

SUMMARY OF STAGE 1 EVIDENCE BASE DOCUMENTATION

Background

Thirty-one Victorian councils and CASBE are collaborated on a joint research project that aims to elevate Environmentally Sustainable Development (ESD) targets for new development.

This research represents Stage 1 of a two-stage process that aims to build on the existing local ESD Policies held by numerous Victorian Councils and deliver revised and elevated ESD targets for new development, including targets for zero carbon development.

The 31 participating Councils appointed a consultant team via CASBE from August through to December 2021. This comprised of the following:

- Hansen Partnerships, Planning Consultant
- Hip vs Hype, ESD Consultant
- Frontier Economics, Economist Consultant

The three pieces of work were completed by the consultants, with feedback from the working group, in December 2021. The final package included:

- draft planning controls,
- guidance papers and a range of recommendations,
- technical and economic studies and
- a presentation summarising the work undertaken to date.

This package was then distributed to Participating Council officers for feedback in December 2021 and January 2022. This included key staff members from other units and across the 31 Participating Councils. The feedback was then collated and presented back to the authors for response. When this feedback has been addressed, the reports will be finalized and form a key part of the strategic justification to support a proposed planning scheme amendment.

Summary of findings and recommendations

A number of recommendations were made by the consultants to inform the planning scheme amendment process. All recommendations were accepted and have either been completed or are currently in progress to complete as the evidence base is finalised prior to seeking authorisation from the Minister for Planning to place the amendment on public exhibition.

- Planning Report, Hansen Partnership
 - Engaged to undertake a peer review of working draft objectives and standards, analyse available policy tools and identify and prepare the most appropriate planning policy mechanism to implement the elevated ESD objectives and standards.

Key recommendations

- Recommended the 31 participating councils pursue an amendment encompassing a whole new Victorian Particular Provision (VPP), with the following characteristics;
 - Mandatory objectives with associated standards to deliver the objectives
 - A new VPP only applies to councils who 'opt in'
- Recommended the participating councils request a combined Planning Panel and Ministerial Advisory Committee to consider the amendment.
- Drafted a new draft Victorian Particular Provision.
- Recommend the Participating Councils pursue the full suite of objectives and standards in their entirety.
- Consider staging of the standards only if DEWLP do not accept them in their entirety, based on clearly identified disbenefits.

Other recommendations

- Provisions require a number of clear definitions to assist interpretation. (*Work underway*)
 - New provisions would also require new tools to assist implementing the new planning provisions, such as an update to the BESS tool and the Green Factor tool. (*Work underway*)
 - Further drafting be undertaken on some proposed standards to be framed as 'Performance Measures', in line with the new format for these Performance Measures currently proposed by DELWP. (*Work underway*)
 - A consistent set of Application Requirements and relevant reporting templates to support applications preparing application material. (*Work underway*)
 - A standard set of Permit Conditions should be developed to deliver the standards and objectives (*Work underway*).
 - A *Guidelines for Sustainable Building Design* document be prepared to be used consistently by all councils who apply the new VPP. (*Work underway*).
- Technical ESD and Development Feasibility: Hip V Hype
 - Concluded that there are no major technical barriers exist to achieving the recommended standards and objectives.
 - Recommended some new standards exist in BESS tool or another sustainable design publication (SDAPP fact sheets), rather than included in a planning control.
 - Recommended several wording changes and fine tuning of draft objectives and standards.
 - Further detail on each sustainable design category was also included:
 - Energy – Majority of standards are supported in their present form, or with minor modifications.
 - Transport – Bicycle parking standards largely supported, some modifications to 'bicycle parking convenience' standards have been suggested. Electric vehicle charging infrastructure standards were

supported, but with some modifications that have been made to avoid overly prescriptive standards in the Planning Scheme.

- Integrated Water Management – Overall intentions supported but the standards proposed were already largely achieved in the development sector and that an increased water efficiency target of 30% reduction in potable water supply, increased from 25%.
- Indoor Environment Quality – Recommend that most standards be modified or moved into guidance material and others be removed as they have significant development feasibility impacts. In particular, the thermal comfort temperature settings and the new daylight performance standards needed more background technical work. *(further daylight technical work has been commissioned by CASBE).*
- Circular Economy – Proposed standards on waste collection and recycling are technically feasible and already achieved in current development. Standards concerning use of recycled materials require additional guidance and definition to provide clarity.
- Green Infrastructure (urban ecology) – Green cover target is a strong driver for achieving a range of benefits relating to the natural environment and ecosystem services, include urban heat, food production and biodiversity.

- Cost Benefit Analysis, Frontier Economics

- The analysis outcomes were primarily focused on the direct costs associated with addressing the standards within a range of development typologies.
- The analysis outcomes demonstrated that the costs involved to meet certain standards varied, particularly across a range of development typologies. An additional factor that influenced the outcomes was whether a council had a pre-existing ESD Local Policy within its Planning Scheme.
- A breakeven analysis demonstrated that the new proposed changes may deliver value to the community where sufficient scale is achieved and implemented across development within multiple municipalities.
- The methodology used primarily took into consideration quantifiable costs versus quantifiable benefits. The analysis indicated that the quantifiable costs exceeded the quantifiable benefits across each development typology. The project group were however informed that there was limited research and documentation made available to economically quantify the environmental and social benefits attributed to incorporating some of the standards within development.
- The analysis presented that the costs associated with the thematic categories Urban Ecology (Green Infrastructure) and Indoor Environment Quality (Daylight and Thermal Comfort) were higher in comparison to costs associated with other thematic categories (i.e. Energy, Integrated Water Management, Transport and Circular Economy). However, the calculation of the broader cost impacts and associated benefits were

clearer with respect to the latter group of thematic categories which conveyed a more beneficial outcome.

- The project group were recommended to undertake further investigation into larger scale implementation of the proposed objectives and standards.
- The project group were notified that based on methodologies commonly exercised with respect to economic studies and cost benefit analyses, the analysis excluded the reduction in energy and utility bills, including other operational and indirect benefits to residents and businesses. Such items are considered as financial or transactional benefits.
- The project group were informed that the financial impact, resulting from incorporating the standards within development, could be further reviewed through a developer centric evaluation of key performance metrics and criteria. This could include profit margin, development yield and internal rate of return.
- Given the further recommendations and matters presented by the economist consultant, the Elevating Targets Working Group in conjunction with the participating councils will determine whether further financial analysis including potential climate risk analysis should be undertaken as part of Stage 2 (the amendment stage).