

**FISHERMANS BEND PLANNING REVIEW PANEL: DRAFT AMENDMENT GC81**

**SUPPLEMENTARY INFORMATION NOTE**

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**SIN NUMBER:** 7

**DATE:** 27 March 2018

**PRECINCT:** N/A

**FRAMEWORK REFERENCE:** Figure 15: Community facilities

**SUBJECT:** Community Facilities

**NOTE:**

**REQUEST:** That further information be provided regarding the provision of Community Facilities in Fishermans Bend by the FAU mechanism

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**RESPONSE:**

**Fishermans Bend - How the FAU works for Community Facilities**

1. This SIN provides further information regarding work undertaken by the Taskforce in determining how Community Facilities will be delivered using the Floor Area Uplift (FAU) mechanism.
2. The locations for Community Facilities comprising arts and cultural hubs, health and wellbeing hubs, sport and recreation hubs education and community hubs identified in the draft Fishermans Bend Framework (Figure 15: Community facilities and services in the draft Framework identifies the investigation area for the various types of Community Facilities).
3. Note FAU only applies to the 14 Community Hubs, which are identified in Figure 15 of the draft Framework. In total it represents approximately 83,000m<sup>2</sup> of GFA delivered over 40 years. It is expected 2 or 3 hubs will be delivered every decade by government as the population grows.

4. The degree to which government and developers agree to deliver Community Hubs via this scenario needs to be monitored.
5. The GFA for the Community Hubs represents less than 2% of the total GFA (4.9million m<sup>2</sup> GFA comprising residential and non-residential.)<sup>1</sup>

### **Funding Community Facilities**

6. The introduction of the FAU at Fishermans Bend presents an opportunity to use the principles developed and implemented by Amendment C270 to the Melbourne Planning Scheme and to apply them to Fishermans Bend for the purpose of providing Community Facilities.
7. It is not proposed to use Council rates to fund the construction of Community Facilities in Fishermans Bend.

### **Scenarios for delivering Community Hubs**

8. Two scenarios have been considered. A working example of each is presented in **Attachment 1**. The cost and risk to government to deliver hubs using scenario 1 is assumed to be lower than scenario 2. If that is not the case, then scenario 2 would be considered.

### **Scenario 1**

9. Scenario 1 would use the FAU to deliver Community Facilities and is the preferred method for delivery of Community Facilities.
10. Should a developer choose to include a Community Hub within their development, in a form acceptable to the Responsible Authority, the interim DCP (collected via a s173 agreement) will be used to fund the construction and fit out of the community hub.
11. The developer may seek to deliver Community Facilities as works in kind offset against their interim DCP.

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<sup>1</sup> Refer Urban Design Strategy by Hodyl & Co, Table A1 and A2, (page 108)

12. The additional developer effort associated with inclusion of these works as part of the developer's project will be offset by allowing a residential FAU to an agreed value.
13. Scenario 1 will work as follows:
  - 13.1. The Responsible Authority and the developer would first need to agree a partnership approach will be adopted in relation to the provision of the Community Hub. This is an "opt-in" or voluntary undertaking on the part of the developer.
  - 13.2. The performance specification,, value of the FAU and agreed timing would need to be documented in a s173 Agreement.
  - 13.3. The construction and fit out of the Community Hub will be paid for by the government, with funding obtained from contributions from the Interim DCP.
  - 13.4. The developer may, as part of the s 173 Agreement to provide the Community Hub may seek to offset their contributions under the Interim DCP.
  - 13.5. Given the cost to deliver a community hub will likely exceed the Interim DCP collected from the site then it is likely the government will need to add additional funding to fully fund the hub construction.
  - 13.6. To recognise that the additional effort required by the developer to include a Community Hub within a development it is appropriate to provide a residential FAU to a value equal to the additional effort. The Valuer General will determine that value. There are a number of factors which may be relevant considerations in determining the FAU value granted in return for the construction of the Community Hub. Those factors include extended construction program and varying the construction methodology.
  - 13.7. Under this scenario the POS contribution would still be required to be paid by the developer under Clause 52.01.

## **Scenario 2**

14. Scenario 2 is the conventional method to deliver Community Hubs. This is not the preferred method of delivery for Fishermans Bend.
15. Under this scenario, the land (if land provision is required), construction and fit out of the Community Hub would be paid for, and delivered by, the Government. Land would be acquired be via compulsory acquisition or by agreement. This would be funded 100% by Government.
16. There would be no developer contribution collected under this scenario for the provision of the Community Hub as the site would be owned by government.

# Community Infrastructure provision scenarios - worked examples

Scenario	Diagram of Scenario	Development details	Developer Contribution	Government Contribution	Comments
1		<p>GFA permitted = 5000 x 4 = 20,000m<sup>2</sup>. plus 6000m<sup>2</sup> community facility.</p> <p>To keep the calculations simple commercial and retail use has been ignored.</p> <p>If just residential with an average apartment size with carpark = 100m<sup>2</sup> then 20,000 / 100 = 200 dwellings. Value of additional effort has been determined equal to 50 additional FAU residential units. Total residential GFA = 200 + 50 = 250 dwellings or 25,000m<sup>2</sup>.</p>	<p>Interim DCP: 250 x \$15,900 = \$3.975m .</p> <p>May offset the DCP contribution against the cost of construction for the hub as works in kind. This would be agreed with the developer as part of a section 173 Agreement addressing the delivery and specification of the Community hub.</p> <p>Open space at 8% = 5000 x 0.08 x 4000 = \$1.6m</p>	<p>Cost for construction and fit out of the Hub - \$4000 psm x 6000 m<sup>2</sup> = \$24m less offset from Developer</p>	<p>Assumes that the VGV has determined the additional effort in building the facility is equal to 50 additional residential units.</p> <p>This will be determined on a case by case basis.</p> <p>Performance specification and timetable for delivery agreed prior and confirmed in s173 agreement.in s173 agreement.</p>
2		<p>Land purchased for \$10m. Construction cost is \$24m.</p>	<p>nil</p>	<p>Cost for construction and fit out of the Hub - \$4000 psm x 6000 m<sup>2</sup> = \$24m. Land cost is \$10m - total cost is \$34m.</p>	<p>This example assumes the construction cost for a stand alone building equals that within a mixed use development. Actual cost will vary between hub types and development built form.</p> <p>Actual cost will vary between hub types and development built form.</p>

Notes :

1. Scenarios are hypothetical.
2. Indexing of Interim DCP contributions has been ignored for these scenarios.