market Precinct*, Preston (May 2021) was commissioned by the VPA and prepared by Architectus Australia Pty Ltd.

The scope of the review was to determine appropriate land use outcomes for the site, along with providing urban design framework recommendations to ensure that the future redevelopment of the site:

- Provides high levels of community and residential amenities
- Manages visual and solar impacts
- Integrates with the local Preston character.

The Strategy identified and tested scenarios based on various design scenarios that included a market function, mix of residential and non-residential uses and public open space. A range of building height and density outcomes were explored. Considerations to minimise the impacts of overshadowing, overlooking, privacy and ensure access to communal and public space, as well as integrate with the desired future streetscape character of Preston, were included within the methodology.

The final Concept plan in the report responds to the methodology by creating strong links from the market to the High Street shops, a frontage to Cramer Street and opportunities for shared service access. It provides opportunities for the more efficient layout of developable blocks to reduce the overall building density across the site. Importantly, it also features Preston Market as a celebrated centrepiece to the future redevelopment.

The outcome of the urban design analysis resulted in recommendations addressing:

- Urban structure
- Market location
- Activity and land use
- Built form
- Public realm
- Movement and access

5.1 Response

The Structure Plan and planning scheme amendment respond to the urban design recommendations by:

- Proposing a land use framework and urban structure that will enable the Precinct to be divided into smaller development blocks by establishing sub-precincts that respond to existing and differing interface conditions
- Encouraging high quality architecture and urban design
- Encouraging development at a variety of scales and forms that correspond with the precinct's surrounds and strategic context and complement the precinct's interface with adjoining areas
- Encouraging the use of materials that reflect the character and diversity of Preston
- Anchoring the market around public space and along key pedestrian connections
- Positioning taller built form to the northern edge and railway interfaces of the precinct, to reduce the overshadowing of key public spaces and avoid overshadowing of Preston City Oval
- Including strategies to aim for a precinct that is highly pedestrianised with activated frontages along key pedestrian routes.

6.0 DRAINAGE

The *Stormwater Drainage Assessment Report* (3 September 2019) was commissioned by the VPA and prepared by Cardno. The study investigated stormwater drainage matters associated with Preston Market Precinct and the development areas north and south of the train station.

In summary, the report made the following recommendations:

- Drainage issues are not significant enough to prevent development of the precinct
- Drainage issues can generally be addressed through individual building design rather than large scale mitigation works
- Predicted 100-year overland flow levels can be effectively managed by providing for vehicle accessways through the precinct
- Flooding potential is less serious than suggested by the boundaries of the Special Building Overlay (SBO) – flood levels are mostly within the ‘safe’ category (less than 20 centimetres) even after taking the effects of climate change into account
- Development fronting Murray Road will need to include either a front setback or a reshaping of car park entries to protect Clinch Avenue properties from increased flooding
- Flooding in Cramer Street is potentially more severe than Murray Road and development with frontage to Cramer Street will need to include both front setbacks and reshaping of roadway entrances
- There is a significant overland flow path along High Street and future pedestrian connections to High Street will need to ensure that water is not directed into the market precinct
- The greatest drainage problem is on the corner of Cramer Street and St Georges Road where flooding in excess of 500mm is likely to occur and development could increase it by a further 170mm, a level deemed unsafe for vehicles, children and the elderly. This area is only suitable for development if flooding can be resolved through site layout and a minimum 200 cubic metres of flood storage
- Water retention and reuse provides potential for irrigation of Preston City Oval.

6.1 Response

In response to the findings of the stormwater drainage report, the Structure Plan outlines:

- Strategies to ensure that Water Sensitive Urban Design principles are adopted across the precinct, including rainwater collection for use in passive irrigation, or building services such as toilet flushing, to reduce the demand on potable water supply
- Strategies to address potential flooding issues, especially for the site at 30 Cramer Street (corner St Georges Road).

As part of the planning scheme amendment for the precinct:

- Development applications are required to be accompanied by an Integrated Water Management Plan to address flooding risks in the broader catchment, respond to 1-in-100 year flood levels (where applicable) and demonstrate the application of Australian best practice in design and construction.

7.0 TRANSPORT AND CAR PARKING

The *Preston Market Transport and Car Parking Strategy* (May 2021) was commissioned by the VPA and prepared by Cardno. The Strategy reviews the traffic and car parking aspects of the proposed Preston Market precinct and makes recommendations for future access, circulation, car parking and active transport provision.

The Strategy identified a range of existing traffic management issues, including conflicts between vehicles and pedestrians, poor loading facilities, multiple unsignalised site access points, and low priority for walking and cycling. It also made recommendations for any future development, including encouraging walking and cycling, improving connectivity between the station and High Street, allowing a reduced car parking provision, discouraging at-grade car parking, rationalising access and improving loading facilities. The Strategy concluded that:

- Existing Cramer Street intersections operate well during morning and evening peaks periods
- Existing Murray Road intersections operate at or near capacity during peak periods
- In response to the traffic levels expected to be generated by future development:
 - access should be shared between Cramer Street and Murray Road
 - through-traffic should be discouraged in the precinct, and
 - the number of access points in Cramer Street should be reduced
- The existing rail level crossings have considerable impact on access to the market, and traffic movements along Cramer Street and Murray Road
- Existing access into the market car park is difficult and causes queuing in Murray Road and Cramer Street
- There are circulation issues within the existing car park
- Opportunities to improve access to the precinct include changes in Cramer Street and Murray Road, and signalisation at access points into the market and station car parks
- Existing public transport services (train and bus) are good
- Car parking requirements should be reduced for new uses due to the proximity of public transport
- At-grade car parking should be discouraged in new development and active transport should be encouraged
- Cycling facilities can be improved
- There are opportunities for bicycle parking and storage in future apartments and near the market and train station
- There is potential to improve pedestrian safety by separating loading/unloading activities on market days.

7.1 Response

In response to the findings of the *Transport and Carparking Strategy*, the Structure Plan proposes the following transport and carparking initiatives:

- Design spaces and streets in the precinct to have walking and cycling priority.
- Prevent through-traffic by limiting the amount of north-south vehicle connectivity between Cramer Street and Murray Road.
- Ensure that adequate car parking for the market and other non-residential uses is provided during and after redevelopment, including the provision of adaptable, flexible and future-proofed car parking arrangements
- Encourage loading, servicing and car parking areas to be located away from ground level, prominent pedestrian areas or areas that are visible from the public realm
- Provide a planned approach to construction management that ensures disruption impacts on the market use are minimised, including the provision of car parking
- As part of the planning scheme amendment for the precinct:
 - A Development Contributions Plan (DCP) will form part of the planning control suite applied to the precinct. The DCP will help fund key pieces of public infrastructure
 - a Transport and Parking Report is required for each development application via the Activity Centre Zone Schedule.

8.0 MARKET HERITAGE

8.1 Aboriginal Heritage

Over thousands of years prior to European settlement, the area surrounding the Preston Market was occupied by the Wurundjeri-willam people.

Colonial settlement brought grazing and market gardening to the area followed by industrial, commercial and residential development. In the 1880s, the Thos Broadhurst Tannery was built on the site that is now occupied by the market. The Aboriginal Cultural Heritage Register and Information System maintained by Aboriginal Victoria does not identify the Preston Market Precinct as a place of aboriginal cultural or heritage sensitivity.

8.2 Market Heritage

The Thos Broadhurst Tannery closed in 1960 and the Preston Market was built on the site in 1970. Various additions and modifications have been made to the market in subsequent years.

In 2017, Darebin City Council commissioned Context heritage consultants to investigate the heritage qualities of the market. The study concluded that the market had local historical, social, cultural, aesthetic and technical heritage significance. The study recommended that the market be placed in a Heritage Overlay

Subsequent peer reviews of the Context report by the Council's heritage adviser (Heritage Revival) and by the VPA's adviser (GJM Heritage) in 2018 found that the market had local heritage significance but a Heritage Overlay was not an appropriate tool to protect its social or cultural significance.

In July and October 2018, Heritage Victoria received a nomination to place Preston Market on the Victorian Heritage Register. Heritage Victoria considered the nomination and recommended that the market not be included on the Register because it does not meet the state significant heritage criteria.

In 2019, the Heritage Council considered objections to Heritage Victoria's findings and confirmed the market does not meet the thresholds of State heritage significance and should not be included in the Victorian Heritage Register. However, the Heritage Council referred its recommendation and submissions to the VPA for consideration for an amendment to the Darebin Planning Scheme to reflect matters of local heritage significance.

8.3 Response

The Structure Plan and Planning Scheme Amendment respond to the market heritage matters by:

- Introducing a Heritage Overlay indicating which parts of the market have heritage significance and why
- Introducing a Heritage Interpretation Plan for the market that provides detail of how the site's social and cultural heritage values can be protected
- Introducing Heritage Design Guidelines to guide new development
- Including strategies for redevelopment to reflect the cultural heritage significance, identity and character of the existing market, including the retention in-situ of the existing fruit and vegetable shed.

9.0 MARKET CHARACTER AND IDENTITY

Darebin City Council commissioned Hello City consultants to prepare the *Preston Market Quarter Identity Study* (August 2019). The purpose of the Study was to investigate the qualities of the market area, which will aid the Council and developers in their decision making on future developments.

The Study identified the elements that contribute to the market's character, including its:

- light and bright, sunny, open look and feel
- covered streets
- diversity and informality
- relationships between traders and shoppers
- grittiness
- cultural diversity
- mix of traders and broad range of goods on offer
- affordable rents
- meeting and gathering places.

The study report advises that the market could be successfully relocated on the site even though the prospect of 'change' may cause anxiety for some sectors of the community. The market is 'vulnerable' to change but decision makers need to balance the risks associated with moving the market against the risks associated with not moving the market. Change and redevelopment of the site is important if the market is to survive in the future. Traders and shoppers are more important to the market's identity than its built structure.

The report provides advice for how the market site could be redeveloped:

- Keep the market buildings in their current location and allow multi-storey buildings above, or
- Relocate the market on-site and introduce other land uses including apartments, non-market retail and commercial uses to enhance rather than detract from the market's character and identity. If the market is relocated, then it is important the market maintains a clearly defined street grid.

In both redevelopment scenarios, the report advises that car parking provisions should be reduced, with priority given to car sharing and parking spaces provided for shoppers rather than residents or workers.

9.1 Response

The Structure Plan and planning scheme amendment respond to market character and identity considerations raised by the background studies by:

- Retaining in-situ the market's existing fruit and vegetable shed
- Including strategies that specify minimum gross floor areas for trading areas and public spaces within the market
- Including strategies that focus on retaining the vibrant, diverse and affordable components of the market along with those that consider the location and design of the market, to ensure its character and prominence are maintained
- Applying heritage protection and heritage design guidelines
- Preparing a Charter of Expectations to outline the commitments the VPA expects the market owners to make to the people of Preston and beyond, and the mechanisms designed to ensure these commitments are met.

10.0 HOUSING

10.1 Planning Benchmarks

The *Preston Market Planning Review Stage Two: Planning Benchmarks and Tools* report (July 2019 and addendum dated October 2019) was commissioned by the VPA and prepared by TQ Urban Planning.

The purpose of the study was to investigate and provide benchmarking advice regarding potential dwelling densities that could be achieved in the precinct. Conclusions in the report (which were based on a 4.6 hectare site size) include:

- There is strong strategic planning and policy justification for directing residential/mixed use development at increased densities to the Preston Market Precinct. It is located in a 'Substantial Change Area' and demonstrates all characteristics of a 'Strategic Opportunity Site' as defined in the planning scheme.
- Demographic projections indicate future demand in the Preston High Street major activity centre for approximately 5,700 additional dwellings from 2016 to 2041
 - recently developed and approved sites are expected to deliver approximately 1,200 dwellings
 - around 4,500 additional dwellings may be needed in the activity centre.
- There is a strategic need for the Preston Market Precinct to accommodate approximately 1,500 to 2,160 dwellings, representing 26% to 38% of the total demand for 5,700 dwellings forecast in the activity centre to 2041.
- This yield would equate to dwelling densities between 327 and 470 dwellings per hectare. A mid-range point of 421 dwellings per hectare would deliver 1,935 dwellings (34% of future housing demand). This is comparable to the reviewed case study sites (which ranged from 333 to 469 dwellings per hectare) and best practice urban renewal sites (323 to 429 dwellings per hectare).
- The higher range density of 470 dwellings per hectare may also be achievable in the precinct given the absence of sensitive interfaces and subject to urban design testing of potential offsite impacts on the public realm.
- Lone person households are expected to be the dominant household type in Preston Activity Centre over the period to 2031.
- Preston Activity Centre has seen a significant increase in numbers and proportion of two-bedroom dwellings and is expected to continue to accommodate a high proportion of two-bedroom dwellings.
- Preston Activity Centre is likely to attract smaller households comprising students, young adults, single workers and young couples.
- Potential planning approaches to providing for 'employment' or 'non-residential' floor space in mixed use precincts include minimum non-residential floor area ratios (eg. West Melbourne) and vertical zoning to direct dwelling uses to upper levels (eg. Stonnington Planning Scheme Amendment C172) with the latter providing greater flexibility to respond to market conditions.
- Potential planning approaches to support delivery of public benefits include 'uplift' mechanisms whereby developments can only exceed base level density/floor area ratios if additional public benefits provided (such as social housing in Fishermans Bend).

The addendum dated October 2019, assessed an expanded project area boundary of 5.2 hectares and concluded that the benchmark densities remain appropriate and should not be adjusted down due to the larger area. As such, a mid-range density would result in 2,236 dwellings being provided on the site.

10.2 Darebin Housing Strategy

The *Darebin Housing Strategy 2013 (revised 2015)* prepared by the City of Darebin estimates that 66% of the projected dwelling demand in Darebin to 2031 will be for 1 or 2 bedroom dwellings. It also identifies that community consultation participants expressed a willingness to consider moving their families into alternative dwelling types such as higher density housing to take advantage of location and accessibility to the city.

10.3 Response

The Structure Plan and planning scheme amendment respond by:

- Seeking the provision of at least 2,200 dwellings
- Seeking a range of one, two and three bedroom dwellings
- Seeking the development of a “vertically zoned precinct” with the first two floors of non-market buildings generally provided for non-residential uses with residential uses above, aside from laneways where ground floor townhouses can be considered. The Activity Centre Zone Schedule classifies most accommodation uses below 7.2m (2 storeys) as a Section 2 use to enable Council to consider whether they would be appropriate given the non-residential floorspace targets (aside from laneway frontages where townhouses are encouraged)

11.0 AFFORDABLE HOUSING

In partnership with the City of Darebin, the VPA commissioned consultants, Affordable Housing Outcomes, to prepare an affordable housing strategy for the Preston Market Precinct.

The *Planning and Environment Act 1987* (the Act) defines affordable housing as 'housing, including social housing, that is appropriate for the housing needs of very low, low and moderate income households'.

The Victorian Government's *Homes for Victorians* policy defines affordable housing as "housing that is appropriate for the needs of a range of very low to moderate income households, and priced (whether mortgage repayments or rent) so these households are able to meet their other essential basic living costs".

The *Preston Market Affordable Housing Strategy (November 2020)* adopts the following definitions for terms that fall under the umbrella of affordable housing:

- **Social Housing (Public and Community Housing)** - for the purposes of this Framework refers to Public Housing (owned and managed by the Director of Housing); and housing owned, controlled or managed by a participating registered agency (registered as a Housing Association or a Housing Provider) where the dwelling will be allocated to a household that meets the State Government published Social Housing income and asset eligibility requirements.
- **Affordable Rental Housing** - refers to housing that is rented at an affordable price and allocated households that meet the *Planning and Environment Act 1987* Affordable Housing income eligibility requirements.
- **Affordable Purchase** - entails the sale of dwellings at the established market price to low or moderate income households if the market price is demonstrated to be affordable for that household without a discount.
- **Shared Equity Home Ownership** - is a program whereby a household that has some (limited) capacity to borrow funds is able to purchase a dwelling through an affordable purchase arrangement with any equity contribution secured and repaid on future sale or refinancing.

The *Affordable Housing Strategy* notes there is support within State Government planning legislation and State and Council planning and housing policies for affordable housing to be facilitated through the planning approval process. There is also evidence that affordable housing outcomes have been generally accepted as a planning and development objective by the landowner and Council from before the initial 2006 rezoning to subsequent attempts to negotiate arrangements for individual planning permits in 2017.

The strategy also notes there is strong strategic justification to increase social housing and affordable rental housing for very low and low income households and affordable home purchase options for moderate income households in Darebin. These trends are exacerbated by a mismatch between existing housing stock and current and forecast demographic trends, with an oversupply of three-bedroom dwellings and an undersupply of one and two bedroom dwellings.

In summary, the strategy recommends the following affordable housing arrangement:

- The delivery of up to 10% affordable housing by one of the following options:
 - the transfer of land, with the capacity to support development of 10% of the site's total residential yield as affordable housing, to a Registered Housing Agency at nil consideration for the Agency to develop and rent and/or sell completed dwellings to eligible households
 - the construction and transfer of 3% of dwellings to a Registered Housing Agency at nil consideration for the Agency to rent to eligible households
 - the sale of 6% of completed dwellings by way of:
 - sale of a minimum 3% of completed dwellings to a Registered Housing Agency at an appropriate discount to the market rate for the Agency to rent to eligible households
 - sale of a maximum 3% of completed dwellings to eligible households under an appropriately regulated affordable home purchase agreement, with the contribution provided by the landowner to be appropriately secured, managed and reinvested on future sale or refinancing by the original purchaser

- any other delivery mechanism where the landowner demonstrates to the satisfaction of the responsible authority:
 - the contribution is of an equivalent value to construction and transfer of 3% of dwellings at nil consideration by way of a discount to dwelling sale price and/or to rent over a period of time
 - that the dwellings will respond to the affordable housing matters published under the Act and result in dwellings that are appropriate, affordable and allocated to eligible households
 - that the dwellings will be retained as affordable housing for at least 30 years or an equivalent period calculated with regards to the number of dwellings to be provided.
- Under any of the options, a minimum of 3% of the dwellings must be utilised as rental housing suitable for a very low or low income housing as defined under the Act.
- The affordable housing outcomes should reflect the priority need for one and two-bedroom dwellings.
- 50% of the minimum agreed affordable housing component should be delivered when 60% of the total anticipated residential yield has reached practical completion and 100% of the component at 85% practical completion.
- The landowner is to enter into a Section 173 Agreement establishing the delivery process on gazettal of the controls and prior to development occurring. When the landowner seeks their first planning permit approval following the rezoning, they are also to submit an Affordable Housing Delivery Plan setting out how the affordable housing outcomes will be achieved.

A draft Section 173 agreement reflecting the affordable housing strategy has been prepared for negotiation between landowner and council.

11.1 Response

The Structure Plan and planning scheme amendment responds to the affordable housing recommendations by including a requirement in the Schedule to the Activity Centre Zone for a Section 173 Agreement to be entered into, prior to the issue of a permit for subdivision or buildings and works, for the provision of a 10% affordable housing contribution.

12.0 PUBLIC OPEN SPACE

12.1 Breathing Space: The Darebin Open Space Strategy 2019

The *Breathing Space: The Darebin Open Space Strategy* (June 2019) was prepared for the Council by SGS Economics & Planning. It provides a framework and strategic direction for public open space provision in the municipality for the next 10 years and beyond, and will inform the Council's decision making regarding investments in and improvements to open space.

In keeping with the *Breathing Space* strategy, Darebin City Council is seeking to adopt a new open space policy through proposed Planning Scheme Amendment C186, which would require a 10% public open space land contribution and an additional 8.2% contribution in cash on strategic sites such as the Preston Market Precinct.

12.2 Preston Market Precinct Public Open Space Needs Assessment

The VPA commissioned the *Preston Market Precinct – Public Open Space Needs Assessment* (Mesh Consultants, May 2020) to assist identify a suitable contribution toward public open space from any future redevelopment.

The report further assessed and benchmarked the methods used in the calculation of the Council's public open space contribution and recommended the adoption of a 10% open space contribution for the precinct provided in land and/or cash. The Assessment recommends that the 10% contribution should be in addition to any public open space provided as part of the Victorian Government's level crossing removal project at Preston.

12.3 Preston Market Precinct Public Open Space Analysis (2020)

The VPA carried out an analysis of existing public open space in Preston. The analysis provides an overview of the location, types and gaps in open space provision within both 1.6 kilometre and a 400 metre walkable distance of the precinct.

The analysis demonstrates that there is a gap in the local open space network surrounding the Preston Market Precinct and recommends provision be made in the precinct for:

- a minimum 6% contribution in the form of land within the precinct, and
- the remaining 4% provided as a cash contribution to support the embellishment of existing and/or delivery of new active open space in the wider area.

In addition, the following guidance was provided for public open space provision:

- public open spaces should be a minimum width of 20 metres
- avoid shadowing 25% of the public open space within the precinct between 11am and 2pm at the Winter Solstice
- avoid shadowing of the remainder of the public open space within the precinct between 11am and 2pm at the Spring Equinox.
- avoid shadowing the playing surface of Preston City Oval between 11am and 2pm at the Winter Solstice.

12.4 Response

As part of any new development in the precinct, the Structure Plan and planning scheme amendment require a 10% contribution toward the provision of public open space through a combination of land and cash. This excludes open space associated with the Victorian Government's level crossing removal project.

To protect amenity and usability, the documents also include controls to limit shadowing impacts and ensure that new public open spaces have a minimum width.

13.0 ECONOMIC IMPACT

13.1 Retail Activity Centre Strategy

The City of Darebin's *Retail Activity Centre Strategy* was last updated in March 2005 and presents recommendations for the future development of retail activity centres in Darebin. The report includes:

- Principles relating to centre development, including centre roles and identity
- Centre management and business planning
- A Retail Development Framework.

The Strategy outlines a hierarchy that provides for a mix of retail, commercial, service and residential uses and encourages intensification of those uses within activity centres.

The Strategy does not provide comment on the appropriate breakdown of floor space for retail and commercial uses. It outlines the role/function of Preston Central being a Principal Activity Centre as having a wide mix of retail, office, civic and community functions, with a key opportunity to develop as a multi-function precinct. Some of the future directions for Preston Central that are still relevant outlined in the 2005 strategy include:

- *A greater mix of activities will be encouraged in future development at Principal Activity Centres (and particularly Preston Central as a Multi-Functional Centre), including commercial office, community and government facilities.*

A greater intensification of activity is encouraged at Principal Activity Centres (and particularly Preston Central), including, for example, expanded retail and commercial development, consolidated car parking, redevelopment of under-utilised sites, etc.

13.2 Preston Market Development Potential and Economic Impact Assessment

The *Development Potential and Economic Impact Assessment* report (April 2019) was prepared by MacroPlanDimasi for Salta Properties Pty Ltd. The report concluded that the precinct could potentially:

- Strengthen the role and catchment of Preston activity centre as a whole
- Continue to support and strengthen the on-site market, together with 2,500 new apartments, 27,500 square metres of retail, non-retail and entertainment and 5,000 square metres of new office space
- Support up to 1,400 ongoing jobs
- Increase shopping choice and convenience without threatening the viability of High Street traders.

The Assessment discusses demand for total retail space and different types of retail uses such as food and non-food goods but does not discuss specific market related uses.

13.2.1 VPA review

An internal review of the report by the VPA in February 2019 concluded that:

- The report's findings are robust and defensible
- There is potential for the site to accommodate lifestyle facilities (medical, gym, cinema, etc) to serve on-site residents and the wider community
- The commercial analysis is appropriately high level, highlighting scope for some additional commercial floorspace, especially since the 'employment servicing' ratio seems low given the likely increase in young professional workers being attracted to Preston
- An expenditure market share of 10% to 15% for the market site is appropriately conservative given its location close to a train station and its employment potential.

13.2.2 City of Darebin review

The Council engaged SGS Economics and Planning to review the MacroPlan Dimasi report. The Peer Review of *Preston Market: Development Potential and Economic Impact Assessment* (September 2019) by SGS concluded that:

- Generally, the assumptions are reasonable and within industry standard benchmarks or expectations.
- Whilst the assessment was based on 2,500 dwellings, the scale of development proposed is within provision gaps given the growth projected for the area and is not likely to have a major impact on the overall High Street or surrounding centre's retail/office market.
- Given surrounding population growth, the location near a station and pending design, the development is likely to deliver an overall good outcome for the community.
- The assessment has primarily taken a traditional retail and commercial development approach and has not considered the unique attributes which the actual market presently provides to the community (including lower rent retail, allowing innovative retail responses and business incubation). If this is replaced with more 'mainstream' retail then consumer choice might be reduced.

13.2.3 Deep End Services review

The VPA engaged Deep End Services to review the MacroPlan Dimasi report, SGS peer review and other relevant background documents. The *Preston Market PSP – Final Review of Economics Advice* memo dated 27 October 2020 by Deep End Services concluded that:

- The MacroPlan Dimasi report provides a reasonable basis as a key input to the structure plan.
- The further work prescribed within the SGS peer review is unnecessary because the MacroPlan Dimasi report accomplishes the necessary analysis.
- Neither the number of dwellings nor the timing of development influences the assessed retail trading potential as the new retail elements would be operating before the dwellings are completed.
- It is not yet clear what the impact of the COVID-19 pandemic will be on the demand for and operation of the development components, however it is clear that suburban centres with good access to public transport and surrounding residential population bases will be better positioned for the CBD and it is possible that suburban office markets will fare better too. Flexibility will be important to allow the precinct to capitalise on the advantages offered by its location within inner suburban Melbourne.

13.3 Response

The Structure Plan and the Planning Scheme Amendment respond to the economic considerations raised by the background studies by:

- Including general land use strategies within the Structure Plan to require the delivery of minimum retail, entertainment and office floorspace to ensure the realisation of increased and ongoing employment within the precinct.
- Including specific land use strategies for Preston Market to ensure that trading areas and public spaces are provided within a minimum gross floor area.
- Introducing vertical zoning provisions within the precinct via land use requirements within the Activity Centre Zone Schedule to ensure that enough non-residential floorspace can be provided in the first one or two floors of buildings.
- Providing flexible floorspace targets for non-residential uses and requiring adaptable floor heights for lower levels to ensure developments can adapt to potential changes in future demands, including as a result of COVID-19.

A Charter of Expectations is also being prepared to outline the operational and related commitments the VPA expects the market owners to make to the people of Preston and beyond and the mechanisms designed to ensure those commitments are met.

14.0 SOCIAL INFRASTRUCTURE

The *Preston Market Precinct Social Infrastructure Assessment* (November 2019) was prepared by ASR Research for the City of Darebin.

The purpose of the Assessment was to identify the minimum needs and opportunities for the provision of social infrastructure to service the future community in the Preston Market Precinct, and potential contributions toward the provision of social infrastructure in or near the precinct.

The study area included the market precinct, Preston Major Activity Centre, Preston West and the wider Preston area. The study identified a need for the following facilities to be provided in or near the market precinct as a direct result of the precincts redevelopment:

- An 1,800 square metre multipurpose community centre that includes meeting/activity spaces, kindergarten facilities, and maternal child and health services (and relocates the Preston maternal child and health centre to the site).
- The future residents of the Preston Market Precinct will also contribute to an increased demand within the municipality for active recreation, education, library and other community services.

Other opportunities identified for the precinct include:

- Establishing public open spaces within the precinct for relaxing or meeting (refer to Section 11 of this background report for further details).
- Connecting the precinct with Preston City Oval and the new open spaces to be provided under the elevated rail line.
- Encouraging and supporting creative industries, such as through the provision of low-cost arts studio spaces and public art installations (permanent and ephemeral).

The study also identified the following funding sources to implement the delivery of new social infrastructure in the area:

- Council rates
- Proceeds from the sale of Council assets
- Grants from other levels of government
- Contributions by partner agencies
- Development contributions.

14.1 Response

The Structure Plan is supported by a Development Contributions Plan (DCP) that will be implemented through the amendment of the Darebin Planning Scheme. The DCP will levy funds from development in the precinct to help fund the delivery of transport and community infrastructure required to support future communities.

The DCP requires a funding contribution toward provision of a multi-purpose community facility in the precinct that could include early years facilities (such as a kindergarten, maternal health and childcare, etc). meeting and related community spaces.

15.0 ENVIRONMENTAL SUSTAINABILITY

15.1 Darebin Planning Policy Framework

The Darebin Planning Scheme provides for sustainable development at various clauses. Those clauses provide the strategic basis for pursuing environmentally sustainable development outcomes in the precinct:

- Clause 15.02-1S – Energy and resource efficiency
- Clause 19.01-2R – Renewable energy - Metropolitan Melbourne
- Clause 19.03-3S – Integrated water management
- Clause 19.03-5S – Waste and resource recovery
- Clause 21.01-4 – Municipal Strategic Statement (Issues for the future)
- Clause 21.06-3.1 – Multi-Residential and Mixed-Use Development
- Clause 22.12 – Environmentally Sustainable Development.

15.2 VPA Sustainability Report

The VPA's *Sustainability Report – Preston Market Precinct* (June 2020) considers the sustainability objectives for the Structure Plan and uses an evidence base to justify key recommendations to ensure best practice can be achieved.

The report responds to opportunities for environmentally sustainable development in the precinct. It outlines a series of sustainable outcomes against the key areas of waste, energy, water, transport and urban ecology:

- Waste – reuse, reduce and recycle materials and resources
- Energy – optimise the use of passive design (for example, solar access)
- Water – implement potential rainwater harvesting through Water Sensitive Urban Design measures
- Transport – encourage active transport and reduce impact to pedestrians by eliminating at-grade carparking
- Urban Ecology – 30% of tree canopy, 20% biodiversity value, 10% open space.

15.3 Response

In response, the Structure Plan and planning scheme amendment outline strategies and guidelines to encourage development to address and respond to the identified key sustainability matters, including:

- future growth in the precinct to be based on best practice design and development that must achieve a 6 Star Green Star Communities rating certification and meets the Darebin Planning Scheme's local environmentally sustainable development policy, and
- future buildings must be constructed to achieve a 6 Green Star Design & As Built rating and a minimum 7.5 Star Nationwide House Energy Rating Scheme (NatHERS) accreditation.

Preston Market Precinct

BACKGROUND REPORT

MAY 2021