



City of
Melville

AGENDA

SPECIAL COUNCIL MEETING

NOTICE OF MEETING

I respectfully bring to the attention of Elected Members that a Special Meeting of the Council will be held in the Council Chambers, Melville Civic Centre, 10 Almondbury Road, Booragoon on Tuesday, 27 February 2024 commencing at 6:00pm.

The Special Meeting is for the purpose of considering

- UP24/33 – Canning Bridge Activity Centre Plan Review - Consideration of Further Information Request for forwarding to the Department of Planning, Lands and Heritage

Gail Bowman
Chief Executive Officer

The City of Melville acknowledges the Bibbulmun people as the Traditional Owners and custodians of the lands on which the City stands today and pays its respect to the Whadjuk people, and Elders both past, present and emerging.

Use this link to [Register to attend the Special Meeting of the Council Tuesday, 27 February 2024 electronically](#).



Our Vision

Engaging with our diverse community to achieve an inclusive, vibrant and sustainable future.

Our Mission

To provide good governance and quality services for the City of Melville community.

Our Values

Excellence

Striving for the best possible outcomes

Participation

Involving, collaborating and partnering

Integrity

Acting with honesty, openness and with good intent

Caring

Demonstrating empathy, kindness and genuine concern



Making A Deputation

A deputation is a verbal presentation by one or more members of the public on a matter to be considered at the Council meeting. Deputations are made at the relevant Agenda Briefing Forum, held one week prior to the Ordinary Meeting of Council.

Information on making a deputation is available on the City's website. [Request to make a Deputation.](#)

Public Question Time

You can ask a question at a Council meeting during Public Question Time. Information on how to ask a question can be found on the City's website. [Public Question Time.](#)

Complex questions or those related to matters on the agenda and requiring a response at the meeting are "questions on notice" and should be submitted in writing, by the close of business the Tuesday prior to the meeting.

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The nature of the Council's decision making role in the matter:

Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
Executive	<i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>
Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
Quasi-Judicial	<i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i>

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1 OFFICIAL OPENING

2 ATTENDANCE AND APOLOGIES

In Attendance

Councillors

Ward

Officers

Apologies

On Approved Leave of Absence

3 DECLARATIONS BY MEMBERS

3.1 Declarations by Members who have not read and given due consideration to all matters contained in the business papers presented before the Meeting

3.2 Declarations by Members who have received and not read the Elected Members Bulletin

4 ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION)

Approved Deputations

Approved Written Submission

5 DISCLOSURE OF INTEREST

5.1 Financial or Proximity Interests

Under sections 5.60A and/or 5.60B of the Local Government Act 1995

5.2 Disclosure of Interest That May Cause a Conflict

Under 22 Local Government (Model Code of Conduct) Regulations 2021 or a City of Melville Code of Conduct)

6 PUBLIC QUESTION TIME

6.1 Questions Received with Notice

6.2 Questions Received at the Meeting

7 NEW BUSINESS OF AN URGENT NATURE

8 IDENTIFICATION OF MATTERS FOR WHICH MEETING MAY BE CLOSED

9 ADOPTION OF RECOMMENDATIONS EN BLOC

10 REPORTS

10.1 Reports of the Chief Executive Officer

Urban Planning

UP24/33 Canning Bridge Activity Centre Plan Review - Consideration of Further Information Request for forwarding to the Department of Planning, Lands and Heritage

File Number:	
Responsible Officer:	Director Planning
Voting Requirements:	Simple Majority
Officer Disclosure of Interest:	No officer involved in the preparation of this report has a declarable interest in this matter.
Attachments:	<ol style="list-style-type: none"> 1. Further Information Report ↓ 2. Colliers Technical Modelling ↓ 3. Addendum to Colliers Technical Modelling ↓ 4. CRG and Hatch Workshop Minutes ↓

COUNCIL'S ROLE

Advocacy: When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.

SUMMARY

- Since appointing consultants Hatch Roberts Day (Hatch) in August 2020, the Council has continued to review identified shortcomings with the Canning Bridge District Centre, starting with a formal targeted review of the Canning Bridge Activity Centre Plan (CBACP).
- After significant input from the community and other stakeholders, Council resolved in April 2023 to submit a revised version of the CBACP to the Department of Planning, Lands and Heritage (DPLH).
- Prior to finalising their assessment of the draft updates, the DPLH have requested that the City provide them with further information on four key aspects associated with the CBACP.
- Hatch were re-engaged by the City to prepare a response to the DPLH, with multiple iterations having been workshopped with City staff and members of the community stakeholder group known as the Community Reference Group (CRG).
- The City is seeking Council support to provide the final report to the DPLH, prior to the 29 February 2024 deadline, along with relevant attachments.

OFFICER RECOMMENDATION**That the Council:**

1. **Notes the report prepared by Hatch in response to a request for further information being sought by the Department of Planning, Lands and Heritage (DPLH); and**
2. **Requests the CEO to forward the FIR report, and Council report (incl. all attachments) to the DPLH; and**
3. **Approves the modifications to the draft CBACP as outlined in this report under the sub-heading 'Clarification on Southern Boundary'.**

PURPOSE

The purpose of this item is for the Council to consider a report written on behalf of the City of Melville (The City), by consultants Hatch, and prepared in response to a request for further information from the Department of Planning, Lands and Heritage (DPLH).

The Council is also required to clarify its intentions for the lots that are proposed to be excluded from the general provisions in the Canning Bridge Activity Centre Plan (CBACP) (i.e., those on the southern boundary).

STRATEGIC ALIGNMENT

Priority	2	Improve the approach for diverse and sustainable urban development and infrastructure
	P2/3	Optimise the capability and liveability of activity centres with consideration to the expectations of our community.
	P2/2	Enhance amenity and vibrancy through placemaking and creating well designed and attractive public spaces.
6	6	Encourage local economic development
	P6/1	Encourage opportunities for increased private sector commercial and residential development in strategic locations.
Outcome Indicator	6	Sustainable and Connected Transport
	Goal 5	Prioritizing Urban Development Near Transport Nodes and In Activity Centres
	3	Healthy Lifestyles
	Goal 1	A Safe and Healthy Urban Environment

BACKGROUNDReviewing the Canning Bridge Activity Centre Plan

The Council on 18 August 2020 resolved to appoint independent consultants Hatch Roberts Day (Hatch) to undertake a targeted review of the CBACP. The review was to focus primarily on the built form in the precinct, appreciating that other areas of focus such as traffic could be considered in the future. The review process was informed by investigations into the context and characteristics of the precinct and an extensive engagement program.

Initial stakeholder engagement comprised of Elected Member and staff briefings, community surveys, stakeholder group workshops and culminated in a three-day Place Design Forum. Preliminary stakeholder engagement indicated support for the existing precinct vision, however identified opportunities to improve the CBACP in areas such as certainty of outcomes, connectivity, bonus height processes, quality of the public realm, vibrancy, and exemplary design.

Upon review, a draft CBACP was circulated to Elected Members in July 2021 for feedback with comments finalised in March 2022. The initial draft CBACP generally responded to the key issues of enhanced consistency/certainty, control of building height/bulk, design quality and reform of community benefit processes. The Council considered the draft CBACP on 11 July 2022 and resolved to initiate its advertising to seek feedback on the content. The Council resolution also provided for advertising of a separate report prepared by a community stakeholder group known as the Community Reference Group (CRG).

The invitation to comment on the two reports was open from 29 August 2022 to 28 October 2022 with a total of 588 submissions received. Hatch examined the submissions received and provided responses to the issues raised. These responses have been informed through the results of a series of four workshops with a representative panel of stakeholders. A schedule of submissions was prepared which responded to issues raised during the advertising period and identifies proposed modifications to the draft CBACP.

At the Ordinary Meeting of Council on 18 April 2023, the Council resolved to forward the advertised draft CBACP to the Department of Planning, Lands and Heritage (DPLH) with a recommendation that it be approved subject to nineteen modifications. At this same meeting, the Council acknowledged the need to explore additional studies and actions suggested by Hatch in their Report on Consideration of Submissions (to be revisited post-WAPC determination).

Further Information Request

In October 2023, the DPLH, having considered the changes proposed to the CBACP, requested additional information they deemed necessary to make a recommendation to the Western Australian Planning Commission (WAPC). In their request for further information, DPLH clarified that they're considering not only the version of the CBACP endorsed by Council on the 18 April 2023 (herein referred to as the 'Council-endorsed version'), but the earlier version of the CBACP prepared by Hatch and advertised in August 2022 (herein referred to as the 'Hatch advertised version'). Notwithstanding the DPLH request, it's important to note that the Council-endorsed version was also advertised, has been through a robust consideration process, was well supported by the community and is the version formally forwarded by Council to the DPLH.

To respond to the request for further information, Council in November 2023 agreed to re-engage Hatch to prepare the draft Further Information Report (FIR). It was also agreed as part of the preparation of the FIR to provide the CRG with the opportunity to have input into the process.

In December 2023, Hatch gave the City its first draft of the FIR, including market analysis and feasibility testing from Colliers International. Both the City and CRG provided Hatch with a detailed critique of the draft FIR, with comments.

In February 2024, the City hosted the CRG and Hatch to workshop the draft FIR and agree on refinements (see Attachment 4). Hatch have responded to the requests made and provided the City with a final report in a form suitable for submission to the DPLH.

On the 19 February 2024, through an Elected Members Engagement Session, Elected Members were briefed on the content of the FIR ahead of it being brought to the Special Meeting of Council on the 27 February 2024.

The City has until 29 February 2024 to provide the DPLH with the requested further information, after which the expectation is that the DPLH will finalise their assessment, and make a recommendation to the WAPC.

CONSIDERATION

The request from the DPLH can be summarised as follows:

1. Are the properties south of Wren and Helm St going to be unreasonably overshadowed now that they are no longer part of the CBACP?
2. Acknowledging that many of the proposed changes proposed to the CBACP will either deliberately, or inadvertently, serve to moderate the scale of future developments, will the CBACP still be able to deliver on the housing infill target that has been set?
3. Once all the new development controls are factored in (i.e., reduced heights, increased setbacks, plot ratio etc.), will developments still be economically feasible?
4. How did Hatch come up with their cash-in-lieu percent for bonus height and have they considered the other components needed for a comprehensive community benefit framework?

A brief summary of the response to each of these questions in the FIR is provided below.

1. Shadowing

This query relates to the Council-modified version of the draft CBACP, whereby the Council determined to move the southern boundary of the CBACP to terminate at Helm St and Wren St (see Figure 1 below). With potential eight storey towers expected north of the aforementioned streets, the DPLH have asked the City to model how the shadow cast from these theoretical towers will impact on the properties now outside of the CBACP.



Figure 1- Modified CBACP boundary

Hatch provided the overshadowing model which illustrated how much shadow would be cast onto the properties south of Helm St and Wren St at various times of the day (on the 21 June). Following input from the City and CRG, Hatch went a step further and provided a comparative shadow model of the version of the CBACP currently operating (see Figure 2 below).

Unsurprisingly, the decision to move the boundary of the CBACP to a street rather than a private lot greatly reduces the amount of shadow cast over properties south of that boundary.

In comparing the two models, the existing version of the CBACP currently allows for developments within, but abutting the CBACP boundary to be built to such a height, and in such close proximity to the adjoining properties, that as many as seven lots are at risk of being overshadowed by at least 85% of their lot area (measured at midday on 21 June). By comparison the modelling for the draft CBACP endorsed by Council would see the worst affected property facing at most 58% shadow, and all but two properties expected to receive less than 50%.

It's acknowledged that the proposed boundary change creates a significant difference in density north to south of Wren and Helm Street. Notwithstanding, the change is supported for the following key reasons:

1. The abruptness in density transition is considered appropriate in the context of character retention of the area outside the CBACP boundary.
2. The additional separation between development provided by the road reservation and location of outdoor living areas for existing properties south of Helm Street and Wren Street is significant as illustrated by the overshadowing analysis.
3. Cadastral boundaries do not provide for appropriate interfaces between high and lower density residential development. Road reservations are a more sophisticated interface providing relief from the effects of high-density development and delineates a logical boundary for this part of the CBACP."



Figure 2- Shadow modelling based on existing CBACP boundary



Figure 3- Shadow modelling based on proposed modification to CBACP boundary

2. CBACP Dwelling Target

Based on the targets established in the CBACP's executive summary, and the City's Local Planning Strategy (2016), Canning Bridge is scheduled to deliver 4,250 additional dwellings by 2051. That includes the developments built since the CBACP was adopted in 2015. Hatch have developed a yield model that accounts for numerous factors including the age of the housing stock, the complexity involved with amalgamating lots and even the impact from a lot's shape on its developability. When filtered through this model, the different versions of the CBACP are projected to deliver vastly different amounts of dwellings. The current version of the CBACP is projected to deliver 221% of the 2051 target, while the Hatch advertised version is projected to deliver 106%, and the Council endorsed version delivering 73%.

Hatch have acknowledged that these figures are based on various market assumptions (see Appendix A of the attached FIR), and therefore involve a reasonable level of forecast and speculation. To help improve the accuracy and information provided by the model, Hatch have had their assumptions considered by property market analysts Colliers International, who generally agreed with the assumptions underpinning Hatch's model.

At the request of the City and based on alternative inputs suggested by the CRG, Hatch re-ran their yield model (see Appendix A of the attached FIR report). The modified model inputs related primarily to the probability of amalgamation occurring on different types of lots. For example, Hatch's model assumed that lots with homes that had only recently been built, and lots with multiple owners such as strata unit developments, were significantly less likely to amalgamate before 2050, and therefore the availability of land for redevelopment would be constrained, resulting in fewer developments. The City and CRG queried the significantly lower percentages, referencing how developers in Canning Bridge, and their willingness to amalgamate had shown that amalgamation is not as significant of a constraint as Hatch were implying.

After modifying these inputs, the results suggest that-

1. The current ACP would now deliver 264% of the infill target,
2. The Hatch advertised version would deliver 127%, and
3. The Council-endorsed version 87%.

As part of the formal presentation process to the Council, should the CRG provide any additional feedback which reviews Hatch's model outputs and the Council are of a view to support the CRG position, the City recommends, in the interest of transparency, to attach the CRG information as an attachment to the final FIR.

3. Development Feasibility

There are numerous differences between the Council-endorsed and Hatch advertised versions of the draft CBACP. Some of these changes are significant, such as whether or not bonus heights are acceptable, but others are more subtle, such as different street setbacks and plot ratio. Regardless, all these changes aggregate to create a framework of development parameters for prospective developers to work within. The DPLH has sought to understand how the modifications made to the development parameters in both versions will affect the developability of individual sites, down to the ability for developments to be profitable (and therefore viable).

To assist the DPLH, Hatch deferred to Colliers International to model compliant developments on five typical sites in the CBACP, and to do so against the standards in both the Council-endorsed and Hatch advertised version.

The results suggested that current market conditions such as high construction costs and reduced borrowing capacity have meant neither version presented environments conducive to development, with profits being no sure thing. However, it was acknowledged that future conditions absent of these current constraints would likely see things become more favourable, and in such an environment, the Council-endorsed version would be more economically viable than the Hatch advertised version, mostly because it proposes to have a higher plot ratio.

4. Community Benefit Framework (Percent for Bonus Height)

The fourth and final query from the DPLH relates to the proposed Community Benefit Framework referenced in the Hatch advertised version. For context, the Council ultimately decided not to support the use of bonus heights, but Hatch were previously encouraging the Council to continue to allow bonus height, albeit capped.

As part of Hatch's approach, developments that sought to exceed their base height limits were required to provide community benefit via a cash-in-lieu contribution to the City (amongst other obligations). The contribution was set at 3% of the cost to construct any floors above the base height limit.

Since the DPLH are considering the Hatch advertised version, they have asked Hatch to account for their costing model, and to justify how this figure was reached, having regard to the potential impact that it might have on equity/feasibility for developers.

In addition, the DPLH have also highlighted the need for several other critical documents normally expected as part of a community benefit framework. This includes things like a Community Needs Blueprint, an assessment criterion for unlisted items, and a procedural guide for the City in its receiving and managing of funds accrued as part of a contributions scheme.

Hatch acknowledged that developing a robust Community Benefit Framework, including the associated documents requested by the DPLH, required significant community and stakeholder input, and careful consideration of how such an approach would be implemented. Therefore in lieu of the information sought, Hatch have focused on providing a proof of concept based on information they gathered during their various stakeholder and community meetings when envisaging the review of the CBACP way back in 2020.

Appreciating that Council does not support the use of bonus heights, the City acknowledges the need for Hatch to account for their draft approach, and agrees with Hatch's report commentary about the need for a separate and comprehensive engagement with the City and its community before committing to a community benefit framework, should the WAPC determine to persist with bonus heights.

Summary

The further information report prepared by Hatch is primarily a technical report, leaning on complex yield models and a detailed analysis of the built form. Overall, the report is considered to generally respond to the request from the DPLH, and generally supports the position of Council.

The only section of the report that presents the Council-endorsed version as being less than preferable is with regard to its ability to deliver on the overall dwelling and commercial floor space targets. The City has therefore sought to ensure that Hatch are as forthcoming as they can be with the market assumptions that underpin their model, and that Hatch acknowledge in the report that parts of their model are based solely on experience and are therefore fallible.

In addition, the City has sought to maintain a pseudo-democratic process by offering the CRG the opportunity to review and question Hatch on their assumptions, and where an impasse is reached, affording CRG the opportunity to account for their position in a written addendum to be included in the final FIR (subject to Council support).

Clarification Sought on Southern Boundary

In April 2023, Council accepted the Hatch advertised version of the CBACP subject to 19 additional modifications. This created what has been referred to as the Council-endorsed version. One of the 19 modifications made by Council was to realign the southern boundary of the CBACP.

In November 2020, the Council initiated an amendment to the southern boundary of the CBACP, accompanied by a resolution to initiate a corresponding Scheme Amendment (Amendment 9) to rezone the properties excluded from the CBACP to become Residential R20 sites. The amendment was not approved with one of the listed reasons for refusal was that the amendment was premature in the context of the broader CBACP review.

Now that the Council has progressed through a substantive review of the CBACP, the boundary realignment has been revisited and ultimately supported by Council. Notwithstanding this position, the City is concerned that the Council have not been explicit with their intentions for the lots south of Helm Street and Wren Street. Therefore, as part of this further information request, the City is recommending that Council, as part of their further information report to the DPLH, request that the WAPC recognise these lots as Residential R20 lots (in accordance with Council's previous decision in 2020).

Furthermore, to avoid an unnecessary delay in the determination of the CBACP, the City is recommending that in addition to clarifying the housing typology sought for the lots south of Helm St and Wren St (i.e. R20 residential), that the Council avoid the need for a separate Scheme Amendment by retaining these lots within the CBACP boundary, and defining them as Residential R20 lots to be developed in accordance with the Residential Design Codes and relevant Local Planning Policies (see Figure 4 below).

Scheme amendments can take upwards of 12 months to resolve, which is likely to delay a decision on the CBACP review. Apart from avoiding a significant delay, this approach would still afford the City the option to clarify the intention at a later date through a specific Scheme Amendment.



Figure 4- Updated southern boundary option

Next Steps

Should the Council approve the FIR being sent to the DPLH, the expectation is that the DPLH will then finalise their assessment of the proposed CBACP changes and make a recommendation to the WAPC. A final decision of the SPC would then ideally follow in the second quarter of this year.

From conversations with the DPLH, it's possible that the decision of the WAPC will include a directive that the City re-work the final version of the document to exclude reference to the City of South Perth. The City of South Perth would be required to also update their version of the document to exclude any development provisions relevant to Melville. The City and staff at the City of South Perth support this approach, as it will improve the legibility of the CBACP, but also not delay a decision by the WAPC.

Once the WAPC has made a decision on the CBACP, the City will report back to the Council at the earliest opportunity, to present the outcome and discuss the City's options moving forward.

ENGAGEMENT

The City has sought to ensure that the CRG were afforded the opportunity to provide input in the preparation of the further information response for the DPLH. This was appropriate considering the majority of the 19 modifications Council made to the draft CBACP post-advertising were modifications proposed by the CRG. This included but is not limited to the modification of the southern boundary, the removal of bonus heights and the introduction of minimum lot sizes. Since a portion of the further information request relates to changes by the CRG and supported by the Council, the City considered it appropriate to allow CRG an opportunity to justify the rationale behind their suggested improvements.

The City has therefore over the past few months sought feedback from the CRG, which has led to a number of modifications to the draft report. This culminated in a workshop on the 2 February 2024 between the City, Hatch and the CRG. Minutes and agreed actions from this meeting are included as Attachment 4.

Whilst the City is generally comfortable that the final version of the FIR responds to the requests for changes sought by the City and the CRG, time constraints have meant there has not been the opportunity to present the final changes to the CRG and get their feedback before it needed to be

presented to the Council. Should the CRG provide any additional feedback which reviews Hatch's model outputs or any other aspect of the FIR, and the Council are of a view to support the CRG position, the City recommends, in the interest of transparency, to attach the CRG information as an attachment to the final FIR and that any information form part of the minutes of the meeting.

No wider community engagement was deemed necessary, specifically because the information being sought by the DPLH did not include new decisions of Council, but simply further clarification and justification for the decision that Council already made.

During the preparation of the FIR and early in January 2024, the City met with the Minister for Planning, the Hon John Carey MLA. At the meeting, the City advocated for the Council-endorsed position and highlighted the key concerns expressed throughout the community engagement process.

Further engagement with the DPLH and CRG is envisaged to occur at an operational level after the submission of the FIR. Council will be kept informed of the content and outcomes of these meetings as and when they occur.

The City is available to engage with all stakeholders as the consideration process for the CBACP review progresses.

SUSTAINABILITY IMPLICATIONS

Environment / Economic

Infill development such as that facilitated by the CBACP helps alleviate urban sprawl by utilising existing infrastructure and minimising the need for new infrastructure expansion (i.e., major highways, public transport). Notwithstanding this, infill development needs to be carefully considered and supported by corresponding upgrades to existing infrastructure and investment in amenity and the public realm to support increased density.

Sustainable infill development necessitates long-term financial planning, adaptive management strategies, on-going investment and monitoring to address evolving environmental, social, and economic challenges and ensure the continued health and vitality of urban communities.

Social

Infill development requires robust community engagement and collaboration among stakeholders to address concerns, incorporate diverse perspectives, and ensure that development plans align with the needs, expectations and aspirations of the local community.

LEGISLATIVE AND POLICY ALIGNMENT

The content of the further information report, and the decision before Council on whether the report is acceptable to provide to the DPLH is not bound by any specific policies or legislation. Fundamentally, the substantive decision was made in April 2023 when the Council determined to support the revised CBACP and submit it for consideration to the DPLH. Nonetheless the broader CBACP does align with both the state and local planning framework, most readily:

1. Planning and Development Act 2005
2. State Planning Policy 4.2 – Activity Centres
3. Local Planning Scheme No.6

FINANCIAL IMPLICATIONS

Accepting the further information report prepared by Hatch and submitting it to the DPLH (inclusive of the relevant attachments) does not have any financial implications for the City. The further information is intended to provide clarification on the decision already made by Council when they approved the draft CBACP in April 2023.

CONSEQUENCE

If the Council decides not to provide the further information report to the DPLH, it is understood that the DPLH will be forced to make a recommendation on the proposed changes to the CBACP, but do so without the clarifying information contained within the report. This could be detrimental to the City if the DPLH were relying on the information within the report in order to understand and ultimately support the changes the City is seeking.

Once the WAPC has made a decision on the CBACP, the City will report back to Council at the earliest opportunity, to present the outcome and discuss the City's options moving forward.

11 MOTIONS WITHOUT PREVIOUS NOTICE (APPROVAL BY ABSOLUTE MAJORITY)

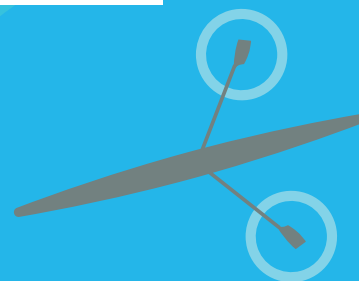
12 DECISIONS MADE WHILE MEETING WAS CLOSED TO THE PUBLIC

13 CLOSURE



**CANNING
BRIDGE**

**RESPONSE TO REQUEST
FOR FURTHER INFORMATION
FEBRUARY 2024**



HATCH

We acknowledge the Whadjuk people of the Nyoongar nation as the traditional owners of this land and pay respect to Elders past, present and emerging.

Thank you to the City of Melville and all those who participated in the project for their time, ideas and enthusiasm.

DOCUMENT CONTROL

Title	Response to Request for Further Information
Client	City of Melville
Prepared by	Hatch
Contributing Consultants	Colliers International

REVISION	COMMENT	AUTHOR	APPROVED BY	DATE ISSUED
A	Draft	K. Brooks, R. Duckham	R. Duckham	29/11/2023
B	Updated Draft	K. Brooks, R. Duckham	R. Duckham	7/12/2023
C	Final	K. Brooks, R. Duckham	R. Duckham	15/02/2024

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1.0 INTRODUCTION, SUMMARY AND PURPOSE

Hatch has been commissioned to prepare a package providing additional information as requested by the Department of Planning, Lands and Heritage (DPLH). This Request for Further Information (RFI) will assist DPLH in providing clarity as it assesses the reviewed and modified Canning Bridge Activity Centre Plan (CBACP).

The CBACP was modified as the culmination of a review undertaken by Hatch on behalf of the City of Melville, commencing in August 2020, featuring considerable stakeholder engagement culminating in a Place Design Forum held with the City of Melville in February 2021. At inception of the project, Hatch's mandate from elected members was to undertake an independent review.

The City of Melville resolved to advertise the CBACP from 29 August to 28 October 2022. DPLH will be aware that two proposals were advertised, one prepared by Hatch and one prepared by the CRG. The latter is acknowledged, and it is noted that the DPLH request referring to the advertised version related to the Hatch proposal. The CRG proposal generally aligns with the Council endorsed version.

Following review of submissions, the CBACP was considered Council resolution in its meeting of 18-19 April 2023, where Council resolved to further modify the CBACP and forward to WAPC with a schedule of modifications.

As a consequence there is an advertised version and Council modified version of the CBACP.

DPLH have reviewed the CBACP and Council-recommended modifications post-advertising, and requested further information. Five elements of information were requested based on the advertised version and Council endorsed version. DPLH's request is in the following table, which form the structure for this response.

In summary in response to the information required by DPLH:

- Overshadowing is improved when Helm Street is adopted as the boundary for intense development, although there are instances where lots are overshadowed by more than 50%, and in some cases more than 80%
- The vision, design development, and modelling of growth management are outlined in detail. In some instances the CRG queried some assumptions in the modelling. These are both justified and subject to sensitivity analysis in the response.
- Development outcomes, including notional massing, building disposition and feasibility analysis are provided. The latter is generally more favourable for the Council-endorsed version as outlined in the worked examples prepared by Colliers International
- Detailed rationale and indicative items for community benefits are included in the information relating to the framework, including clear parameters to implementation, noting that the Council-endorsed version did not contemplate development bonuses, nor, therefore, community benefits

Finally, a brief note on terminology used in this report is required. The CBACP itself refers to the designations within the precinct of H4, H8, M10 and M15 as "zones". It is acknowledged that this is no longer practice in structure planning, and that these designations should not be confused with zones within gazetted town planning schemes. As the existing ACP refers to "zones" this terminology is retained in this report, to avoid confusion.

INFORMATION REQUIRED (incl. Relevant version)

COMMENT 1

In relation to the Council Modified Version

Overshadowing and built form transitions analysis is required to demonstrate that the realigned southern boundary effectively meets the desired outcomes.

(Built form analysis)

COMMENT 2

In relation to both the Council Modified Version & Advertised Version

The cumulative impact of;

1. the reduction in the ACP area;
2. various reclassifications (H4/H8/M10/M15) of land within the CBACP;
3. introduction of minimum lot sizes; and
4. smaller building envelopes,

needs to be demonstrated in the context of:

- The impact on the Key CBACP Information in the Executive Summary;
- SPP 4.2 – Roles and Characteristics of District Centres particularly average residential density (dwellings per gross Urban Zone hectare within the walkable catchment);
- Central Sub-Regional Framework – dwelling and population targets; and
- State Planning Policy 7.2 – Precinct Design Guidelines, with emphasis on Clause 2.7 Feasibility.

This evidence should be based on appropriate forecasting methodology and a clear set of assumptions underpinning the forecasting, which also needs to be provided to DPLH.

(Yield modelling)

COMMENT 3

In relation to the Council Modified Version

Built form study which tests the built form provisions for the CBACP area (minimum lot size, plot ratio, building and podium heights, setbacks, tower floor plates) to demonstrate that the controls deliver the envisaged development in the precinct (Refer section 2.7 - Feasibility of SPP 7.2 Precinct Design Guidelines).

(Built form analysis incl. feasibility)

COMMENT 4

In relation to Advertised Version

Built form study which test the built form provisions for the CBACP area (plot ratio, building and podium heights, setbacks, tower floor plates) to demonstrate that the controls deliver the envisaged development in the precinct (Refer section 2.7 - Feasibility of SPP 7.2 Precinct Design Guidelines).

(Built form analysis incl. feasibility)

COMMENT 5*In relation to the Advertised Version*

The proposed Community Benefit Framework (CBF) needs to be supported by an equity / feasibility test when using the percentage model. This test would determine whether the formulae (as framed) will yield contribution amounts that can be absorbed by development projects of the type anticipated for the CBACP and a recommendation of where the proposed metric (of X%) sits within a tolerable range.

Other key items that will need to be included in a CBF (further discussion can occur regarding the timing and advertising requirements) are:

- A Place and Community Needs Blueprint specifically for the CBACP area undertaken by the City to identify community benefit items (included as an Appendix to Part 2);
- Itemised community benefit list with approximate costings and priority (this list is to be included in Part 1 of the PSP as an Appendix which can be called "Community Benefit Contribution Project List");
- An assessment criteria for unlisted community benefit items (a proponent can undertake its own CNA only if they want to provide a community benefit item that is not on the Town's list) (included as an Appendix to Part 2); and
- Community Benefit Contribution Procedural guide - The process of agreeing and delivering community benefits, from the point at which an applicant submits a development application, through to payment of the contribution and delivery of the benefit items by the developer or local government, and monitoring and review (included as an Appendix to Part 1).

(Equity/Feasibility test [plus additional key items as defined])

2.0 APPROACH, PROCESS AND METHODOLOGY

The approach to providing this response provides for a clear delineation between Hatch's independent advice and any variance or further considerations by the City of Melville. As instructed by the City, the process required Hatch to prepare a response first, independent of any inputs from Council or associated groups.

Following preparation is an independent draft response, the report would be reviewed by the City administration, with modifications suggested, and presented to elected members, and discussed with the Community Reference Group, which issued an alternative suite of proposed modifications.

Finally the report would be put to a Council meeting for consideration, endorsement and onward issue to DPLH as part of the ongoing assessment of the CBACP.

In preparing the report, Hatch's methodology included documenting previous work undertaken for Canning Bridge, both by Hatch and by other parties, to maximise the project knowledge incorporated into the response.

Additionally, the response draws on relevant precedents for similar work and strategically similar projects, notably including those previously approved, endorsed or supported by the Western Australian Planning Commission.

An integral part of the analysis is modelling development outcomes, including preparing graphic models and representations of potential development aligned with the advertised and Council modified versions of the CBACP. These graphic representations are an important communicative element of the response.

Importantly, Hatch has engaged the services of Colliers International to review viability and feasibility questions from the RFI, providing up-to-date insights based on market analysis and financial considerations when undertaking development as proposed at Canning Bridge.

This integrated and comprehensive response to the RFI provides key information targeted to DPLH's stated needs to enable ongoing assessment and determination of the CBACP.



3.0 COMMENT 1: OVERSHADOWING AND TRANSITIONS (COUNCIL MODIFIED VERSION)

COMMENT 1

In relation to the Council Modified Version

Overshadowing and built form transitions analysis is required to demonstrate that the realigned southern boundary effectively meets the desired outcomes.

(Built form analysis)

3.1 OVERSHADOWING AND TRANSITIONS UNDER COUNCIL ENDORSED VERSION

To undertake this analysis the controls in the Council Modified version were analysed to ensure compliant development was proposed. The focus of the analysis on Helm Street rather than Wren Street as it runs more directly east-west and therefore shadows cast would have a more direct impact on properties due south.

All lots on the north side of Helm Street are zoned H8. Given the minimum lot size requirement of 1800sqm under the Council Modified version of the document, four development sites were assembled to meet this minimum lot size requirement.

Development adhered to maximum plot ratio requirements and maximum tower floorplate requirements. Floor heights are assumed to be 3.5m floor-to-floor (generally corresponding to 3.0m floor to ceiling height).

With the resultant building envelope and plot ratio allocation a rational built form response was proposed reflective of expected developer response. Where considering how developers would respond to controls, we drew on industry advice and experience (consistent with advice used for other elements of this response to DPLH's request), examples include developers pursuing height, limiting floorplate size to a max 20m depth, maximising northern exposure for apartments.

As is convention with overshadowing analysis, shadows were modelled on 21 June, providing shadows at 10am, midday and 2pm. These are depicted in Figure 1, Figure 2 and Figure 3.

The amount of overshadowing of existing lots on Helm Street is depicted in associated tables. No assumption is made on the alternative zoning or density coding of the land south of Helm Street should the ACP boundary be adjusted to remove these lots. The final zoning will give an indication of whether this degree of overshadowing is considered acceptable for these lots.

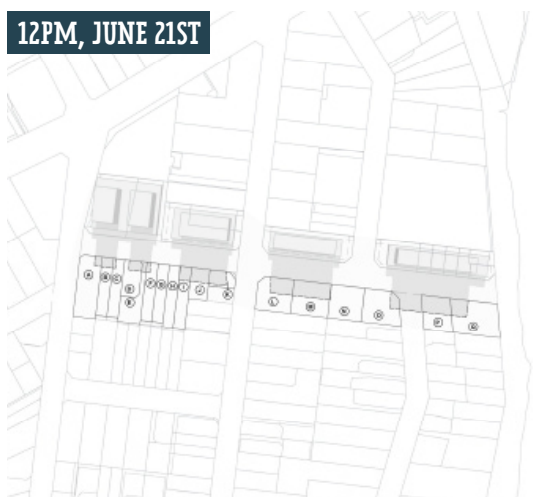
The modelling demonstrates three scenarios where over 80% of a lot is overshadowed at these points in time, with a range of overshadowing of individual lots under all three scenarios. This is acknowledged in part to be the result of the existing cadastral patterns of the impacted lots.

The future zoning of these lots is not yet confirmed, and therefore the level of overshadowing considered acceptable is a matter to consider in allocating a density code. It should be noted that, were overshadowing of lots south of Helm Street to be considered too great given the future zoning of the affected land, and relevant clauses of the ACP be triggered resulting in adjustment of development, the development potential of the H8 zoned land would be limited, resulting in compromised outcomes for development on those sites.



Lot	Address	Lot size (m ²)	Overshadowed Area (m ²)	Percentage
A	2 Helm St	118	246	27%
B	4 Helm St	522	193	37%
C	4A Helm St	522	168	32%
D	6 Helm St	513	23	4%
E	6A Helm St	300	0	0%
F	8 Helm St	521	200	38%
G	8A Helm St	521	228	44%
H	10 Helm St	543	225	41%
I	10A Helm St	566	227	40%
J	10B Helm St	454	197	43%
K	27 Ogilvie Rd	320	0	0%
L	26 Ogilvie Rd	943	759	80%
M	14 Helm St	1012	273	27%
N	16 Helm St	911	95	10%
O	1/3 View Rd	986	816	83%
P	2 View Rd	791	433	55%
Q	25 The Esplanade	1287	0	0%

Figure 1: Building Shadows - 10am



Lot	Address	Lot size (m ²)	Overshadowed Area (m ²)	Percentage
A	2 Helm St	118	57	5%
B	4 Helm St	522	88	17%
C	4A Helm St	522	23	4%
D	6 Helm St	513	99	19%
E	6A Helm St	300	37	6%
F	8 Helm St	521	30	6%
G	8A Helm St	521	0	0%
H	10 Helm St	543	3	1%
I	10A Helm St	566	123	22%
J	10B Helm St	454	201	44%
K	27 Ogilvie Rd	320	187	58%
L	26 Ogilvie Rd	943	283	30%
M	14 Helm St	1012	467	46%
N	16 Helm St	911	0	0%
O	1/3 View Rd	986	102	10%
P	2 View Rd	791	393	50%
Q	25 The Esplanade	1287	223	17%

Figure 2: Building Shadows - 12pm



Lot	Address	Lot size (m ²)	Overshadowed Area (m ²)	Percentage
A	2 Helm St	118	0	0%
B	4 Helm St	522	0	0%
C	4A Helm St	522	28	5%
D	6 Helm St	513	140	27%
E	6A Helm St	300	26	4%
F	8 Helm St	521	20	4%
G	8A Helm St	521	88	17%
H	10 Helm St	543	88	16%
I	10A Helm St	566	2	0%
J	10B Helm St	454	57	13%
K	27 Ogilvie Rd	320	280	88%
L	26 Ogilvie Rd	943	10	1%
M	14 Helm St	1012	452	45%
N	16 Helm St	911	379	42%
O	1/3 View Rd	986	0	0%
P	2 View Rd	791	399	50%
Q	25 The Esplanade	1287	614	48%

Figure 3: Building Shadows - 2pm

3.2 SUPPLEMENTARY ADVICE: OVERSHADOWING AND TRANSITIONS UNDER EXISTING CONTROLS

As a comparison to the Council endorsed version, Hatch was asked to analyse overshadowing under the current planning controls for the ACP, based on the current boundary to the ACP (i.e. south of Helm Street, largely cadastral rather than street boundaries to the ACP area). Note that these diagrams are not reflective of the advertised version.

This analysis shows significant overshadowing of several lots outside of the ACP area at various times during the day. This highlights an issue with residential amenity to be resolved in the review of the ACP, particularly given the current ACP provides for overshadowing to be disregarded as a consideration for development within the ACP area.

In practice lots to the immediate south of the ACP boundary are significantly overshadowed, impacting on the amenity of dwellings to the south – all six lots to the immediate south of the boundary are overshadowed by at least 85% at midday on June 21.

For comparison the advertised version retains the same ACP boundary but includes substantial outcomes based development controls to ensure overshadowing and visual privacy in particular are safeguarded for lots outside the ACP area, requiring the impacts to match the R20 zoning of the impacted property.

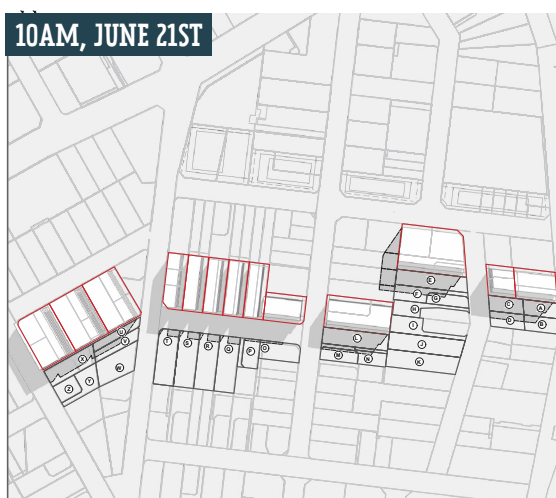


Figure 4: Building Shadows - 10am (For existing, not advertised controls)

3.3 SUPPLEMENTARY ADVICE ON SOUTHERN BOUNDARY

Following the public advertising of the Advertised and Council Modified Versions (and prior to the Council determination) Hatch adopted a position to support a revised southern boundary, as advocated by the CRG. This support was reported to the City of Melville based on the following considerations:

- Assessment of possible overshadowing impacts (as outlined above);
- Introduction of clauses into the ACP that will ‘manage down’ development that may adversely impact on the amenity of residents south of Helm Street.
- The reservation for Helm and Wren Streets, as the revised boundary, was considered a natural point to transition development intensity for the planning duration of the ACP and
- A reduction of development intensity south of Canning Highway will limit further congestion at Sleat Road (caused by access and egress constraints to Canning Highway).

Lot	Address	Lot size (m ²)	Overshadowed Area (m ²)	Percentage
A	29 The Esplanade	522	352	67%
B	29A The Esplanade	522	89	17%
C	6 View Rd	516	516	100%
D	6A View Rd	515	232	45%
E	7 View Rd	1069	885	83%
F	9A View Rd	657	311	47%
G	9 View Rd	456	50	11%
H	11A View Rd	588	0	0%
I	13A View Rd	722	0	0%
J	15 View Rd	1264	0	0%
K	17 View Rd	1229	0	0%
L	28A Ogilvie Rd	1052	243	23%
M	30 Ogilvie Rd	1052	244	23%
N	32 Ogilvie Rd	1052	77	7%
O	38 Ogilvie Rd	1052	942	90%
P	40A Ogilvie Rd	464	73	16%
Q	8A Kavanagh St	1113	93	8%
R	6 Kavanagh St	1113	97	9%
S	4 Kavanagh St	1113	93	8%
T	2B Kavanagh St	1107	84	8%
U	11D Sleat Rd	460	344	75%
V	11E Sleat Rd	507	162	32%
W	13A Sleat Rd	1030	0	0%
X	18 Ullapool Rd	1012	657	65%
Y	20A Ullapool Rd	572	0	0%
Z	20 Ullapool Rd	440	0	0%



Figure 5: Building Shadows - 12pm
(For existing, not advertised controls)

Lot	Address	Lot size (m ²)	Overshadowed Area (m ²)	Percentage
A	29 The Esplanade	522	446	85%
B	29A The Esplanade	522	0	0%
C	6 View Rd	516	516	100%
D	6A View Rd	515	0	0%
E	7 View Rd	1069	977	91%
F	9A View Rd	657	0	0%
G	9 View Rd	456	0	0%
H	11A View Rd	588	0	0%
I	13A View Rd	722	0	0%
J	15 View Rd	1264	0	0%
K	17 View Rd	1229	0	0%
L	38 Ogilvie Rd	1052	934	89%
M	40A Ogilvie Rd	464	0	0%
N	40 Ogilvie Rd	588	0	0%
O	35A Ogilvie Rd	708	0	0%
P	10A Kavanagh St	458	0	0%
Q	8A Kavanagh St	1113	0	0%
R	6 Kavanagh St	1113	0	0%
S	4 Kavanagh St	1113	0	0%
T	2B Kavanagh St	1107	0	0%
U	11D Sleat Rd	460	397	86%
V	11E Sleat Rd	507	444	88%
W	13A Sleat Rd	1030	0	0%
X	18 Ullapool Rd	1012	868	86%
Y	20A Ullapool Rd	572	0	0%
Z	20 Ullapool Rd	440	0	0%

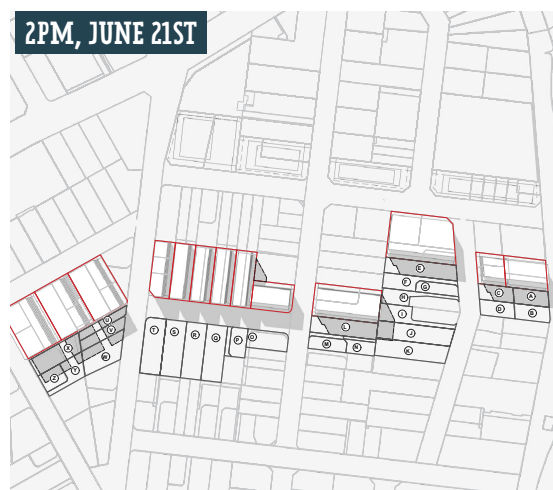


Figure 6: Building Shadows - 2pm
(For existing, not advertised controls)

Lot	Address	Lot size (m ²)	Overshadowed Area (m ²)	Percentage
A	29 The Esplanade	522	522	100%
B	29A The Esplanade	522	0	0%
C	6 View Rd	516	366	71%
D	6A View Rd	515	0	0%
E	7 View Rd	1069	917	86%
F	9A View Rd	657	0	0%
G	9 View Rd	456	0	0%
H	11A View Rd	588	29	5%
I	13A View Rd	722	198	27%
J	15 View Rd	1264	271	21%
K	17 View Rd	1229	16	1%
L	38 Ogilvie Rd	1052	849	81%
M	40A Ogilvie Rd	464	0	0%
N	40 Ogilvie Rd	588	0	0%
O	35A Ogilvie Rd	708	0	0%
P	10A Kavanagh St	458	0	0%
Q	8A Kavanagh St	1113	0	0%
R	6 Kavanagh St	1113	0	0%
S	4 Kavanagh St	1113	0	0%
T	2B Kavanagh St	1107	0	0%
U	11D Sleat Rd	460	362	79%
V	11E Sleat Rd	507	429	85%
W	13A Sleat Rd	1030	340	33%
X	18 Ullapool Rd	1012	747	74%
Y	20A Ullapool Rd	572	140	24%
Z	20 Ullapool Rd	440	196	45%

4.0 COMMENT 2: PLANNING FOR PRECINCT GROWTH

COMMENT 2

In relation to both the Council Modified Version & Advertised Version

The cumulative impact of;

1. the reduction in the ACP area;
2. various reclassifications (H4/H8/M10/M15) of land within the CBACP;
3. introduction of minimum lot sizes; and
4. smaller building envelopes,

needs to be demonstrated in the context of:

- The impact on the Key CBACP Information in the Executive Summary;
- SPP 4.2 – Roles and Characteristics of District Centres particularly average residential density (dwellings per gross Urban Zone hectare within the walkable catchment);
- Central Sub-Regional Framework – dwelling and population targets; and
- State Planning Policy 7.2 – Precinct Design Guidelines, with emphasis on Clause 2.7 Feasibility.

This evidence should be based on appropriate forecasting methodology and a clear set of assumptions underpinning the forecasting, which also needs to be provided to DPLH.

(Yield modelling)

4.1 EXPLANATION OF GROWTH MODELLING APPROACH

The Canning Bridge Activity Centre Plan (ACP) is integral to the development of the Canning Bridge precinct in the City of Melville. The approach is rooted in a meticulous, evidence-based growth model designed to balance stakeholder aspirations, precinct vision, and the imperative of accommodating growth targets specifically within the City of Melville.

This document provides a review of the modelling methodology and key assumptions underpinning our forecasting. The emphasis is on ensuring a robust, controlled, and visionary future for the Melville portion of Canning Bridge.

4.1.1 - Vision for the Precinct

The visionary future contemplated is based on the built form studies, contextual investigation, document review, place analysis, and stakeholder engagement reflected in the vision, objectives and goals in the City's Precinct and Place Report. The collation of this feedback and inputs provides guidance as to how future demand and growth should be managed and directed within the precinct. In many cases, these considerations, preferences and aspirations fed into development controls proposed in the advertised version.

4.1.2 - The Challenge: Growth, Development, and Character

The challenge lies in modifying the existing ACP to address competing demands while aligning with the City's vision for the Melville area. The evidence-based growth model seeks to manage growth effectively, accommodating targets like the 4,723 additional dwellings and additional retail and commercial floorspace within the City of Melville by 2051.

The dwelling targets were shared by officers and elected members early in the review of the CBACP (which commenced following Council resolution in August 2020), and appear in the City's planning documents, for example in Local Planning Policy (LPP) 1.20 dated February 2021, and its unadopted predecessor, LPP 1.18 Draft for Council dated June 2020.

Retail and commercial floorspace targets are derived from the Local Commercial and Activity Centres Strategy, being the mean of the four articulated outcomes (maximum and minimum for aspirational and conservative scenarios). Collectively, these contribute to the State Government infill obligations, and are derived from the City of Melville's endorsed planning framework.

4.1.3 - Objectives of Modelling

In the first instance, the modelling demonstrates the floorspace supply notionally permissible under the planning controls, and, therefore, the perceived development potential available to landowners, purchasers and developers contemplating construction without any additional constraints being in place.

Actual provision of housing and floorspace will relate to demand (market conditions, pre-sales) and other factors also. Site specific factors such as lot size, heritage features, tenure and other considerations therefore form an additional layer beyond the initial perceived development potential. Inherent in considering factors that impact on likelihood of redevelopment is the potential for the same elements to further impede development potential even if developed (for example an M15 site below minimum lot size being constrained to a lower height limit by the CBACP).

The model also acknowledges that, due to a range of other factors (e.g. lot shape or other local conditions), it is not assumed that 100% of development potential (measured in floorspace or plot ratio) will be achieved with every new development.

Given the direction that the target of 4,273 additional dwellings (and non-residential floorspace) by 2051 should be met but not substantially exceeded from elected members, the intent is to demonstrate that the planning controls (given associated precinct and site conditions) meet this objective.

4.1.4 - Model Inputs and Benchmarks

To build a comprehensive growth model, we gathered data on the 347 freehold land parcels in the Melville portion of the ACP area, incorporating factors such as lot area, zoning, tenure, intensity existing development, and population figures. A table provided as Appendix A outlines the key data attributes, sources, and relevant metrics. The model integrates qualitative and quantitative measures to capture the nuanced aspects of the Melville precinct, feasibility and development parameters. Importantly, key parameters and benchmarks are also based on previously accepted approaches to precinct planning endorsed by WAPC, providing a degree of consistency.

4.1.5 - Methodology Overview

The heart of our approach lies in analysing and recalibrating development controls and bonus provisions specifically for the City of Melville. The model encompasses controls like height restrictions, podium sizes, floorplate sizes, frontage types, and parking details, offering a nuanced and detailed understanding. Importantly, each site in the Melville precinct has been individually coded, resulting in over 44,000 data points. This meticulous coding allows for a virtual building envelope for each landholding.

In considering the modelling methodology, it was important to be aware of the ultimate planning tools that can be used to govern future development of the precinct, to ensure the elements of modelling could be wholly and faithfully translated into the planning framework. Accordingly, tools recognised as available for the CBACP included heights, setbacks, plot ratios, bonuses, floorplate sizes, street frontages, and community benefits.

4.1.6 - Outcomes and Results

The outcomes are not confined to numeric summaries. Each site, through virtual 3D building envelopes and an established likelihood of development, contributes to an overarching figure, indicating whether the controls achieve the specified targets. The model features advantages such as adaptability, consistency, and minimal need for individual landowner interventions or amendments to the ACP, ensuring the City's control over the Melville precinct is preserved (as is the intent behind the vision, objectives and goals).

The model aligns with stakeholder aspirations from the Precinct and Place Report, providing a robust means to demonstrate to WAPC that infill targets are met.

In addition to the modelling outcomes, plot ratio testing and studies of built form are enhanced by use of the model, to assess plot ratio and building envelopes in a variety of scenarios for the former, and alignment with existing character, targeted areas of growth for the latter.

4.1.7 - Application for the Melville Portion of the Canning Bridge ACP

As mentioned in preceding sections, while the model itself doesn't form part of the ACP, it assists in tailoring the controls for the Melville area, ensuring the growth targets can be met. This approach balances community aspirations with infill targets, reducing WAPC objection risks specifically for the Melville portion. The model can allow for ongoing review (for example easily assessing growth against forecasts and obligations and adjusting accordingly as part of a comprehensive review process), ensuring the Melville precinct's evolution aligns with the vision.

4.1.8 - Other Applications of the Model

Beyond its direct application in the ACP, plot ratio testing and built form analysis mentioned in preceding sections, the model holds potential for several other elements within the City of Melville. Revenue projection for community benefits and parking contributions are explored (this is outlined in section 5.0 of this report in a series of development scenarios).

Beyond this, the model has the potential to provide guidance on projected rates revenue for the City of Melville (notable given stakeholder feedback regarding the extent to which the precinct is subsidising the balance of the City), public open space funding, and potentially land tax and stamp duty funding.

The model serves as a comprehensive mechanism to translate the balance of stakeholder aspirations into development controls, while abiding by established growth and infill targets, reducing approval risk and maintaining City control.

4.1.9 - Supplementary Advice on Sensitivity Testing

Hatch were asked to adjust parameters used in the model and determine modifications to expected growth accordingly. The adjustments to parameters were suggested by CRG and the City of Melville, rather than Hatch. Results of this sensitivity analysis can be found in Appendix A of this report, following the explanation of modelling and the parameters. In summary (if the adjusted parameters are accepted) a 19.4% increase in anticipated growth would be expected. Accordingly, should the parameters be modified to accommodate changes requested total expected floorspace would be multiplied by 1.194

4.2 EXISTING CBACP

4.2.1 - Key Differentiating Attributes of Controls

The existing CBACP controls have remained largely in place since the creation of the ACP in 2016. They have been critiqued by community stakeholders, which was the rationale for reviewing the ACP.

Key features relating to development controls include no limits to bonus heights in M15 areas, active disregarding of overshadowing as a development consideration, and limited community benefits for development concessions.

It will be noted that, for the purposes of modelling growth, maximum heights have been assumed at 30 storeys (reflective of the tallest building developed in the ACP area under these development controls), as a general starting point of developer expectations in the existing M15 zone. This parameter has regard for the M15 zoned land remaining for redevelopment following development of major sites such as the Sabina Apartments, the Precinct and Cirque..

This does not mean that all development within M15 areas would be 30 storeys in height. As outlined in **Appendix A** and section 4.1, a range of additional considerations, reducing the average development potential of sites, effectively reduces the expected height of development within M15 areas that may seek bonuses under the current CBACP controls, and varies with the individual characteristics of sites. In practice this average is around 25-26 storeys, which appears a reasonable average between Sabina (30 storeys, in the core of the precinct) and Cirque (22 storeys, on the southern fringe of the M15 zone).

In respect of the impact on the key CBACP information in the ACP’s Executive Summary, it should be noted that the method of arriving at Executive Summary figures is not clear, however the following analysis has reviewed the existing ACP and proposed controls using the same parameters to allow a direct comparison of development potential enabled by ACP controls.

4.2.2 - Comparison with Infill Residential and Other Targets

A review of existing controls shows that the City of Melville side zoning would achieve 10,807 dwellings (9,459 additional) to 2051, which is 221% of the infill target for the centre. Total floorspace provided to 2051 (all land uses, including the abovementioned residential component) would be more than 1.3m sqm, i.e.1.15 million additional sqm, which is 232% of the target. Although this suggests substantial capacity for the centre, it significantly exceeds the requirements of the Central Sub Regional Planning Framework, the City of Melville’s own planning guidance for the centre and the community’s expectations. Further, this intensity of development would require commensurate transport and other infrastructure investment, which has not been contemplated, and can not be reasonably justified.

Measure	Development Potential	Percentage of Targets
Additional Residential Dwellings	9,459 dwellings	221%
All Additional Floorspace (incl Residential)	1,150,000sqm	232%

4.2.3 - Site Developability

The existing ACP includes minimum lot size requirements for M10 and M15 zoned lots (2000sqm and 2600sqm respectively, below which more modest heights are permissible. H4 and H8 zones are not subject to minimum lot sizes

Site Developability: Current ACP	
Number of Freehold Lots	347
Sites under Min Lot Size for “Base” Height	174
Percentage of Lots Requiring Amalgamation	50%

4.2.4 - Compliance with SPP4.2 and Other Considerations

Canning Bridge is identified as a district centre under State Planning Policy 4.2, Activity Centres. The total area of the CBACP within the City of Melville is around 45ha of which approximately 39.98ha is zoned Urban under the Metropolitan Region Scheme and therefore subject to minimum density requirements under SPP4.2.

Under SPP4.2, a minimum density of 35 dwellings per hectare is required, equating to a minimum 1399 dwellings. As outlined above this figure is exceeded and therefore compliant with minimums set by SPP4.2.

The area of Land available for development and which does not include roads, parks or other impediments to development. Consequently, the average number of dwellings per Hectare to meet the target total number of 4,273 is 136 dwellings per Hectare. However, as the intention of the CBACP is to have different densities in different Zones, the density per Zone, that is required to meet the average density and provide the target number of dwellings, must be determined and applied.

4.2.5 - Supplementary Advice

A range of development control provisions were amended and introduced to address the City and community's concerns about the scale and quality of development. These changes responded directly to the desire to improve the disposition of buildings at the ground plane, preferred building forms (including bulk and scale), as well as the quality of architecture. This included provisions like plot ratio, setbacks, podium heights and tower floorplates, among others.

This suite of controls ties back to the Place + Directions Report (for the Canning Bridge ACP Review), which documents a revised project vision, supported by considered guiding principles and urban design illustrations; as agreed through a thorough community consultation program. This is a public document and can be made available to DPLH on request.

The community consultation program also revealed wide concerns about the lack of public open space, loss of tree canopy and impact on verge trees. Although not part of the project brief, these matters were addressed to support the intent of the proposed new vision and competently understand the interrelationship with the concerns about development control.

Considerations included the introduction of a road hierarchy, clear movement and land use functions for each road type (including pedestrian movements), road section designs and public realm investment, initiatives to decouple car parking, strategic public open space needs (some which require more detailed investigation and testing). Building typologies (suite to preferred land use outcomes for each street type) were then pair to the proposed street hierarchy.

Importantly, the holistic nature of the review and recommendations seek to ensure the proposed outcomes rely on the integration of private realm (development control) and public realm investments. The recommendation for the City to proactively deploy Local Development Plans across both domains is essential.



4.3 ADVERTISED VERSION

4.3.1 - Key Differentiating Attributes of Controls

The advertised version of the ACP included a number of changes from the current document, generally guided by identified shortcomings in the document and feedback received through the Place Design Forum and related engagement in early 2021 (reflected in the Outcomes Report prepared for Council following the forum).

This includes introducing plot ratio as an additional control, introducing frontage types to control podium setbacks independent of height, reduction in the number of M10 and M15 zoned lots in the ACP area, capping bonuses at 3 and 5 storeys generally for M10 and M15 bonuses, maximum floorplate sizes, and adding an “additional bonus” area allowing for up to 10 additional storeys at the core of the ACP area.

Additional controls were included where development interfaces with properties outside of the ACP (for example overshadowing and visual privacy controls).

4.3.2 - Comparison with Infill Residential and Other Targets

Controls, and in particular proposed height and plot ratio limits, were calibrated to enable infill targets to be met, with allowance for a small contingency to cover any unforeseen risks to realisation of development potential.

Accordingly, for the advertised version these figures are 106% of dwelling targets for the ACP area, and 108% of total floorspace.

It should be noted that these figures assume development bonuses will generally be sought by developers where available (i.e. M10 and M15 zones) in most instances. This additional development potential is included in the growth modelling outcomes.

Measure	Development Potential	Percentage of Targets
Additional Residential Dwellings	4,546 dwellings	106%
All Additional Floorspace (incl Residential)	536,000sqm	108%

4.3.3 - Site Developability

Minimum lot sizes are largely unchanged in the advertised version of the ACP, with controls retained for M10 and M15 development.

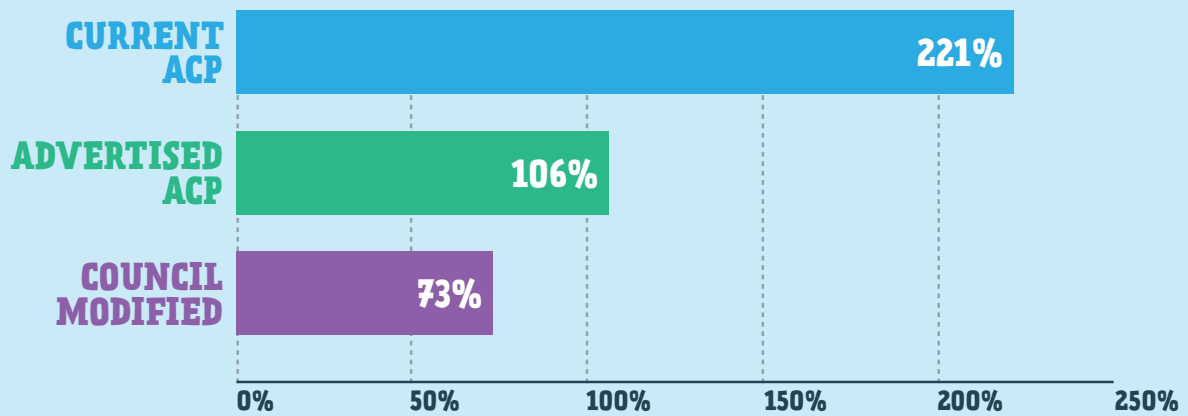
Site Developability: Advertised Version of ACP	
Number of Freehold Lots	347
Sites under Min Lot Size for “Base” Height	160
Percentage of Lots Requiring Amalgamation	46%

The variation from the existing ACP is reflective of the reduced number of lots zoned M10 and M15 as part of scaling back and tightening development potential.

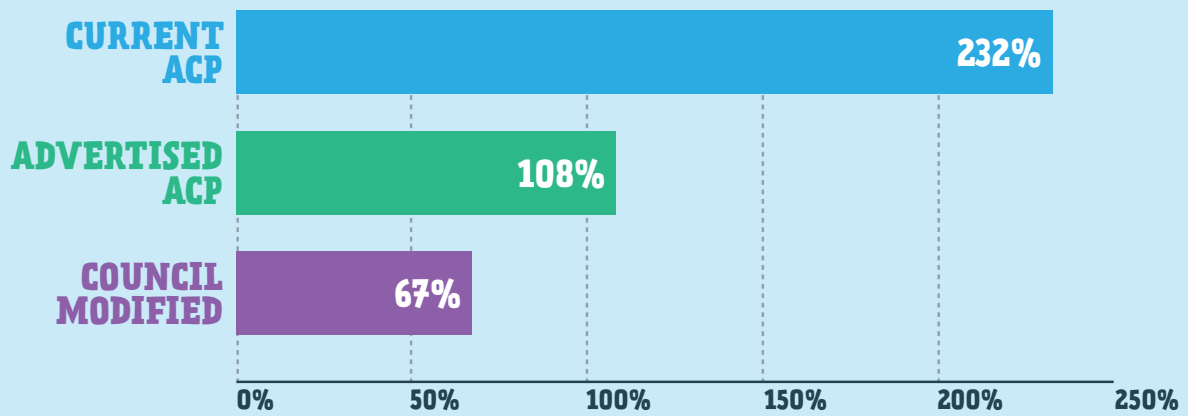
4.3.4 - Compliance with SPP4.2 and Other Considerations

As outlined in clause 4.2.4, Canning Bridge is identified as a district centre under SPP4.2 with approximately 39.98ha zoned Urban under the Metropolitan Region Scheme and therefore subject to minimum density requirements under SPP4.2. As with the current ACP, under SPP4.2, a minimum density of 35 dwellings per hectare is required, equating to a minimum 1399 dwellings. Like the current ACP, this figure is exceeded and therefore the density requirements are compliant with minimums set by SPP4.2.

DWELLING TARGET



TOTAL FLOORSPACE TARGETS



4.4 TREATMENT OF COMMUNITY INPUTS (SUPPLEMENTARY ADVICE)

The Advertised Version and the CRG Report were contemporaneously advertised for public comment from January 28, 2021 to March 29, 2021. The consideration of submissions included workshops with the CRG and the City to consider aspects of the CRG Report that could improve the Advertised Version.

This resulted in some recommendations from Hatch (that departed from the Advertised Version) to the City to support its deliberations on the submissions received from the advertising process, including matters like the proposed southern boundary, revert zoning to H4 Forbes Road (western side), compensate these changes with adjustments to plot ratio, and the proposal for the community benefit contribution to be raised from 3% to 5%.

These updated recommendations – and the process leading to them, which involved collaboration between CRG, Hatch and the City of Melville – are not subject of the DPLH Request for Information but formed part of the agenda item for Council’s resolution on the ACP, and can be provided to DPLH on request.

4.5 COUNCIL ENDORSED VERSION

4.5.1 - Key Differentiating Attributes of Controls

In comparison with the advertised version, a range of additional changes were proposed in the modified version endorsed by Council. These included adjustment of the southern boundary to run along Wren Street and Helm Street, removing 29 lots from the ACP area.

This version also dispenses with the possibility of bonuses for design excellence and community benefits, capping heights at 10 and 15 storeys with no additional height contemplated for M10 and M15 zones accordingly.

Modifications also include introducing minimum lot sizes for H4 and H8 development, requiring 1000sqm and 1800sqm respectively (and retaining minimum lot sizes for M10 and M15 development), additional setbacks for “Active” and “Mixed” frontages in the ACP, increases in plot ratio by 0.2 for each zone compared with the advertised version, changes to area calculations excluding road widening, and podium height changes.

This is not an exhaustive list of modifications however these changes relate most to the ability of the precinct to accommodate growth, and for site testing as outlined in the subsequent section of this response.



4.5.2 - Comparison with Infill Residential and Other Targets

For the Council Modified version, with additional modifications proposed for the planning framework, the same modelling parameters and process indicates that 73% of dwelling targets and 67% of total floorspace are achieved, i.e. a shortage of 33% of additional growth to achieve total floorspace targets.

With the southern property boundary proposed to be moved, and uncertainty of the future zoning of land excluded from the ACP area, it is difficult to determine the additional dwellings expected on land south of Helm and Wren Streets. However based on the assumption that Council would seek to match zoning and development potential with the current development pattern nearby (single, detached dwellings zoned R20, no additional dwellings have been included in this model from this excluded land.

Measure	Development Potential	Percentage of Targets
Additional Residential Dwellings	3,320 dwellings	73%
All Additional Floorspace (incl Residential)	332,000sqm	67%

4.5.3 - Site Developability

In addition to the minimum lot sizes in the current ACP, the Council modified version proposes a minimum lot size for H4 and H8 zoned land (1000sqm and 1800sqm respectively). This is evident in an analysis of lots requiring amalgamation shown below.

Site Developability: Council Modified Version of ACP	
Number of Freehold Lots	318
Sites under Min Lot Size for "Base" Height	263
Percentage of Lots Requiring Amalgamation	83%

This is substantially higher than the other two versions of the ACP, attributable to the additional minimum site controls.

4.5.4 - Compliance with SPP4.2 and Other Considerations

As outlined in clauses 4.2.4 and 4.3.4, Canning Bridge is identified as a district centre under SPP4.2 requiring a minimum density of 35 dwellings per hectare. Under the Council Modified version, the area of the ACP zoned Urban under the MRS is approximately 34.89ha, equating to a minimum 1211 dwellings. Like the current ACP, this figure is exceeded and therefore the density requirements are compliant with minimums set by SPP4.2, even with no development potential added to lots proposed to be excluded from the ACP.

4.6 COMPARISON

Comparison between the three sets of controls allows for reflection on how housing supply is facilitated through planning controls. The following graphics demonstrate the alignment with infill targets and anticipated office and retail space growth in the ACP area to 2051.

The existing ACP was by definition the starting point of reviewing controls. Both the advertised and Council modified versions have responded to the identified issues with the current framework, where development outcomes have not matched stakeholder expectations.

Based on the preceding analysis it is not difficult to understand how the planning framework allows for development beyond what is required to achieve infill targets. Removing the assumption that development would not exceed 30 storeys (for which there is no impediment in planning controls) could see infill targets exceeded by more than the figures stated above. This has implications beyond built form character: the ability for infrastructure, including the transport network, to accommodate this growth would need to be further considered.

The advertised version had the advantage of being designed to achieve the infill objectives, and, aside from allowing a contingency, these targets are met and not substantially exceeded. The detail of the controls proposed also sought to align with understood construction parameters, to reform the ACP in a manner that meets the community and stakeholder expectations articulated in the Precinct and Place Report while avoiding unduly impacting viability for proposed development.

Using the same parameters to determine future growth, minimum lot sizes for H4 and H8 add an

additional step in the development process, requiring land assembly, acquisition and amalgamation for to undertake four storey development in the Council modified version. In addition to reducing the number of lots that are developable, this additional step in the process impacts on growth potential for the ACP area towards its infill targets.

Beyond residential infill targets, retail and office space provided is important to the ACP area and its surrounds. Less non-residential uses locally would imply requiring more travel out of the precinct to meet daily needs, and to commute to workplaces, exacerbating traffic issues.

Finally, lots requiring amalgamation to undertake development must be recognised as a function of two separate elements. One is development controls (notably minimum lot size requirements) as discussed in preceding sections. The other is the historic pattern of development and subdivision: if existing lots are too small to accommodate development that fulfills the potential of its zoning, amalgamation will be required. This legacy element is an existing condition and an important element of site context. The impact of smaller lots and the need to acquire landholdings to assemble development sites is discussed further in Appendix A of this report.

Inevitably, a degree of land assembly and amalgamation is expected in these circumstances due to the existing cadastre. What is considered an appropriate percentage of lots requiring amalgamation to develop as intended is a matter for decisionmakers to consider and weigh against realising the development, infill and employment potential of an activity centre.

5.0 COMMENTS 3 AND 4: DEVELOPMENT OUTCOMES FOR ADVERTISED AND MODIFIED VERSIONS

COMMENT 3

In relation to the Council Modified Version

Built form study which tests the built form provisions for the CBACP area (minimum lot size, plot ratio, building and podium heights, setbacks, tower floor plates) to demonstrate that the controls deliver the envisaged development in the precinct (Refer section 2.7 - Feasibility of SPP 7.2 Precinct Design Guidelines).

(Built form analysis incl. feasibility)

COMMENT 4

In relation to Advertised Version

Built form study which test the built form provisions for the CBACP area (plot ratio, building and podium heights, setbacks, tower floor plates) to demonstrate that the controls deliver the envisaged development in the precinct (Refer section 2.7 - Feasibility of SPP 7.2 Precinct Design Guidelines).

(Built form analysis incl. feasibility)

5.1 APPROACH

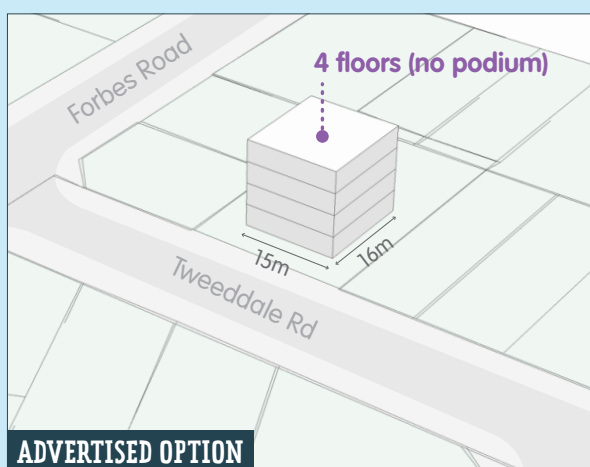
Growth modelling undertaken as outlined in previous sections inherently included assessment of development intensity, place characteristics, modelling of development outcomes and consideration of how proposed development would interact with the public realm.

Building on previous work, this response to the RFI features a comparison of development opportunities on five typical sites within the ACP area.

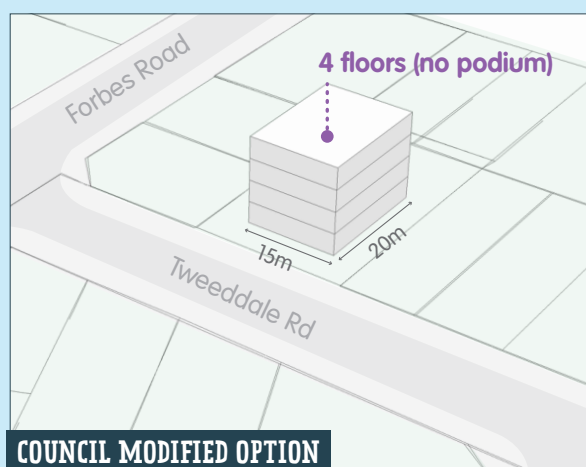
Five sites chosen are based on specific sites within the ACP area, these are chosen for guidance noting that exact dimensions for hypothetical development sites will approximate but not exactly match the addresses provided. For each of these, development outcomes are compared (site size, allocated coding, frontage type, land use mix, parking).

5.2 H4 SITE

Scenario	H4	H4
Example Address	21 Tweeddale Rd	21 Tweeddale Rd
Frontage Type	Residential	Residential
Site Width	25	25
Site Depth	40	40
Area (incl truncations)	1000	1000
Controls	Advertised	Council modified
Total Height	4	4
Podium Height	No Podium Element	
Front Setback (Podium)		
Podium Depth		
Podium Width		
Actual Podium		
Tower Depth	16	20
Tower Width	15	15
Actual Floorplate	240	300
Tower Floors	4	4
Tower Front Setback	6	6
Tower Side Setbacks (min)	5	5
Max Plot Ratio	0.8	1.0
Actual PR	0.8	1.0
Net Residential Area	742	927.5
Non-Residential Floorspace (NLA)	0.0	0.0
Expected Dwelling Yield	8	10
On-site Parking	10	13
Floorspace for Comm Benefit	0	0
Parking Cash in Lieu Bays	1	0
Est. Cash in Lieu Payable	\$3,300	\$0



ADVERTISED OPTION



COUNCIL MODIFIED OPTION

5.2.1 - Site planning

Setbacks are similar in both models, noting that side setbacks were guided by overall lot width. Open space and deep soil zone requirements on development sites were generally greater in the Council modified version. Much of this is expected to be provided in the front setback in both examples, providing landscaped presentation to the street, but could be provided elsewhere on the site.

The Council modified version has one notable difference which is not an inherent part of this analysis: minimum lot size. The site selected complies with the minimum lot size under the Council modified version however this difference between the two sets of controls, and the impacts of this difference, is acknowledged.

5.2.2 - Building envelope

With no podium element for a 4 storey building, the building envelopes – the volumetric area within which development is to be contained – were the same for each example.

5.2.3 - Plot Ratio and Floorspace

Plot ratio is a notable difference between the two sets of controls, with the Council modified development controls proposing more plot ratio (1.0) than the advertised version (0.8). This is shown in the total floorspace proposed and floorplate size for each option. The Council modified floorplate is larger 20m deep rather than 16m deep.

Additional plot ratio also translates into more saleable space, and therefore more apartments to sell within this hypothetical development, an additional two apartments included in the Council modified version.

5.2.4 - Bonuses and Contributions

At this scale with wholly residential development proposed, contributions and bonuses are limited. The difference between the two proposal's contributions to precinct funding is a cash in lieu contribution for one parking bay (i.e. a visitor parking bay), being \$3,300. The cash in lieu contribution is based on an assumption that the parking removed from the site would be surface parking, considered the most likely from a spatial and viability perspective.

5.2.5 - Development Feasibility Advice

The hypothetical proposed development options propose four-storey residential apartments with at-grade parking. Developers are likely to lean towards boutique projects featuring two to three-bedroom apartments (in this case, all units are two-bedroom).

From a market response perspective, the key difference between the two options lies in plot ratio and floor plate size, with the Council modified version offering a larger area and therefore increased dwelling yield.

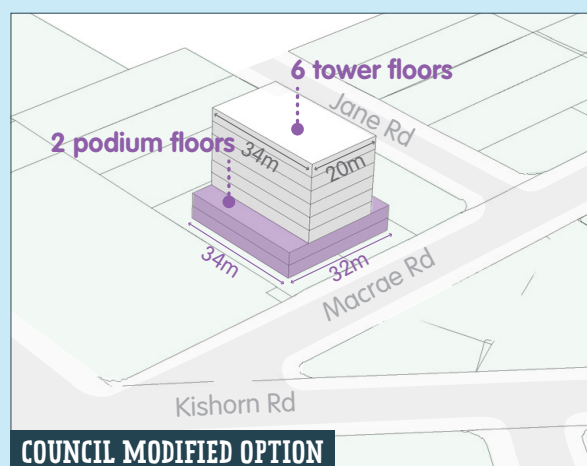
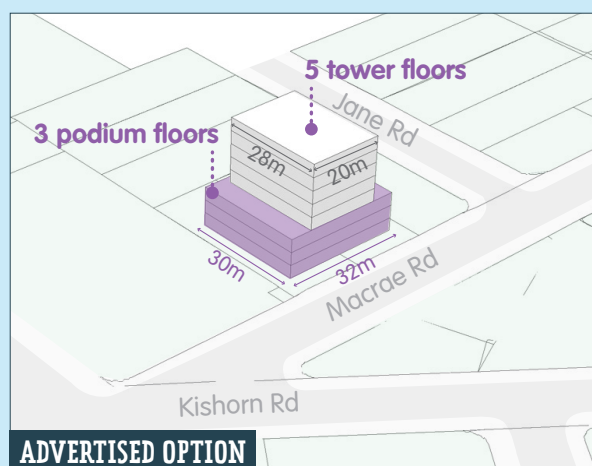
The advertised version yields a residual land value below market value (limiting its viability), while the Council modified version aligns more closely with the assessed unimproved market land value, making it a more viable choice – although in practice both options could be outbid by buyers for single residential development.

This presents a challenge in securing development opportunities within this zone due to lot size restrictions for the Council modified development controls. Given current cadastral and development patterns, proponents would need to outbid single residential development on multiple lots to assemble sufficient land to develop to H4 potential.

Finally it will be noted that some development has taken the form of grouped dwellings within the H4 precinct. This was not tested as part of the scope of this work but is acknowledged as a form of development that may be viable on these sites.

5.3 H8 SITE

Scenario	H8	H8
Example Address	3A + 5A Macrae Rd	3A + 5A Macrae Rd
Frontage Type	Residential	Residential
Site Width	40	40
Site Depth	50	50
Area (incl truncations)	2000	2000
Controls	Advertised	Council modified
Total Height	8	8
Podium Height	3	2
Front Setback (Podium)	6	6
Podium Depth	30	34
Podium Width	32	32
Actual Podium	960	1088
Tower Depth	28	34
Tower Width	20	20
Actual Floorplate	560	680
Tower Floors	5	6
Tower Front Setback	6	6
Tower Side Setbacks (min)	6	6
Max Plot Ratio	1.9	2.1
Actual PR	1.9	2.1
Net Residential Area	4081	4452
Non-Residential Floorspace (NLA)	0.0	0.0
Expected Dwelling Yield	44	48
On-site Parking	53	62
Floorspace for Comm Benefit	0	0
Parking Cash in Lieu Bays	4	0
Est. Cash in Lieu Payable	\$44,000	\$0

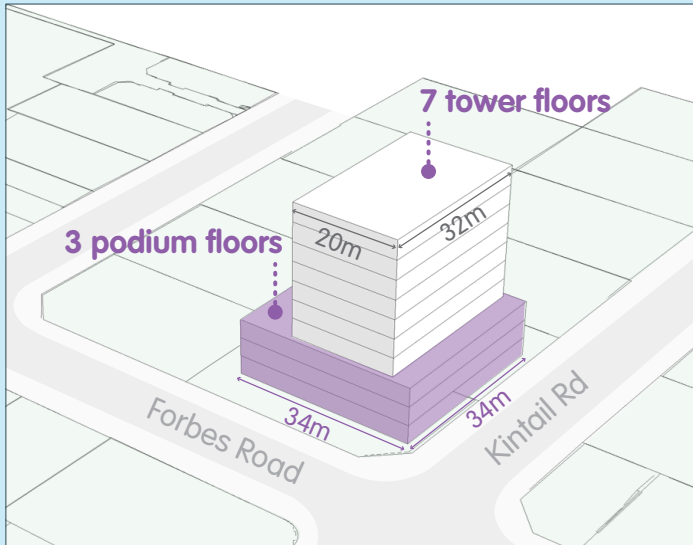




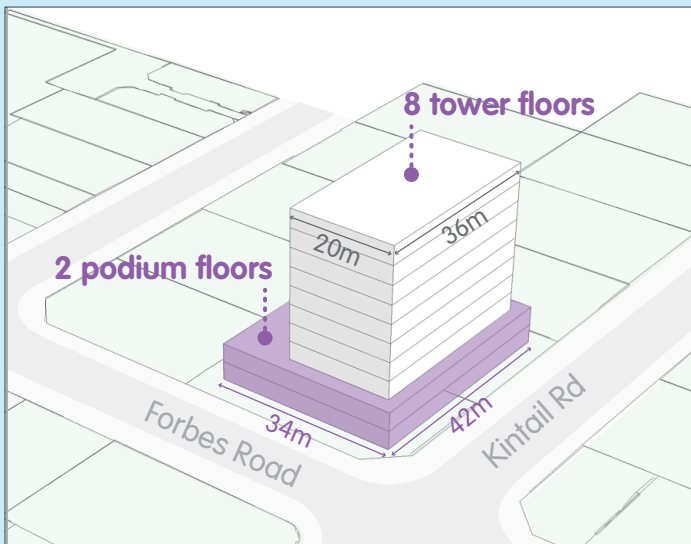
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5.4 M10 SITE

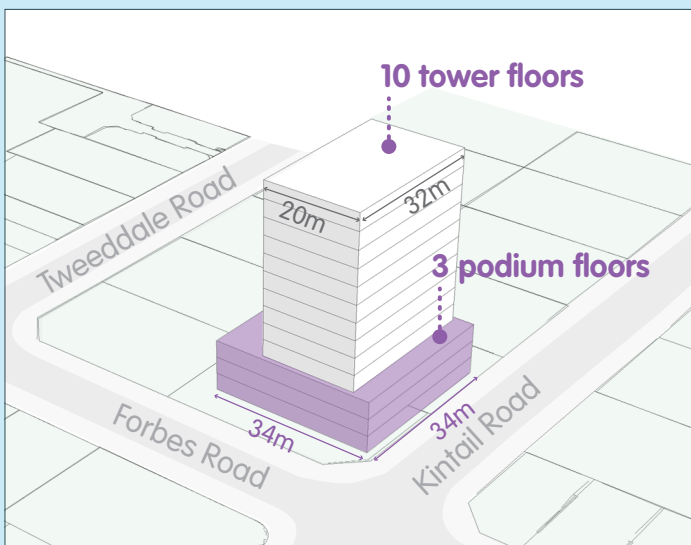
Scenario	M10	M10	M10 Bonus
Example Address	28 + 30 Kintail Rd	28 + 30 Kintail Rd	28 + 30 Kintail Rd
Frontage Type	Mixed	Mixed	Mixed
Site Width	40	40	40
Site Depth	50	50	50
Area (incl truncations)	2000	2000	2000
Controls	Advertised	Council modified	Advertised
Total Height	10	10	13
Podium Height	3	2	3
Front Setback (Podium)	2	4	2
Podium Depth	34	42	34
Podium Width	34	34	34
Actual Podium	1156	1428	1156
Tower Depth	32	36	32
Tower Width	20	20	20
Actual Floorplate	640	720	640
Tower Floors	7	8	10
Tower Front Setback	6	6	6
Tower Side Setbacks (min)	6	6	6
Max Plot Ratio	2.7	2.9	3.5
Actual PR	2.7	2.9	3.5
Net Residential Area	6493	7142	7791
Non-Residential Floorspace (NLA)	124.8	119.6	124.8
Expected Dwelling Yield	70	77	84
On-site Parking	84	106	101
Floorspace for Comm Benefit	0	0	1569.6
Parking Cash in Lieu Bays	13	0	14
Est. Cash in Lieu Payable	\$143,000	\$0	\$154,000



ADVERTISED OPTION



COUNCIL MODIFIED OPTION



ADVERTISED BONUS OPTION

5.3.1 - Site planning

Site planning is again similar between the two models proposed, with the same setback requirements and Residential frontage under the development controls. Again deep soil zone requirements are greater in the Council modified version. The Council modified version also confers an additional requirement for rear setbacks.

Again, H8 controls in the Council modified version includes the requirement for a minimum lot size. This site was selected as it complied with the minimum lot size, however it is noted that this is a development constraint for the Council modified version that does not apply to the advertised version.

5.3.2 - Podium and Tower

An additional level of podium space is possible under the advertised version of controls (three levels compared with two). The tower element for both allows development to a total of eight storeys (i.e. proposing a five- and six-storey tower element respectively).

5.3.3 - Plot Ratio and Floorspace

Additional plot ratio, and therefore floorspace, is proposed in the Council modified version (2.1) compared with the advertised version (1.9). In practice this difference confers additional floorspace and therefore additional residential dwelling yield.

This results in the floorplate sizes being different in each example. The podium dimensions for the Council modified version is larger (34m depth compared with 30m depth) despite the additional rear setback requirements. The advertised version likely wouldn't extend the podium to the rear of the property in any event, and use its plot ratio allocation more selectively.

The tower component for the advertised version would be narrower than the Council modified version, being 28m deep compared with 34m deep.

5.3.4 - Bonuses and Contributions

For H8 development no community benefit contributions are available under either option. However cash in lieu of parking is available for the advertised version (for visitor parking). This provides for a projected contribution of \$44,000 to precinct funding. This option is not available in the Council modified version.

5.3.5 - Development Feasibility Advice

Development controls for 3A & 5A Macrae Road envision an 8-storey apartment complex with parking expected in basement and podium levels. The significant distinction between the options is the floor plate size, with the Council modified version boasting larger dimensions and yielding more dwellings.

While both options fall below market value in residual land values, a common trend in the current market, the Council modified version aligns more closely with the assessed unimproved market land value. This option is deemed more viable.

5.4.1 - Site planning

As with previous sites analysed, there are substantial similarities between the two models compared. Again in respect of deep soil zones the required area for the Council modified version is double that of the advertised version.

Both sets of controls include a minimum lot size requirement.

5.4.2 - Podium and Tower

As with the H8 example, this ten storey development provides a difference in podium heights, with three levels permitted under the advertised version and two levels generally permissible under the Council-modified version. The tower elements are seven and eight storeys respectively so that each building achieves ten storeys without development concessions, and a ten storey tower element where a bonus has been granted.

As a Mixed frontage, within the podium the front setbacks vary slightly, with two metres minimum required by the advertised version and three metres minimum required by the Council-modified version.

5.4.3 - Plot Ratio and Floorspace

Again, plot ratio and resultant developable floorspace is a key difference between the two controls. Under the Council-modified version the maximum plot ratio is 2.9, whereas it is 2.7 under the advertised version. With the bonus element incorporated, a plot ratio limit of 3.5 is applicable. Again this results in additional residential floorspace and dwelling yield. As a consequence the floorplate size for the podium is 8m deeper in the Council modified version, and the tower element for the advertised version is slimmer.

5.4.4 - Bonuses and Contributions

No additional height or plot ratio is assumed to be sought in modelling this example, and as a consequence neither model provides a community benefit contribution. Again the main contribution is cash in lieu for parking. With a mixed frontage, some non-residential land uses are contemplated, which allows for cash in lieu for parking beyond residential visitor parking.

In this instance the cash in lieu contribution (for parking that would otherwise be provided in an expanded basement) is 13 bays, with a projected contribution to the precinct of \$143,000 for the advertised version. No contribution is provided under the Council-modified version.

Community benefits only apply where development concessions (i.e. additional height and plot ratio) are sought. In the 13 storey concept, the floorspace triggering the contribution is 1570sqm, translating to a community benefit contribution of \$459,000. The 13-storey version therefore confers an additional \$613,000 in funding for the precinct. Note that these contributions are incorporated into feasibility testing undertaken, as demonstrated in **Appendix B**.

5.4.5 - Development Feasibility Advice

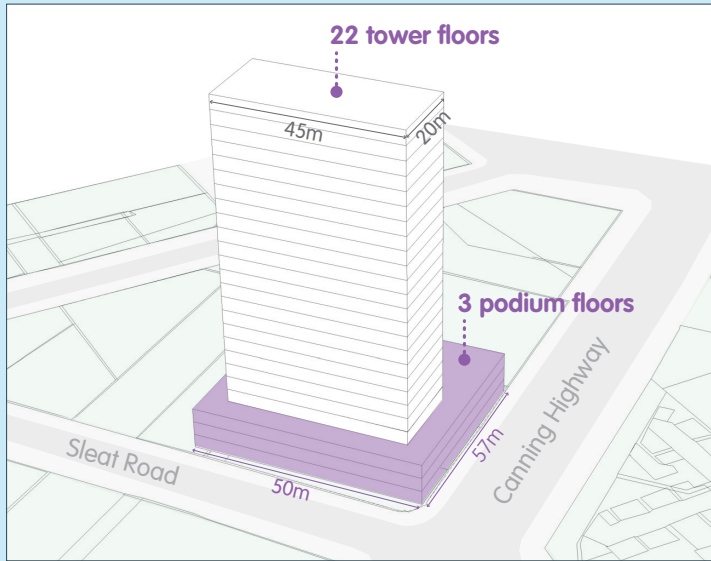
As discussed, the hypothetical development scenarios both provide for built form options of 10-storey mixed use apartment buildings with basement parking. The Council-modified version features larger floor plates, yielding higher saleable area and dwellings.

Residual land values for both 10-storey options fall slightly below market value, a common trend given current market challenges. However, the 13 storey version, with additional floorspace permissible, is close to the assessed unimproved market land value, making it more feasible.

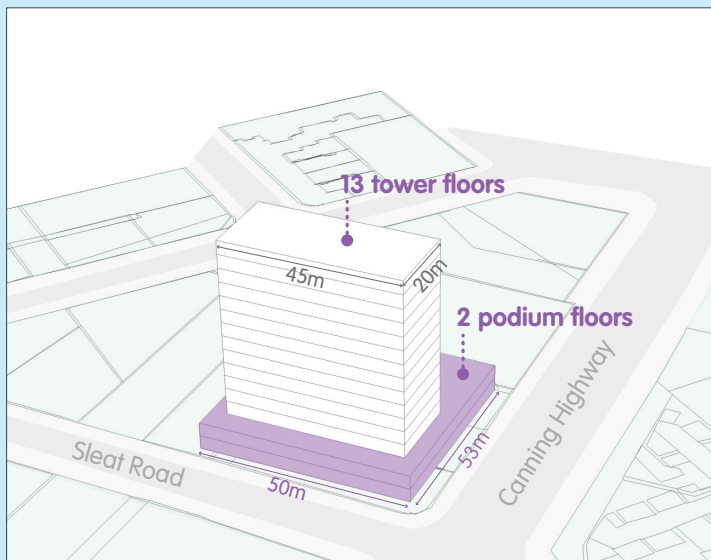
Additionally, in keeping with requirements to qualify for development concessions, a higher quality design (as assessed by the Development Assessment Panel) would be expected under the advertised version, given the enhanced expectations of architectural design, particularly for how the building is experienced externally.

5.5 M15 SITE

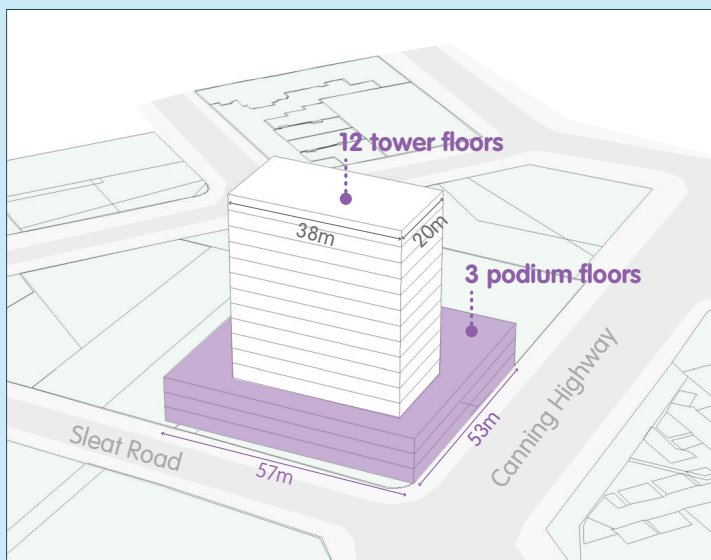
Scenario	M15 Bonus	M15 No Bonus	M15 No Bonus
Example Address	884,886,888 Canning Hwy	884,886,888 Canning Hwy	884,886,888 Canning Hwy
Frontage Type	Active	Active	Active
Site Width	57	57	57
Site Depth	54	54	54
Area (incl truncations)	3078	3078	3078
Controls	Advertised	Council modified	Advertised
Total Height	25	15	15
Podium Height	3	2	3
Front Setback (Podium)	0	4	0
Podium Depth	50	53	53
Podium Width	57	50	57
Actual Podium	2850	2650	3021
Tower Depth	45	45	38
Tower Width	20	20	20
Actual Floorplate	900	900	768
Tower Floors	22	13	12
Tower Front Setback	6	6	6
Tower Side Setbacks (min)	6	6	6
Max Plot Ratio	6.7	4.2	4.0
Actual PR	6.6	3.7	4.0
Net Residential Area	21982	13913	15026
Non-Residential Floorspace (NLA)	437.9	405.5	437.9
Expected Dwelling Yield	237	150	162
On-site Parking	284	214	194
Floorspace for Comm Benefit	8088	0	0
Parking Cash in Lieu Bays	44	0	37
Est. Cash in Lieu Payable	\$484,000	\$0	\$407,000



ADVERTISED BONUS OPTION



COUNCIL MODIFIED OPTION



ADVERTISED OPTION

5.5.1 - Site planning

The site is located on the prominent corner of Canning Highway and Sleat Road. For the purpose of this analysis the primary frontage is on Sleat Road (an Active frontage in the CBACP).

Site setback requirements are similar however the Active frontage allows for a nil setback under the advertised version, but a minimum 4 metre setback under the Council-modified version.

5.5.2 - Podium and Tower

The same podium requirements for this site apply as to the H8 and M10 sites: three levels for the advertised version and two levels for the Council-modified version. With development concessions triggered in one of the advertised version models and not available in the Council-modified version, tower elements are 22, 13 and 12 storeys respectively. Total heights are therefore 25 storeys (advertised version with bonuses) and 15 storeys (both other versions).

5.5.3 - Plot Ratio and Floorspace

As with heights, plot ratio is increased with development concessions triggered under the bonus provisions. Plot ratio of up to 6.7 is permissible in the advertised version, compared with 4.2 under the Council-modified version and 4.0 in the advertised version without development concessions. This again confers additional floorspace and development yield for the site under the former controls and enhanced development potential.

5.5.4 - Bonuses and Contributions

Both cash in lieu for parking and community benefit contributions are applicable to the development based on the advertised version of controls including development concessions. Cash in lieu contributions for parking are projected to be \$484,000. Community benefit contributions are estimated to be \$2.31 million, and therefore a total contribution of nearly \$2.8 million to precinct funding derived by this project.

As discussed in previous sections, with neither cash in lieu of parking nor community benefit contributions collected under the Council-modified version, no funding of the precinct is generated through these measures.

For the advertised version without development bonuses applied, no community benefit contribution is applied, however a contribution in lieu of parking is still applicable. In this instance it would be \$407,000 provided to the City of Melville, based on payment for 37 bays.

Finally, consistent with the M10 comparison, development with bonuses under the advertised version would again be at a higher architectural standard, particularly for how it presents externally to the community, and would be subject to the imposition of more rigorous standards through the Design Review Panel process.

5.5.5 - Development Feasibility Advice

In the high-density M15 + Bonus Zone, the proposed built form development controls for 884, 886 & 888 Canning Highway present three options: 25 and 15 storey apartment developments under the advertised version and a 15 storey option under the Council-modified version (which offers no bonuses). Each proposes basement parking. The primary difference is in plot ratio and height limits, with the Council-modified version imposing a lower limit, reducing net saleable area and apartment yield.

Residual land values for two options are close to market value, however the advertised version with no bonus is above residual land value indicating a more viable development.

5.6 SUMMARY

Analysing the broader context, the built form controls associated with the Council modified version of CBACP generally result in higher residual land values (a measure of feasibility) compared to the advertised version.

The increased floor areas in the Council modified scenarios are the primary reason for higher development yields, particularly vital in affluent residential areas like those within the CBACP precinct.

Reductions in floor area and development yields notably impact residual land values in the lower density M4 and M8 zones, emphasizing the need for a minimum scale of development. Challenges persist in these zones due to fragmented ownership, smaller lots with existing dwellings, and the tendency of owner-occupiers to outbid developers.

In analysing these models, it is acknowledged that pricing and viability is a dynamic scenario, which shifting costs and revenues resulting in changes in viability over time. For context, most of these developments feature a residual land value calculated at close to the market value of the site in question.

In these instances, these relative values lie within the margin for error where viability is possible, especially under less exceptional circumstances than the market is encountering at present.

Beyond questions of feasibility, the comparison also indicates the consequences of the different development controls. Where bonuses may be possible, the advertised version allows more height. However the higher plot ratio in the Council-modified version generally results in larger podium footprints and towers that are less slender.

The Colliers report notes the potential impact of bonuses, which could influence feasibility considerations and are not common in Western Australia. This should be considered in the context of WAPC policy which stipulates that opportunities for development concessions for community facilities and contributions (and design quality) should be included in the planning framework. Therefore other precincts will adopt these measures over time, levelling the playing field and enabling the market to adapt accordingly.

Within the precinct, where bonuses are possible, additional contributions to the precinct provide a further dimension of value, shared with the community, providing for pooled benefits that need not be restricted to on-site provision. Similarly cash in lieu for parking can fund transport initiatives (not just car-based, to shift away from car dependence).

In summary the results of this analysis were mixed, and impacted by current conditions that can impact on development feasibility while these conditions hold. A major contributor to the feasibility of each scenario is the plot ratio and therefore floorspace permissible under each set of controls. Generally the Council-modified version represented a more financially viable option for developers, with the qualification that some margin for error need to be considered given the dynamic nature of costs and pricing at present. These should be weighted against the community benefits available under the advertised version.



6.0 COMMENT 5: COMMUNITY BENEFIT FRAMEWORK

COMMENT 5

In relation to the Advertised Version

The proposed Community Benefit Framework (CBF) needs to be supported by an equity / feasibility test when using the percentage model. This test would determine whether the formulae (as framed) will yield contribution amounts that can be absorbed by development projects of the type anticipated for the CBACP and a recommendation of where the proposed metric (of X%) sits within a tolerable range.

Other key items that will need to be included in a CBF (further discussion can occur regarding the timing and advertising requirements) are:

- A Place and Community Needs Blueprint specifically for the CBACP area undertaken by the City to identify community benefit items (included as an Appendix to Part 2);
- Itemised community benefit list with approximate costings and priority (this list is to be included in Part 1 of the PSP as an Appendix which can be called "Community Benefit Contribution Project List");
- An assessment criteria for unlisted community benefit items (a proponent can undertake its own CNA only if they want to provide a community benefit item that is not on the Town's list) (included as an Appendix to Part 2); and
- Community Benefit Contribution Procedural guide - The process of agreeing and delivering community benefits, from the point at which an applicant submits a development application, through to payment of the contribution and delivery of the benefit items by the developer or local government, and monitoring and review (included as an Appendix to Part 1).

(Equity/Feasibility test [plus additional key items as defined])

Throughout the review and contemplating the nature of community benefits provided within the CBACP, Hatch has consistently emphasised the imperative to secure substantive community and stakeholder input on the nature of any benefits to be provided, and how the system would be administered .

This necessarily includes a strong engagement campaign allowing for deliberative discussions, to understand the nexus between the cost of community facilities, and their value to stakeholders in keeping with the identified criteria. This will serve to maximise the utility of the community benefits system.

Accordingly, the intent of this section is to demonstrate proof of concept for the proposed approach. This has had strong regard for relevant precedents, including those considered favourably in the WA planning system.

It is emphasised that all documents in this section should be subject to extensive and thorough engagement to obtain a wide range of well-informed views which will strengthen the community benefits framework.

6.1 THE CHALLENGE: GROWTH, DEVELOPMENT, AND CHARACTER

Throughout the review process, gaps in community assets have been identified by stakeholders, the City and the project team. As a consequence of this and ongoing analysis, Hatch has prepared a blueprint for community needs which collates and builds on this existing project and place knowledge.

Importantly, this framework examines “needs” that would not fall within the remit of conventional conditions of planning approval. These conditions, subject to a variety of legal tests of validity, should still be applied, however provision of “community benefits” which would be required as a condition of approval anyway should not be credited as additional community benefits warranting development concessions.

The analysis, which provides a logical progression of consideration of a framework, approach, criteria and identified potential benefits, is provided as **Appendix C** to this report.

6.2 COMMUNITY BENEFIT LIST

The analysis in Appendix C culminates in a recommended list of community benefits, which, it must be emphasised, has not benefited from stakeholder or community discussion, insights or feedback yet.

Highlights of the notional community benefits (provided in full in Appendix C) include:

- An indoor-outdoor intergenerational playground
- Improvements to the library and learning centre
- Create a public piazza and meeting place
- Space for aged care services

The full provisional list provided commences on Page 37 of **Appendix C**.

6.3 ASSESSMENT CRITERIA FOR BENEFITS

There are a range of important considerations when assessing whether a benefit is of sufficient value to the community to warrant development concessions or bonuses.

The assessment criteria follow from discussion in the Community Needs Blueprint. Important considerations include the stated preferences of the community, the likely preferences or needs of the future community, and elements that reinforce the distinctiveness and character reflective of the intended vision of the precinct.

This is articulated in more detail as follows, and discussed in Section 8.2.1 (from Page 34) of **Appendix C**.

6.3.1 - Stated Preferences of the Community

As part of the Precinct and Place Report, substantial community consultation was undertaken to establish sentiment on existing community benefits granted, and also of elements desired to be added to the precinct (whether part of community benefits or not). This included elements such as greater investment in the public realm and more effective (and safe) connection to the train station.

More broadly, the engagement underpinning the Precinct and Place Report identified themes that may provide direction on the types of community benefits that can be contemplated. These themes include:

- Extend the natural environment.
- Bring the village to life – co-existing land uses / place integration.
- Exceptional access and connectivity, easing the dominance of Canning Bridge and Canning Highway.

When considering community benefits, this is a starting point, however any community benefit framework should be predicated on meaningful community engagement or residents, businesses and visitors to the area, to establish clearly understood stated preferences from the community. This would require widespread engagement to ensure all stakeholders and views are captured, which in turn would strengthen the mandate of the framework and any preferences stated therein. This cannot be overstated.

6.3.2 - Preferences of the Future Community

A primary reason why the CBACP was to be reviewed was that the precinct was undergoing a substantial change, and that the results of these changes did not meet community expectations.

Communities change in composition constantly, often hand-in-hand with larger trends.

As determined early in the review of the CBACP, Canning Bridge is an affluent area with a high proportion of retirees and professional couples. In coming years, noting changes in housing mix, emerging trends and demographic progress, a range of changes in the local community profile are foreseeable. These may include:

- Improved ability to age in place with retirees living on large suburban lots seeking a lower maintenance lifestyle, such as apartment living
- Resultant influx of younger families in the area, moving into larger houses vacated by retirees
- Expanded appeal of apartment living when a comparable alternative is finding detached housing further from the city, employment or places of amenity
- A greater proportion of people seeking an inner city lifestyle (for example young couples or downsizing retirees) identifying Canning Bridge as a destination as metropolitan Perth grows

It is prudent to actively consider these demographics in assessing emerging community aspirations (but also to remain nimble should these trends shift, through regular monitoring of the community profile for Canning Bridge, its businesses and its visitors).

6.3.3 - Alignment with Place Vision

The review of the Canning Bridge Activity Centre Plan provided the opportunity to reflect on the distinctiveness of the precinct and its context, considering physical, social and functional context while acknowledging that places evolve over time. The vision is intended to acknowledge and where possible reconcile and align disparate stakeholders to a shared future for the precinct, and indicate the means of implementation to realise this shared future.

The place vision of the Canning Bridge area is to evolve into a unique, vibrant, creative community centred on the integrated transport node of the Canning Bridge rail station. The area will be recognised for its unique location, integrated mix of office, retail, residential, recreational, and cultural uses. The plan focuses on the promotion of its local heritage, ensuring the area is a pedestrian friendly enclave that integrates with the regional transport networks and enhances the natural attractions of the Swan and Canning Rivers.

Along with supporting objectives and additional detail (for example as provided in the Precinct and Place report), the vision provides an indication of the collectively-desired future for the Canning Bridge precinct, and a means to assess benefits for their worth to the precinct by considering how these benefits contribute to its future.

6.4 PROCEDURAL GUIDE

Community benefits frameworks are emerging as a common and useful tool to provide well-targeted improvements to a place and creating better balance between localised benefits and development concessions. Noting this emergence, and the inherent benefits of transparency in the process of securing benefits, a procedural guide has been prepared, to be considered with the balance of the community benefits framework.

As a key element of transparency, and to be well-understood by all stakeholders, the guidance has been prepared to be consistent with the guidance for the South Perth Activity Centre Plan, endorsed by the Western Australian Planning Commission.

Draft guidance (which, again, should be released for stakeholder inputs), can be found in **Appendix D**.

7.0 ANALYSIS AND CONCLUSIONS

The preceding analysis responds to the five DPLH queries that constitutes its Request for Further Information made to the City of Melville. The responses provide:

- Analysis of overshadowing and transition from H8 land north of Helm Street to land south of Helm Street to be excluded from the ACP area under the Council-modified version of controls
- A detailed outline of the growth modelling process, and an analysis of the three sets of controls (the existing ACP, advertised version and Council-modified version) on reaching stated infill targets and the developability of land within the ACP under each set of controls
- Side-by-side comparison of controls, development outcomes, feasibility and benefits covering ten different scenarios cross five different sites
- A comprehensive consideration of community benefits, rooted in extensive place and project knowledge, and mindful of precedent frameworks

In response to comment 1, based on development north of Helm Street on sites amalgamated to achieve the minimum lot size, with compliant development that also accords with fundamentals of massing, disposition and floorplate design for apartments. The overshadowing modelled (at various times on the winter solstice, to show the trajectory of the shadows case) provides a mix of impacts on lots across Helm Street.

Whether these impacts are considered acceptable would in part be determined by the intended zoning and density coding of the land south of Helm Street, once excluded from the ACP under the Council-modified version. Notably, should the overshadowing be considered excessive and modification to the proposed development on the north side of Helm Street be required to reduce this impact, it is reasonably foreseeable that the changes required to development on the north side of Helm Street would impact on its development potential and viability.

In response to comment 2, all three sets of controls (the advertised version, the Council-modified version and the existing ACP) were considered side-by-side, using uniform parameters, to provide a direct comparison of expected outcomes. The comparison demonstrated that infill targets under the existing controls would be significantly exceeded, which may contributed to the well-documented community feedback that expectations have not been matched by outcomes under the current ACP. The advertised version was tailored to ensure targets were met (ensuring compliance with this element of WAPC expectations) but not egregiously exceeded, as is borne out in the analysis. The Council modified version falls short, which largely appears to be due to the removal of bonus provisions and additional minimum lot size requirements creating additional requirements before development can be contemplated.



The latter is highlighted in how few lots can be developed without amalgamation in comparison to other sets of controls. In an area under transition, with an existing (historical and largely suburban) cadastral pattern, some requirements for amalgamation are to be expected. The point at which amalgamation becomes a common requirement (and impediment to) development is a matter for decision-makers.

Comments 3 and 4 were considered in parallel, with direct comparison of controls totalling ten different development scenarios across four sites. With the support of Colliers' analysis, the Council-modified version was generally more viable in comparing like-for-like development and ignoring bonus opportunities. Colliers' analysis suggests that this appears largely attributable to the higher plot ratio permissible under the Council-modified version.

On the other hand, development scenarios under the advertised version provided for contribution to cash-in-lieu of parking (able to be spent by the City of Melville on a range of transport initiatives) and, where development concessions were being sought, community benefits contributions to be spent to benefit the Canning Bridge community. Similarly, with lower plot ratio, slimmer tower development was expected under the advertised version.

As mentioned above, the ease or otherwise of amalgamating the sites is another consideration, outside of strict feasibility considerations, that will have a pragmatic impact on developability.

Finally, comment 5 addressed the Community Benefits Framework. A variety of material, itself drawing on previous studies within Canning Bridge, previous models and approaches deemed acceptable to WAPC (as evidenced by their endorsement), and other relevant precedents to demonstrate how a framework and its administration could work.

The purpose of the response to this comment was to provide "proof of concept", and, as emphasised in this response, any framework contemplated must include widespread stakeholder engagement to provide a strong mandate for community benefits proposed.

This analysis emphasises the considerable assessment, review, deliberation and testing that has been invested in reviewing the current CBACP and its development control, to ensure that proposed development and associated improvements to the precinct are in keeping with the articulated vision, objectives and supporting elements of the Precinct and Place Report, prepared after considerable stakeholder engagement.

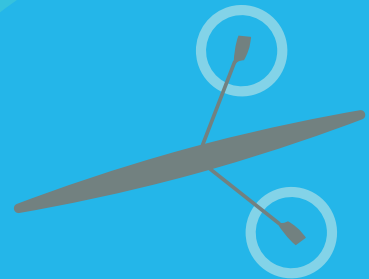
Colliers provides specialist advice on feasibility and viability considerations, including in its detailed supporting report. From its analysis it is important to recognise the extenuating market circumstances in Perth at present (which are acknowledged in the supporting report), and the dynamic nature of feasibility as costs and price point considerations fluctuate over time.

Setting aside the existing CBACP, the two sets of controls under consideration show a mix of results in response to DPLH's queries, with each option having stronger and less strong elements.

This information responds to the RFI from DPLH and provides additional background, context and clarity for its assessment of the Canning Bridge Activity Centre Plan.



APPENDIX A BENCHMARKS AND PARAMETERS IN MODELLING AND SENSITIVITY ANALYSIS



BENCHMARKS AND PARAMETERS IN MODELLING

As discussed and applied in section 4.0 of the report, the City of Melville side of the CBACP area was subject to lot-by-lot analysis to understand the cadastral profile, built form intensity and spatial characteristics. From there, and having regard for infill targets and non-residential land use requirements, controls were developed to meet growth commitments, and remain true to the vision, objectives and principles articulated in the Precinct and Place Report.

This is an approach that has been used previously and subsequently in precinct planning to determine both growth trajectories and the ultimate capacity of precincts (the latter was not part of the CBACP process). A range of benchmarks and guiding principles were used to determine whether growth commitments are expected to be achieved.

It is recognised that development in a range of circumstances are possible – not even development on Crown reserve land is considered a 0% possibility. Similarly, unless a development is substantially commenced, it is not considered a 100% likelihood of development.

It is also recognised that economic factors will impact on the rate of development and likelihood of development at a given time. The timeframe of this model to 2051 is intended to be “pan-cyclical”, i.e. it will inevitably account for periods of high demand and stagnant conditions over an extended period.

Notwithstanding that they have been used previously and form part of documents endorsed by the Western Australian Planning Commission, these benchmarks were assessed by Colliers as part of its brief to respond to DPLH’s RFI. A table outlining these standards and benchmarks follows, including Colliers’ assessment of the validity of the benchmarks adopted. Additionally, and further to comments elsewhere in the report and appendices, Colliers provides comment on the proposed 3% community benefit contribution in the advertised version of the CBACP.

Colliers’ review confirms the validity of the benchmarks and approach adopted in charting the expected growth of the City of Melville’s Canning Bridge precinct.

MODELLING PARAMETERS AND BENCHMARKS

Data Type	Key Data Attributes	Source	Relevant Metric	Colliers Comments
Existing Development in the Precinct	<ul style="list-style-type: none"> Existing lot shape: length and depth 	Cadastral Data	Distances and areas	Not an estimate or subjective assessment. No analysis required.
	<ul style="list-style-type: none"> Existing development intensity 	Visual analysis of built form	Relative score of density, generally based on existing site cover and building heights	Not an estimate or subjective assessment. No analysis required.
Identification of sites with various attributes	<ul style="list-style-type: none"> Known development sites (Development applications received, industry knowledge) 	Based on WAPC-Endorsed Benchmarks and Hatch/ RobertsDay industry experience, Local Industry Knowledge, City of Melville advice on proposal development prior to DA lodgement, Development Applications and approvals	95% likelihood of development, 2016-2050 <i>Note: this includes sites that may require amalgamation (refer below) but are known development sites. These attract the 95% likelihood not the lower percentages under amalgamation.</i>	Considered a valid consideration and metric, noting that development approval does not guarantee progress of a proposal to construction
	<ul style="list-style-type: none"> Lots under 1200, 1800, 2000 and 2600sqm (cadastre, for those lots where lot size is a constraint) 	Based on WAPC-Endorsed Benchmarks, Property Consultant Advice and Hatch/ RobertsDay industry experience, Cadastral Data	30% likelihood of development, 2016-2050 (lots under 1200sqm) 50% likelihood of development, 2016-2050 (lots 1200-1800sqm) Reflects need to assemble land (harder with smaller lots), potential isolated lots unable to amalgamate, and lost potential development	Considered a valid consideration and metric, noting the change in minimum lot size requirements between the two proposed planning framework
	<ul style="list-style-type: none"> Recent Development (City of Melville website, visual analysis) 	Based on WAPC-Endorsed Benchmarks and Hatch/ RobertsDay industry experience, Recent Major Approvals, Visual Analysis	20% likelihood of development, 2016-2050, reflects that redevelopment is unlikely given age of new development, particularly where substantial (for example multiple dwellings), likely to remain for decades	Considered a valid consideration and metric given variety of building lifespans based on materiality, economics and developer intentions
	<ul style="list-style-type: none"> Existing Strata Subdivided Building (Cadastral information) 	Based on WAPC-Endorsed Benchmarks, Property Consultant Advice and Hatch/ RobertsDay industry experience	25% likelihood of development, 2016-2050 (reflecting difficulties in assembling strata lots and closing strata to enable demolition and redevelopment)	Considered a valid consideration and metric noting the size of strata schemes in the area and that closure of a strata scheme need not be based on unanimous resolution of all owners
	<ul style="list-style-type: none"> Heritage (State and local heritage lists) 	Based on WAPC-Endorsed Benchmarks and Hatch/ RobertsDay industry experience, and heritage listing	10% likelihood of development, 2016-2050, reflects constraints of heritage listed land, difficulty in gaining approvals and limited potential	Considered a valid consideration and metric noting the mix of inability to develop and significantly reduced development potential to remain sensitive to heritage considerations

Data Type	Key Data Attributes	Source	Relevant Metric	Colliers Comments
	<ul style="list-style-type: none"> Crown land reserves (Cadastral information) 	Based on WAPC-Endorsed Benchmarks and Hatch/RobertsDay industry experience, cadastre and zoning	10% likelihood of development, 2016-2050, reflects constraints of reserved government land, difficulty in gaining approvals (e.g. rezoning and disposal of land)	Considered a valid consideration and metric noting the Crown land in the area, especially on the foreshore, is unlikely to be alienated
	<ul style="list-style-type: none"> Land with none of the above specific attributes 	Based on WAPC-Endorsed Benchmarks and Hatch/RobertsDay industry experience	75% likelihood of development, 2016-2050, default redevelopment likelihood for land with no specific attributes	Considered a valid consideration and metric based on market conditions and long term trends for localities such as this
Motives to develop alone or amalgamate	<ul style="list-style-type: none"> Actual development potential compared to technical potential plot ratio (calculated within model) 	Industry knowledge and experience in land assembly and higher density projects, Property Consultant Advice	Average 90% of potential (plot ratio) to be realised in actual development outcomes, accounts for individual site constraints (e.g. shape of lots, size of tower floorplate possible), incentive for smaller scale development (e.g. less time needed for presales) in some instances	Considered valid as an average given the controls proposed, the cadastral profile of the precinct and variability in developer motivations
	<ul style="list-style-type: none"> Conditions for amalgamation (Cadastral information, property advice, industry experience) 	Industry knowledge and experience in land assembly and higher density projects, Property Consultant Advice	Min 80% of development potential can be achieved without amalgamation – any less and the effort to assemble additional land is more likely to be worth pursuing given improved development outcomes	Considered valid given default controls for development under minimum lot sizes, and the balance between effort in securing amalgamation compared with opportunity cost of failing to develop to full potential.
	<ul style="list-style-type: none"> Ease of development as single lot (architectural and property advice) 	Industry knowledge and experience in land assembly and higher density projects, Property Consultant Advice	Based on development controls, to understand whether full potential is achieved considering building envelope	Straightforward calculation, not a subjective judgement, no validation required
	<ul style="list-style-type: none"> Increased development potential from amalgamation (calculated within model) 	Industry knowledge and experience in land assembly and higher density projects, Property Consultant Advice	Based on development controls, to understand benefits of amalgamation on achieving potential	Straightforward calculation, not a subjective judgement, no validation required

Data Type	Key Data Attributes	Source	Relevant Metric	Colliers Comments
Mix of land uses	<ul style="list-style-type: none"> Split between residential, retail and commercial/ office 	Review of recent local and metropolitan developments and proposals, Hatch/ RobertsDay industry experience, Architectural Advice, Property Consultant Advice	Land use divided into residential, retail and other commercial (i.e. office), other uses considered to have negligible presence	Considered a valid estimate when paired with frontage types, noting the difficulty in projecting land uses mix beyond the medium term
	<ul style="list-style-type: none"> Differentiated by location (ground floor, upper podium or tower) In ground floor and podium by frontage type In tower by height type 	Property Consultant Advice, review of recent local and similar precedents	Ground floor matches frontage type, e.g. more retail for active frontages Upper podium complements ground floor Based on advice regarding development potential and office market for configuration of uses	Considered valid and supported by built projects and previous advice on land use mix and developer risk
	<ul style="list-style-type: none"> Dwelling mix (1, 2, 3 bedroom and larger apartments) and average unit size 	Property Consultant Advice, review of recent local and similar precedent development, WAPC planning controls	1-2-3-4+ bedroom units split 20-40-35-5% respectively, internal unit sizes 55-85-115-150sqm respectively. Median parking provided is 0.875, 1.25, 1.25 and 1.625 bays. As weighted average this works out as about 1.2 bays per unit.	Size and mix of apartments considered valid as an average across the precinct given its premium location and median unit price trends Parking controls considered somewhat low given the premium market; exercise caution in application of parking assumptions. Two and three bedroom units may need 2 bays.
Parking details	<ul style="list-style-type: none"> Parking rates per unit or for retail/ commercial (based on ACP controls) 	WAPC policy, Property Consultant Advice and architectural advice	Parking required is min 2 per 100sqm NLA max 4 per 100sqm NLA, modelling uses the median value, 3 per 100sqm NLA	Considered valid given location
	<ul style="list-style-type: none"> Parking location: basement, podium, cash in lieu (Industry experience, property advice, architectural advice, local and metropolitan developments and proposals) 	WAPC policy, Property Consultant Advice, Quantity Surveyor Advice, and architectural advice	Assumed order of parking provision: surface and ground floor, then podium, then basement. Cash in lieu (pooled precinct) parking assumed to be provided only for visitors and on-residential parking with 70% provided in pooled and 30% provided on-site. Figure is high because of 80% discount offered on in-lieu parking contribution. Avg basement provision: H4: 0.5 levels, H8: 1.0 levels, M10 & M15: 2.0 levels	Considered valid noting overall parking provision comments above for residential land uses
	<ul style="list-style-type: none"> Area required per bay including manoeuvring (architectural advice and industry experience) 	WAPC policy and architectural advice	34sqm proposed including manoeuvring space per bay	Considered a valid rule of thumb for parking efficiency
	<ul style="list-style-type: none"> Storage area required per unit 	WAPC policy and architectural advice	4sqm required by WAPC policy, 5sqm allowed for, including circulation space	Considered a valid allocation, WAPC requirements rarely exceeded

Data Type	Key Data Attributes	Source	Relevant Metric	Colliers Comments
Future Built Form	<ul style="list-style-type: none"> Minimum viable floorplate size 	Architecture Advice, Hatch/ RobertsDay industry experience and Property Consultant Advice based on property sector and location	General minimum floorplate size in this market approx. 600sqm, may vary down to 400sqm where exceptional returns and value possible (based on architectural advice)	Considered valid, noting that smaller boutique developments may tolerate smaller floorplates and larger apartments.
	<ul style="list-style-type: none"> Floorplate inefficiency: podium and tower elements 	Architecture Advice, Hatch/ RobertsDay industry experience and Property Consultant Advice based on property sector and location	Allows for 20% floorplate inefficiency in tower (total floorplate to NLA) and 15% inefficiency in podium (total floorplate to NLA), lower in podium as non-residential more likely	Considered valid metrics to use as a precinct average
Other Elements		Various, including Architecture Advice, Hatch/ RobertsDay industry experience and Property Consultant Advice, Census data, WAPC policy guidance	<p>Plot ratio designed to leave around 20% breathing space in regular, ideal lot to account for different lot sizes and shapes and architectural flair without depriving developers of PR area</p> <p>Average household size 2.07 persons (from Census and comparable precincts)</p> <p>Apartment floorplate depth max of approx. 20m (reflects double-leaded apt with 3m floor to ceiling height, 3:1 ratio for depth, i.e. 9m deep apartments and 2m common hallway between)</p>	<p>Considered valid noting that plot ratio and the floorspace it confers is a major source of assessment of viability for many proponents.</p> <p>Considered appropriate given preceding demographic analysis</p> <p>In keeping with WAPC policy principles and importance of natural light to buyers of apartments, considered valid</p>
3% Community Benefit	<ul style="list-style-type: none"> 3% of construction cost of bonus component of development to be provided as community facilities contribution 	South Perth ACP (itself based on feasibility advice received by DPLH and endorsed by WAPC); Hatch/ RobertsDay Industry Experience; other precedent decisions on community benefit for individual developments	Value of construction cost as articulated in building approval documentation (suggest using per sqm benchmark as initial guidance)	Considered valid noting there will always be developments which are marginal that may be more directly impacted by this contribution (or other similarly marginal impacts on projected costs and revenues)

SENSITIVITY ANALYSIS (SUPPLEMENTARY ADVICE)

As part of the explanation of modelling, Hatch was asked to undertake sensitivity analysis, testing the impact of modifying several parameters on overall expected precinct growth. The requested modifications, and impact of changing these benchmarks, is outlined in the table below. Hatch undertook this analysis as directed by the City of Melville but does not endorse any changes to the benchmarks previously used.

Parameter from Modelling	Benchmark in Hatch Model	Requested Change from CRG	Impact of Change (Percent change in total floorspace)	Rationale for Hatch Benchmark
Amalgamation of small freehold lots	30% and 50%	50% and 70%	4.5%	<p>Amalgamation or assembly of freehold lots involves negotiating with individual landowners to assemble land to meet minimum lot size requirements in a zone.</p> <p>Noting that, with the introduction of the ACP, several landowners will have been awaiting development opportunity and the chance to collaborate and realise a return.</p> <p>Property consultants advise that, following this initial rush, land typically becomes more difficult to acquire and assemble – as reinforced by property consultancy advice across a range of precincts. There will still be land assembly however this tends to be at a slower rate.</p> <p>The preliminary influx of proposals and amalgamations is noted, however it will be noted that the community and, usually, City administration will only see successful attempts to assemble land, and not the failed efforts to do so. This is to be expected. A more complete picture is seen by property and real estate consultants, and prospective developers themselves, who have emphasised the ongoing difficulty in assembling land.</p> <p>In addition to ability to assemble land, the lost development potential by land isolated by previous development and unable to achieve minimum lot size results in maximum development well below those possible with the minimum lot size (6 storeys compared with 15 storeys plus bonuses in the M15 area for example).</p> <p>Further, any unexpected changes to minimum lot size requirements, necessitating the further assembly of land for proponents who are otherwise ready to seek approval, would represent an additional impediment. Where land assembly becomes too difficult, for example if no willing landowners remain to achieve the minimum lot size, a flight of investment would be expected, to easier land to develop. This flight could potentially be to other precincts, at the cost of contributing to the infill targets established for this precinct.</p> <p>For context, the South Perth ACP was designed with a 40% likelihood (no regulation on minimum lot sizes), arguably should be less than 30/50% here given further regulatory impediments imposed at Canning Bridge. It is difficult to see more than this proportion of lots being amalgamated and developed across the precinct by 2051.</p>

Parameter from Modelling	Benchmark in Hatch Model	Requested Change from CRG	Impact of Change (Percent change in total floorspace)	Rationale for Hatch Benchmark
Amalgamation and closure of strata schemes for multiple dwellings	25%	40%	10.8%	<p>This provision applies to larger strata schemes (generally multiple dwellings and mixed use development) which fragment buildings, providing an additional impediment to redevelopment. Noting that recent legislation allows to closure (consolidation) of a strata scheme without unanimous consent of strata title holders, in most cases dozens of title holders would need to consent before the scheme could be closed and the building demolished for redevelopment.</p> <p>Again, this is not impossible, but is a detailed process, likely requiring a long period to gain necessary consents. Again, the prospect of an extended commitment to acquire the property will likely serve as a disincentive to prospective developers.</p>
Recent major development	20%	35%	1.9%	<p>This benchmark applies to major development constructed since the ACP was established, i.e. development that is less than ten years old, and larger scale development (multi-unit or mixed use development).</p> <p>Architectural and property consultant advice, and Hatch/ RobertsDay’s own industry experience, indicates that the life of larger contemporary buildings is usually at least 50 years. On this basis, and considering the likely limited benefit or profit motive in demolishing and redeveloping a new building, likelihood of development is considered relatively low for recent major development.</p>
Generic likelihood of development where no special circumstances apply	75%	85%	2.2%	<p>This applies to properties in the ACP area that have no specific characteristics that would warrant increased or reduced likelihood of development.</p> <p>This benchmark is based on both property consultant advice and Hatch/ RobertsDay’s own industry experience, and also from a review of building stock within the precinct showing that numerous developments within the precinct are more than 30 years old (partly reflective again of the typical economic life of buildings).</p>

Note: Percent change in total floorspace is generally identical to change in expected dwelling yield

As none of these categories overlap, the implications for yield are the sum of the individual impacts, which is 19.4% of the current model outputs. Accordingly, should the parameters be modified to accommodate changes requested total expected floorspace would be multiplied by 1.194, and therefore change as follows:

- Current ACP: from 232% to 277% of 2051 target
- Advertised ACP: 108% to 129% of 2051 target
- Council modified ACP: 67% to 80% of 2051 target

This assumes all changes to parameters outlined above are accepted and accommodated. As discussed, Hatch does not consider any of the above proposed changes to be justified.

APPENDIX B BUILT FORM TESTING

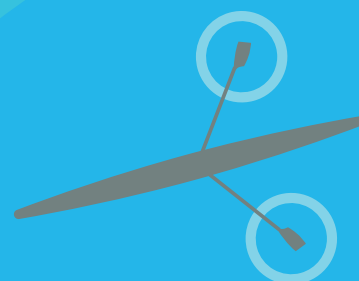
(See Colliers Report)





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APPENDIX C
COMMUNITY NEEDS
BLUEPRINT
(INCLUDING ITEMISED LIST AND CRITERIA
FOR UNLISTED ITEMS)

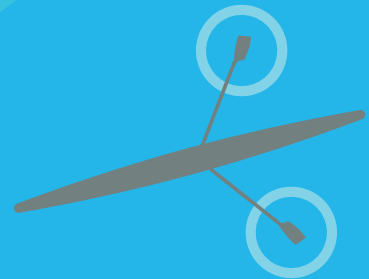


AT
**CANNING
BRIDGE**



**COMMUNITY NEEDS
ANALYSIS PAPER**

DRAFT



HATCH | RobertsDay

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1 INTRODUCTION

1.1 PURPOSE AND APPROACH

The Department of Planning, Lands and Heritage (DPLH) requested a Place and Community Needs Blueprint as part of a Request for Further Information (RFI) in its assessment of the Canning Bridge Activity Centre Plan (CBACP).

Hatch RobertsDay and an associated project team have been engaged to undertake a review of the CBACP on behalf of the City of Melville, which included improvements to the CBACP's approach to community benefits

As part of this response, previous work in preparing relevant recommended changes to the CBACP are acknowledged and draws on extensively to communicate the thinking behind the recommended position on community benefits.

Prior to formal advertising of the CBACP, the recommended changes follow directly from the Precinct and Place Report, publicised by the City of Melville, as rationale for the changes proposed.

Specifically, this paper relates to the following element of the ACP review:

Undertake community needs analysis involving review of previous studies to identify requirements and priorities with a view to understanding opportunities, demand and value for various "community benefits". Community needs conclusions to inform opportunities both with respect to the awarding of bonus height and general implementation of community development enhancements

Key elements of this analysis, emerging from other work undertaken in this review, include:

- Identification of the community benefits of particular interest and appeal to the existing community
- Understanding emerging demographic trends and future demographic profile, anticipating and aligning subsequent community benefit opportunities
- Recognising opportunities for community benefits and investment in the precinct to reinforce the character and identity of the area
- Consider how community benefits can be provided in a manner that is transparent, accountable and proportional

A model for awarding bonuses is being proposed which allows for funds to be paid in lieu of providing community benefits on-site. This enables a wider range of community benefits to be considered.

Throughout discussions around a community benefits mechanism, and particularly the items to be considered worthy of inclusion, widespread community and stakeholder engagement before bring included. Accordingly, noting the need for this engagement, the intent of this explanatory paper is to demonstrate proof of concept.

Finally, it must be noted that, in accordance with Comment 5 in DPLH's RFI, this paper is in response to the Advertised version. It is noted that Council's modified version proposed removal of all bonuses and community benefits. However as directed by DPLH this paper it not focussed on the Council modified version.

COMMUNITY NEEDS ANALYSIS PAPER**1.2 CONTEXT FOR PRECINCT IMPROVEMENTS**

Contextually, the community benefits framework can be seen as part of a broader network of measures to improve the precinct.

It is recognised that other means to deliver community benefit to the Canning Bridge Precinct are available, including, but not limited to:

- Council delivery of public works as part of programmed and budgeted works (e.g. capital and maintenance works funded by rates revenue)
- Funding from any levies available from public open space in lieu payments (noting legal precedent and policy guidance on when POS can be levied)
- Funding for transport infrastructure from cash in lieu for parking, and from income from paid parking in the area
- Strategic use of existing Council assets (existing reserves and Council-owned freehold land for example)
- Potential improvements to the precinct that may be best delivered by other parties (e.g. state government agencies with a mandate for particular services or infrastructure)
- Items provided through the normal development approval process (through standard conditions of development approval for example)

Where a particular potential community benefit is more appropriately delivered through another means, the above options may also be considered.

This is a draft paper, noting that any formal Community Needs Assessment must be subject to a strong community engagement process before being finalised and considered for formal endorsement.



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2 APPROACH

In undertaking this analysis the following approach has been adopted:

- Outline the approach to provision of community benefits, and key reasoning behind this recommendation
- Documentation of existing community benefits contemplated under the existing CBACP (Element 22)
- Summarise community engagement undertaken pre-advertising as part of the review
- Revisit the vision for CBACP through community engagement identifying the emerging objectives and principles that uphold the vision and assist in defining the identity and character of the Canning Bridge precinct
- Recognise and document recent work undertaken in community needs analysis and demographic trends for the Canning Bridge precinct
- Analyse key recommendations from previous studies through the prism of community engagement and preferences, emerging demographic considerations, and the place identity of the Canning Bridge precinct
- Provide direction for community benefits and where appropriate identify other suitable means and mechanisms for other community benefits
- Address the question of proportionality, and related matters of transparency and accountability
- Identify items of higher and lower priority based on the preceding analysis and provide direction for community benefits sought by the City of Melville

2.1 PROPOSED MODEL FOR COMMUNITY BENEFITS

The revised methodology requires that contribution amounts are paid on the basis of construction contract sum, levied pro-rata. The funds received would be held in a dedicated trust, subject to reporting and audit requirements, and can only be spent on agreed community benefit items (much like collecting development contributions or public open space contributions).

The advertised modified ACP proposed that 3% of the construction cost of additional development (plot ratio or height above "base" maxima, whichever is greater) would be required as a contribution.

Payment would be required early in the process, such as prior to occupancy of the first stage of development.

This approach is expected to broaden the types of community benefits that can be sought through this process, as funds can be pooled to provide larger benefits, and benefits need not be provided on a development site.

Through this, a monetary contribution can be more transparently proportional to the development benefit gained, and the contributions required for other proposals seeking bonus development.

The option to provide a contribution in-kind would remain but is expected to be less appealing given the constraints and concerns expressed in the community and stakeholder engagement process.

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2.2 RATIONALE FOR COMMUNITY BENEFITS FRAMEWORK

The constraint of providing community benefits only on the site of development seeking bonus height was consistently recognised as a shortcoming of the CBACP. In drafting the original CBACP it was a common approach to securing development rights, but in the ensuing years it has been recognised that this approach can be limiting, and other mechanisms should be considered.

Pooling of funding for community benefits has a number of advantages, including the following:

- An **equitable approach to benefits**, again derived from using a clear formula.
- **Transparency in consideration of benefits** and development concessions, by providing a clear formula to balance community benefits with development concessions
- **More benefits able to be contemplated** when they need not be provided on-site or within a building.
- **Benefits can be better tailored to need** of the area rather than limited by site constraints. This allows the first focus of community benefit to be what is required, not what is possible.
- **Benefits are not limited by location**; if there is a better location for a proposed benefit within the ACP area, it can be located accordingly.
- **Greater benefits can be derived** from pooled resources, including more substantial facilities than could be provided by individual facilities alone.
- **More diversity in facilities**, providing more services for more sectors of the local community, and avoiding the common issue of similar benefits being proposed to every-diminishing community benefit.
- **Less concern over maintenance**, tenure and other considerations for Council which can impede the effectiveness and benefit of the facility, often becoming administratively costly and burdensome

- **Certainty for future residents**, who will not have questions about access and security when purchasing an apartment. It enables developers to design buildings without being encumbered by this requirement, improving the potential for higher quality development
- **Certainty for the local community**, who will be more certain of the benefits to be provided in the precinct, and also be more certain that benefits will be delivered in a manner that ensures they are accessible and useable – and therefore more valued.

It should be noted that the model would not require benefits being provided in lieu, and that there would be an option to provide on-site, in kind to be provided. There may also be sites for which the City will wish to proactively engage with landowners to negotiate community benefits on site (for example where a specific benefit is best located on a specific site).

However in other instances, in-kind provision is unlikely to be considered desirable to most developers, for some of the reasons outlined above, and because it would be more difficult to satisfy relevant tests of proportionality and demonstrated benefit.

3 CBACP REVIEW: COMMUNITY ENGAGEMENT

3.1 PROCESS

Community and stakeholder engagement was a vital component of the review of the Canning Bridge ACP development prior to formal advertising. Engagement was undertaken using a range of methods consisting of:

- 22 participants at stakeholder round tables
- 85 participants at community and landowner workshops
- 340 responses to the online survey
- 85 participants in the three-day interactive workshop

Further engagement related to the outcomes of the review and the amendment of the CBACP are to follow.

A consistent theme critiquing the CBACP has been that “outcomes have not matched expectations”. The community benefit and development bonus process was a particular example cited by stakeholders as requiring improvement.

Detailed outcomes of stakeholder engagement discussions relating to community benefits, and the award of bonuses against community benefits are summarised in the following section.

3.2 OBSERVATIONS ON THE EXISTING COMMUNITY BENEFITS FRAMEWORK

In reviewing the CBACP and preparing proposed changes for advertising, there was some dissatisfaction with the community benefit outcomes that have been delivered where discretion or additional height has been sought by landowners. It is noted that survey responses were fairly evenly split on this matter, but nonetheless there is an opportunity to improve the current system.

Frustrations with the process and a perceived lack of transparency were raised. Many commented that it has not been possible to know the incentive provided or to participate in a discussion about what the community believe are community benefits (accounting for local preferences for benefits). Concerns were raised that the wrong benefits are being offered and accepted in exchange for development bonuses.

No clear links between a public benefit assessment and the extra height that has been granted were noted. Due to lack of transparency it has been difficult to confirm that benefits are proportional and reasonable in exchange for the development concessions granted. It has been suggested that too much bonus height is being granted for the community benefits being offered.

This has undermined confidence in the system and faith in the decision-making process.

COMMUNITY NEEDS ANALYSIS PAPER**3.3 IDENTIFIED OPPORTUNITIES FOR IMPROVEMENT**

Based on issues identified in the existing CBACP, there was considerable constructive discussion on how to improve the community benefits system, surrounding the benefits offered and provided, (assuming it would be retained) and the means and mechanisms to secure them.

Currently, the community benefits mechanism is considered to be subject to too many limitations and needs improvement. Key elements of improved mechanisms and systems include:

- Preference for a pooled benefits system, allowing for monetary contributions rather than provision of the benefits only on-site (noting sufficient controls would be required to ensure accountable and transparent management of funds)
- A transparent system to ensure proportionality in the provision of community benefits. It is recognised that a cash-in-lieu system unambiguously quantifies community benefit, making confirmation of proportionality straightforward
- Recognition that some benefits can be oversupplied, and that demand (and benefit) diminishes with the oversupply of facilities and services
- Administrative mechanisms to ensure provision of benefits as part of the first stage of development.

Acknowledging the age of the document and therefore the list of benefits in Element 22 of the CBACP was an underlying theme regarding community benefit. It was questioned whether these benefits were still relevant as the precinct has evolved and some of these benefits have already been supplied (and perhaps oversupplied).

Through the provision of community benefits, the following themes, opportunities for improvement and enhancement were discussed:

- Celebration of heritage
- Multi-generational uses
- Diversity of uses day and night
- Improvements to the foreshore (noting spatial limitations)
- Enhance connectivity – quality and quantity
- Improve the streetscapes, green spaces, canopy cover and microclimate
- Provide a community focus, an identifiable village heart on the Melville side of the river.



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Additional considerations on the substance of benefits include:

- Ensuring benefits proposed are suited to Canning Bridge (i.e. related to emerging demographics of the community, reflective of community demands, and/or demonstrably reinforcing the intended vision for Canning Bridge).
- Benefits proposed are over and above what is normally expected to be provided by government (particularly local government), and therefore adds value to the community.
- Consideration of proximity and benefit ensuring the benefits are located suitably close to the proposed development (the exact distance will vary based on the benefit proposed).
- Aligning those living near the development proposing additional height with the accrual of benefits from the community benefit. For example a development site proposed to cede the widening of a regional road benefits regional traffic, rather than local properties close to the development site.
- Ensure the detailed requirements for community and residents benefits meet specifications for the City. This includes supporting elements, requirements for universal access, maintenance considerations and other usability requirements to ensure benefits meet expectations.

Not all of these are best suited for inclusion in exchange for development bonuses. However, some should be provided as part of the approved development, some may be tied to transport demand (through a cash in lieu mechanism) and some may be connected to public open space and recreational needs (potentially through a cash in lieu mechanism).



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4 VISION AND OBJECTIVES FROM RECENT ENGAGEMENT

The existing vision for the CBACP was not changed as part of the ACP review, however additional objectives and principles were developed with stakeholders to supplement and provide further detail and depth of meaning to the place guidance for the precinct.

The vision, objectives and principles developed are outlined as follows. Key elements of supplementary principles are shown in bold.

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Activity Centre Plan Vision:

'The Canning Bridge area will evolve to become a unique, vibrant, creative community centred on the integrated transport node of the Canning Bridge rail station. The area will be recognised by its unique location, its integrated mix of office, retail, residential, recreational and cultural uses that create areas of excitement, the promotion of its local heritage and as a pedestrian friendly enclave that integrates with the regional transport networks while enhancing the natural attractions of the Swan and Canning Rivers'

(This is unchanged)

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GOALS	PRINCIPLES
<p>BRING THE VILLAGE TO LIFE</p>	<ul style="list-style-type: none"> • Invest in place • Maintain commercial investment • Appropriate frontages in the right locations • Treat the north and south differently
<p>EXTEND THE NATURAL ENVIRONMENT</p>	<ul style="list-style-type: none"> • High quality spaces that feel natural and green • Improved river and pedestrian connections • Protect iconic trees • Upgrade foreshore facilities
<p>EXCEPTIONAL ACCESS + CONNECTIVITY</p>	<ul style="list-style-type: none"> • Invest in better pedestrian and cycle connections • Improve access to public transport • Holistic approach to traffic infrastructure • Strategic investment in parking
<p>BEAUTIFUL BUILDINGS WITH MEANING</p>	<ul style="list-style-type: none"> • Maintain + strengthen height hierarchy • Embed quality design outcomes • Diversify levers to achieve high quality buildings • Strengthen design review processes
<p>IMPROVED BENEFITS FOR INTENSITY</p>	<ul style="list-style-type: none"> • Reduce ambiguity • Introduce proportionality • Deliver 'valued' benefits • Enforce compliance
<p>POLICIES + FRAMEWORKS THAT DELIVER THE PROMISE</p>	<ul style="list-style-type: none"> • Due regard for transition areas • Reshape + diversity medium density • Clear provisions • Reinstate confidence + certainty • Definitive precinct boundary • Embed social value into core values and strategies • Apply impact based controls

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The items in bold have been highlighted as they reflect elements of the place guidance that can be best delivered through the community benefits framework. In addition, certain elements of the vision have been highlighted in bold as they represent elements of change or increased focus for the precinct, rather than continuation.

These should not be considered limiting themes and subjects for the focus of community benefits but provide some reflection of benefits that would strengthen the existing and intended character of the precinct.

5 REVIEW OF EXISTING DOCUMENTATION

It is important to recognise that the recent CBACP review is not the first interrogation of the community benefits framework. Previous studies and recommendations have been reviewed and analysed to consider their applicability and potential to improve the system and community benefits framework. Key existing documentation has been analysed as summarised in the following sections.

5.1 COMMUNITY DEVELOPMENT AND PLACE ACTIVATION PLAN JUNE 2020

DESCRIPTION: As a result of increased development demand and activity, community concern had been growing regarding the nature and scale of development. Specifically, the corresponding scale and type of community benefits offered in exchange for development concessions. In addition to concerns about height, opportunities for more considered and valued community benefits should be explored.

KEY RECOMMENDATIONS AND COMMENT ON RECOMMENDATIONS

RECOMMENDATION	COMMENTARY
Introduce a safe crossing / overpass for pedestrians and cyclists.	A worthy addition to the precinct but no certainty of the ability to provide this in the form or manner envisaged. Suggest working with Main Roads on this as part of future design of Canning Highway.
Promote non-car dependent activities.	Beneficial to the precinct but not grounds for a bonus
Provide wayfinding to support access to the station and active transport options.	Recognised as being sorely needed. Some of this can be provided by the City, and some will be mainly within the control of PTA.
Consider shared cycle and footpaths alongside clear signage and lighting, separated from the busy highway.	Worthy addition to precinct, whether on Canning Highway or parallel to it (e.g. Kintail Rd). Should be funded by parking and transport levy.
Create a public piazza for the community to meet, with seating and shading.	Very important to identity of the village heart, may be provided through bonuses or POS cash in lieu. One would be ideally located on City owned or managed land. Another could be formed through closure of Kintail Road near Canning Highway.
Activate the street level with more shops, food and beverage outlets.	Beneficial, especially if clustered together, and delivered through more direct frontage controls in ACP (rather than as a community benefit).

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RECOMMENDATION	COMMENTARY
Encourage more pedestrians to enjoy the public spaces by providing water fountains for people and dogs, shaded seating areas.	Beneficial, consider strategic placement in locations where the public should be encouraged to linger.
Create a cohesive streetscape through paving, seating and lighting design.	Some overlap with above provision, however an overall streetscape and public realm plan would be beneficial as a proactive statement on desirable improvements to the precinct.
Incorporate more public art.	Mechanism covered elsewhere in ACP, but a strategic approach would be beneficial.
Improve the appearance of the precinct with more trees and planting.	Should be partly funded by scheduled works, could perhaps be augmented by POS strategy.
Use design codes to encourage architectural interest in new developments.	Part of development assessment process, not community benefit.
Create a new focus to the precinct, e.g. an alfresco dining and cultural quarter to attract and support local business.	Much needed, private development should be complemented by actions in the public realm including from community benefits framework.
A desire to see more access to facilities, programming and infrastructure to enhance outdoor recreation (theme in feedback).	Fundamentally, space is needed for these improvements. Most cannot be effectively provided within developments. However, there are some locations where specific on-site benefits might be beneficial and justifiable.
Advocacy for better accessibility and movement across and along Canning Highway.	This is needed and recognises that access across the highway is not solely within the remit of the City. There is a need to work with Main Roads to deliver this and avoid severance of the precinct, which would have a substantial negative impact.
Aspirations for activation are closely tied to an increase of patronage of hospitality businesses.	Governed by frontage controls. Conditions, public realm investments and transport measures may facilitate the incubation of these uses.
Improving integration of activities and programming to accommodate all ages.	Development of pocket parks (through POS levies) would be appropriate for smaller playgrounds and younger kids, most likely to be initially be in apartments.
Negative sentiment around planning decisions remains a concern for long term residents.	Changes to the system and approach are required to address this.

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5.2 CITY OF MELVILLE SOCIAL NEEDS ASSESSMENT CANNING BRIDGE COMMUNITY AND STAKEHOLDER OUTCOMES REPORT

DESCRIPTION: The relevant section of this document summarised key themes received as feedback from stakeholders and community members through engagement activities.

KEY RECOMMENDATIONS AND COMMENT ON RECOMMENDATIONS

RECOMMENDATION	COMMENTARY
Enhance spaces along the foreshore	This is a good idea but must be communicated well. The experience with Riviere showed that the community could consider some actions associated with development as privatisation of the foreshore if not communicated properly and designed to be unambiguously public.
More seating, water fountains and access to public toilets	Chronic lack of space on the foreshore, facilities like public toilets and seating could be provided on private land in close proximity given their passive recreation benefits.
Opportunities to hold regular local-level events, such as weekly or seasonal outdoor markets with fresh food, food trucks etc.	Some merit in these as quick wins but need to ensure they reinforce character and go beyond tokenism or generic events if possible. Given space, there may be a need to manage transport issues for these events.
The rowing club as a focal point for the community and as a great location for a potential hub.	A great opportunity if leasing and institutional issues can be resolved for these facilities.
Strong support to upgrade the library and learning centre.	Great potential for this given the space available with the existing car park adjacent and the potential to close or convert this section of Kintail Rd. Outdoor activity could complement the library and build a focus of activity.
Public swimming pool or swimming beach.	Difficult to provide given spatial requirements, unless it was the revival of baths or a similar facility in the river itself.
Creative arts spaces to enjoy art and for artists to create and teach.	A risk that this space would compete with or cannibalise Heathcote.
Spaces to deliver aged services.	Potentially useful to assist in ageing in place given how the precinct is valued, especially if integrated and if there is a gap in demand.
Support for men's shed / tinker shed.	Spatial issues needed for this; it may be best provided in surrounding area but still servicing the precinct.
Health and wellness such as spaces to host yoga and dance, as well as remedial massage.	Some of this could occur through community spaces.
BBQ areas along the river for picnics.	Spatially difficult except near the rowing clubs.

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RECOMMENDATION	COMMENTARY
Highlight beautiful viewpoints along the river, better access to enjoy the river.	Maybe a series of lookouts or similar along foreshore? Small footprint, fitness function, provides views and local landmarks.
Update the entry statement for the Canning Bridge area, improve sense of place.	The best entry statements are functional and provide uses and experiences that reinforce character and identity. Cultural hub at bottom of Kintail Rd might achieve this.
Improve the pedestrian experience, especially the walking/cycling commute to the train station (make it safe and protected from the elements).	Recognised as being sorely needed. Some of this can be provided by the City, and some will be mainly within the control of PTA.
Improve the safety at the pedestrian crossing on Canning Highway / Canning Beach Road.	A worthy addition to the precinct but no certainty of the ability to provide this in the form or manner envisaged. Suggest working with Main Roads on this as part of future design of Canning Highway.
Intergenerational playground/s, indoor and outdoor.	Could integrate with space around the library and/or piazza
Increase the number of bike racks, install bike repair stations.	Would be a benefit but not considered a substantial enough benefit for development concessions
Sink Canning Highway to create a new public piazza and a safe pedestrian crossing .	A worthy addition to the precinct but needs the City to work with Main Roads to deliver this.
Implement a ferry service to Perth City and/or Crawley.	This would be implemented by PTA. Needs further investigation.
Better local public transport (CAT Bus, Light Rail).	Would be beneficial to connect better to train station, needs further investigation.
Launching ramp for boating.	Major traffic issues with this facility in this location. Not considered suitable in this location, not recommended.
More bike lanes to encourage cycling.	Good idea in principle if space can be found. Worth distinguishing between experienced cyclists, commuters, recreational cyclists and families when planning for cycling.

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5.3 LOCAL PLANNING POLICY CANNING BRIDGE ACTIVITY CENTRE PLAN – DENSITY AND BONUS PROVISIONS

DESCRIPTION: The Local Planning Policy (LPP), prepared by the stakeholder working group formed to assist in preparation of a different LPP by a planning consultant, provides a range of stipulations in relation to height and development control within the CBACP. This section considers only the community benefits contemplated within this policy, noting that other elements of the LPP have been addressed elsewhere in the CBACP review.

KEY RECOMMENDATIONS AND COMMENT ON RECOMMENDATIONS

RECOMMENDATION	COMMENTARY
Furniture Seating for additional 20 5 maximum	Needs to be considered in relation to an overall public realm strategy. Seating won't be appropriate or desirable everywhere, especially 20 seats.
Landscaping 200m ² – 400m ² 5 – 10 maximum	This should be provided on-site (and potentially in the immediately adjacent streetscape) as part of a development proposal, rather than being worth of a development bonus.
Street Frontages 200m ²	Frontages controlled through ACP (not via bonuses), and upgrade of adjacent verge is often a standard requirement of approvals.
Piazza 400m ² - 1000m ² 10 – 45 maximum	Needs to be considered in relation to an overall public realm strategy. This could represent overprovision of piazzas, diluting their benefits and community value.
Water Feature 30m ² 10 maximum	Needs to be considered in relation to an overall public realm strategy. Quite prescriptive and numerous, risk of not being valued by the community.
Podium Gardens (publicly accessible) 400m ² 5 maximum Rooftop Gardens (publicly accessible) 400m ² 5 maximum	Given off-site benefits can be considered, there is limited value to public, residents, developers or Council from on-site publicly accessible facilities. May be acceptable in some areas but generally suggest negotiation of more valuable benefits.
Roof Top Cinema 250m ² 5 maximum	Could be worthy of a bonus subject to addressing access and management issues.
Public Amenities Toilets* Minimum 6 Toilets - Max 10 2 – 5 maximum Showers* Minimum 6 - Max 10 2 – 5 maximum Sheltered Bike Storage* Min 20 – Max 30 2 – 5 maximum	Limited benefit from these amenities being provided on-site unless in a specific strategic location and prominently promoted. Good example of facilities better provided at a larger scale through pooled benefits.

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RECOMMENDATION	COMMENTARY
Affordable Housing Minimum 5 - Max 10 10 – 15 maximum	Potentially beneficial, could be expanded to include key worker accommodation. Amount of affordable housing should be reviewed to understand needs in this precinct
Pedestrian Networks Minimum 200m ² – Max 400m ² 5 – 10 maximum	Difficult to understand exactly what is required, but perhaps best funded through parking levy funding.
View Corridors Minimum 400m ² - Max 800m ² 5 – 10 maximum	Consider key locations for these (e.g. where view corridors can align through street blocks), and include in bonuses for design quality rather than community benefits.
Community Meeting Facilities* Minimum 200m ² - Max 1000m ² 15 – 20 maximum	Scale and number of these facilities should be questioned. Demand for 15-20 community meeting rooms would appear difficult to establish. Note also comments above regarding provision of facilities within buildings.
Hotel Min 100 guest rooms - Max 250 20 – 40 maximum	This was highlighted as a potential benefit in community engagement, only if provided in the M10 or M15 areas. Some risk in incentivising a hotel, to improve chances of an appealing and attractive hotel sufficient supporting services and infrastructure should be identified and provided.
Aged Care Min 100 aged care rooms – Max 250 20 – 40 maximum	Reconsider inclusion of this. Aged care demand generally guided by Commonwealth government bed licences (and funding), and this is one of a range of services that could assist aged care (e.g. in-home care). Considered too prescriptive and somewhat outside of the control of the City or developers to provide. Scale of rooms to be provided is difficult to interpret.
Road Widening Canning Highway Land is ceded free of cost 15 maximum Elsewhere Ceded free of cost or resumed	Somewhat complicated with sites required to be taken for widening are well known. Purpose of widening is regional, rather than local. Arguably landowners should be paid for acquired land. Bonus development may be seen as alternative compensation, but if so, it could be questioned whether this is fair on the local community (bearing the “impact” of height but not particularly benefiting from regional infrastructure).
3 Hour Free Public Car Parking Minimum 20 bays – 100 bays 20 – 40 maximum	Covered by pooled parking in parking levy, needs to be well calibrated and located to avoid promoting more traffic. Risk that fragmented and poorly controlled provision makes traffic issues worse, especially south of Canning Highway.

COMMUNITY NEEDS ANALYSIS PAPER**GENERAL COMMENTS ON
COMMUNITY BENEFITS IN THE LPP**

In addition to the individual items listed in the LPP, some broader considerations are relevant to considering community benefits:

- The LPP generally appears to assume limitation of on-site provision of bonuses.
- Perhaps consequently the community benefits contemplated are very similar to the existing Element 22; this limits the scope of community benefits that can be sought.
- In imposing limits for individual items, the LPP inherently recognises diminishing value to the community of repeated provision of similar community benefits. It is unclear how limits were determined.
- The LPP provides ideas for improved accountability and transparency to address a noted community concern.
 - Of these, the public register would appear to be a simple way to provide transparency (provided it was not construed as a simple precedent by prospective developers given the aforementioned diminishing value from repeated provision of the same benefit).
 - It may be difficult to see how a community representative panel would work effectively within the planning system however (in practice it may be argued that the elected members perform this role in endorsing a suite of potential community benefits such as Element 22). This reinforces the need more meaningful community engagement in identifying community benefits.
- It is noted that the validity of the LPP has been questioned, however some of the principles and detail in the LPP may still be drawn on as part of considerations of community benefit.
- Some of the apparent limitations in community benefits in the LPP (i.e. from providing on-site) do not apply, which opens up considerable additional opportunities for community benefits beyond those already contemplated.

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5.4 EXISTING ACP REQUIREMENTS (ELEMENT 22)

DESCRIPTION: These are the existing provisions of Element 22 of the CBACP, used to assess the community benefit element to qualify for development concessions (i.e. bonus height). At least four of these criteria must be achieved for bonus height to be considered. In addition to these provisions there are additional criteria to be met to achieve additional height, notably minimum site sizes and design quality requirements (Element 21 of the CBACP).

RECOMMENDATION (PROVISION OF ELEMENT 22)	COMMENTARY
Design comprising high quality active street frontages, furniture and landscaping which contribute to the character of the centre and are kept and maintained by agreement with the owners and/or strata company of the building in perpetuity.	This provision could be removed from Element 22 given the additional frontage controls proposed for the City of Melville. Any improvements to the streetscape need to be place specific and/or delivery of an overall public realm strategy.
Provision of landscaped spaces and/or other facilities accessible to the public such as rooftop and/or podium level gardens and/or incidental recreation spaces and/or equipment and entertainment facilities such as rooftop cinema.	Given off-site benefits can be considered, there is limited value to public, residents, developers or Council from on-site publicly accessible facilities. May be acceptable in some areas but generally suggest negotiation of more valuable benefits. Cinema could be worthy of a bonus subject to addressing access and management issues.
Provision of public facilities such as toilets, showers and sheltered bike storage.	Limited utility, not worthy of significant bonus.
Affordable housing provided as part of an affordable housing scheme and ceded to the Department of Housing or relevant not-for-profit organisation	Could be expanded to include key worker accommodation. Amount of affordable housing should be reviewed to understand needs in this precinct.
Improvement to pedestrian networks or the ceding, free of cost, of pedestrian linkages which contribute to the overall character and connectivity of the centre	Difficult to understand exactly what is required, but perhaps best funded through parking levy funding.
Provision of view corridors and/or mid-winter sunlight into adjacent properties, particularly where public spaces are provided.	Consider key locations for these (e.g. where view corridors can align through street blocks), and include in bonuses for design quality rather than community benefits.
Provision of community, communal and/or commercial meeting facilities.	These facilities are arguably oversupplied now. Note also comments above regarding provision of facilities within buildings.
The development comprises a hotel.	Refer to comments in section 5.3
The development comprises an aged care facility.	Refer to comments in section 5.3

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RECOMMENDATION (PROVISION OF ELEMENT 22)	COMMENTARY
<p>Where the development includes a lot boundary that adjoins Canning Highway and where road widening is required adjoining Canning Highway; the applicant proposes to cede land adjoining Canning Highway free of charge to the State of Western Australia for the purposes of road widening. In such case, the area ceded will be included in the total area calculations for the purpose of Clause 2.2 and 2.3 and/or Clause 21.2 and 21.3.</p>	<p>Refer to comments in section 5.3</p>
<p>The provision of car parking for public use beyond the users of the building, where such bays are ceded to the relevant Local Government free of charge or where such bays are unbundled from private ownership and are permanently made available to any user of the CBACP area by deed or agreement with the Local Government. In Q1 and Q2, Element 22.2.11 is only applicable where car parking is capped in total in accordance with Clause 18.3 and 18.4.</p>	<p>Remove this provision unless the facility provided is significant (i.e. to be a legible and major anchor for parking, alleviating traffic elsewhere in the precinct). It has resulted in fragmented and illegible provision of public parking in the precinct. Cash in lieu funding of communal parking facility considered preferable means of providing public parking in larger facilities in key locations.</p>

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6 EXISTING FACILITIES

Within the CBACP area the following community facilities represent local provision of community facilities and services. This is not the totality of facilities and services that serve the CBACP area: many services are provided from outside of the CBACP area, and still more services are provided by state rather than local government.

The following facilities are either provided by the City of Melville or are provided through local voluntary and community associations.

- Perth Rowing Club/Rowing WA
- Swan River Rowing Club
- Canning Bridge Express Library
- Tivoli Centre
- Cirque Community Space

These facilities are important to consider when considering demand for services and prioritising future facilities and services.

It should also be noted that the foreshore for Canning River and Melville Water is a local recreational resource. As has been noted in the CBACP review, foreshore space is limited, and no local public open space is provided in the CBACP area.

As recognised in Parks and Leisure Australia (PLA) mapping, much of the CBACP area is well served by local and neighbourhood parks located outside the CBACP boundary, however some gaps for access are evident. The following PLA mapping shows gaps in the local open space network.

LOCAL OPEN SPACE COVERAGE



22 | DRAFT ADVICE; ANY COMMUNITY NEEDS ANALYSIS REQUIRES PUBLIC CONSULTATION AND VALIDATION

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NEIGHBOURHOOD OPEN SPACE COVERAGE



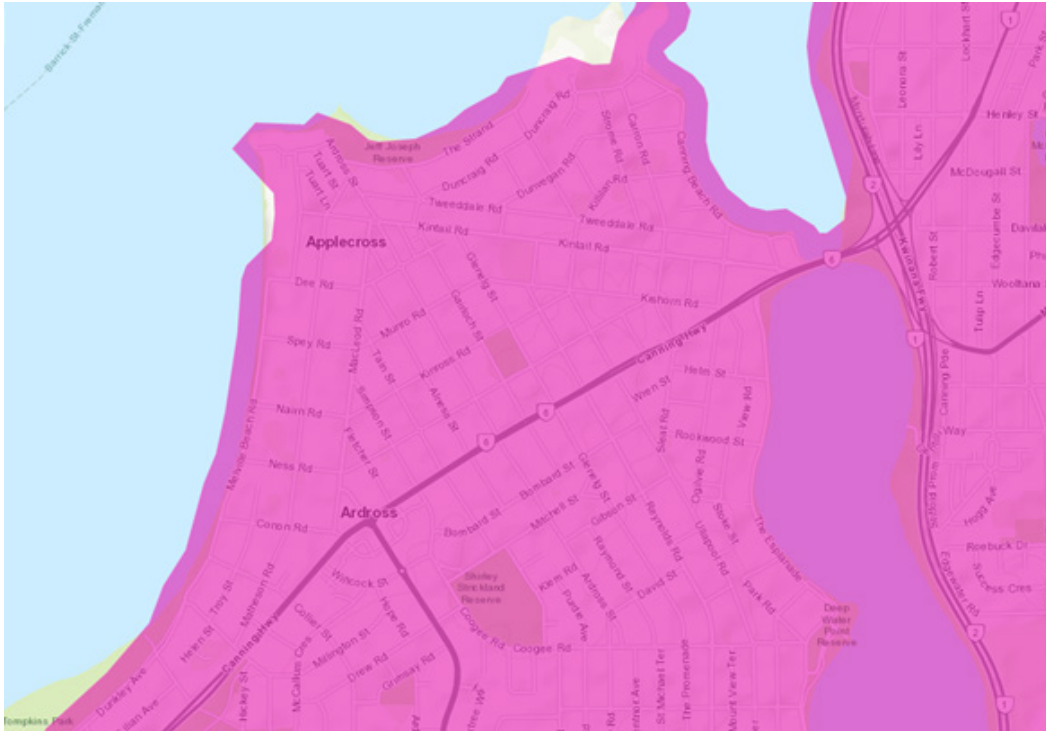
DISTRICT OPEN SPACE COVERAGE



DRAFT ADVICE; ANY COMMUNITY NEEDS ANALYSIS REQUIRES PUBLIC CONSULTATION AND VALIDATION | 23

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REGIONAL OPEN SPACE COVERAGE



SPORT AND RECREATION CENTRES



24 | DRAFT ADVICE; ANY COMMUNITY NEEDS ANALYSIS REQUIRES PUBLIC CONSULTATION AND VALIDATION

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The most notable gaps are in neighbourhood and, in particular, local open spaces. Local open space is arguably required both north and south of Canning Highway, while a shortfall in neighbourhood open space is observed south of Canning Highway.

Generally, higher order open spaces (district and regional) which have greater catchments, serve the CBACP better.

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7 DEMOGRAPHIC ANALYSIS

In considering community benefits, the demographic profile of prospective beneficiaries is a major consideration. It is insufficient to only consider the current demographic profile (although an important consideration). The projected future demographic profile is an imperative consideration with the future community directly benefitting from future infrastructure.

It is noted that a Precinct Profile was undertaken by Ethos Urban in 2019 to contribute to the Community Development and Place Activation Plan. This section provides an overview of the profile and findings, and provides further analysis undertaken as part of this review of the CBACP.

7.1 SUMMARY

The Ethos Urban study recognises the demographic change likely in coming years for the precinct. Key elements to this change included:

- Growth in smaller households
- More lone-person households
- More empty-nester households (couples with adult children living elsewhere)
- Increase in couples without children
- More young professionals
- Overall, substantial population growth
- Continued affluent profile (residents employed as managers and professionals)

Based on its analysis, Ethos Urban expected a forecast growth for the study area from approximately 9,840 persons in 2018 to 12,120 persons by 2026, about a 25% increase in eight years. To 2031, growth is expected to be 36%, or just over 3,500 people.

The study also considered common trends from (generally affluent) higher density communities, including the following observations (some of which reinforce commentary provided above):

- More younger people living in the precinct
- More older people (at or near retirement age) living in the precinct
- More lone person households and couples without children (both younger and older couples)
- Continued high proportion of professionals
- Ethnically diverse population (specifically, more people born outside Australia)
- Lower reliance on and ownership of motor vehicles

In summary the Ethos Urban analysis expects "considerable change" in coming years in respect of growth overall and the demographic attributes of the growing population but finds that the requirements for existing community will also need to be provided for in the future.

It should be noted that the study area for the Ethos Urban extends beyond the ACP area due to data limitations, but equally most of this growth would be expected within the ACP area, rather than the surrounding more suburban areas with less development potential under current planning controls. The report identifies apartment growth as a source for population growth.

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7.2 ANALYSIS OF DEMOGRAPHIC STUDIES

Independent of the Ethos Urban report, the CBACP review undertook demographic analysis for the CBACP area to understand the structure of the existing community and relevant trends. Some key findings from this analysis included

- The affluence of the area, noting that 21% of households had incomes over \$180,000 annually (compared to averages for the City of Melville 17.5% and Perth Metropolitan Area 11%)
- Notwithstanding the expected growth of young professionals compared to Melville and Perth, Canning Bridge already has a greater proportion of adults aged 20–39 years. With the right supporting facilities, younger adults could be coaxed to stay in the precinct for a longer period, for example with young families.
- There is also a greater proportion of retirees aged +60 years. Combined with the previous point, this indicates that people are moving out of the area when they have children and returning to the precinct to retire. More apartment living will likely appeal to senior members of the community as many people will seek smaller dwellings with more security and less maintenance obligations. Apartment living may also delay senior residents moving to specialised retirement living communities (and therefore leaving the precinct)
- The high percentage of residents using the bus over the train to travel to work, with most residents working within 2.5–10km distance, reflecting the location of major employment destinations (including the Perth CBD, approximately 8.5km from Canning Bridge). It is telling that bus transit is popular given the promotion of Canning Bridge as “transit oriented development” centred on Canning Bridge train station

- Rates of cycling and walking are also higher in Canning Bridge than Melville and Perth (but do not dominate overall transport figures). Overall this indicates improvements in pedestrian and cycling infrastructure and public transport accessibility are likely to be good investments in this area as it is emerging as a cultural shift already in this location.

In addition to these trends, there is an opportunity to retain younger couples in the area for longer with the provision of early childhood services in the precinct (to cater for children up to 2–3 years old). However leadership would be required (in the form of commitment to facilities and establishing awareness of these facilities) to encourage couples to stay and round out the demographic profile of the area with children and young families. This was not especially highlighted in community surveys and stakeholder engagement, but demographic trends would suggest it is an opportunity to be aware of.

Families with school aged children would be more difficult to attract initially, their attraction and retention is a future opportunity to monitor.

COMMUNITY NEEDS ANALYSIS PAPER**7.3 DEMAND IMPLICATIONS**

Based on a review of existing and projected demographics there are a number of opportunities identified for community benefits. Some items considered better suited to be funded by community benefits framework, rather than other means, are included in bold:

- In-community facilities for an ageing population to ensure ongoing engagement of older citizens in the local community, including community seniors' centres.
- Provision for young children, to enhance the appeal of younger couples to remain in the area as they have younger children. These could include playgrounds (requiring smaller parks), support services (child health nursing and mothers' groups), **encouraging childcare, targeted library services and facilities.**
- Provision for **housing affordability**, either through direct affordable housing initiatives or **targeted key worker housing incentives.**
- Investment in walkability, cycling and transport infrastructure to further encourage modal shift away from the private car.
- Fostering local employment and retail opportunities to reduce demand for travel and bolster the local economy.
- Identifiable points of confluence in the precinct for smaller households to connect with the community should they wish. These could be **public spaces complemented by appropriate land uses and including extensive public activities.**
- Opportunities to engage with the river and foreshore in a variety of ways, including exploration, exercise, and passive enjoyment, ideally all three elements would be located in close proximity to promote positive engagement across age groups.

- Opportunities to share cultural experiences would also be beneficial. Given the salary, qualification and employment data analysed, there may not be substantial demand for support services for multicultural families; rather, there could be opportunities **for local cultural events** that celebrate an increasingly diverse cultural mix in the precinct.

This is not an exhaustive list of community benefits but community benefits that clearly flow from the demographic trends for the precinct. These should be considered in conjunction with other ideas for community benefits for the precinct.

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7.4 ANALYSIS OF DEMAND AGAINST PARKS AND LEISURE AUSTRALIA BENCHMARKS

The following table provides a concise analysis of community benefits and needs against the guidance of the Parks and Leisure Australia benchmarks. This is based on and extends the analysis undertaken as part of the Community Development and Place Activation Plan [CDPAP] June 2020 (refer pp11-12 of that document)

FACILITY	GUIDANCE FOR PROVISION (PLA)	RECOMMENDED PROVISION FROM CDPAP	ANALYSIS AND RATIONALE
Local Open Space (5000 sqm)	Per 5000 people	[2]	Noted shortfall in the precinct, on both sides of Canning Highway. Consider either two local parks or one local and one neighbourhood park. If unavoidable, the neighbourhood park could be outside of the CBACP area while within an appropriate walkable catchment. Cost a consideration.
Neighbourhood Open Space (2-4ha)	Per 5000 people		
Gym	Local need	[1]	Suggest this is provided by private sector, not as a community benefit, potential option for upper floor activation
Basketball Courts	Per 3-4000 people	[3-4]	Not strongly aligned with emerging demographic profile. Suggest negotiating with Education Dept to provide these facilities with school
Netball courts	Per 3-4000 people		Not strongly aligned with emerging demographic profile, could be provided on school sites with basketball courts (see above)
Tennis Courts	Per 15000 people		Existing just outside of CBACP area (Jack Howson Reserve, Applecross Tennis Club), further facilities not considered necessary given demographic profile
Skate Park	Per 10-25000 people		Not strongly aligned with emerging demographic profile.
BMX Dirt Track Facility	Per 10-30000 people		Not strongly aligned with emerging demographic profile.
Sports Space (AFL Oval, Cricket, rectangular sports)	Per 4-5000 people		Not considered necessary given major open spaces serving CBACP from outside of the ACP boundary (eg Shirley Strickland Reserve)
Neighbourhood Library	Per 6-15000 people	[1]	Upgrade existing library to be specific to needs of local community, including providing for younger children

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FACILITY	GUIDANCE FOR PROVISION (PLA)	RECOMMENDED PROVISION FROM CDPAP	ANALYSIS AND RATIONALE
Neighbourhood Community Centre	Per 5000 people	[1-2]	Could include childcare, seniors centre, ideally co-located and adjacent to activity and open space .
Play Space	Per 8-10000 people	[1-2]	Should be a focus of pocket parks (or local and neighbourhood parks mentioned above).
Mens Shed, Womens Shed	Local Need	[1]	Good alignment with older demographic and small households in precinct but difficult to locate spatially in the precinct, consider locating in surrounding suburbs .
Community Garden	Local Need	[1]	Good alignment with cultural diversity, older demographic and small households in precinct but difficult to locate spatially in the precinct, consider locating in surrounding suburbs.
Youth Centre/Space	Local Need	[1]	Not strongly aligned with emerging demographic profile. Consider existing facilities and provision outside of CBACP area.
Seniors Centre (Day Care)	Neighbourhood Level	[1]	See above comments on neighbourhood community centre, ideally co-located and adjacent to activity and open space.
Arts, Culture, Heritage Amenities	Neighbourhood Level	[1]	Suited given anticipated cultural diversity of the precinct and connection with indigenous cultural significance of the river. Could complement existing facilities (Tivoli, library).
Play Group	Per 4-6000 people		Connection to new parents, and parents of younger children. Incorporate within community centre..
After school care	Per 4-6000 people		Limited alignment to demographic trends, can be provided on school site rather than requiring additional land.
Child Care Centre (long day)	Per 4-8000 people		Often provided by private sector but can be provided by local government, to attract or retain families, would be recommended in CBACP, included in community centre.
Occasional Care (short term creche)	Per 12-15000 people		Include in community centre, could combine with/complement childcare or play group.
Child Health Service	Per 30-50000 people		Provided by health department (state govt), would suit the emerging demographic profile.

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FACILITY	GUIDANCE FOR PROVISION (PLA)	RECOMMENDED PROVISION FROM CDPAP	ANALYSIS AND RATIONALE
Multi Agency Service Centre	District Centres		May be justified given Canning Bridge is a district centre, would be an amalgam of local and state government services and facilities, and require negotiation with state government and specification of requirement.

It will be noted that some of these are well suited to be provided on-site with proposed development, however they would need to be of sufficient scale to meet community expectations, and operational and maintenance requirements and to be of value to the community. This scale may not be proportional with development concessions sought, and may require multiple developments to contribute so that these facilities are of sufficient scale to be valuable.

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8 CONCLUSION AND RECOMMENDATIONS

8.1 REVIEW OF COMMUNITY BENEFITS SYSTEM AND PROCESSES

8.1.1 EQUITY, MONETARY CONTRIBUTIONS AND PROPORTIONALITY

Numerous notable benefits to promoting monetary contributions for community benefits being provided in lieu of providing benefits on-site have been identified. In the context of community and stakeholder feedback, a major benefit is the ability to ensure community benefit contributions are proportional.

The approach proposed includes a formula so that the proportion of floorspace above base height or plot ratio maxima attracts a requirement for a contribution, based on the average value of floorspace in the development. This approach ensures proportionality, not just in the quantum of additional equity and development sought, but the value of that additional development.

The use of proportionality using monetary contributions and equity is considered to be adequately addressed, providing valuation can be adequately verified, and provided the calculation method used (including details such as exclusions and means of valuation) are applied consistently.

8.1.2 PROPORTIONALITY, PROVISION AND PRECEDENT

Setting aside the preferred approach of monetary contributions for community benefits, these three elements are important in ensuring community benefits provided in kind (i.e. physically, on-site) are in fact, and are perceived to be, an equitable exchange of benefits between a developer and the local community.

In this context the principle of proportionality is defined as ensuring that the benefits derived by the community are in proportion to the benefits from additional development concessions gained by a proponent, having regard to previous decisions and in particular the community value of the community benefits proposed.

The concept of community value is important in this consideration. It is not the same as the cost of providing a community benefit, nor is it the same as the price charged for the benefit were it to be provided privately.

Community value is difficult to define in absolute terms, but basic economic principles recognise the increased or repeated provision of a facility as a community benefit leads to lower marginal community value. That is, the value of adding a community benefit identical to those already available in the CBACP area reduces.

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This is particularly important to recognise when considering precedent. Given the diminishing value of identical (or similar) benefits in the CBACP area, it follows that provision of identical benefits should not serve as a direct precedent and the same bonus be uncritically granted to a proponent.

It is recommended that prior to considering the application of precedent in determining the community value of a proposed community benefit, decision-makers should consider whether an identical or similar benefit has been provided before and consider:

- Whether there remains sufficient demand for this community benefit in the CBACP area given those already provided
- For smaller scale benefits, whether the proposed benefit is located such that there is not significant overlap in those served by the existing benefit

This principle is applicable to those items proposed to be provided in kind, rather than monetary contributions that can be prudently applied to maximise community value, without the constraints of a specific site.

8.1.3 IMPROVING TRANSPARENCY AND ACCOUNTABILITY

Proportionality and equity do not in themselves instil confidence without being visible. Means of ensuring transparency and accountability are an important component in a well-understood and accepted community benefits framework.

For monetary contributions secured through the community benefits framework, it is recognised that some elements of the detailed costing process may need to remain confidential for commercial reasons. However, the following measures can be taken as a minimum:

- Publication of an annual report for the trust holding community benefit contributions, including itemised incoming and outgoing funds, and the balance.

- A record of total facilities and benefits provided through this mechanism, and future community benefits to be provided when possible.
- Requiring community benefits contributions to be made at the first stage of any development; if a development application is valid without expiry once substantially commenced, it is arguable that the community benefit is known and should be transferred (any change in design can result in changes to the contribution owing or potentially refund of the corresponding proportion of the relevant contribution).

For community benefits provided on-site or in-kind, a different approach is required to ensure transparency and accountability, including the following recommended measures:

- Maintaining a register or community benefits provided (through either means of provision), against those benefits listed as worthy of development bonuses
- Requiring provision of community benefits at the first stage of development (if this cannot be provided, monetary contribution should be required as an alternative)
- Auditing of community benefit provision to confirm it is in the form and manner agreed prior to issue of occupancy certificate or similar

COMMUNITY NEEDS ANALYSIS PAPER**8.1.3 PROCEDURE AND SYSTEMS FOR COMMUNITY BENEFITS**

This paper has reviewed various proposals for community benefits for the CBACP area and noted the stakeholder concern about the current system of awarding and administering community benefits and development bonuses.

As part of a broader review of the CBACP, feedback clearly indicated that the mechanisms used to procure community benefits were opaque. Furthermore the outcomes achieved (specifically the balance between the community benefits provided and the development concessions gained) were not considered appropriate.

During the review it was clear that a major limitation in the community receiving both adequate scope of benefits and (community) value for benefits was the structure of the community benefits framework, generally limiting benefits to being provided on development sites.

An improved mechanism providing for and encouraging monetary contributions has therefore been proposed. In addition to freeing up benefits from having to be provided on site (and also, therefore, in a specific location) the use of a formula to determine community benefits, consistently applied, can ensure proportionality.

With some additional recordkeeping (which could be aligned to annual reporting), and requirements around timing of contribution payments, both transparency and accountability can be significantly improved on the current system, which has changed little since the CBACP was first prepared.

8.2 RECOMMENDATIONS ON COMMUNITY BENEFITS**8.2.1 RECOMMENDED APPROACH TO BENEFITS**

A fundamental change to the community benefits mechanism to allow cash in lieu provides a far wider range of potential benefits to the community. In addition, the location of these benefits can be strategically located as they need not be provided on a specific development site.

The temptation to create a long list of potential benefits would be flawed. While the scope of benefits has substantially increased, the quantum of funding likely available for benefits is not guaranteed to change at all. Rather than spread these benefits across a wide range of projects, a concise, targeted list is more likely to deliver certainty to the community, and tangible benefits, noting it would be reviewed regularly.

The lenses through which prospective benefits were assessed (in this high-level process) included the following considerations:

- Demands based on demographic profile, emerging trends and expected changes given changes in development outcomes expected in the precinct
- Feedback from stakeholders and the community, both during the current CBACP review and as a background to previous studies cited in this paper
- Alignment of benefits with the intended vision, character and identity of the precinct, as documented through the CBACP review process
- Existing facilities located in or serving the CBACP area, in order to establish gaps in existing or future service provision

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Additionally, community benefits were considered in terms of the reduced benefits provided by repeatedly supporting similar bonuses. This repeated provision is less and less appealing to the community and should be reflected in development bonuses offered in response. Ultimately, caps should be established on individual benefits worthy of granting a development bonus.

Other mechanisms for community benefit must also be recognised. In this paper (and in some proposed changes to the CBACP) these included:

- Through the normal development control process
- Public art contributions provided for in the CBACP
- Cash in lieu of public parking to fund transport network improvements
- Cash in lieu of public open space (if able to be implemented)
- Regular scheduled public works by the City of Melville (using collected rates)
- Provision (or control of provision) by the state government or its entities (Main Roads, PTA for example)

This final point is important to acknowledge for the degree of control state government agencies wield over the future of Canning Bridge as a place.

8.2.2 UNIQUE OPPORTUNITIES FOR COMMUNITY BENEFITS

This paper has noted the constrained space to provide community benefits, especially those that would require additional land. Within the CBACP area, there are three specific opportunities for additional space to be made available for community benefits. These opportunities are as follows:

Council owned freehold land (corner of Moreau Mews and Kishorn Road). These landholdings, with a total area of approximately 4000sqm, provide unique opportunity for the City of both contribute directly to the future of the precinct and to generate additional recurring revenue for the City (directly and/or indirectly). This site will be particularly important given both Kishorn Road and Moreau Mews will be important streets for an identifiable heart of the Canning Bridge community.

The **car park adjacent to the library** on Canning Beach Road represents is extremely well located, providing the following advantages and opportunities:

- Close to the river
- Able to form part of a functional entrance statement to the precinct
- Valuable curtilage to important cultural and community uses (Tivoli Theatre and the library), and is a prime location for complementary land uses.

The area of the car park is approximately 2200sqm. Based on preceding discussion in this paper (and assuming a more strategic approach to public parking), this land could be well utilised as a pocket park and playground for younger children.

Finally, **the intersection of Canning Beach Road, Kintail Road and Canning Highway** may offer opportunity. However Canning Highway is upgraded, the connection between Kintail Road and Canning Highway will be substantially downgraded or closed, potentially freeing up to 2000sqm of land (assuming existing vehicular crossovers, refer aerial photograph). Well designed to manage the amenity issues from Canning Highway, the land could be an important open space and iconic entry statement to the precinct.

COMMUNITY NEEDS ANALYSIS PAPER**8.2.3 RECOMMENDED PRIORITY
COMMUNITY BENEFITS**

The following table provides a summary of recommended community benefits based on the analysis undertaken in this paper. This paper provides initial direction for community benefits to be included, but a rigorous testing and costing process is required to ensure a robust framework is established.

The table proposes twenty potential community benefits, however, this list is not considered exhaustive, nor are the items listed necessarily exclusive (i.e. they could be combined).

Again, it must be emphasised that any list of benefits must be subject to extensive stakeholder engagement before being finalised, to form a strong mandate for community benefits. It should be noted that a number of important components to the future improvement of the precinct, such as public realm improvements, public open spaces, parking structures and a CAT bus, are proposed to be provided using other mechanisms, such as:

- Through the normal development control process
- Public art contributions provided for in the CBACP
- Cash in lieu of public parking to fund transport network improvements
- Cash in lieu of public open space (if able to be implemented)
- Regular scheduled public works by the City of Melville (using collected rates)
- Provision (or control of provision) by the state government or its entities (Main Roads, PTA for example)

Further detail on items that could be provided through other means, to improve the precinct, can similarly be articulated.

COMMUNITY NEEDS ANALYSIS PAPER

BENEFIT CONTEMPLATED	SOURCE DOCUMENT(S)	COMMENTARY <small>(from Paper, Projected Demography, Place Vision)</small>	BEST MECHANISM(S) FOR PROVISION	PRIORITY IF A COMMUNITY BENEFIT	LIMITS OF PROVISION AND NOTES
Create a cohesive streetscape through paving, seating and lighting design	Community Development and Place Activation Plan	Some overlap with other provisions. Would be informed by demographics and place vision.	Regular Council Works Budget, POS cash in lieu, Transport - parking cash in lieu, Community Benefit Framework (for bonus)	1. High	Must start with a Streetscape Strategy which is best co-funded through these means and provides guidance for individual interventions (e.g. street furniture)
Create a public piazza for the community to meet, with seating and shading.	Community Development and Place Activation Plan	Very important to identify of the village heart, may be provided through bonuses or POS cash in lieu. One would be ideally located on City owned or managed land. Another could be formed through closure of Kintail Rd near Canning Highway. Integral to place vision. Detailed design and activities can cater to demographic profile.	Community Benefit Framework (for bonus)	1. High	One to be provided, centrepiece of precinct (most other recreation spaces to be provided through POS mechanism)
Intergenerational playground/s, indoor and outdoor	City of Melville Social Needs Assessment Canning Bridge Community and Stakeholder Outcomes Report	Could integrate with space around the library and/or piazza; high demand for recreational space, links closely to demographics, complements other services and can reinforce identity.	Community Benefit Framework (for bonus)	1. High	

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COMMUNITY NEEDS ANALYSIS PAPER

BENEFIT CONTEMPLATED	SOURCE DOCUMENT(S)	COMMENTARY <small>(from Paper, Projected Demography, Place Vision)</small>	BEST MECHANISM(S) FOR PROVISION	PRIORITY IF A COMMUNITY BENEFIT	LIMITS OF PROVISION AND NOTES
Upgrade the library and learning centre	Parks and Leisure Australia & Community Development and Place Activation Plan ; City of Melville Social Needs Assessment Canning Bridge Community and Stakeholder Outcomes Report	Great potential for this given the space available with the existing car park adjacent and the potential to close or convert this section of Kintail Rd. Outdoor activity could complement the library and build a focus of activity. Important opportunity for cultural opportunity and to improve utility of facility for younger and older residents.	Community Benefit Framework (for bonus)	1. High	
Neighbourhood Community Centre (could include a range of items listed here, co-locate with piazza)	Parks and Leisure Australia & Community Development and Place Activation Plan	Could include child care, seniors centre, ideally co-located and adjacent to activity and open space	Community Benefit Framework (for bonus)	2. Medium-High	Other benefits that could be included: Occasional Care (short term creche), Play Group, Seniors Centre (Day Care),
Spaces to deliver aged services	Parks and Leisure Australia & Community Development and Place Activation Plan ; City of Melville Social Needs Assessment Canning Bridge Community and Stakeholder Outcomes Report	Potentially useful to assist in ageing in place given how much the precinct is valued, especially if integrated and if there is a gap in demand, aligns with demographic trends	Community Benefit Framework (for bonus)	2. Medium-High	Not aged care development, local services for senior citizens

COMMUNITY NEEDS ANALYSIS PAPER

BENEFIT CONTEMPLATED	SOURCE DOCUMENT(S)	COMMENTARY <small>(from Paper, Projected Demography, Place Vision)</small>	BEST MECHANISM(S) FOR PROVISION	PRIORITY IF A COMMUNITY BENEFIT	LIMITS OF PROVISION AND NOTES
Update the entry statement for the Canning Bridge area, improve sense of place	City of Melville Social Needs Assessment Canning Bridge Community and Stakeholder Outcomes Report	The best entry statements are functional and provide uses and experiences that reinforce character and identity. Cultural hub at bottom of Kintail Rd might achieve this	Community Benefit Framework (for bonus)	2. Medium-High	Note need for functionality, character, activity and meaning, not signage
Affordable housing provided as part of an affordable housing scheme and ceded to the Department of Housing or relevant not-for-profit organisation	Existing ACP Requirements (Element 22); Draft Local Planning Policy from SWG	Could be expanded to include key worker accommodation. Amount of affordable housing should be reviewed to understand needs in this precinct, structure for provision. Likely to be important for a well-served local economy.	Community Benefit Framework (for bonus)	3. Medium	Check preferred models for provision before prescribing minima and maxima
Creative arts spaces to enjoy art and for artists to create and teach	City of Melville Social Needs Assessment Canning Bridge Community and Stakeholder Outcomes Report	Opportunity to boost cultural appeal of the place, however there is a risk that this space would compete with or cannibalise Heathcote. Must be designed to avoid this.	Community Benefit Framework (for bonus)	3. Medium	Limited provision, should not compete with Heathcote

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BENEFIT CONTEMPLATED	SOURCE DOCUMENT(S)	COMMENTARY <small>(from Paper, Projected Demography, Place Vision)</small>	BEST MECHANISM(S) FOR PROVISION	PRIORITY IF A COMMUNITY BENEFIT	LIMITS OF PROVISION AND NOTES
<p>Opportunities to hold regular local-level events, such as weekly or seasonal outdoor markets with fresh food, food trucks</p>	<p>City of Melville Social Needs Assessment Canning Bridge Community and Stakeholder Outcomes Report</p>	<p>Some merit in these as quick wins but need to ensure they reinforce character, go beyond tokenism or generic events if possible. Can align well with demography (especially multicultural profile) and place identity. Given space, there may be a need to manage transport issues for these events</p>	<p>Community Benefit Framework (for bonus)</p>	<p>3. Medium</p>	
<p>Road Widening Canning Highway Land is ceded free of cost (15 max)</p>	<p>Draft Local Planning Policy from SWG</p>	<p>Somewhat complicated. Sites requiring widening to be taken are well known. Purpose of widening is regional, rather than local. Arguably landowners should be paid for acquired land. Bonus development may be seen as alternative compensation, but if so it could be questioned whether this is fair on the local community (bearing the "impact" of height but not particularly benefiting from regional infrastructure)</p>	<p>Community Benefit Framework (for bonus)</p>	<p>3. Medium</p>	

COMMUNITY NEEDS ANALYSIS PAPER

BENEFIT CONTEMPLATED	SOURCE DOCUMENT(S)	COMMENTARY <small>(from Paper, Projected Demography, Place Vision)</small>	BEST MECHANISM(S) FOR PROVISION	PRIORITY IF A COMMUNITY BENEFIT	LIMITS OF PROVISION AND NOTES
The development comprises a hotel.	Existing ACP Requirements (Element 22); Draft Local Planning Policy from SWG	This was highlighted as a potential benefit in community engagement, only of provided in the M10 or M15 areas. Some risk in incentivising a hotel, to improve chances of an appealing and attractive hotel sufficient supporting services and infrastructure should be identified and provided	Community Benefit Framework (for bonus)	3. Medium	
Child Care Centre (long day)	Parks and Leisure Australia & Community Development and Place Activation Plan	Often provided by private sector but can be provided by local government, to attract or retain families, would be recommended in CBACP, included in community centre	Community Benefit Framework (for bonus)	4. Low-Medium	Could be included in neighbourhood community centre, but listed separately as it may be provided separately or as a private business
Community Garden	Parks and Leisure Australia & Community Development and Place Activation Plan	Good alignment with cultural diversity, older demographic and small households in precinct but difficult to locate spatially in the precinct, consider locating in surrounding suburbs	Community Benefit Framework (for bonus)	4. Low-Medium	Similar to Men's/Women's Shed
Roof Top Cinema 250m2 (5 max)	Draft Local Planning Policy from SWG	Could be worthy of a bonus subject to addressing access and management issues. Interesting cultural activity but conflicts may be foreseeable.	Community Benefit Framework (for bonus)	4. Low-Medium	Better ways to provide this space for all parties

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BENEFIT CONTEMPLATED	SOURCE DOCUMENT(S)	COMMENTARY <small>(from Paper, Projected Demography, Place Vision)</small>	BEST MECHANISM(S) FOR PROVISION	PRIORITY IF A COMMUNITY BENEFIT	LIMITS OF PROVISION AND NOTES
Support for men's shed / tinker shed	Parks and Leisure Australia & Community Development and Place Activation Plan ; City of Melville Social Needs Assessment Canning Bridge Community and Stakeholder Outcomes Report	Spatial issues needed for this, it may be best provided in surrounding area but still servicing the precinct	Community Benefit Framework (for bonus)	4. Low-Medium	Would need to be provided outside of ACP area
Provide wayfinding to support access to the station and active transport options	Community Development and Place Activation Plan	Recognised as being sorely needed. Some of this can be provided by the City, and some will be mainly within the control of PTA.	Transport - cash in lieu for parking; Community Benefit Framework (for bonus); Some state government control, need to work with PTA	4. Low-Medium	
Health and wellness such as spaces to host yoga and dance, as well as remedial massage	City of Melville Social Needs Assessment Canning Bridge Community and Stakeholder Outcomes Report	Some of this could occur through community spaces, some privately provided. Aligns with demographic trends but some services can be provided privately	Community Benefit Framework (for bonus), Development Control for privately provided services	5. Low	

COMMUNITY NEEDS ANALYSIS PAPER

BENEFIT CONTEMPLATED	SOURCE DOCUMENT(S)	COMMENTARY (from Paper, Projected Demography, Place Vision)	BEST MECHANISM(S) FOR PROVISION	PRIORITY IF A COMMUNITY BENEFIT	LIMITS OF PROVISION AND NOTES
Provision of landscaped spaces and/or other facilities accessible to the public such as rooftop and/or podium level gardens and/or incidental recreation spaces and/or equipment and entertainment facilities such as rooftop cinema.	Existing ACP Requirements (Element 22); Draft Local Planning Policy from SWG	Given off-site benefits can be considered, there is limited value to public, residents, developers or Council from on-site publicly accessible facilities. May be acceptable in some areas but generally suggest negotiation of more valuable benefits. Cinema could be worthy of a bonus subject to addressing access and management issues.	Community Benefit Framework (for bonus) where not required by development control	5. Low	Better ways to provide this space for all parties
More seating [for additional 20 (5 Max)], water fountains [30m2 (10 max)] and access to public toilets	City of Melville Social Needs Assessment Canning Bridge Community and Stakeholder Outcomes Report; Draft Local Planning Policy from SWG	Chronic lack of space on the foreshore, facilities like public toilets, even seating, could be on private land over the road given their passive recreation benefits	POS cash in lieu, Transport - parking cash in lieu, Community Benefit Framework (for bonus)	Dependent on Streetscape Strategy	Dependent on Streetscape Strategy

COMMUNITY NEEDS ANALYSIS PAPER

9 REFERENCES

- Ethos Urban, 2019, Canning Bridge Demographic Assessment [Input to Community Needs Assessment]
- City of Melville, 2020, Canning Bridge Activity Centre Plan – Density and Bonus Provisions [Local Planning Policy 1.18]
- Element Advisory, 2020, Canning Bridge Community Development and Place Activation Plan
- Hatch RobertsDay, 2021, Canning Bridge Precinct and Place Report
- WAPC, 2021, Canning Bridge Activity Centre Plan (as amended)
- Element Advisory, 2020, City of Melville Social Needs Assessment Canning Bridge Community and Stakeholder Outcomes Report
- Parks and Leisure Australia (WA), 2020, Guidelines for Western Australian Community Infrastructure
- Parks and Leisure Australia (WA) Community Facility Guidelines Mapping Portal for Perth and Peel, <https://uwa.maps.arcgis.com/apps/webappviewer/index.html?id=057e427ac6054d1d8a7bdefdfc066c10>, Hosted by AUDRC

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APPENDIX D COMMUNITY BENEFIT PROCEDURAL GUIDE



PROCESS FOR A MONETARY COMMUNITY BENEFIT CONTRIBUTION

1. INTRODUCTION

The purpose of the Community Benefit Contribution Procedural Guide (Procedural Guide) is to outline the process of the proposition and delivery of community benefit contributions in accordance with the Canning Bridge Community Needs Analysis Paper and the Canning Bridge Activity Centre Plan (CBACP). The Procedural Guide addresses:

- (A) Information required to be lodged with a development application seeking building height and/or plot ratio above the primary limits;
- (B) Calculation and payment of community benefits contributions
- (C) Conditions and advice notes to be applied to development approvals that enables building height and/or plot ratio above primary limits.
- (D) Management of the Community Benefits Contributions Fund by the City of Melville
- (E) Delivery of the benefit items by a proponent or the city; and
- (F) Review and reporting requirements for the Community Benefits Contribution Fund.

2. COMMUNITY BENEFIT CONTRIBUTION REQUIREMENTS

Contribution payable is the greater of the following calculations:

Plot Ratio:

((Total Plot Ratio – Permitted “Base” Plot Ratio) / Permitted “Base” Plot Ratio) x Total Construction Cost x 3%

Height:

*((Total Height in Storeys – Permitted “Base” Height in Storeys) / Permitted “Base” Height in Storeys) * Total Construction Cost x 3%*

3. CONTRACT SUM

Contract sum is to include all contractors' preliminaries, fees, overhead and profit, trade contract values, provisional sums and contingency/risk amounts. The contract sum shall include contracts inclusive of third-party works and/or subsequent contracts required to complete the development.

The contract sum must not include the monetary value of any community benefit contribution provided onsite as part of a development. Valuation of any onsite community benefit contribution does not include the valuation of land.

4. COMMUNITY BENEFIT CONTRIBUTION OFFER

In the instance a development application proposes a building height and/or plot ratio above the primary limit, a written offer of a community benefit contribution shall be made to the City of Melville. The offer shall be made consistent with the following procedure:

4.1 Included within the development application, a document shall be submitted to verify whether a community benefit contribution is to be:

- i. A monetary offer in accordance with Element 22 of the Canning Bridge Activity Centre Plan and calculated as per Section 2 of this procedural guide.
- ii. Delivered onsite in accordance with section Element 22 of the Canning Bridge Activity Centre Plan.
- iii. Delivered in-part as an onsite contribution and in-part as a monetary offer.

4.2 Should the development application comprise or include a monetary offer, the document shall include a statement committing to a monetary payment prior to the submission of an occupancy permit application.

4.3 Should the development application comprise or include community benefit contribution proposed to be delivered onsite, the following details associated supporting documents must demonstrate the following:

4.3.1 - Description of what the onsite contribution proposed comprise of, including drawings, artist's impression and any other information that the City may require to enable an understanding of the contribution proposed.

4.3.2 - Description of how the proposed onsite contribution(s) aligns with the Community Benefit Contribution Framework (CBCF) contained within Appendix 1 of Part 2 of the CBACP.

4.3.3 - The applicant's forecast of the development's contract sum, in accordance with Part 3 of this Procedural Guide, reconciled against a valuation of the proposed onsite contribution(s) by an appropriately qualified Quantity Surveyor.

4.3.4 - A statement acknowledging that should the final value of the proposed onsite contribution(s) is assessed as less than the required contribution amount, following a final valuation, the balance must be paid to the applicant as a monetary contribution prior to submission of an occupancy permit application. The final valuation is determined prior to submission of an occupancy permit application.

4.4 Acceptance of the offer for community benefit contributions is at the discretion of the Local Government and will form part of its broader consideration of the development application.

4.5 The City may reject any offer to deliver a community benefit contribution onsite that is deemed to be inconsistent with the CBACP. In the instance a proposal is deemed to be inconsistent with the ACP the application will be recommended for refusal.

CANNING BRIDGE: RESPONSE TO REQUEST FOR FURTHER INFORMATION

5. PROCESS FOR A MONETARY COMMUNITY BENEFIT CONTRIBUTION

Following a development approval and prior to submission of a building permit application, the applicant shall provide information to the City to confirm the contract sum in accordance with Part 4 of this procedural guide. The contract sum should be evidenced by submitting the executed contract inclusive of the contract sum breakdown.

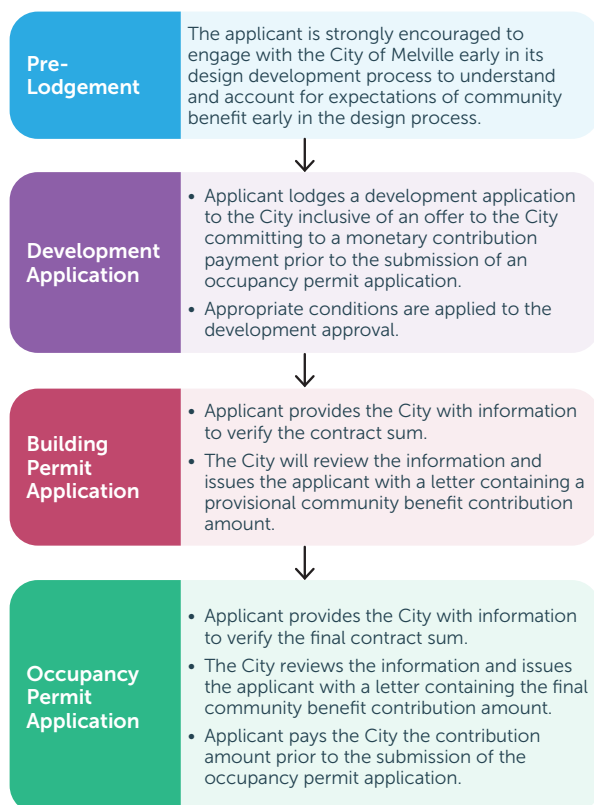
The City as part of the review of the valuation of the contract sum, may seek the service of an independent third party to verify its value. In such cases, all costs and expenses will be borne by the applicant and are not included in the credited contribution amount. Following the review, the city will issue the applicant with a letter stating a provisional community benefit contribution amount.

Prior to submission of an occupancy permit application the applicant shall submit information to the City to verify the final contract sum. Such information will consider the information provided by the applicant and issues the applicant with the final community benefit contribution amount.

The contract sum may exclude non-residential tenancy fit out costs and variations to the contract associated with purchaser/owner upgrades/changes.

Payment of the contribution shall also be made to the City prior to submission of an occupancy permit application.

Process as follows:



CANNING BRIDGE: RESPONSE TO REQUEST FOR FURTHER INFORMATION

6. FORECAST CONTRACT SUM AND VALUATION OF ONSITE COMMUNITY BENEFIT(S)

i. Where a community benefit contribution is proposed to be delivered onsite, a forecast contract sum is required to be lodged as part of the development application to determine the monetary contribution which would otherwise be required under the Community Benefits Framework and contribution requirements outlined in part 2 of this procedural guide

ii. Where the proposed onsite item(s) is of a lesser value than the total required community benefit contribution calculated in accordance with the Part 2, the balance must be provided as a monetary contribution, paid prior to the submission of an occupancy permit.

iii. A forecast contract sum is an estimate of the amount that the contract sum will ultimately be, having regard to Part 2 of this procedural guide.

iv. The forecast contract sum and onsite community benefit item(s) proposed are required to be accurately valued, to the satisfaction of the City by an appropriately qualified Quantity Surveyor, registered with the Australian Institute of Quantity Surveyor with demonstrated equivalent qualifications.

v. The City, as part of the review of valuation of the forecast contract sum, may seek the services of an independent third party to verify its value. Should this occur, all costs and expenses borne by the City in determining the value of the contract sum will be paid by the applicant.

vi. Prior to submission of an occupancy permit application, the final contract sum is to be submitted to the City with a final valuation of the onsite benefits delivered. The contract sum may exclude non-residential tenancy fit out costs and variation to the contract associated with purchaser/owner upgrades/changes.

vii. The City, as part of the review of the valuation of the final contract sum and valuation of delivered onsite benefits, may seek the services of an independent third party to verify its value. Should this occur, all costs and expenses are to be borne by the applicant.

viii. In the instance that the proposed onsite item(s) is of a lesser value than the total required community benefit contribution the City will issue a letter stating the final community benefit contribution amount to be paid to the City prior to submission of an occupancy permit application.

7. DEVELOPMENT APPROVAL CONDITIONS AND ADVICE NOTES

In the instance of the approval of building height and/or plot ratio above the primary limits is recommended, the following conditions are to be placed on the approval. The wording of these conditions and advice notes may be modified as required, at the discretion of the City.

7.1 Where a Monetary Contribution is imposed:

7.1.1 - The following condition and advice note shall be applied to the approval:

Condition:

A community benefit contribution, calculated in accordance with Part 2 of this procedural guide, shall be made by way of monetary payment to the local government prior to the submission of an occupancy permit application.

Advice note:

For the purpose of Part 2 of this procedural guide, guidance is given as to the calculation of the 'contract sum' within Appendix 8 – Community Benefit Contribution Procedural Guide of the Canning Bridge Activity Centre Plan.

7.2 Where Requirement of Onsite Community Benefit Contributions is Imposed

7.2.1 - Conditions of development approval will be prepared as needed where onsite items are proposed. To meet the requirements of the ACB and CBCF, conditions are required to ensure all community benefits delivered onsite are done so in perpetuity and are appropriately open and accessible to the public. This is to be achieved through a management plan and an easement in gross on the title.

7.2.2 - Conditions will be specific to the community benefit item(s) to be provided, generally as per the following:

1. Prior to the submission of an occupancy permit application, a Community Benefits Management Plans shall be developed, at the applicant's cost, for the community benefit item(s), addressing the following matters:
 - i. The hours of public accessibility;
 - ii. The manner that these benefits are made available to the public and South Perth community in perpetuity for the life of the development; and
 - iii. Identifying the precise portions of cubic space:
 - (a) On which the community benefit item(s) will be located;
 - (b) Which the public are to have access to in order to enjoy the community benefit items; and
 - (c) Which are to comprise the means of access within the development to areas (a) and (b).
 - iv. Any other matter deemed relevant by the City.

The Plan shall be submitted to the city of Melville for approval. No strata plan shall be prepared or lodged, and the landowner acknowledges that no strata plan will be supported by the local government, which proposes any part of the Public-Benefit-Related Cubic Space to be located otherwise than on common property of the strata plan. The strata company for the subject site shall be responsible in ensuring that the approved community benefits management plan is always implemented and adhered to the satisfaction of the City of Melville. In the instance that the development does not form part of a start subdivision, the owner(s) of Public-Benefit-Related Cubic Space, shall be liable (and in the case of more than one such owner, jointly and severally liable) to ensure that the approved community benefits management plan is always implemented and adhered to the satisfaction of the City of Melville.

Occupancy permit shall not be granted unless the Community Benefits Management Plan has been approved by the City

8. MANAGEMENT OF FUNDS

8.1 Community Benefits Fund

8.1.1 - The City will establish and maintain a dedicated Canning Bridge Activity Centre Contribution Fund and all community benefit contributions shall be deposited into this fund.

8.1.2 - The Canning Bridge Activity Centre Community Benefit Contribution Fund is a reserve account in accordance with the Local Government Act 1995. All community benefit contributions within the Canning Bridge ACP area shall be paid from this account. The purpose of this reserve account and the use of money in it is limited to the delivery of community benefits within the ACP area in accordance with the provisions of the ACP.

8.1.3 - Interest earned on contributions credited to the Canning Bridge Activity Centre Community Benefits fund reserve account may only be applied in the ACP area.

8.2 Projects Funded from the Community Benefits Fund

8.2.1 - All projects funded from the Community Benefits Fund must be identified in Appendix 1 of the Community Needs Analysis Paper or justified in accordance with the relevant sections of the ACP.

8.2.2 - Projects will be selected to be funded and approved by Council as part of the City's Capital Works Program and annual budgeting process.

8.3 Projects Funded from Multiple Sources

8.3.1 - Projects may be funded entirely from the Community Benefits Fund or by co-funding from multiple sources.

8.3.2 - Sources of funding for individual projects will be decided on a case-by-case basis depending on the availability of funds and the needs of a project. The City may identify complementary funding sources to leverage the Community Benefit Contribution Fund to deliver the maximum possible community benefit.

8.3.3 - Should projects have an established funding source, the Community Benefits Fund is not to replace the established funding source(s).

8.4 Criteria for Investment

8.4.1 - The timing and amount of community benefit contributions is dependent on the development and is therefore uncertain. The ACP is designed to manage the Community Benefits Contribution Fund in a flexible manner with regular reviews and updates.

8.4.2 - Prioritisation criteria has been established within the ACP to guide decision making around the projects requiring funding from Community Benefits Contributions. The prioritisation criteria within the ACP is to be considered by the City when determining the allocation of funds.

9. PERIOD OF OPERATION

Funds received as community benefit contributions should be expended as soon as practically possible and within 8 years of payment.

10. REVIEW AND REPORTING REQUIREMENTS

10.1 Review of the Community Benefit Contributions Formula

10.1.1 - Following approval of the ACP, the City shall review the community benefits framework as part of its mandated review of the ACP, having regard for uptake of development and the receipt of community benefit contributions.

11. COMMUNITY BENEFIT CONTRIBUTIONS REGISTER

11.1 The City shall maintain an accurate and up to date register of all community benefit contributions, The register shall detail the following:

- i. Development approvals containing a condition requiring a community benefit contribution
- ii. Where the development is located
- iii. The amount of the monetary contribution received and details of onsite community benefit contribution approved.
- iv. Date of any payments received and date of investment/expenditure.

11.2 The register will be made available and for public viewing on the City's website.

11.3 Community Benefit Contributions Reporting

11.3.1 - The City of Melville shall publish an annual statement providing information about the expenditure of the community benefit contribution.

11.3.2 - The Canning Bridge Activity Centre Community Benefit Contribution Fund will also be reported as part of the Annual Financial Report.





Accelerating success.

Colliers Valuation & Advisory Services

Consultancy Report

Canning Bridge Activity Centre Plan Review Development Impact Assessment

Various Test Sites:

21 Tweeddale Road, 3A & 5A Macrae Road, 28 & 30
Kintail Road, and 884, 886 & 888 Canning Highway,
Applecross, Western Australia 6153

City of Melville

Val Date: 19 November 2023

CIVAS Ref: VPerth665



Colliers
Assure





Executive Summary

6 km south of Perth CBD
 Established Activity Centre Plan (2016)
 High density mixed-use development
 Transport orientated development
 Melville & South Perth

Assessment Details

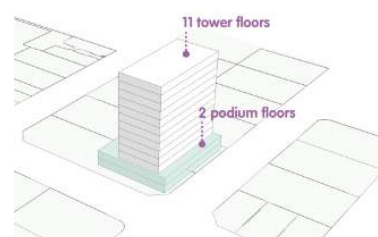
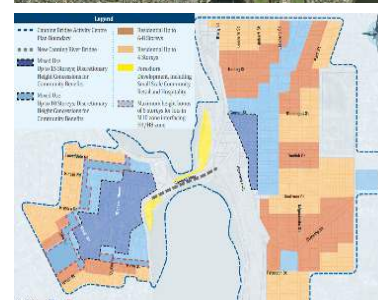
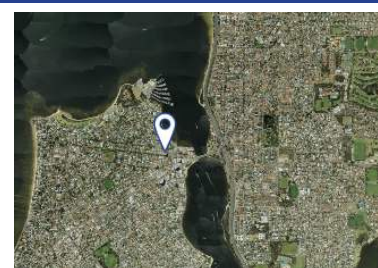
Instructing Party Mr Ross Duckham Senior Associate, Urban Solutions Hatch RobertsDay Level 2, 442 Murray Street PERTH WA 6000	Reliant Party City of Melville
Purpose of Report Assistance with internal decision making	Date of Assessment 19 November 2023
Date of Desktop Review 19 November 2023	

CBACP Precinct & Scope Overview

The Canning Bridge Activity Centre Plan (CBACP) was introduced by the Western Australian Planning Commission, Department of Planning, City of Melville and the City of South Perth in 2016 to guide future development within the 145-hectare precinct surrounding the Canning Bridge Station on both sides of the Canning River. Recognised as an 'Activity Centre' under the Western Australian Planning Commission's State Planning Policy 4.2: Activity Centres for Perth and Peel, the CBACP sets out a vision for the precinct that includes a combination of high density residential, civic, office, retail and entertainment uses against the backdrop of the Swan and Canning Rivers and adjacent open space. The CBACP area is forecast to accommodate 8,000 people and 4,000 dwellings by 2031; and 24,000 people and 12,000 dwellings by 2051. The vision for the precinct is set out in the document as follows:

The Canning Bridge area will evolve to become a unique, vibrant, creative community centred on the integrated transport node of the Canning Bridge station. The area will be recognised by its unique location, its integrated mix of office, retail, residential, recreational and cultural uses that create areas of excitement, the promotion of its local heritage and as a pedestrian friendly enclave that integrates with the regional transport networks while enhancing the natural attractions of the Swan and Canning Rivers.'

Since the CBACP was endorsed by the Western Australian Planning Commission in 2016, a number of new mixed-use developments have been delivered within the precinct; and a number of other major projects are currently under construction or in a planning phase. In 2019, the City of Melville commenced a full review of the CBACP and engaged planning consultants, Hatch RobertsDay to independently facilitate the process, coordinate stakeholder engagement and prepare an update of the CBACP for review by the City and the Western Australian Planning Commission. As part of the review, feedback has been considered from the local community and key stakeholders; and a range of planning elements have been examined including height controls, bonus height provisions and the transitioning of development between different height zones. To assist with the review, we have been instructed by Hatch RobertsDay to undertake a development impact assessment of the various modifications being considered to the CBACP for the purpose of determining if the proposed modifications are viable for new development within the precinct. To assist with our assessment, Hatch have identified four 'test' sites within Applecross that form part of the western sector of the CBACP; and have developed various built form development outcomes for each that we understand align with the initial draft of the revised CBACP that was advertised; and the more recent council modified option.



Test Site Synopsis	Precinct	Zoning	Site Area
21 Tweeddale Road, Applecross	Q1 - Kintail Quarter	Residential Up to 4 Storeys	2,003 m ²
3A & 5A Macrae Road, Applecross	Q1 - Kintail Quarter	Residential Up to 8 Storeys	2,024 m ²
28 & 30 Kintail Road, Applecross	Q1 - Kintail Quarter	Mixed Use up to 10 storeys**	2,003 m ²
884, 886 & 888 Canning Highway, Applecross	Q1 - Kintail Quarter	Mixed Use up to 15 storeys*	3,036 m ²

*Discretionary height concessions for community benefits

**Maximum height bonus of 5 storey applies to the western portion of the site due to interfacing with the residential up to 4 storeys zone.



Built Form Development Control Assumptions (Original Advertised Version & Council Modified)

Built Form Development Control Assumptions:

Site	Originally Advertised	Council Modified
21 Tweeddale Road (H4 zone)		
Built Form Development	Apartments	Apartments
Height	4 Levels	4 Levels
Indicative Residential Yield	8 dwellings	10 dwellings
Average Unit Size (net living)	93 m ²	93 m ²
Indicative Total Gross Floor Area	960 m ²	1,200 m ²
Car Bays / Unit	1.25 bays	1.30 bays
Adopted Floor Area	240 m ²	300 m ²
Bays subject to Parking Cash in Lieu	1 bay	1 bay
Bonus GFA subject to Community Benefit	-	-
Residential Net Strata Area	742 m ²	928 m ²
Commercial / Retail Net Strata Area	-	-
<i>Indicative Total Strata Area</i>	<i>742 m²</i>	<i>928 m²</i>

3A & 5A Macrae Road (H8 zone)		
Built Form Development	Apartments	Apartments
Height	8 Levels	8 Levels
Indicative Residential Yield	44 dwellings	48 dwellings
Average Unit Size (net living)	93 m ²	93 m ²
Indicative Total Gross Floor Area	4,720 m ²	5,168 m ²
Car Bays / Unit	1.20 bays	1.29 bays
Adopted Floor Area	560 m ²	680 m ²
Bays subject to Parking Cash in Lieu	4 bays	-
Bonus GFA subject to Community Benefit	-	-
Residential Net Strata Area	4,081 m ²	4,452 m ²
Commercial / Retail Net Strata Area	-	-
<i>Indicative Total Strata Area</i>	<i>4,081 m²</i>	<i>4,452 m²</i>

Site	Advertised 1 (Without bonus)	Advertised 2 (With bonus)	Council Modified
28 & 30 Kintail Road (M10 Zone)			
Built Form Development	Mixed Use	Mixed Use	Mixed Use
Height	10 Levels	13 Levels	10 Levels
Indicative Residential Yield	70 dwellings	84 dwellings	77 dwellings
Average Unit Size (net living)	93 m ²	93 m ²	93 m ²
Indicative Total Gross Floor Area	6,818 m ²	8,712 m ²	7,188 m ²
Car Bays / Unit	1.20 bays	1.20 bays	1.38 bays
Adopted Floor Area	640 m ²	640 m ²	720 m ²
Bays subject to Parking Cash in Lieu	13 bays	14 bays	-
Bonus GFA subject to Community Benefit	-	1,570 m ²	-
Residential Net Strata Area	6,493 m ²	7,791 m ²	7,142 m ²
Commercial / Retail Net Strata Area	125 m ²	125 m ²	120 m ²
<i>Indicative Total Strata Area</i>	<i>6,617 m²</i>	<i>7,916 m²</i>	<i>7,261 m²</i>

Development Impact Assessment - Canning Bridge Activity Centre Plan Review



Built Form Development Control Assumptions (Original Advertised Version & Council Modified)

Built Form Development Control Assumptions:

Site	Advertised 1 (Without bonus)	Advertised 2 (With bonus)	Council Modified
884 - 888 Canning Hwy (M15 zone with bonus)			
Built Form Development	Mixed Use	Mixed Use	Mixed Use
Height	15 levels	25 Levels	15 Levels
Indicative Residential Yield	161 dwellings	238 dwellings	151 dwellings
Average Unit Size (net living)	93 m ²	92 m ²	92 m ²
Indicative Total Gross Floor Area	15,258 m ²	25,500 m ²	14,350 m ²
Car Bays / Unit	1.20 bays	1.19 bays	1.42 bays
Adopted Floor Area	768 m ²	900 m ²	900 m ²
Bays subject to Parking Cash in Lieu	37 bays	44 bays	-
Bonus GFA subject to Community Benefit	-	8,088 m ²	-
Residential Net Strata Area	15,026 m ²	21,982 m ²	13,913 m ²
Commercial / Retail Net Strata Area	438 m ²	438 m ²	406 m ²
<i>Indicative Total Strata Area</i>	<i>15,464 m²</i>	<i>22,420 m²</i>	<i>14,318 m²</i>

Development Impact Assessment - Canning Bridge Activity Centre Plan Review



Built Form Testing Analysis & Conclusions

Built Form Testing Analysis – 21 Tweeddale Road (H4 Zone):

Site	Advertised	Council Modified
Basis of Comparison		
Indicative Unimproved Market Value	\$2,570,000	\$2,570,000
Resultant Site Rate	\$2,502 /m ²	\$2,502 /m ²
Product Mix Assumptions		
Commercial Suites	-	-
1 x 1	-	-
2 x 2	8 dwellings	10 dwellings
3 x 2	-	-
Gross Realisation Assumptions		
Commercial Suites	-	-
Average Price - 1 x 1	-	-
Average Price - 2 x 2	\$930,000	\$930,000
Average Price - 3 x 2	-	-
Adopted Gross Realisation	\$7,440,000	\$9,300,000
<i>Gross Realisation (\$ / Apartment)</i>	<i>\$930,000</i>	<i>\$930,000</i>
<i>Gross Realisation (\$ / NSA)</i>	<i>\$10,027 /m²</i>	<i>\$10,022/m²</i>
Less Selling Costs	-\$210,329	-\$262,911
Net Sales Revenue	\$7,229,671	\$9,037,089
Less GST paid on all revenue	-\$676,364	-\$845,455
Total Revenue (after GST paid)	\$6,553,308	\$8,191,634
Development Costs Assumptions		
Land Acquisition Fees	\$165,048	\$193,712
Professional Fees	\$240,152	\$301,620
<i>% Construction</i>	<i>8.00%</i>	<i>8.00%</i>
Estimated Construction Costs	\$3,001,900	\$3,770,250
<i>\$ / m² GFA</i>	<i>\$3,678</i>	<i>\$3,693</i>
Statutory Fees	\$116,160	\$132,700
<i>\$ / apartment</i>	<i>\$14,520</i>	<i>\$13,270</i>
Parking Cash in Lieu	\$3,300	-
Community Benefit Contribution	-	-
Land Holding Costs	\$67,210	\$70,944
Finance Charges	\$16,500	\$16,500
Interest Expense	\$479,958	\$637,564
Total Costs	\$6,345,228	\$7,934,891
Less GST reclaimed	-\$525,653	-\$656,171
Total Costs (after GST reclaimed)	\$5,819,575	\$7,278,720
Performance Indicators		
Project Duration	2.42 years	2.50 years
Target Developer Margin	12.50%	12.50%
Residual Land Value	\$2,055,000	\$2,555,000
Resultant Site Rate	\$2,001 /m ²	\$2,488 /m ²
Resultant Yield Rate	\$256,875 /dwelling	\$255,500 /dwelling
RLV relativity to Market Value	-20.04%	-0.58%
Development Viability Ranking	2	1

Development Impact Assessment - Canning Bridge Activity Centre Plan Review



Built Form Testing Analysis & Conclusions

Built Form Testing Analysis – 3A & 5A Macrae Road (H8 Zone):

Site	Advertised	Council Modified
Basis of Comparison		
Indicative Unimproved Market Value	\$4,555,000	\$4,555,000
Resultant Site Rate	\$2,250 /m ²	\$2,250 /m ²
Product Mix Assumptions		
Commercial Suites	-	-
1 x 1 (apartments)	8	9
2 x 2 (apartments)	28	31
3 x 2 (apartments)	8	8
Gross Realisation Assumptions		
Commercial Suites	-	-
Average Price - 1 x 1	\$510,000	\$510,000
Average Price - 2 x 2	\$850,000	\$850,000
Average Price - 3 x 2	\$955,000	\$985,000
Adopted Gross Realisation	\$35,520,000	\$38,820,000
<i>Gross Realisation (\$ / Apartment)</i>	<i>\$807,273</i>	<i>\$808,750</i>
<i>Gross Realisation (\$ / NSA)</i>	<i>\$8,704 /m²</i>	<i>\$8,720 /m²</i>
Less Selling Costs	-\$1,004,150	-\$1,097,441
Net Sales Revenue	\$34,515,850	\$37,722,559
Less GST paid on all revenue	-\$3,229,091	-\$3,529,091
Total Revenue (after GST paid)	\$31,286,759	\$34,193,468
Development Costs Assumptions		
Land Acquisition Fees	\$268,717	\$284,239
Professional Fees	\$1,680,658	\$1,853,796
<i>% Construction</i>	<i>8.50%</i>	<i>8.50%</i>
Estimated Construction Costs	\$19,772,445	\$21,809,370
<i>\$ / m² GFA</i>	<i>\$4,405 /m²</i>	<i>\$4,453 /m²</i>
Statutory Fees	\$563,880	\$596,960
<i>\$ / apartment</i>	<i>\$12,815</i>	<i>\$12,437</i>
Parking Cash in Lieu	\$44,000	-
Community Benefit Contribution	-	-
Land Holding Costs	\$130,687	\$129,251
Finance Charges	\$60,500	\$60,500
Interest Expense	\$2,846,521	\$3,093,102
Total Costs	\$29,635,408	\$32,396,618
Less GST reclaimed	-\$2,444,069	-\$2,676,864
Total Costs (after GST reclaimed)	\$27,191,339	\$29,719,754
Performance Indicators		
Project Duration	4.58 years	4.92 years
Target Developer Margin	15.00%	15.00%
Residual Land Value	\$3,880,000	\$4,155,000
Resultant Site Rate	\$1,917 /m ²	\$2,053 /m ²
Resultant Yield Rate	\$88,182 /dwelling	\$86,563 /dwelling
RLV relativity to Market Value	-14.82%	-8.78%
Development Viability Ranking	2	1

Development Impact Assessment - Canning Bridge Activity Centre Plan Review



Built Form Testing Analysis & Conclusions

Built Form Testing Analysis – 28 & 30 Kintail Road (M10 Zone):

Site	Advertised 1 (Without bonus)	Advertised 2 (With bonus)	Council Modified
Basis of Comparison			
Indicative Unimproved Market Value	\$5,000,000	\$5,000,000	\$5,500,000
Resultant Site Rate	\$2,496 /m ²	\$2,496 /m ²	\$2,746 /m ²
Product Mix Assumptions			
Commercial Suites	1	1	1
1 x 1 (apartments)	14	16	13
2 x 2 (apartments)	42	44	84
3 x 2 (apartments)	14	17	93
Gross Realisation Assumptions			
Commercial Suites	\$845,000	\$805,000	\$840,000
Average Price - 1 x 1	\$525,000	\$530,000	\$525,000
Average Price - 2 x 2	\$850,000	\$855,000	\$850,000
Average Price - 3 x 2	\$985,000	\$995,000	\$985,000
Adopted Gross Realisation	\$57,685,000	\$63,085,000	\$69,010,000
Gross Realisation (\$ / Apartment)	\$824,071	\$841,133	\$821,548
Gross Realisation (\$ / NSA)	\$8,884	\$8,833	\$8,858
Less Selling Costs	-\$1,630,755	-\$1,783,413	-\$1,950,913
Net Sales Revenue	\$56,054,245	\$61,301,587	\$67,059,087
Less GST paid on all revenue	-\$5,244,091	-\$5,735,000	-\$6,273,636
Total Revenue (after GST paid)	\$50,810,154	\$55,566,587	\$60,785,451
Development Costs Assumptions			
Land Acquisition Fees	\$312,338	\$328,313	\$343,438
Professional Fees	\$2,884,335	\$3,009,445	\$3,453,769
% Construction	8.00%	8.00%	8.50%
Estimated Construction Costs	\$33,933,356	\$37,618,062	\$40,632,578
\$ / m ² GFA	\$4,751	\$4,758	\$4,741
Statutory Fees	\$878,900	\$970,250	\$1,044,680
\$ / apartment	\$12,556	\$12,937	\$12,437
Parking Cash in Lieu	\$143,000	-	\$143,000
Community Benefit Contribution	-	-	\$459,175
Land Holding Costs	\$525,936	\$536,669	\$558,136
Finance Charges	\$88,000	\$88,000	\$115,500
Interest Expense	\$4,267,388	\$4,682,732	\$5,138,688
Total Costs	\$48,148,253	\$52,658,671	\$57,607,865
Less GST reclaimed	-\$3,986,313	-\$4,361,738	-\$4,775,349
Total Costs (after GST reclaimed)	\$44,161,940	\$48,296,933	\$52,832,516
Performance Indicators			
Project Duration	4.25 years	4.33 years	4.50 years
Target Developer Margin	15.00%	15.00%	15.00%
Residual Land Value	\$4,650,000	\$4,930,000	\$5,200,000
Resultant Site Rate	\$2,322 /m ²	\$2,461 /m ²	\$2,596 /m ²
Resultant Yield Rate	\$66,429 /dwelling	\$65,733/ dwelling	\$61,905 /dwelling
RLV relativity to Market Value	-7.00%	-1.40%	-5.45%
Development Viability Ranking	3	1	2

Development Impact Assessment - Canning Bridge Activity Centre Plan Review



Built Form Testing Analysis & Conclusions

Built Form Testing Analysis – 884, 886 & 888 Canning Highway (M15 with Bonus):

Site	Advertised 1 (Without bonus)	Advertised 2 (With bonus)	Council Modified
Basis of Comparison			
Indicative Unimproved Market Value	\$9,850,000	\$9,850,000	\$9,850,000
Resultant Site Rate	\$3,244 /m ²	\$3,244 /m ²	\$3,244 /m ²
Product Mix Assumptions			
Commercial Suites	1	1	1
1 x 1 (apartments)	36	59	36
2 x 2 (apartments)	87	128	77
3 x 2 (apartments)	38	51	38
Gross Realisation Assumptions			
Commercial Suites	\$910,000	\$910,000	\$845,000
Average Price - 1 x 1	\$520,000	\$525,000	\$520,000
Average Price - 2 x 2	\$800,000	\$820,000	\$800,000
Average Price - 3 x 2	\$930,000	\$1,015,000	\$955,000
Adopted Gross Realisation	\$126,390,000	\$190,430,000	\$119,145,000
Gross Realisation (\$ / Apartment)	\$785,031	\$800,126	\$789,040
Gross Realisation (\$ / NSA)	\$8,411	\$8,663	\$8,564
Less Selling Costs	-\$3,573,045	-\$5,383,456	-\$3,368,229
Net Sales Revenue	\$122,816,955	\$185,046,544	\$115,776,771
Less GST paid on all revenue	-\$11,490,000	-\$17,311,818	-\$10,831,364
Total Revenue (after GST paid)	\$111,326,955	\$167,734,726	\$104,945,407
Development Costs Assumptions			
Land Acquisition Fees	\$722,314	\$568,905	\$595,474
Professional Fees	\$6,030,685	\$9,702,409	\$5,890,032
% Construction	8.50%	8.50%	8.50%
Estimated Construction Costs	\$70,949,234	\$114,145,986	\$69,294,489
\$ / m ² GFA	\$4,227	\$4,069	\$4,390
Statutory Fees	\$1,981,470	\$3,018,260	\$1,898,770
\$ / apartment	\$12,307	\$12,682	\$12,575
Parking Cash in Lieu	\$447,700	\$484,000	-
Community Benefit Contribution	-	\$2,312,373	-
Land Holding Costs	\$898,943	\$1,153,643	\$898,943
Finance Charges	313,500	\$313,500	\$313,500
Interest Expense	10,931,521	\$16,954,012	\$9,852,936
Total Costs	\$105,351,066	\$158,749,988	\$99,356,943
Less GST reclaimed	-\$8,585,897	-\$12,953,966	-\$8,139,459
Total Costs (after GST reclaimed)	\$96,765,169	\$145,796,022	\$91,217,484
Performance Indicators			
Project Duration	5.17 years	6.83 years	5.17 years
Target Developer Margin	15.00%	15.00%	15.00%
Residual Land Value	\$11,885,000	\$9,180,000	\$9,650,000
Resultant Site Rate	\$3,915 /m ²	\$3,024 /m ²	\$3,179/m ²
Resultant Yield Rate	\$73,820/ dwelling	\$38,571 /dwelling	\$63,907 /dwelling
RLV relativity to Market Value	20.66%	-6.80%	-2.03%
Development Viability Ranking	1	3	2



Built Form Testing Analysis & Conclusions

21 Tweeddale Road, Applecross (H4 Zone)

- The development options nominated for the site relate to four storey residential apartment projects with at grade car parking.
- Having regard to the location of the site close to the river within a pocket of Applecross that is characterised by affluent single residential dwellings with price points generally in excess of \$1,700,000, in our view developers considering the acquisition of the site are likely to pursue boutique developments incorporating two to three bedroom apartments.
- The primary variance between the two options proposed for the site is that Option 2 (council modified version) provisions larger floor plates, which results in an overall higher net saleable area and increased dwelling yield.
- Built form testing of the scenarios revealed that Option 1 (original modified version) resulted in a residual land value that is -20% below the assessed unimproved market land value; whilst Option 2 (Council modified version) reflected a residual land value generally consistent with the assessed unimproved market land value of the site.
- On this basis, the Option 2 (council modified version) built form development controls are considered more viable for development.
- That said, the key challenge to delivering built form developments consistent with the vision set out in the Canning Bridge Activity Centre Plan within this particular zone will be the ability for developers to secure development opportunities within the precinct over owner-occupiers.
- This stems from the majority of properties within the precinct being improved with established dwellings that in most instances are considered to add value. As a result, in recent years there have been instances whereby sites located close to the subject with the same land area have been sold to owner-occupiers for ongoing use as a single residential dwelling as opposed to developers with the intention of delivering higher density projects consistent with the vision of the CBACP.
- On this basis and in light of the fragmented ownership structure of the locality, we anticipate new built form development absorption within the precinct to remain relatively low in the short to medium term.

3A & 5A Macrae Road, Applecross (H8 Zone)

- The two built form development control options established for the site reflect 8-storey apartment projects and assume parking will be provided in basement and podium levels.
- The primary variance between the two options proposed for the site is that Option 2 (council modified version) provisions larger floor plates, which results in an overall higher net saleable area and increased dwelling yield.
- Built form testing of the scenarios revealed that Option 1 (original advertised version) results in a residual land value that is -14.82% below the assessed unimproved market land value; whilst Option 2 (Council modified version) reflected a residual land value that is -8.72% below the assessed unimproved market land value.
- It is not unusual in the current market for residual land values derived from feasibilities associated with proposed apartment projects to fall 10% to 15% below market values on the basis high density apartment development is generally not considered financially viable in most locations across Perth due to the recent escalation in construction costs and interest rates.
- Moreover, it is important to note that the residential development site market is currently undergoing a pricing 'discovery' phase with the market characterised by particularly low sale volumes as developers withdraw from the market and disparities emerge between developers and vendors perceptions of pricing.
- In our view, unless there are reductions in construction costs and/or interest rates, the development site market is expected to continue to undergo a re-calibration over the next 12 months resulting in ongoing downward pressure on land values.
- However, the analysis does indicate that Option 2 (council modified version) results in a land value that is closer to our assessed unimproved land value, which indicates that the built form controls are more viable for development.

28 & 30 Kintail Road (M10)

- The three built form development control options established for the site reflect 10 and 13-storey apartment developments with basement parking.
- The primary variance between the two 10-storey options is that once incorporates a larger gross floor area, which results in a higher net strata area and apartment yield.
- The 13-level concept incorporates an increased gross floor area than the two 10-storey options due to the increased height, which also results in an increase in dwelling yield and net strata area.
- Built form testing of the scenarios revealed that all options generally resulted in residual land values that are generally consistent with the assessed unimproved market value.
- However, the analysis does indicate that the 13-storey option results in a higher residual land value, which indicates that the proposed built form controls are more viable for development.



Built Form Testing Analysis & Conclusions

884, 886 & 888 Canning Highway (M15 + Bonus Zone)

- The three built form development control options established for the site reflect 15 and 25-storey apartment developments with basement parking.
- The primary variance between the two 15-storey options is that once incorporates a larger gross floor area, which results in a higher net strata area and apartment yield.
- The 25-level concept incorporates an increased gross floor area than the two 15-storey options due to the increased height, which also results in an increase in dwelling yield and net strata area.
- Built form testing of the scenarios revealed that all options generally resulted in residual land values that are generally consistent with the assessed unimproved market value.
- However, the analysis does indicate that the 15-storey option incorporating the higher yield resulted in the highest residual land value, which indicates that the proposed built form controls are more viable for development.

Overall Observations:

- Our analysis indicates that the built form controls associated with the Council modified version of the CBACP generally result in higher residual land values than the schemes that have been formulated based on the original advertised version of the CBACP. Therefore, the proposed controls are considered more viable for developers and are less likely to constrain new development within the precinct when compared to the other set of built form controls proposed under the original draft version of the CBACP that was prepared.
- This is largely the result of the Council modified scenarios incorporate increased floor areas resulting in higher development yields, which is an important consideration for developers pursuing new residential projects within affluent residential suburbs subject to higher underlying land values such as those that from part of the CBACP precinct.
- Overall, our analysis indicates that reductions in floor area and development yields have a more significant impact on residual land values and the viability of new development within the lower density M4 and M8 zones, largely due to the extent of underlying land values. Therefore, in order for the built form development envisaged under the Canning Bridge Activity Centre Plan to be delivered within these zones a minimum scale of development is required.
- Particularly, as the zones are fragmented and generally characterised by smaller lots improved with existing dwellings that are sought after by owner-occupiers. In some instances, owner-occupiers have proven to outbid developers to secure properties of this nature within the lower density zones of the CBACP for the purpose of retaining and in some instances refurbishing the existing improvements as opposed to developing, which is counterproductive to the delivery of the objectives of the CBACP.
- Additionally, we also highlight that our analysis indicates that the requirement for community benefit contributions ultimately have a negative impact on the viability of development and land values; and contributions of this nature are not commonly required for built form apartment projects in Western Australia.
- In light of the challenges associated with delivering high density development in the current market, developers are therefore more likely to pursue development opportunities within precincts without these requirements. Therefore, if mandated, new development absorption with the CBACP is at risk of slowing. We also highlight development contributions of this nature are more commonly associated with larger scale greenfield land subdivisions, whereby wider infrastructure is being delivered for the benefit of the community and developers. In our view, developers are likely to question the validity and impact of a monetary based community benefit contribution due to the infill nature where opportunities of significant enhancement are limited.

Development Impact Assessment - Canning Bridge Activity Centre Plan Review

**Close**

In accordance with our normal practice, we confirm that this report is confidential and provided by CIVAS (WA) Pty Limited and not by any other company in the Colliers Group. The valuation has been prepared for the parties and purposes as detailed earlier in this report and should not be relied upon for any other purpose or by any other person. Any reliance on this report by the nominated party must be based on the actual possession or sighting by them of an original signed document.

CIVAS (WA) Pty Limited

Dean Johnston, AAPI
National Director
Certified Practising Valuer, WA Registered Valuer No. 44426
For the State of Western Australia
(Principal Valuer)
6 December 2023 (Date of Signing Report)

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The Counter Signatory, acting in the capacity as a Supervising Member, has reviewed the report and working papers, but has not inspected the subject property. Based upon that review and questioning of the Principal Valuer (as appropriate), I am satisfied there is a reasonable basis for the process and methodology adopted and verify that this is a genuine report, issued and endorsed by CIVAS (WA) Pty Limited.

Report Verification: Jennifer Wong

QA ID: 3094398

This valuation and the associated report have undergone verification in accordance with the Colliers Quality Management System (QMS). This QMS has been independently and externally audited and certified in accordance with ISO9001:2015, which confirms the quality of the verification and Quality Assurance process.



IMPORTANT: All data provided in this summary is wholly reliant on, and must be read in conjunction, with the information provided in the attached report. This summary is a synopsis only, designed to provide a brief overview and must not be acted on in isolation.

Liability Limited by a scheme approved under Professional Standards Legislation.



Key Assumptions & Important Comments



We highlight that market activity appears to be stalling in most property sectors due to inflationary pressures and the recent sharp increase in interest rates. The Reserve Bank of Australia has increased the cash rate on multiple occasions since May 2022 in an attempt to combat rising inflation; and further cash rate rises are a possibility across the balance of 2023 and beyond. The recent rate rises have had a noticeable impact on sale volumes and the impasse in activity can be attributed to potential buyers withdrawing from the market due to the uncertainty surrounding the extent of the current rate rising cycle, increasing bond yields, the inability to raise capital to fund new acquisitions and an overall divergence in views of pricing across the market. Furthermore, in recent years, most major developers and real estate investment groups including prominent listed property trusts and syndicates have been relatively active acquiring new assets to meet certain fund mandates and achieve higher returns for investors than those being offered by more passive investments due to the persistent and historical low cost of debt. A number of these groups now appear to have withdrawn from the market and are in somewhat of a holding pattern as the implications of higher debt costs, potential softening of asset values and the overall direction of the market is understood.

As a result, we are now in a period of recalibration whereby hurdle rates are generally expanding based upon the various factors outlined previously. The available transaction evidence that has come to light over the past 12 – 18 months, albeit limited, in some property sectors is showing a meaningful shift in investment metrics. Moreover, in recent months there has also been examples of assets being withdrawn from the market by vendors due to offers falling short of expectations. A softening of values may be crystallised in the second half of the year, as additional properties are presented to the market and transactions are finalised. This trend is also being witnessed in other major investment markets nationally; as well as the observation that assets outside of traditional 'core' precincts, or those carrying higher leasing risk, are being more materially impacted than those in core locations with more robust tenancy profiles.

CIVAS (WA) Pty Limited recognises that both the local and global risk outlook, is extremely fluid. Therefore, the Reliant Parties to whom this report is extended need to take particular care when relying on this assessment. Accordingly, we highlight that our assessment provides a 'point in time' opinion only. For that reason, we recommend the situation be closely monitored and regular updates be initiated by the Reliant Party(s) to whom this report is extended.

The commentary prepared herein is current as at the date of writing, however in light of the aforementioned market pressures and velocity of change experienced to date, it is likely that forecasts may continue to change, and market activity alter rapidly.





Key Assumptions & Important Comments



- >> Whilst we have made reasonable enquires to the veracity of the information provided, our assessment is subject to the information supplied being current and accurate in all respects and represents a full and frank disclosure of all information that is relevant.
- >> We have been instructed by Hatch RobertsDay to undertake a development impact assessment of the various built form development outcomes that have been prepared for each of the test sites that we understand align with the initial draft of the CBACP advertised; and the more recent council modified version. We highlight the analysis undertaken herein is not, and does not, constitute actual valuations of the sites on an 'as is' or 'as if complete' basis. The analysis is limited to a desktop market assessment of the sites and expert planning information provided to us for the purpose of considering the impact the proposed built form development controls will have on the viability of new development at current land values within the precinct. A Desktop Market Assessment does not involve an inspection of the property and as a result, we are required to make certain assumptions about the properties which an inspection could confirm. These assumptions may or may not reflect the actual position which could be confirmed by an inspection. As a result, a greater potential for value variability exists.
- >> Moreover, the assessment has been prepared for internal review purposes to assist the Reliant Party with its proposed decision making. In making this decision, it will need to undertake a range of additional inquiries. This assessment is not a due diligence report and cannot be used as such. This comment is particularly relevant given the limited and high-level information available to us in order to provide our assessment. Further decision making is required by the Reliant Party having regard to this additional information including the decision to proceed or not to proceed with the proposed modifications to the CBACP plan having regard to its own circumstances, which may vary from other market participants active within the precinct.
- >> In undertaking this development impact assessment, hypothetical development approaches have been prepared for each of the sites based on preliminary planning advice provided to us by Hatch RobertsDay. For the purpose of this analysis, we have assumed that this advice is an accurate representation of the built form control modifications being considered for the CBACP; and that the forecast development outcomes are achievable. This is a critical assumption.
- >> We have not been provided with corresponding development cost estimates associated with the various schemes that have been prepared for the test sites or detailed architectural plans. Therefore, for the purpose of this analysis we have estimated development costs based on construction cost guides; and determined product mixes under each scenario that is our view are likely to be pursued by developers based on other projects that have been delivered within the precinct to date. We highlight that we are not suitably qualified to provide verified development costs or architectural advice and therefore recommend seeking advice from suitably qualified experts in this regard. We reserve the right to review our assessment should this advice reveal development costs or potential development yields that vary from the assumptions adopted herein.





Key Assumptions & Important Comments



- » Property development-based feasibility analyses can be considered subjective in normal circumstances on the premise a range of variables are needed to be projected that ultimately are dependent of market performance, demand and supply metrics. However, in the current environment analyses of this nature are considered particularly subjective due to the paucity of new development that is proceeding due to the significant increase in construction costs and interest rates, which are creating a great deal of uncertainty for developers and financiers in the current market. We therefore draw your attention to the fact that the future values quoted for property and costs are projections only informed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date. This information includes the current expectations as to property values that may not prove to be accurate.
- » Development return based real estate such as the subject properties is a dynamic investment medium whereby capital value pricing has the ability to vary widely over time, being highly dependent on the prevailing market conditions. Moreover, development projects can be impacted by unforeseen 'wildcards' including variances in construction costs, movement in debt funding and delays relating to planning approvals and other factors, all of which can impact values. Accordingly, and of paramount importance for internal review purposes, due consideration must be given to the dynamic nature of this style of investment. On this basis, therefore we would recommend that this assessment be updated at regular intervals.
- » We reserve the right to review and in appropriate circumstances revise our assessment should any of the key assumptions and comments set out in this report result in matters that will have a material impact on our conclusions.





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Appendix A | Instructions

Appendix B | Terms and Conditions



1 Instructions

1.1 Purpose of Assessment

We have received written instructions from Mr Ross Duckham, Senior Associate – Urban Solutions, Hatch RobertsDay, dated 8 November 2023, to undertake a Development Impact Assessment of various built form development controls being considered as part of proposed modifications to the Canning Bridge Activity Centre Plan.

Purpose of Valuation	Reliant Parties
Assistance with internal decision making	City of Melville

Definition of Key Terms

This valuation has been completed having regard to the following key terms and definitions:

Assistance with internal decision making	<i>The assessment has been prepared for internal review purposes to assist the Reliant Party with its proposed decision making. In making this decision, it will need to undertake a range of additional inquiries. This assessment is not a due diligence report and cannot be used as such. This comment is particularly relevant given the limited and high-level information available to us in order to provide our assessment. Further decision making is required by the Reliant Party having regard to this additional information including the decision to proceed or not to proceed with the modifications having regard to its own circumstances, which may vary from other market participants.</i>
Desktop Market Assessment	<i>A Desktop Market Assessment does not involve an inspection of the property and as a result, we are required to make certain assumptions about the properties which an inspection could confirm. These assumptions may or may not reflect the actual position which could be confirmed by an inspection. As a result, a greater potential for value variability exists.</i>

We have assumed that the instructions and all subsequently supplied material is a full and frank disclosure of all relevant information. This assessment has been prepared in accordance with our standard Terms & Conditions as provided to you and appended to this report; and our advice has been prepared in accordance with the International Valuation Standards (IVS) Standards.

A copy of the Letter of Instruction is attached to the rear of this report.

Pecuniary Interest

We confirm that the Consultant who has undertaken this valuation:

- is suitably qualified to carry out such assessments and appropriate experience;
- is authorised under the law of the state or territory where the valuation takes place to practice as a Valuer; and
- has no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the value or that could conflict with a proper valuation of the property.

Conflict of Interest

We also confirm that the Consultant has no conflict of interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion or that could conflict with undertaking a proper assessment.



1.2 Date of Assessment

19 November 2023 based upon our desktop review on the same day.

Given potential changes to the market and the property, this valuation represents our opinion as at the date of valuation only. We do not accept any liability for losses arising from such subsequent changes in value.

1.3 Sources of Information

Our valuation conclusions have been reached after reviewing information provided by Hatch RobertsDay, in addition to that sourced by Colliers. The information reviewed and supplied includes, although is not limited to, the following:

- Transaction data obtained from Landgate and RP Data;
- Web based cadastral and planning data obtained from Landgate, Department of Planning Lands and Heritage, and relevant Local Authority, in addition to National Map, Department of Environment Regulation and Department of Indigenous Affairs;
- Aerial imagery obtained from MetroMap and Google Maps;
- Built form massing plans associated with each of the schemes, prepared by Hatch RobertsDay, dated 17 November 2023;
- Corresponding excel workbook outlining the proposed built form development controls and yields, prepared by Hatch RobertsDay, provided 8 November 2023; and
- Other relevant information such as discussions with real estate agents and other market participants.

1.4 Basis of Valuation

Market Value Definition

This development impact assessment has been completed in accordance with the following definition of Market Value as defined by the International Valuation Standards Council (IVSC) and endorsed by the API. Furthermore, the market value assessment has been undertaken on an ‘as is’ and ‘as if complete’ basis pursuant to the Land Valuers Licencing Act 1978 (WA). These and other concepts are defined as follows:

International Valuation Standards Council (IVSC)

Market Value *“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion.”*

Land Valuers Licencing Act 1978

As Is *“As Is valuation means a valuation that provides the current market value of the property as it currently exists rather than the value of the proposed development.”*

As If Complete *“As If Complete valuation means a valuation that assumes the proposed development to be in a completed state as at the date of valuation and reflects current market conditions at the date of valuation.”*

Proposed Development *“Proposed Development means any planned development or redevelopment of a property, including building improvements or modifications, which are proposed, approved or under construction on the property (but does not include a planned development or redevelopment of a single dwelling residential property for residential use) where the value of the proposed or planned development is estimated to be \$50,000 or more when complete.”*

This assessment is prepared having reference to the market evidence available as at the date of assessment.



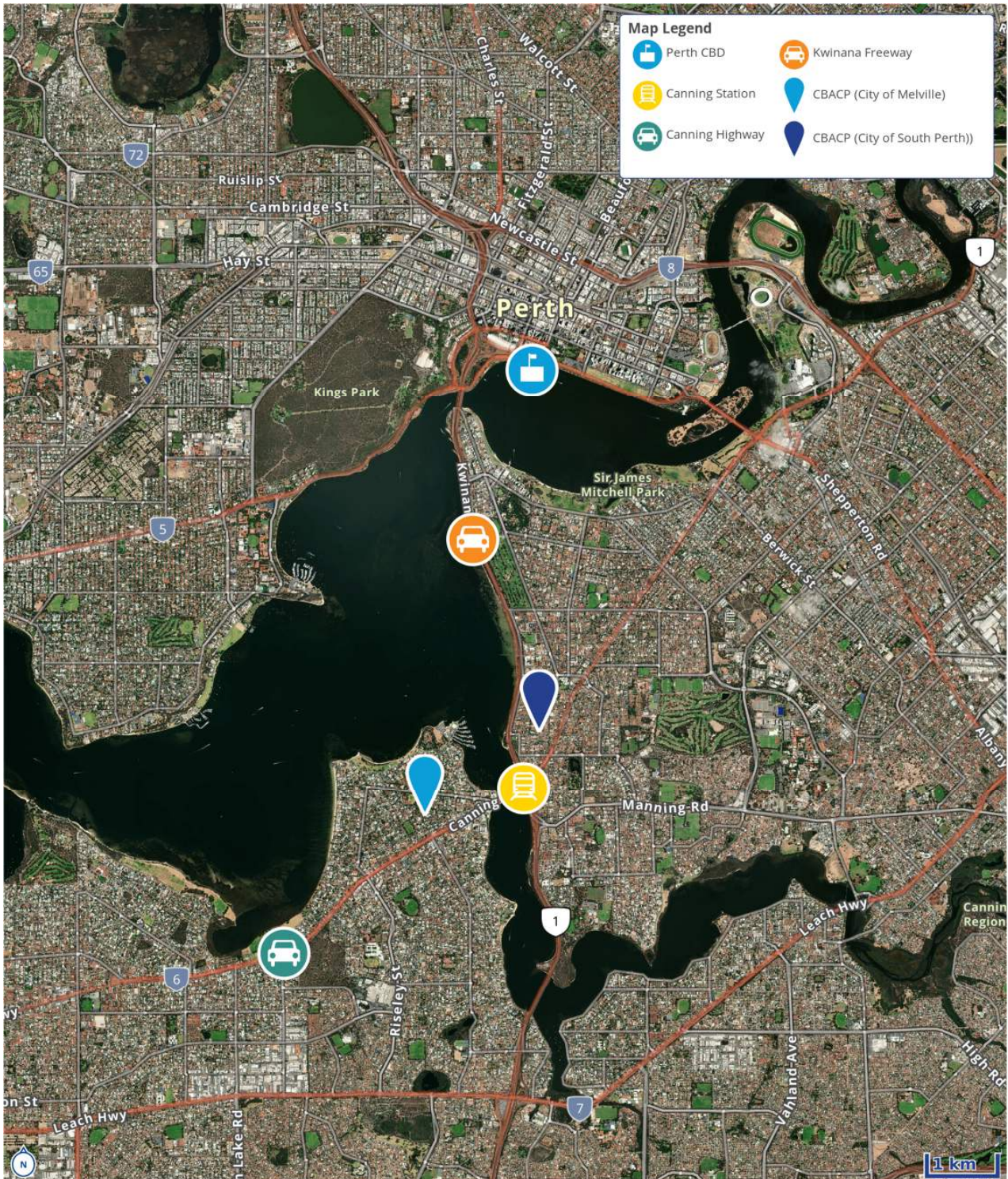
2 Location

2.1 Overview

The locational attributes of the Canning Bridge Activity Centre Plan area are summarised as follows:

Distance from CBD	6 kilometres south
Precinct	Canning Bridge Activity Centre Precinct
Suburbs	Applecross, Mount Pleasant, Como and Manning
Canning Bridge Activity Centre Precinct	<p>The Canning Bridge Activity Centre Plan incorporates areas within the City of South and City of Melville surrounding the Canning Bridge Train Station. The document was prepared by the Western Australian Planning Commission, Department of Planning, City of Melville, City of South Perth, Department of Transport, Public Transport Authority and Main Roads WA as a joint initiative to progress long term planning for the Canning Bridge Activity Centre Plan Area. The plan encourages high density mixed used development; and since being adopted by the Western Australian Planning Commission in April 2016, development of this nature has emerged within the precinct particularly within the suburbs of Applecross, Mount Pleasant and Como. We note the following extract from the document pertaining to the vision of the precinct:</p> <p><i>The Canning Bridge area will evolve to become a unique, vibrant, creative community centred on the integrated transport node of the Canning Bridge rail station. The area will be recognised by its unique location, its integrated mix of office, retail, residential, recreational and cultural uses that create areas of excitement, the promotion of its local heritage and as a pedestrian friendly enclave that integrates with the regional transport networks while enhancing the natural attractions of the Swan and Canning Rivers'</i></p>

A location map identifying the redevelopment area is provided overleaf:

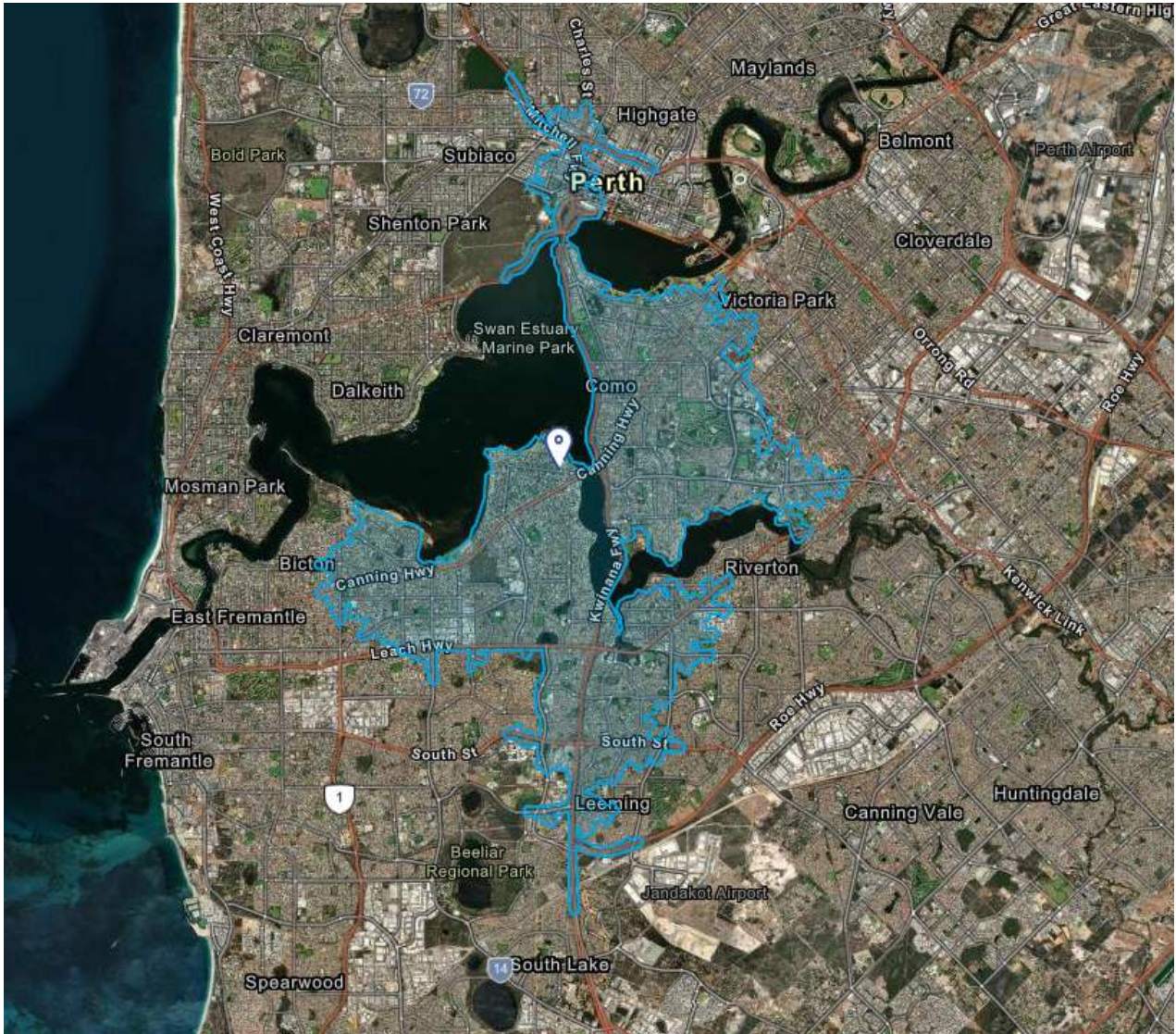




2.2 Community Overview – 10-minute Drive-Time Catchment Analysis

To assist with our assessment and determining the highest and best use of the sites, we have also undertaken a community overview analysis based on a 10-minute drive time analysis.

Our analysis is set out below and overleaf:





What's in My Community?

Places that make your life richer and community better

21 Tweeddale Rd, Applecross, Perth, Western Australia, 6153
10 minute radius



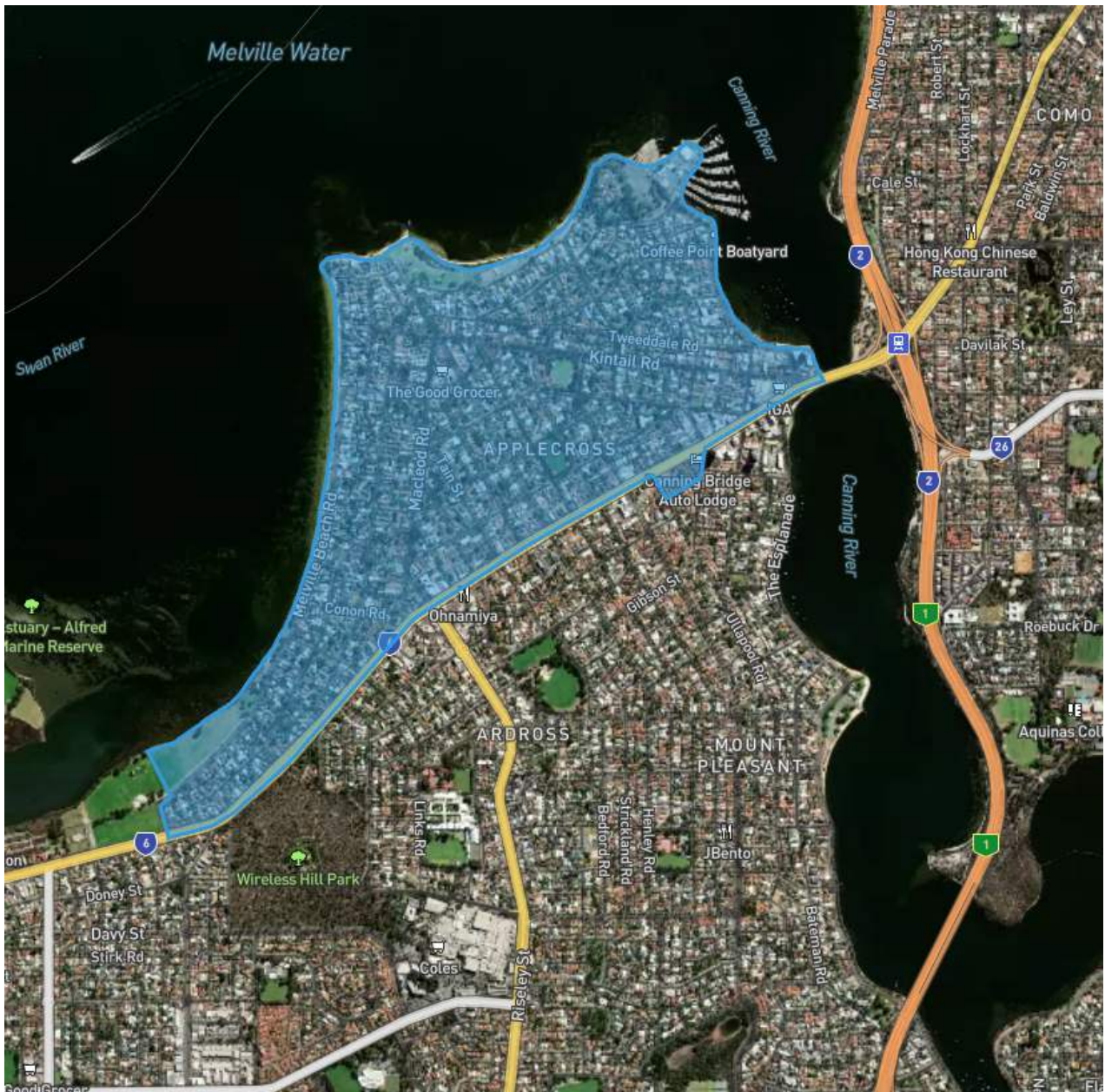
From the analysis depicted above, it is clear the 10-minute driving catchment area accommodates a range of amenities that are considered desirable for high density residential development.



3 Population & Demographic Analysis

3.1 Socio Economic Profile & Residential Demand Analysis

To assist with our assessment, we have undertaken a demographic and socio-economic analysis of the Applecross locality; and compared the key indicators against the average for Western Australia. We have summarised our key findings overleaf:





Key Observations

- Average resident age of **42.25 years**, which is higher than the Western Australian average of 38.27 years.
- The total population of the catchment area is forecast to grow **14.46% across 2021 – 2031**, which is higher than the forecast for Western Australia of 12.09%.
- Similar proportion of families with children (**59.94%**) in comparison to the Western Australian average (58.92%).
- **33.92%** of the population were born outside of Australia, which is higher than the average for Western Australia of 28.26%.
- Of the population born outside of Australia, the UK was of the highest country of origin at **30%**.
- Unemployment rate of **3.92%**, which is below the average for Western Australia of 5.09% (Census 2021).
- Professionals (**28.04%**), Managers (**16.87%**) and Technicians and Trade Workers (**14.17%**) represent the highest categories of employment within the area.
- Higher average income per capita of **\$80,262** in comparison to the Western Australian average of \$58,621; and higher average annual income per household of **\$138,221** to the average for Western Australia of \$108,065.
- SEIFA score of **9.37**, which is higher than the average for Western Australia of 5.50.
- *The SEIFA score is a Socio-Economic index tool utilised by the ABS that ranks areas in Australia from advantaged to disadvantaged relative to socio economic factors. The indexes are based on information from the five-yearly Census. (1 Disadvantaged – 10 Advantaged).*

Housing Composition and Affordability Analysis

- Detached housing within the suburb represents **54.65%** of total stock, which is lower than the average for Western Australia of 71.16%.
- Semi-detached and terrace housing within the suburb represents **18.17%** of total stock, which is higher than the average for Western Australia of 11.58%.
- Residential apartments represent **14.47%** of total housing composition, which is higher than the average for Western Australia of 5.70%.
- Average household size of **2.49 persons per dwelling**, which is similar to the WA average of 2.51 persons per dwelling.
- The Applecross median house and unit prices of **\$2,000,000** and **\$640,000** are substantially higher than the medians for metropolitan Perth of \$575,550 and \$400,000 respectively.

Built Form Development Drivers

- The location of Applecross within 6 kilometres of the Perth CBD and adjacent to the Swan and Canning Rivers is conducive for higher density residential development in the short to medium.
- Moreover, the existing population is characterised by an affluent and aging demographic with significantly higher average annual income per capita and per household than the averages for Western Australia.
- On this basis, we anticipate there to be strengthening demand for both townhouse and apartment product in the future.
- This is largely due to the buyer profile of higher density product predominantly being downsizers selling existing homes within the suburb and surrounds; as well as individuals and couples looking to acquire more affordable housing options as an entry point to the market.

Development Impact Assessment - Canning Bridge Activity Centre Plan Review



Demographic Profile

Demographic Summary	Catchment Area		Western Australia	
Population (2021 Census)	7,428		2,749,864	
Average Age	42.25		38.27	
Age Projection: 0 To 5 Years (2024)	402	5.31%	210,325	7.47%
Age Projection: 65 Years And Over (2024)	1,708	22.56%	448,568	15.92%
SEIFA Score	9.37		5.50	
Families	5,846		2,027,142	
Families With No Children	1,761	30.12%	536,186	26.45%
Families With Children	3,504	59.94%	1,194,333	58.92%
Single Parent Families With Children	517	8.84%	273,720	13.50%
Other	64	1.09%	22,903	1.13%
Total Labour Force	3,750		1,376,098	
Unemployed (Census 2021)	147	3.92%	69,997	5.09%
Occupation (2021 Census)	3,402	45.80%	1,286,662	46.79%
Managers	574	16.87%	160,257	12.46%
Professionals	954	28.04%	286,591	22.27%
Technicians And Trades Workers	482	14.17%	201,352	15.65%
Community And Personal Service Workers	270	7.94%	154,272	11.99%
Clerical And Administrative Workers	447	13.14%	157,334	12.23%
Sales Workers	307	9.02%	101,353	7.88%
Machinery Operators And Drivers	186	5.47%	101,968	7.93%
Labourers	182	5.35%	123,535	9.60%
2021 Place of Birth (No. Of Residents)				
Australia	4,183	66.08%	1,648,816	71.74%
UK	636	10.05%	243,967	10.61%
New Zealand and Oceania	140	2.21%	76,640	3.33%
Middle East & North Africa	45	0.71%	20,005	0.87%
Southern and Eastern Europe	77	1.22%	32,000	1.39%
MENA	102	1.61%	12,626	0.55%
North East Asia	322	5.09%	45,589	1.98%
South East Asia	619	9.78%	130,599	5.68%
Southern and Central Asia	206	3.25%	88,134	3.83%

Development Impact Assessment - Canning Bridge Activity Centre Plan Review



Housing Composition & Affordability Analysis

Demographic Summary	Catchment Area		Western Australia	
Average Household Size	2.49		2.51	
Average Annual Income Per Capita (\$)	\$80,262		\$58,621	
Average Annual Income Per Household (\$)	\$138,221		\$108,065	
Private Dwellings	87.29%		88.44%	
Separate House	1,741	54.65%	769,002	71.16%
Semi-Detached/Terrace	579	18.17%	125,179	11.58%
Apartment	461	14.47%	61,620	5.70%
Housing Affordability				
Median House Price	\$2,000,000		\$575,550	
Median Unit Price	\$640,000		\$400,000	
Median Land Price	\$790,000		\$255,000	
Housing				
Owned	45%		30%	
Mortgage	26%		41%	
Renting	28%		28%	
Average monthly mortgage payment (\$)	\$2,884		\$2,059	
Average Weekly rental payment (\$)	\$532		\$399	

Population Forecast

Population growth within the suburb is forecast to be higher than the WA average as summarised within the schedule below:

Component	2021	2023	2025	2028	2031	Total Change
Catchment	7,428	7,571	7,825	8,240	8,666	1,238
% change p.a.		0.96%	1.66%	1.74%	1.69%	14.46%
Western Australia	2,749,864	2,817,098	2,895,428	3,025,632	3,157,772	407,908
% change p.a.		1.22%	1.38%	1.48%	1.44%	12.09%

Source: GapMaps



4 Test Site Overview

4.1 Overview

To assist with the City of Melville’s review of the Canning Bridge Activity Centre Plan, we have been instructed by Hatch RobertsDay to undertake a development impact assessment of the various modifications being considered for the purpose of determining if the proposed modifications are viable for new development within the precinct. To assist with our assessment, Hatch have identified four case study sites within the precinct and have developed various built form development outcomes for each that we understand align with the initial draft of the document advertised; and the more recent council modified option. The test sites are summarised within the scheduled below:

Test Site Synopsis	Precinct	Zoning	Site Area
21 Tweeddale Road, Applecross	Q1 - Kintail Quarter	Residential Up to 4 Storeys	2,003 m ²
3A & 5A Macrae Road, Applecross	Q1 - Kintail Quarter	Residential Up to 8 Storeys	2,024 m ²
28 & 30 Kintail Road, Applecross	Q1 - Kintail Quarter	Mixed Use up to 10 storeys**	2,003 m ²
884, 886 & 888 Canning Highway, Applecross	Q1 - Kintail Quarter	Mixed Use up to 15 storeys*	3,036 m ²

*Discretionary height concessions for community benefits

**Maximum height bonus of 5 storey applies to the western portion of the site due to interfacing with the residential up to 4 storeys zone





4.2 Test Site 1 – H4 Zone

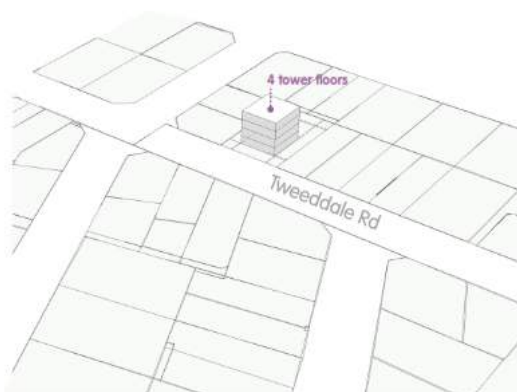
Site Overview

Test Site Synopsis	Precinct	Zoning	Site Area
21 Tweeddale Road, Applecross	Q1 - Kintail Quarter	Residential Up to 4 Storeys	2,003 m ²

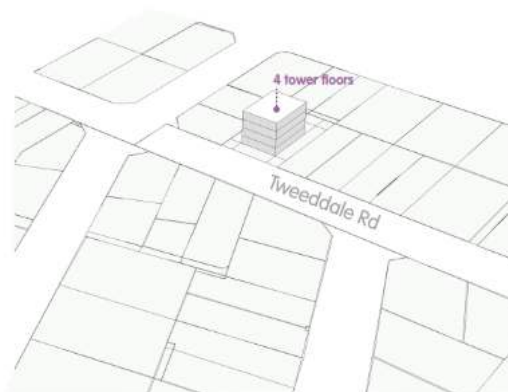
Built Form Development Controls

Site	Originally Advertised	Council Modified	Scheme Variance (Council V Advertised)
21 Tweeddale Road (H4 zone)			
Built Form Development	Apartments	Apartments	
Height	4 Levels	4 Levels	-
Indicative Residential Yield	8 dwellings	10 dwellings	2 dwellings
Average Unit Size (net living)	93 m ²	93 m ²	0.05 m ²
Indicative Total Gross Floor Area	960 m ²	1,200 m ²	240.00 m ²
Car Bays / Unit	1.25 bays	1.30 bays	0.05 bays
Adopted Floor Area	240 m ²	300 m ²	60.00 m ²
Bays subject to Parking Cash in Lieu	1 bay	1 bay	-
Bonus GFA subject to Community Benefit	-	-	-
Residential Net Strata Area	742 m ²	928 m ²	
Commercial / Retail Net Strata Area	-	-	
<i>Indicative Total Strata Area</i>	<i>742 m²</i>	<i>928 m²</i>	<i>186.00 m²</i>

H4 21 Tweeddale Rd



Advertised Option



Council Endorsed Option



4.3 Test Site 2 – H8 Zone

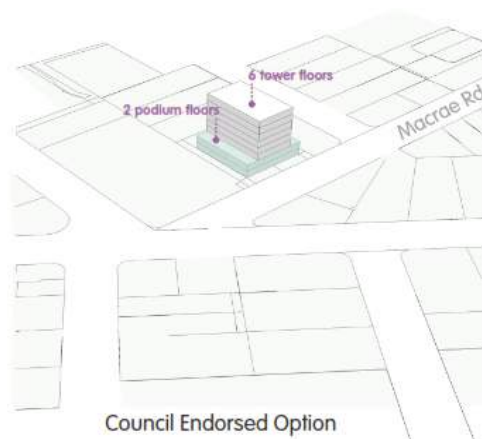
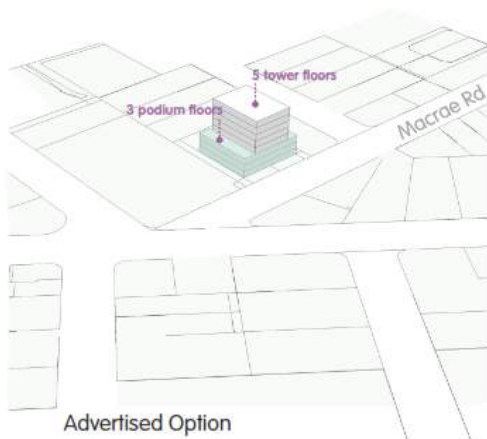
Site Overview

Test Site Synopsis	Precinct	Zoning	Site Area
3A & 5A Macrae Road, Applecross	Q1 - Kintail Quarter	Residential Up to 8 Storeys	2,024 m ²

Built Form Development Controls

Site	Originally Advertised	Council Modified	Scheme Variance (Council V Advertised)
3A & 5A Macrae Road (H8 zone)			
Built Form Development	Apartments	Apartments	
Height	8 Levels	8 Levels	-
Indicative Residential Yield	44 dwellings	48 dwellings	4 dwellings
Average Unit Size (net living)	93 m ²	93 m ²	-
Indicative Total Gross Floor Area	4,720 m ²	5,168 m ²	448.00 m ²
Car Bays / Unit	1.20 bays	1.29 bays	0.09 bays
Adopted Floor Area	560 m ²	680 m ²	120 m ²
Bays subject to Parking Cash in Lieu	4 bays	-	(4) bays
Bonus GFA subject to Community Benefit	-	-	-
Residential Net Strata Area	4,081 m ²	4,452 m ²	371.00 m ²
Commercial / Retail Net Strata Area	-	-	-
<i>Indicative Total Strata Area</i>	<i>4,081 m²</i>	<i>4,452 m²</i>	<i>371.00 m²</i>

H8 3A+5A Macrae Rd





4.4 Test Site 3 – M10 Zone

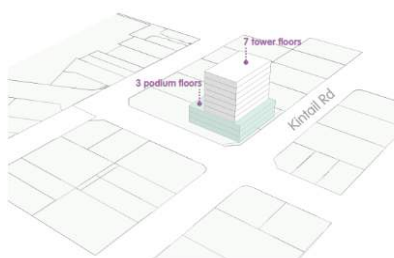
Site Overview

Test Site Synopsis	Precinct	Zoning	Site Area
28 & 30 Kintail Road, Applecross	Q1 - Kintail Quarter	Mixed Use up to 10 storeys*	2,003 m ²
*Discretionally height concessions for community benefits			
*Maximum height bonus of 5 storey applies to the western portion of the site due to interfacing with the residential up to 4 storeys zone			

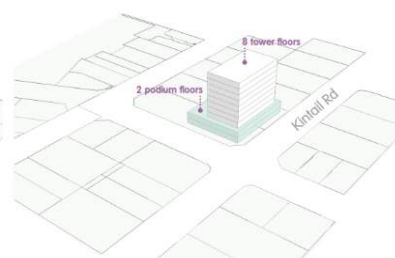
Built Form Development Controls

Site	Advertised 1 (Without bonus)	Advertised 2 (With bonus)	Council Modified
28 & 30 Kintail Road (M10 Zone)			
Built Form Development	Mixed Use	Mixed Use	Mixed Use
Height	10 Levels	13 Levels	10 Levels
Indicative Residential Yield	70 dwellings	84 dwellings	77 dwellings
Average Unit Size (net living)	93 m ²	93 m ²	93 m ²
Indicative Total Gross Floor Area	6,818 m ²	8,712 m ²	7,188 m ²
Car Bays / Unit	1.20 bays	1.20 bays	1.38 bays
Adopted Floor Area	640 m ²	640 m ²	720 m ²
Bays subject to Parking Cash in Lieu	13 bays	14 bays	-
Bonus GFA subject to Community Benefit	-	1,570 m ²	-
Residential Net Strata Area	6,493 m ²	7,791 m ²	7,142 m ²
Commercial / Retail Net Strata Area	125 m ²	125 m ²	120 m ²
<i>Indicative Total Strata Area</i>	<i>6,617 m²</i>	<i>7,916 m²</i>	<i>7,261 m²</i>

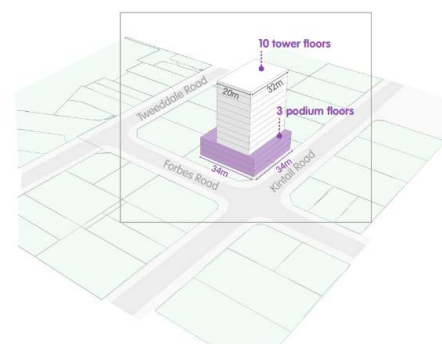
M10 28+30 Kintail Rd



Advertised Option



Council Endorsed Option



Advertised Bonus Option



4.5 Test Site 5 – M15 Zone with Bonus

Site Overview

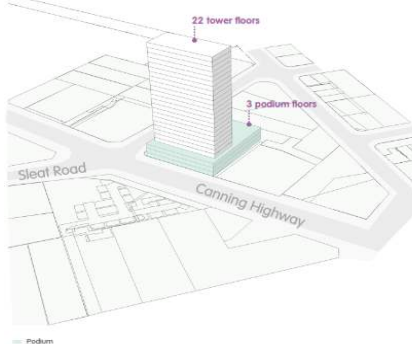
Test Site Synopsis	Precinct	Zoning	Site Area
884, 886 & 888 Canning Highway, Applecross	Q1 - Kintail Quarter	Mixed Use up to 15 storeys*	3,036 m ²

*Discretionary height concessions for community benefits

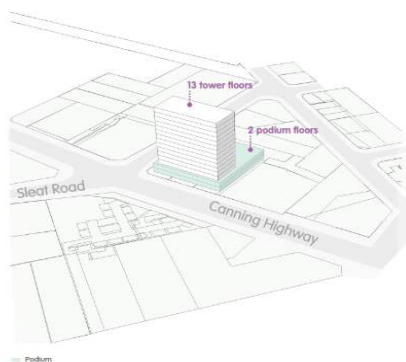
Built Form Development Controls

Site	Advertised 1 (Without bonus)	Advertised 2 (With bonus)	Council Modified
884 - 888 Canning Hwy (M15 zone with bonus)			
Built Form Development	Mixed Use	Mixed Use	Mixed Use
Height	15 levels	25 Levels	15 Levels
Indicative Residential Yield	161 dwellings	238 dwellings	151 dwellings
Average Unit Size (net living)	93 m ²	92 m ²	92 m ²
Indicative Total Gross Floor Area	15,258 m ²	25,500 m ²	14,350 m ²
Car Bays / Unit	1.20 bays	1.19 bays	1.42 bays
Adopted Floor Area	768 m ²	900 m ²	900 m ²
Bays subject to Parking Cash in Lieu	37 bays	44 bays	-
Bonus GFA subject to Community Benefit	-	8,088 m ²	-
Residential Net Strata Area	15,026 m ²	21,982 m ²	13,913 m ²
Commercial / Retail Net Strata Area	438 m ²	438 m ²	406 m ²
<i>Indicative Total Strata Area</i>	<i>15,464 m²</i>	<i>22,420 m²</i>	<i>14,318 m²</i>

M15 Bonus
884, 886, 888 Canning Hwy

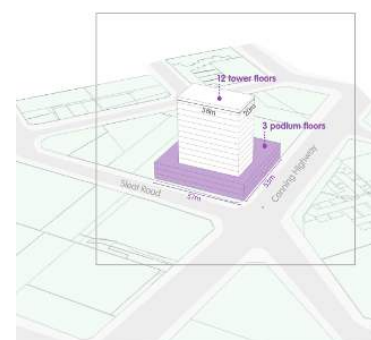


Advertised Bonus Option



Council Endorsed Bonus Option

M15 Additional Option
884, 886, 888 Canning Hwy

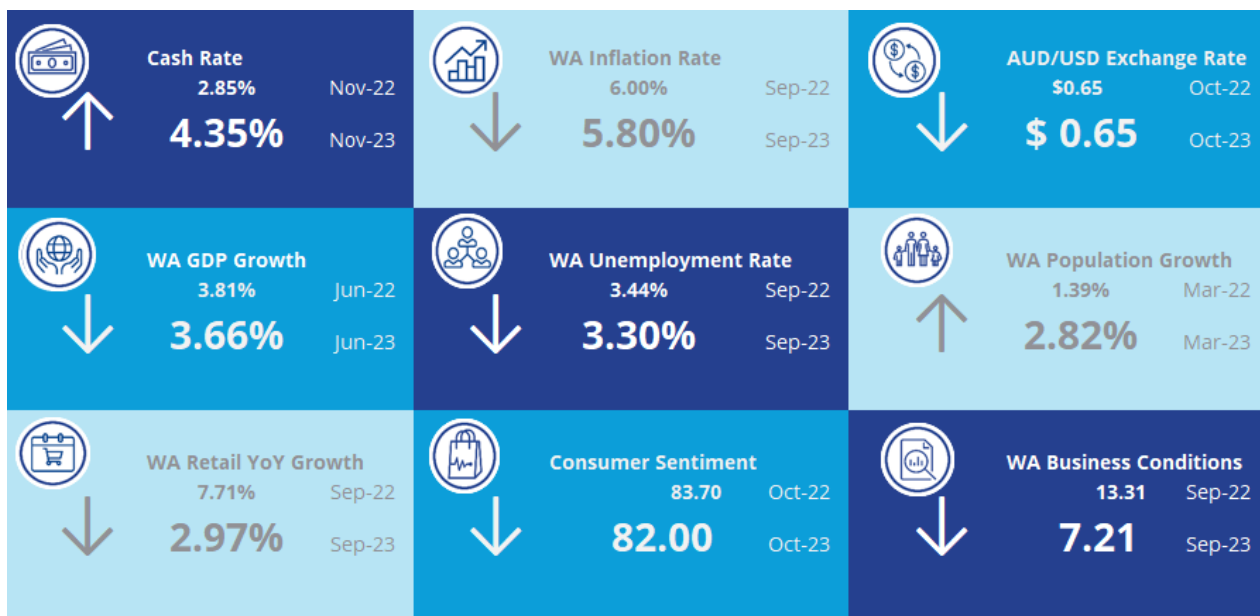


Advertised Additional Option



5 Market Commentary

5.1 Economic Overview

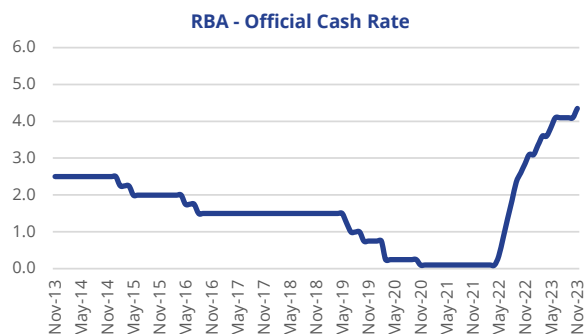


Source: ABS / RBA / NAB / Westpac / Colliers Research

- The RBA lifted the cash rate +25 basis points to 4.35% as was widely expected following the upside surprise in the September quarter CPI figure of 5.4%. The RBA had forecast the headline inflation to reach 4.25% by December 2023 initially, therefore the RBA saw fit that an additional rate rise will inflation back on track.
- Perth however, recorded the smallest quarterly rate rise of 0.4% and currently sits at 5.8%. The main drivers of inflation throughout the quarter were automotive fuel, new dwelling purchase by owner occupiers, insurance and rents.
- The AUD is still trading at 65c at the beginning of October of 2023 due to the historically high spread between the cash rate and the US Fed rate.
- The recent GDP data is showing that the economy is slowing with the ABS reporting just 0.4% (seasonally adjusted) over Q2 2023. This is the 7th consecutive quarter of economic growth showing signs of resilience. In WA GDP grew by 3.66% however growth was slightly slower than 12 months prior.
- The unemployment rate has improved in the month of September with the national rate sitting at 3.6%. WA sits below the benchmark of 3.3% - dropping by 0.5 points from the previous month. This fall is reflective of a higher proportion of people moving from being unemployed to not being in the labour force according to the ABS. The labour market however still remains tight as WA has the highest participation rate of 69% and the highest employment to population ratio of 66.5% in comparison to the other states.
- WA accounts for 10.8% of the national population (2.855 million people) as at March 2023 and increased by 2.8% YoY. WA was the fastest growing state, surpassing QLD which historically was the fastest growing for the second time. In the year to March 2023, WA experienced net overseas migration growth of 52,664 people and net interstate migration of 11,121 people.
- Both business conditions and consumer sentiments declined due to the high inflation and interest rates.
- Retail sales in Australia grew +2.0% YoY to September 2023. WA retail sales grew by 2.97% YoY.



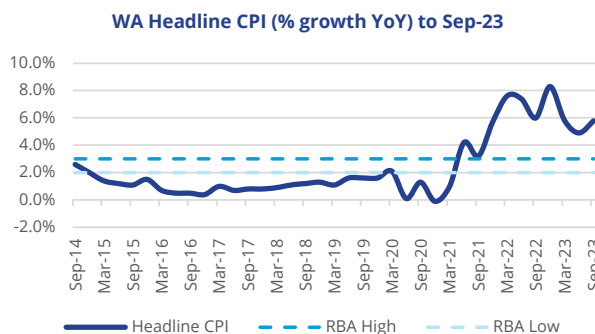
**RBA Cash Rate (%)
November 2023**



Source: RBA / Colliers Research

- In November 2023, the RBA increased the cash rate to 4.35% after pausing four times. The inflation rate remains a sticky issue and is stubbornly high, forcing the RBA to increase the cash rate.
- The strong fundamentals support the consecutive rate hikes to combat inflation.

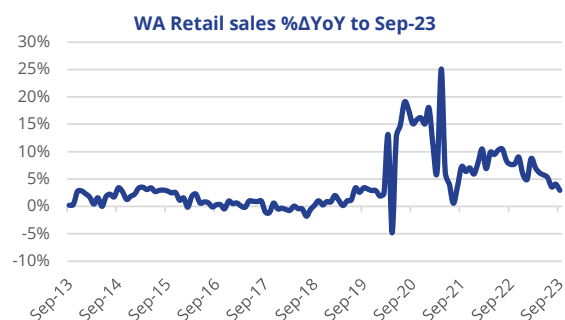
**Perth CPI (% growth YoY)
September 2023**



Source: ABS / Colliers Research

- Inflation is now at its highest level since early 1990 and well above the RBA's target band of 2-3%. It sits at 5.8% in WA and was the smallest rate rise out of all the capital cities.
- Variables contributing to this include automotive fuel (+7.6%), new dwelling purchase by owner occupiers (+3.0%), rents (+2.7%) and insurance (+6.3%).

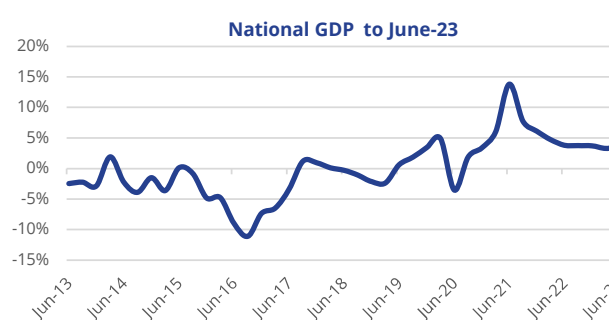
**WA Retail Sales
September 2023**



Source: ABS / Colliers Research

- Retail trade figures for September 2023 increased by 2.97% over the past 12 months.
- Pharmaceuticals (14.42%), Takeaway (13.06%) and Supermarkets (4.89%) were the highest growing retail categories.

**Gross Domestic Product (% growth)
June Quarter 2023**

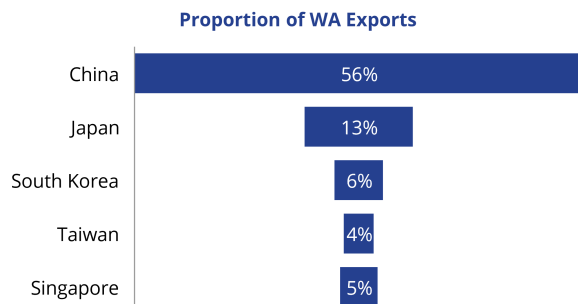


Source: ABS / Colliers Research

- GDP has increased by 0.4% nationally over the June 2023 quarter, which is the seventh consecutive rise in quarterly GDP. Capital investment and exports of services were the main drivers of GDP growth in the June quarter.
- The Australian Government Budget 2023-24 forecasts Australia's real GDP will grow 3.25% in 2022-23, 1.5% in 2023-24 and 2.25% in 2024-25.
- Household consumption (up 5.5%) made the largest contribution to Western Australia's real GSP growth in 2021-22. Household consumption was supported by strong growth in employment in 2021-22.
- Annual state final demand remained healthy for all states, led by WA (3.7%), QLD (2.85%), ACT (2.1%), VIC (1.9%) and NSW (1.75%).



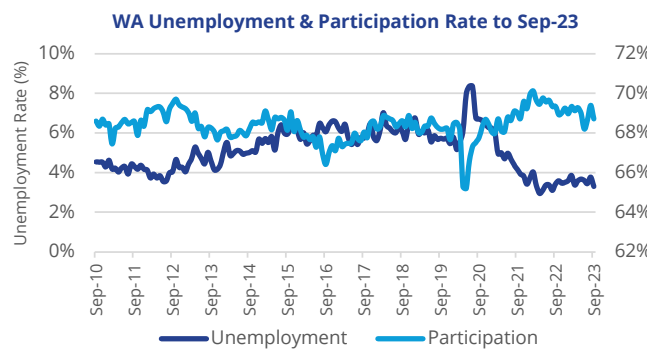
**Top Five Key Trading Partners of WA Exports
12 months to August 2023**



Source: ABS / Colliers Research

- WA accounted for 46% (\$268 billion) of the total value of all goods exported from Australia in the year to August 2023.
- Most of WA's top trading partners include many growing Asian countries. The top three countries which WA exports its goods to include China (56%), Japan (13%) and South Korea (6%).

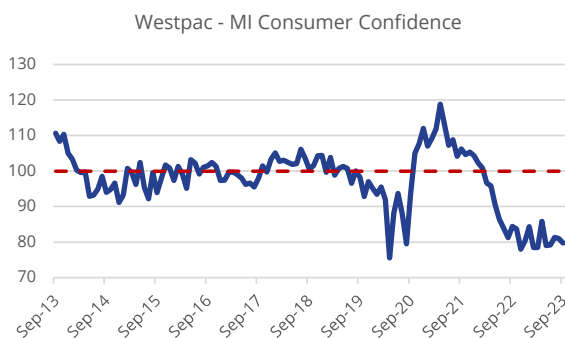
**WA Labour Market
September 2023**



Source: ABS / Colliers Research

- In September 2023, the WA unemployment rate decreased to 3.3%, from 3.8% the previous month.
- WA's participation rate remains the highest of the nation at 69%. A greater share of women in Australia are employed more than historic levels.

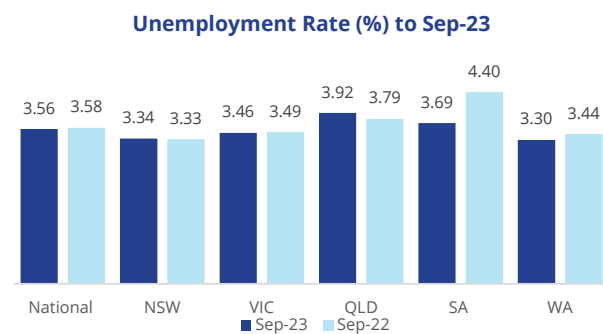
**Westpac-MI Consumer Confidence
September 2023**



Source: Westpac-MI / Colliers Research

- Despite another rate pause in September, consumer confidence continued to decline, dropping by 1.26 index points to 79.7 as of September 2023.
- The latest consumer sentiment survey reflected concerns about high mortgage rates, the cost of living, and uncertainty regarding the national economy.

**State Unemployment Rate (%)
September 2023**



Source: ABS / Colliers Research

- WA's unemployment sits at 3.3%, lowest of all the states and lower than the national average of 3.6%.



Production

- WA is one of the most diversified production regions, producing over 50 different commodities from over 125 operating sites (CMEWA). This is more than any other state in Australia.
- Key commodities include: iron ore, liquefied natural gas (LNG), gold, crude oil, lithium, base metals and mineral sands to name a few.
- WA ranks 1st in Lithium, Garnet and Iron Ore production globally.
- **Lithium:** WA is the largest lithium supplier in the world accounting for 52% of global supply.
- **Garnet:** WA is the world's largest producer of industrial garnet in Australia's only operating garnet mine in Port Gregory. A second garnet mine is being constructed at Lucky Bay (Department of Mines, Industry Regulation and Safety ((DMIRS)).
- **Iron ore:** although down from the previous record years due to lower prices, the iron ore industry achieved historically high sales of \$126 billion and record production of 855 million tonnes in 2022.
- **LNG:** LNG production was a record high production value of \$51 billion.
- **Gold:** sales were valued at a record \$17.8 billion and was the highest level of production since the mid-1990's.

Mining

- A total project value of approximately \$62.78 billion has been committed to mining, oil and gas and infrastructure projects in WA according to the Office of the Chief Economist (October 2022). This represents 76% of the total value of committed projects across Australia (\$83.1 billion). There is a further \$284-339 billion in feasible and publicly announced stages within WA.

Major Infrastructure

Perth City Deal - \$1.7 Billion

- This is a major investment project led by the State and Federal Governments to improve the vibrancy of the city centre. It is anticipated to create up to 10,000 new jobs and will include the presence of Edith Cowen University (ECU) and Curtin University campuses in the CBD. Additionally, other investment contributions include Perth Concert Hall and the redevelopment of WACA.

Metronet - \$6 Billion

- The project is the largest investment in Perth's public transport system and create 22 new stations and 72 km of passenger rail.

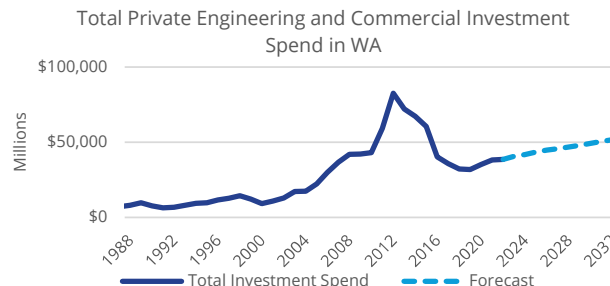
Westport

- A multi-billion-dollar project for a new port in Kwinana's Outer Harbour is currently being planned and will be integrated with road and rail transport networks. To date, the WA Government has committed almost \$500 million to the Westport Program with the next 2 years focused on developing a business case.

Lithium Expansion in Kemerton- USD \$1 Billion +

- The lithium hydroxide plant in Kemerton is expected to expand from two processing trains to four according to Albemarle's recent expansions. Upon completion the plant will be the largest and most advanced processing facility outside of China. Construction is expected to begin immediately with the first product expected in 2026 and a construction workforce of 1,000.

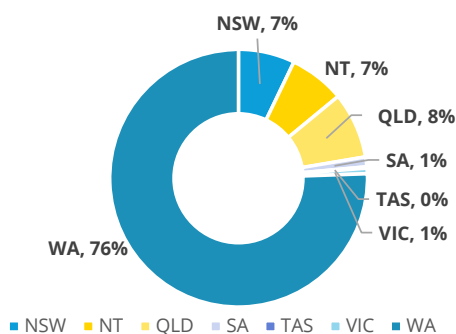
Private Engineering and Commercial Investment 1988 - 2032



Source: Deloitte

- Total private engineering and commercial investment equated to \$38.5 billion in 2022, growing by 1.1% from the previous year. Deloitte forecasts this to grow \$44.6 billion by 2026, growing by 3.1% p.a.

Value of Committed Resources and Energy Projects by State October 2022



Source: Office of the Chief Economist / Colliers Research

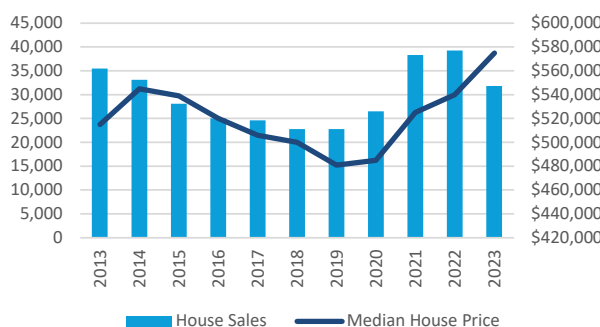


5.2 Residential Market Overview

Median House Price & Sale Volumes

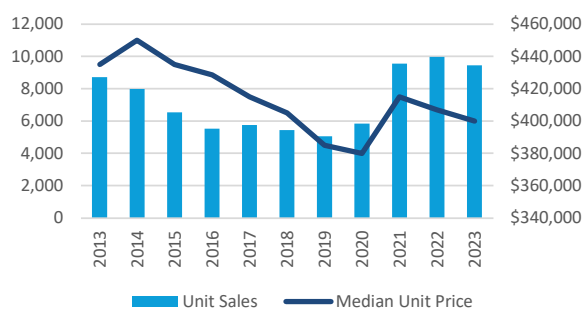
- Whilst the Perth residential market has witnessed significant growth over the past few years following the longest market downturn, the State faces an ongoing housing crisis due to the low level of supply, strong demand and easing of new builds.
- The median house price in Greater Perth reached a new high of \$575,000 in the 12 months to October 2023, which reflects an increase of 0.9% from September 2023 and 6.5% from October 2022. A total of 31,815 house sales have occurred in the past 12 months to October 2023.
- REIWA reported houses sold in a median of 8 days in October, highlighting a new record and a rate that is twice as fast as the 15 days recorded in October 2022.
- However, despite ongoing price growth, the residential market is facing a challenging time due to many factors such as strong population growth, low rental supply and ongoing constraints in the building sector.
- The strength of demand stems from the current strength of the State's economy, low unemployment and strong population growth. Moreover, Perth is the second most affordable city in the country on a dwelling value basis following from Darwin. As a result, demand continues to increase from investors in the east coast.

Greater Perth Median House Price and Sales Volumes



Source: Landgate / REIWA

Greater Perth Median Unit Price and Sales Volumes

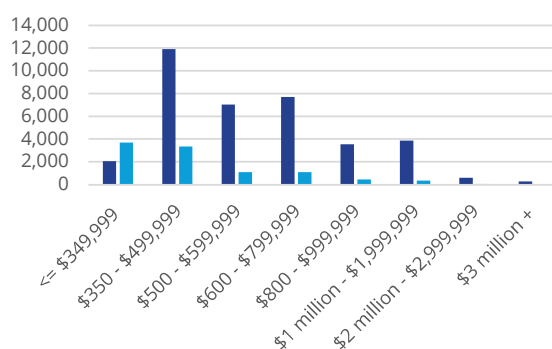


Source: Langate / REIWA

Median Unit Price & Sale Volumes

- The median unit price in Perth sat at \$400,000 in the 12 months to October 2023 – remaining relatively stable from the previous month. Comparing YoY, the median unit price has declined by 1.7%. This is likely due to limited new supply being developed due to the lag and constraints in the construction industry as well as inflationary pressures.
- There were 9,444 unit sales in the 12 months to October 2023.
- The 2023-24 State Budget identifies a stamp duty concession for off-the-plan apartments to not only support density but improve housing affordability and increase the supply of affordable housing. Similarly, changes have been made the Keystart Urban Connect Home Loan product to enable more people to own homes with one-bedroom apartments now eligible.

Median House and Unit Price Composition



Source: REIWA



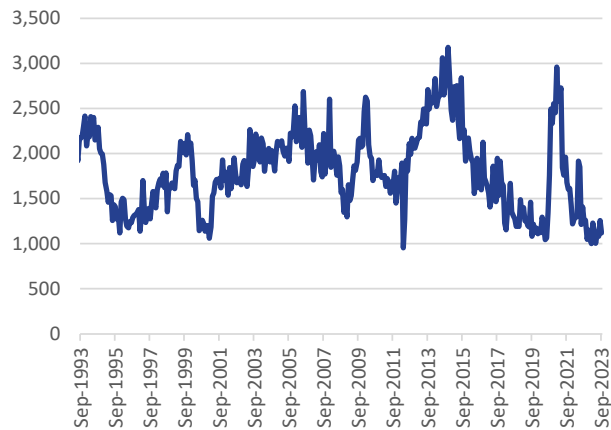
New Dwelling Approvals

- Total number of dwelling approvals in WA fell by 11.0% in WA between August and September 2023 and 11.2% over the year to September 2023.
- Dwelling approvals continue to taper, which is anticipated to add further pressure to the current housing crisis due to robust population growth forecasts.
- Dwelling approvals spiked in mid-2020 as a result of the State and Federal Government’s stimulus packages that were introduced as part of post COVID-19 recovery measures. Whilst the grants are no longer being provided, the stimulus significantly increased building activity within the State, which had been in decline since 2014.
- The sharp increase in building activity within a short period of time has added substantial pressures to the construction industry. As a result, construction costs have risen substantially due to supply chain issues and labour shortages.

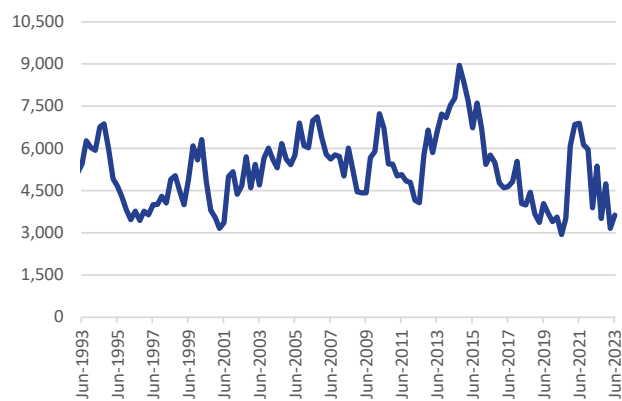
New Dwelling Commencements

- Dwelling commencements have increased by 15% from 3,155 dwellings commenced in March 2023 and 3,628 dwelling commenced in June 2023. Commencements have declined however over the past year, declining by 33% between June 2022 and June 2023.
- This decline reflects the current conditions in the local construction sector which remains under considerable pressure due to material and labour shortages; and escalating constructing costs and inflation.
- Consequently, several local builders have entered administration over the past 12 months.
- The risk of other builders defaulting over the next 12 months remains elevated and a key concern; and we understand the major financial institutions are monitoring the situation closely.

Building Approvals (Total Sector)



Dwelling Commencements (Total Sector)

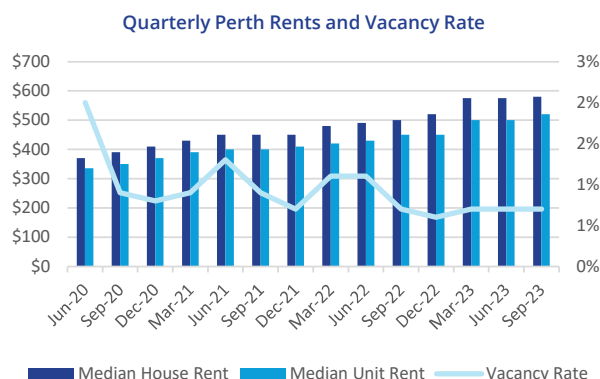


Source: ABS



Vacancy Rates

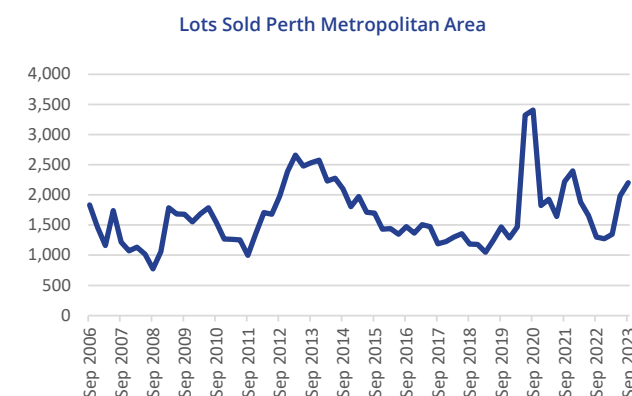
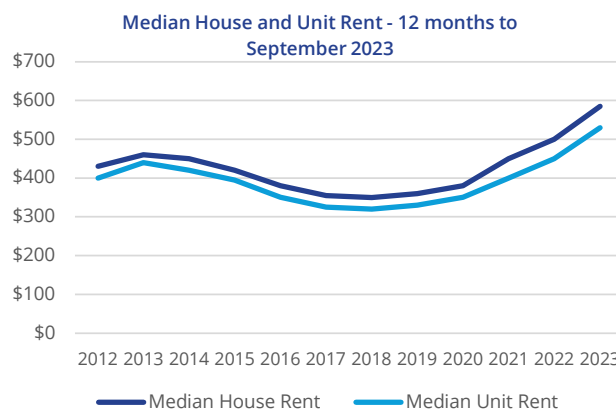
- The Perth residential rental market is adding considerable affordability pressures for renters with the vacancy rate sitting at 0.7% (REIWA).
- Typically, a vacancy rate between 2.5-3.5% represents a balanced market.
- As a result, social housing providers are reporting increasing accommodation wait lists; and reports of those homeless within the State is also on the rise.
- Due to these pressures, rental values continue to climb and competition to secure rental properties remains strong. The median rental for houses increased to \$600 per week and \$550 per week for units in 12 months to October 2023.
- Rental listings for houses and units continue to drop and the rental market remains tight, proving the difficulty of rental stock levels. As at October 2023, there were only 1,734 listings for rent across Greater Perth.



Source: REIWA

Land Sales

- Strong lot sales growth was experienced in the Perth Metropolitan region in the third quarter of 2023, with 2,203 lots sold. This is an increase of 14% from the previous quarter.
- Land sales activity peaked in September 2020 with UDIA reporting 3,407 sales in that quarter. This was due to the grants given by the government.
- The average price of lots has increased from \$233,000 to \$258,000 in Q3 2023.
- The Southwest and North East Corridor saw a significant increase in sales volumes in the quarter up 36% and 29% from the previous quarter respectively.
- The average size of lots increased by 1.3% the average size sitting at 372 sqm.
- Investors are continuing to be key drivers of activity in the market by seeing Perth being cheaper compared to other cities. Lot sales are expected to continue to increase over the coming months however supply is constrained. With limited supply, this is likely to put pressure on prices resulting prices to increase.



Source: UDIA



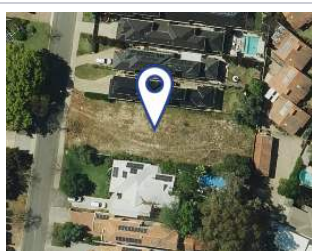
5.3 Sales Evidence – Development Sites

Similar to other higher density mixed use precincts across the metropolitan area, limited transactions pertaining to development sites have transpired within the Canning Bridge Activity Centre Plan area throughout 2022 and 2023. The lack of activity stems from the significant reduction in demand for high density residential development sites due to the difficulty developers continue to face in pursuing new developments due to the escalation in construction costs, paucity of builders willing to tender and accept contracts associated with high density projects; and the ongoing uncertainty surrounding inflation and interest rates. Moreover, in light of the uncertainty surrounding the sector, the availability of capital has also tightened noticeably, with financiers and investors electing to pursue more risk averse stabilised assets during a time of economic and market uncertainty. Moreover, another key factor constraining transaction volumes is the variances emerging between the perception of land values between vendors and the limited developers currently pursuing new acquisitions. Developers continue to comment that increased project costs associated with the sharp increase in interest rates, construction costs and delivery timings continue to outstrip the growth associated with end product pricing, which is having a material impact on the viability of new developments; and that as a result, development site values need to fall further.

A summary of the considered evidence is provided below, with a selection of the more relevant evidence provided in greater detail on the following pages. We note the sales detailed over the following pages are based on Colliers understanding of the transaction and whilst we understand the facts to be generally reliable, we are unable to guarantee their accuracy. As such, the results of our analysis may change should new information come to light.

Property	Sale Date	Sale Amount	Site Area	Zoning	Site Rate	Pot. Yield (dwellings)	Yield Analysis
20 Matheson Road, Applecross	May-23	\$1,927,273	1,012 m ²	R40	\$1,904 /m ²	4	\$481,818
16 Ogilvie Road, Mount Pleasant	Oct-22	\$5,500,000	1,826 m ²	M15	\$3,012 /m ²	-	-
72 Gairloch Street, Mount Pleasant	Apr-22	\$1,800,000	1,027 m ²	R60	\$1,753 /m ²	6	\$300,000
4 Forbes Road, Applecross	Oct-20	\$1,950,000	1,050 m ²	H4	\$1,857 /m ²	-	-
5 Wunderlich Road, Subiaco	Jan-22	\$12,000,000	6,499 m ²	AFC	\$1,846 /m ²	201	\$59,701
Lots 35 & 36 Seymour Avenue, Shenton Park	May-22	\$13,550,000	8,256 m ²	R160	\$1,641 /m ²	275	\$49,273

20 Matheson Road, Applecross



Situated on the eastern side of Matheson Road approximately 80 metres north of Collier Street, the property comprises a rectangular shaped medium density development site.

The site benefits from being located within 260 metres of the river foreshore; and being within short walking distance of the Riseley Street retail precinct. Development surrounding the property predominantly comprises single residential and grouped dwelling developments.

Sale Particulars

Sale Date	May 2023	Zoning	R40
Sale Amount	\$1,927,273 (GST free)	Site Rate	\$1,904 /m ²
Site Area	1,012 m ²	Potential Yield Yield Rate	4 \$481,818 dwelling

Comments

- The site is considered relevant to the subject case study sites on the premise of being located within Applecross, albeit outside of the Canning Bridge Activity Centre Plan area.



16 Ogilvie Road, Mount Pleasant



Situated between Ogilvie and Kishorn Roads approximately 90 metres south of Canning Highway, the property comprises a rectangular shaped site improved with a low rise office building constructed in the early 1990's. The site forms part of the M15 zone of the Canning Bridge Activity Centre precinct plan and is located adjacent to the 'Cirque Mount Pleasant' development. River views are achieved from the upper floors of the building.

The site was acquired by a developer who has obtained development approval for an 8 storey development incorporating a 110-place childcare centre, medical centre, retail / hospitality tenancies and 66 serviced short stay studio apartments. We understand the transaction was subject to a delayed settlement period with the group securing the approval during this period.

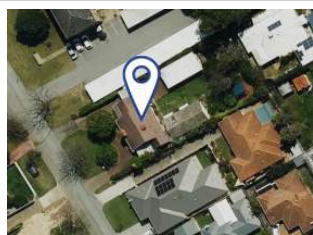
Sale Particulars

Sale Date	October 2022	Zoning	Mixed Use 15 storeys
Sale Amount	\$5,500,000 (GST free)	Site Rate	\$3,012 /m ²
Site Area	1,826 m ²	Approved Res Yield Yield Rate	66 dwellings \$83,333 dwelling

Comments

- The site is considered relevant to the subject case study sites on the premise of being located within the Canning Bridge Activity Centre Plan area, albeit on the south side of Canning Highway.

72 Gairloch Street, Mount Pleasant



Situated on the eastern side of Gairloch Street approximately 51 metres south southeast of Canning Highway, the property comprises a rectangular shaped site improved with a single level constructed pre-1950's.

The site appears to have been acquired by a local developer, who has demolished the existing improvements and is developing the site with four grouped dwellings.

Sale Particulars

Sale Date	April 2022	Zoning	Residential R60
Sale Amount	\$1,800,000	Site Rate	\$1,753 /m ²
Site Area	1,027 m ²	Proposed Yield Yield Rate	4 dwellings \$450,000 dwelling

Comments

- The site is considered secondary in comparison with the subject sites on the premise of being located outside of the Canning Bridge Activity Centre Plan area within the adjoining suburb that has a lower median house price in comparison to Applecross.
- That said, we highlight the site transacted over 18 months ago, when market conditions for residential development sites were considered stronger than current.



4 Forbes Road, Applecross



Situated on the eastern side of Forbes Road approximately 80 metres north of Kishorn Road, the property comprises a rectangular shaped site improved with an older style single level dwelling. The property was acquired by two individuals that undertook a refurbishment of the existence residence despite the improvements not being considered to add value under highest and best use principles.

The site forms part of the Mixed Use zone and has a height limit of 10 storeys under the Canning Bridge Activity Centre Plan. However, despite the zoning the CBAP stipulates that built form development in excess of 6 and 10 storeys is only permitted on sites with land areas in excess of 1,200 and 1,800 square metres respectively. Therefore, the site would need to be amalgamated with adjoining landholdings in order to realise development potential under the zoning.

Sale Particulars

Sale Date	October 2020	Zoning	Mixed Use 10 Storeys
Sale Amount	\$1,950,000	Site Rate	\$1,857 /m ²
Site Area	1,050 m ²		

Comments

- The site is considered relevant to the subject sites on the premise of being located within Applecross and forming part of the CBACP.
- However, due to the constrained development potential due to the site area, the site is considered most relevant to case study site 21 Tweeddale Road.

5 Wunderlich Road, Subiaco



Situated on the northwest corner of Hay Street and Roberts Road with additional frontages to Mouritzen Way and Wunderlich Road, the 6,499 square metre site forms part of the AFC precinct. The site was originally acquired by local developer Edge Living in March 2016 for \$13,750,000 (GST inclusive – Margin Scheme) reflecting a site rate of \$1,955/m² (effective based on deferred settlement period); and an 82-unit apartment project was being marketed for the site known as “Orchard Terrace”. The project represented the first stage of a larger development incorporating 201 apartments and 11 commercial tenancies. However, the property was presented to the market for sale in the first half of 2020 following the appointment of a receiver manager.

The site was subsequently acquired by eastern states developer Blaq Projects; and the group has conveyed an intention to develop the site with 201 apartments with an estimated end value of \$172 million. The existing AFC Design Guidelines impose a 5-storey maximum height limit. While the predominant use for the building is to be commercial, with ground level retail uses, residential dwellings will be considered on the upper storeys.

Sale Particulars

Sale Date	January 2022	Site Rate	\$1,846 /m ²
Sale Amount	\$12,000,000 (GST inclusive)	Proposed Yield	201 dwellings
Site Area	6,499 m ²	Yield Analysis	\$59,701 /dwelling
Zoning	AFC Design Guidelines		

Comments

- The site is considered relevant to the subject sites on the premise of being located within an affluent residential locality and having high density development potential.



Lots 35 & 36 Seymour Avenue, Shenton Park



Situated within the developing Montario Quarter precinct, the sites comprise two contiguous lots which combined form a near rectangular shaped site of 8,256 square metres. More particularly, the site is located on the northeast corner of Seymour Avenue and Dawes View adjacent to the estate’s main public open space area. In this location, the site is located opposite two residential apartment projects currently being constructed by Hesperia and Iris Residential.

The site was acquired by Celsius Developments and the group have publicly conveyed an intention to develop the site with 275 apartments, 200 of which will be utilised for built to rent purposes.

Sale Particulars

Sale Date	May 2022	Site Rate	\$1,641 /m ²
Sale Amount	\$13,550,000 (GST Inclusive)	Plot Ratio	2.0 : 1.0 (16,512 m ²)
Site Area	8,256 m ²	Plot Ratio Analysis	\$821 /m ²
Zoning	Residential R160	Proposed Yield	275 apartments (\$49,273 / dwel.)

Comments

- The site is considered relevant to the subject sites on the premise of comprising a large high-density mixed-use development site.

Sales Evidence Conclusions

To assist with our built form feasibility testing and establishing market land values for each of the sites, we have concluded the following indicative land values ranges for each of the case study sites:

Test Site Synopsis	Zoning	Site Area	Site Rate Range		
21 Tweeddale Road	Residential Up to 4 Storeys	2,003 m ²	\$2,250 /m ²	-	\$2,750 /m ²
3A & 5A Macrae Road	Residential Up to - 8 Storeys	2,024 m ²	\$2,000 /m ²	-	\$2,500 /m ²
28 & 30 Kintail Road	Mixed Use up to 10 storeys**	2,003 m ²	\$2,250 /m ²	-	\$2,750 /m ²
28 & 30 Kintail Road	Mixed Use up to 13 storeys**	2,003 m ²	\$2,500 /m ²	-	\$3,000 /m ²
884, 886 & 888 Canning Highway	Mixed Use up to 15 storeys*	3,036 m ²	\$3,000 /m ²	-	\$3,500 /m ²

*Discretionary height concessions for community benefits

**Maximum height bonus of 5 storey applies to the western portion of the site due to interfacing with the residential up to 4 storeys zone



5.4 Sales Evidence – Residential Apartments

To assist with our built form feasibility testing of the various schemes prepared for each site, we have also investigated recent market activity pertaining to residential apartments that have transpired within the Applecross and Mount Pleasant localities as set out below and overleaf:

1-Bed Apartments

Property	Sale Date	Sale Amount	Strata Rate (\$ /m ²)	Year Built	Type	Net Area (m ²)
Strata Lot 71, 70 Canning Beach Rd, Applecross	13/01/2023	\$690,000	\$10,000	2006	1 x 1	69 m ²
Strata Lot 39, 70 Canning Beach Rd, Applecross	27/04/2023	\$580,000	\$8,406	2006	1 x 1	69 m ²
Strata Lot 3, 63 Kishorn Rd, Mount Pleasant	19/02/2023	\$500,000	\$10,204	2019	1 x 2	49 m ²
Strata Lot 8, 63 Kishorn Rd, Mount Pleasant	12/07/2023	\$570,000	\$11,176	2019	1 x 1	51 m ²
Strata Lot 145, 893 Canning Hwy, Mount Pleasant	13/09/2023	\$550,000	\$9,016	2020	1 x 1	61 m ²
Strata Lot 79, 908 Canning Hwy, Applecross	09/06/2023	\$480,000	\$10,213	2020	1 x 1	47 m ²
Strata Lot 67, 893 Canning Hwy, Mount Pleasant	05/04/2023	\$510,000	\$8,361	2020	1 x 1	61 m ²
Strata Lot 96, 893 Canning Hwy, Mount Pleasant	27/03/2023	\$510,000	\$8,500	2020	1 x 1	60 m ²
	Min:	\$480,000	\$8,361			
	Median:	\$575,000	\$10,102			
	Max:	\$690,000	\$11,176			

2-Bed Apartments

Property	Sale Date	Sale Amount	Strata Rate (\$ /m ²)	Year Built	Type	Net Area (m ²)
Strata Lot 5, 19 Ogilvie Road, Mount Pleasant	09/10/2023	\$620,000	\$7,561	2016	2 x 2	82 m ²
Strata Lot 71, 908 Canning Hwy, Applecross	05/09/2023	\$712,000	\$9,247	2020	2 x 2	77 m ²
Strata Lot 1, 21 Queens Road, Mount Pleasant	27/08/2023	\$630,000	\$7,875	2015	2 x 2	80 m ²
Strata Lot 117, 908 Canning Hwy, Applecross	18/06/2023	\$980,000	\$10,316	2020	2 x 2	95 m ²
Strata Lot 151, 893 Canning Highway, Mt Pleasant	15/06/2023	\$627,000	\$7,554	2020	2 x 2	83 m ²
Strata Lot 86, 63 Kishorn Road, Mount Pleasant	28/05/2023	\$1,125,000	\$10,514	2019	2 x 2	107 m ²
Strata Lot 91, 63 Kishorn Road, Mount Pleasant	17/05/2023	\$888,000	\$10,091	2019	2 x 2	88 m ²
	Min:	\$590,000	\$7,554			
	Median:	\$671,000	\$8,778			
	Max:	\$1,125,000	\$10,514			

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3-Bed Apartments

Property	Sale Date	Sale Amount	Strata Rate (\$ /m ²)	Year Built	Type	Net Area (m ²)
Strata Lot 25, 893 Canning Hwy, Mount Pleasant	29/06/2023	\$1,500,000	\$12,500	2020	3 x 2	120
Strata Lot 65, 893 Canning Hwy, Mount Pleasant	17/05/2023	\$939,000	\$8,776	2020	3 x 2	107
Strata Lot 246, 893 Canning Hwy, Mount Pleasant	17/05/2023	\$2,184,000	\$13,736	2020	3 x 2	159
Strata Lot 130, 893 Canning Hwy, Mount Pleasant	15/05/2023	\$1,099,000	\$10,176	2020	3 x 2	108
Strata Lot 5, 13 Tweeddale Road, Applecross	05/05/2023	\$1,620,000	\$9,759	2008	3 x 2	166
Strata Lot 61, 70 Canning Beach Rd, Applecross	27/04/2023	\$1,600,000	\$9,938	2006	3 x 2	161
Strata Lot 1, 70 Canning Beach Rd, Applecross	16/04/2023	\$1,440,000	\$12,101	2006	3 x 2	119
Strata Lot 1, 7 First Av, Applecross	08/03/2023	\$950,000	\$7,851	2007	3 x 2	121
	Min:	\$939,000	\$7,851			
	Median:	\$1,470,000	\$10,057			
	Max:	\$2,184,000	\$13,736			



6 Development Impact Assessment

6.1 General Comments

Since the CBACP was endorsed by the Western Australian Planning Commission in 2016, a number of new mixed-use developments have been delivered within the precinct; and a number of other major projects are currently under construction or in a planning phase. In 2019, the City of Melville's Council resolved to commence a full review of the CBACP and engaged planning consultants, Hatch RoberstDay to independently facilitate the process, coordinate stakeholder engagement and prepare an update of the CBACP for review by the City and the Western Australian Planning Commission. As part of the review, feedback has been considered from the local community and key stakeholders; and range of planning elements have been examined including height controls, bonus height provisions and built form development transitioning between different height zones. To assist with the review, we have been instructed by Hatch RobertsDay to undertake a development impact assessment of the various modifications being considered to the CBACP for the purpose of determining if the proposed modifications are viable. To assist with our assessment, Hatch have identified four case study sites within the precinct and have developed various built form development outcomes for each that we understand align with the initial draft of the document advertised; and the more recent council modified option.

6.2 Built Form Testing Methodology

In undertaking our development impact assessment, we have applied the hypothetical development approach on a developer margin basis. The developer margin analysis is a means of valuing assets, land or property by reference to the inherent development potential. The concluded value is the residue of the gross development value of the project upon completion, after deducting various development costs including, but not limited to, professional fees, construction costs, holding costs, selling fees, marketing expenses, interest and finance costs and an allowance for profit and risk (developer margin). The residual value concluded from the analysis is considered to provide a realistic guide to the market value of the land, in that it enumerates what a prudent developer would be able to pay for a site, or partially completed building, for development purposes and achieve a profit from the project (developer margin) that is cognisant of the risk undertaken. This approach also indicates to the owner of the land, the opportunity cost associated with holding and developing the land as opposed to disposing 'as is' to another developer who would subsequently acquire the site and develop to achieve a profit.

As part of this analysis, the future values quoted for property and costs as part of this analysis are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date. This information includes the current expectations as to property values and income that may not prove to be accurate.

Having regard to the above factors, we have prepared a cash flow projection for the subject sites in which we have assumed that the proposed development is divested upon completion. For the purpose of this analysis, the cash flow has been prepared on a monthly basis.

We have provided a development viability ranking for each of the scenarios prepared for the sites, with those schemes allocated a '1' ranking reflecting the most viable option for development that is less likely to constrain new development within the precinct.



Key Assumptions

We note the following key assumptions and important comments that have been incorporated within our assessment:

- We have been instructed by Hatch RobertsDay to undertake a development impact assessment of the various built form development outcomes that have been prepared for each of the test sites that we understand align with the initial draft of the CBACP advertised; and the more recent council modified version. We highlight the analysis undertaken herein is not, and does not, constitute actual valuations of the sites on an 'as is' or 'as if complete' basis. The analysis is limited to a desktop market assessment of the sites and expert planning information provided to us for the purpose of considering the impact the proposed built form development controls will have on the viability of new development at current land values within the precinct. A Desktop Market Assessment does not involve an inspection of the property and as a result, we are required to make certain assumptions about the properties which an inspection could confirm. These assumptions may or may not reflect the actual position which could be confirmed by an inspection. As a result, a greater potential for value variability exists.
- Moreover, the assessment has been prepared for internal review purposes to assist the Reliant Party with its proposed decision making. In making this decision, it will need to undertake a range of additional inquiries. This assessment is not a due diligence report and cannot be used as such. This comment is particularly relevant given the limited and high-level information available to us in order to provide our assessment. Further decision making is required by the Reliant Party having regard to this additional information including the decision to proceed or not to proceed with the proposed modifications to the CBACP plan having regard to its own circumstances, which may vary from other market participants active within the precinct.
- In undertaking this development impact assessment, hypothetical development approaches have been prepared for each of the sites based on preliminary planning advice provided to us by Hatch RobertsDay. For the purpose of this analysis, we have assumed that this advice is an accurate representation of the built form control modifications being considered for the CBACP; and that the forecast development outcomes are achievable. This is a critical assumption.
- We have not been provided with corresponding development cost estimates associated with the various schemes that have been prepared for the test sites or detailed architectural plans. Therefore, for the purpose of this analysis we have estimated development costs based on construction cost guides; and determined product mixes under each scenario that is our view are likely to be pursued by developers based on other projects that have been delivered within the precinct to date. We highlight that we are not suitably qualified to provide verified development costs or architectural advice and therefore recommend seeking advice from suitably qualified experts in this regard. We reserve the right to review our assessment should this advice reveal development costs or potential development yields that vary from the assumptions adopted herein.
- The adopted target development margins have been derived from our experience with similar built form projects as those proposed under each scenario. That said, these assumptions are considered more subjective than normal in the current market due to the paucity of new developments that have commenced in recent times. Moreover, due to the recent sharp increase in interest rates, hurdle rates associated with all property types continue to evolve. In some sectors, hurdle rates are expanding following the historic period of low interest rates experienced across 2019 and 2022.
- In establishing development timings for the various hypothetical development approaches, we have assumed that sufficient pre-sales will be required prior to the commencement of construction in order to satisfy funding requirements.
- Where allowances have been incorporated within our assessment for cash in lieu payments associated with offsite parking and community benefits, we have relied upon advice from Hatch RobertsDay as the estimated amount of these payments. We reserve the right to review our assessment should actual amounts vary from those adopted herein.



6.3 Test Site 1 – H4 Zone

Our built form development feasibility testing conclusions are summarised within the schedule below:

Site	Advertised	Council Modified
Basis of Comparison		
Indicative Unimproved Market Value	\$2,570,000	\$2,570,000
Resultant Site Rate	\$2,502 /m ²	\$2,502 /m ²
Product Mix Assumptions		
Commercial Suites	-	-
1 x 1	-	-
2 x 2	8 dwellings	10 dwellings
3 x 2	-	-
Gross Realisation Assumptions		
Commercial Suites	-	-
Average Price - 1 x 1	-	-
Average Price - 2 x 2	\$930,000	\$930,000
Average Price - 3 x 2	-	-
Adopted Gross Realisation	\$7,440,000	\$9,300,000
Gross Realisation (\$ / Apartment)	\$930,000	\$930,000
Gross Realisation (\$ / NSA)	\$10,027 /m ²	\$10,022/m ²
Less Selling Costs	-\$210,329	-\$262,911
Net Sales Revenue	\$7,229,671	\$9,037,089
Less GST paid on all revenue	-\$676,364	-\$845,455
Total Revenue (after GST paid)	\$6,553,308	\$8,191,634
Development Costs Assumptions		
Land Acquisition Fees	\$165,048	\$193,712
Professional Fees	\$240,152	\$301,620
% Construction	8.00%	8.00%
Estimated Construction Costs	\$3,001,900	\$3,770,250
\$ / m ² GFA	\$3,678	\$3,693
Statutory Fees	\$116,160	\$132,700
\$ / apartment	\$14,520	\$13,270
Parking Cash in Lieu	\$3,300	-
Community Benefit Contribution	-	-
Land Holding Costs	\$67,210	\$70,944
Finance Charges	\$16,500	\$16,500
Interest Expense	\$479,958	\$637,564
Total Costs	\$6,345,228	\$7,934,891
Less GST reclaimed	-\$525,653	-\$656,171
Total Costs (after GST reclaimed)	\$5,819,575	\$7,278,720
Performance Indicators		
Project Duration	2.42 years	2.50 years
Target Developer Margin	12.50%	12.50%
Residual Land Value	\$2,055,000	\$2,555,000
Resultant Site Rate	\$2,001 /m ²	\$2,488 /m ²
Resultant Yield Rate	\$256,875 /dwelling	\$255,500 /dwelling
RLV relativity to Market Value	-20.04%	-0.58%
Development Viability Ranking	2	1



Development Impact Assessment Conclusions

- The development options nominated for the site relate to four storey residential apartment projects with at grade car parking.
- Having regard to the location of the site close to the river within a pocket of Applecross that is characterised by affluent single residential dwellings with price points generally in excess of \$1,700,000, in our view developers considering the acquisition of the site are likely to pursue boutique developments incorporating two to three bedroom apartments.
- The primary variance between the two options proposed for the site is that Option 2 (council modified version) provisions larger floor plates, which results in an overall higher net saleable area and increased dwelling yield.
- Built form testing of the scenarios revealed that Option 1 (original advertised version) resulted in a residual land value that is -20% below the assessed unimproved market land value; whilst Option 2 (Council modified version) reflected a residual land value generally consistent with the assessed unimproved market land value of the site.
- On this basis, the Option 2 (council modified version) built form development controls are considered more viable for development.
- That said, the key challenge to delivering built form developments consistent with the vision set out in the Canning Bridge Activity Centre Plan within this particular zone will be the ability for developers to secure development opportunities within the precinct over owner-occupiers.
- This stems from the majority of properties within the precinct being improved with established dwellings that in most instances are considered to add value. As a result, in recent years there have been instances whereby sites located close to the subject with the same land area have been sold to owner-occupiers for ongoing use as a single residential dwelling as opposed to developers with the intention of delivering higher density projects consistent with the vision of the CBACP.
- On this basis and in light of the fragmented ownership structure of the locality, we anticipate new built form development absorption within the precinct to remain relatively low in the short to medium term.



6.4 Test Site 2 – H8 Zone

Our built form development feasibility testing conclusions are summarised within the schedule below:

Site	Advertised	Council Modified
Basis of Comparison		
Indicative Unimproved Market Value	2,024 m ²	2,024 m ²
Resultant Site Rate	\$4,555,000	\$4,555,000
Product Mix Assumptions		
Commercial Suites	-	-
1 x 1 (apartments)	8	9
2 x 2 (apartments)	28	31
3 x 2 (apartments)	8	8
Gross Realisation Assumptions		
Commercial Suites	-	-
Average Price - 1 x 1	\$510,000	\$510,000
Average Price - 2 x 2	\$850,000	\$850,000
Average Price - 3 x 2	\$955,000	\$985,000
Adopted Gross Realisation	\$35,520,000	\$38,820,000
Gross Realisation (\$ / Apartment)	\$807,273	\$808,750
Gross Realisation (\$ / NSA)	\$8,704 /m ²	\$8,720 /m ²
Less Selling Costs	-\$1,004,150	-\$1,097,441
Net Sales Revenue	\$34,515,850	\$37,722,559
Less GST paid on all revenue	-\$3,229,091	-\$3,529,091
Total Revenue (after GST paid)	\$31,286,759	\$34,193,468
Development Costs Assumptions		
Land Acquisition Fees	\$268,717	\$284,239
Professional Fees	\$1,680,658	\$1,853,796
% Construction	8.50%	8.50%
Estimated Construction Costs	\$19,772,445	\$21,809,370
\$ / m ² GFA	\$4,405 /m ²	\$4,453 /m ²
Statutory Fees	\$563,880	\$596,960
\$ / apartment	\$12,815	\$12,437
Parking Cash in Lieu	\$44,000	-
Community Benefit Contribution	-	-
Land Holding Costs	\$130,687	\$129,251
Finance Charges	\$60,500	\$60,500
Interest Expense	\$2,846,521	\$3,093,102
Total Costs	\$29,635,408	\$32,396,618
Less GST reclaimed	-\$2,444,069	-\$2,676,864
Total Costs (after GST reclaimed)	\$27,191,339	\$29,719,754
Performance Indicators		
Project Duration	4.58 years	4.92 years
Target Developer Margin	15.00%	15.00%
Residual Land Value	\$3,880,000	\$4,155,000
Resultant Site Rate	\$1,917 /m ²	\$2,053 /m ²
Resultant Yield Rate	\$88,182 /dwelling	\$86,563 /dwelling
RLV relativity to Market Value	-14.82%	-8.78%
Development Viability Ranking	2	1



Development Impact Assessment Conclusions

- The two built form development control options established for the site reflect 8-storey apartment projects and assume parking will be provided in basement and podium levels.
- The primary variance between the two options proposed for the site is that Option 2 (council modified version) provisions larger floor plates, which results in an overall higher net saleable area and increased dwelling yield.
- Built form testing of the scenarios revealed that Option 1 (original advertised version) results in a residual land value that is -14.82% below the assessed unimproved market land value; whilst Option 2 (Council modified version) reflected a residual land value that is -8.72% below the assessed unimproved market land value.
- It is not unusual in the current market for residual land values derived from feasibilities associated with proposed apartment projects to fall 10% to 15% below market values on the basis high density apartment development is generally not considered financially viable in most locations across Perth due to the recent escalation in construction costs and interest rates.
- Moreover, it is important to note that the residential development site market is currently undergoing a pricing 'discovery' phase with the market characterised by particularly low sale volumes as developers withdraw from the market and disparities emerge between developers and vendors perceptions of pricing.
- In our view, unless there are reductions in construction costs and/or interest rates, the development site market is expected to continue to undergo a re-calibration over the next 12 months resulting in ongoing downward pressure on land values.
- However, the analysis does indicate that Option 2 (council modified version) results in a land value that is closer to our assessed unimproved land value, which indicates that the built form controls are more viable for development.



6.5 Test Site 3 – M10 Zone

Our built form development feasibility testing conclusions are summarised within the schedule below:

Site	Advertised 1 (Without bonus)	Advertised 2 (With bonus)	Council Modified
Basis of Comparison			
Indicative Unimproved Market Value	\$5,000,000	\$5,000,000	\$5,500,000
Resultant Site Rate	\$2,496 /m ²	\$2,496 /m ²	\$2,746 /m ²
Product Mix Assumptions			
Commercial Suites	1	1	1
1 x 1 (apartments)	14	16	13
2 x 2 (apartments)	42	44	84
3 x 2 (apartments)	14	17	93
Gross Realisation Assumptions			
Commercial Suites	\$845,000	\$805,000	\$840,000
Average Price - 1 x 1	\$525,000	\$530,000	\$525,000
Average Price - 2 x 2	\$850,000	\$855,000	\$850,000
Average Price - 3 x 2	\$985,000	\$995,000	\$985,000
Adopted Gross Realisation	\$57,685,000	\$63,085,000	\$69,010,000
Gross Realisation (\$ / Apartment)	\$824,071	\$841,133	\$821,548
Gross Realisation (\$ / NSA)	\$8,884	\$8,833	\$8,858
Less Selling Costs	-\$1,630,755	-\$1,783,413	-\$1,950,913
Net Sales Revenue	\$56,054,245	\$61,301,587	\$67,059,087
Less GST paid on all revenue	-\$5,244,091	-\$5,735,000	-\$6,273,636
Total Revenue (after GST paid)	\$50,810,154	\$55,566,587	\$60,785,451
Development Costs Assumptions			
Land Acquisition Fees	\$312,338	\$328,313	\$343,438
Professional Fees	\$2,884,335	\$3,009,445	\$3,453,769
% Construction	8.00%	8.00%	8.50%
Estimated Construction Costs	\$33,933,356	\$37,618,062	\$40,632,578
\$ / m ² GFA	\$4,751	\$4,758	\$4,741
Statutory Fees	\$878,900	\$970,250	\$1,044,680
Parking Cash in Lieu	\$143,000	-	\$143,000
Community Benefit Contribution	-	-	\$459,175
Land Holding Costs	\$525,936	\$536,669	\$558,136
Finance Charges	\$88,000	\$88,000	\$115,500
Interest Expense	\$4,267,388	\$4,682,732	\$5,138,688
Total Costs	\$48,148,253	\$52,658,671	\$57,607,865
Less GST reclaimed	-\$3,986,313	-\$4,361,738	-\$4,775,349
Total Costs (after GST reclaimed)	\$44,161,940	\$48,296,933	\$52,832,516
Performance Indicators			
Project Duration	4.25 years	4.33 years	4.50 years
Target Developer Margin	15.00%	15.00%	15.00%
Residual Land Value	\$4,650,000	\$4,930,000	\$5,200,000
Resultant Site Rate	\$2,322 /m ²	\$2,461 /m ²	\$2,596 /m ²
Resultant Yield Rate	\$66,429 /dwelling	\$65,733/ dwelling	\$61,905 /dwelling
RLV relativity to Market Value	-7.00%	-1.40%	-5.45%
Development Viability Ranking	3	1	2

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Development Impact Assessment Conclusions

- The three built form development control options established for the site reflect 10 and 13-storey apartment developments with basement parking.
- The primary variance between the two 10-storey options is that one incorporates a larger gross floor area, which results in a higher net strata area and apartment yield.
- The 13-level concept incorporates an increased gross floor area than the two 10-storey options due to the increased height, which also results in an increase in dwelling yield and net strata area.
- Built form testing of the scenarios revealed that all options generally resulted in residual land values that are generally consistent with the assessed unimproved market value.
- However, the analysis does indicate that the 13-storey option results in a higher residual land value, which indicates that the proposed built form controls are more viable for development.



6.6 Test Site 5 – M15 Zone with Bonus

Our built form development feasibility testing conclusions are summarised within the schedule below:

Site	Advertised 1 (Without bonus)	Advertised 2 (With bonus)	Council Modified
Basis of Comparison			
Indicative Unimproved Market Value	\$9,850,000	\$9,850,000	\$9,850,000
Resultant Site Rate	\$3,244 /m ²	\$3,244 /m ²	\$3,244 /m ²
Product Mix Assumptions			
Commercial Suites	1	1	1
1 x 1 (apartments)	36	59	36
2 x 2 (apartments)	87	128	77
3 x 2 (apartments)	38	51	38
Gross Realisation Assumptions			
Commercial Suites	\$910,000	\$910,000	\$845,000
Average Price - 1 x 1	\$520,000	\$525,000	\$520,000
Average Price - 2 x 2	\$800,000	\$820,000	\$800,000
Average Price - 3 x 2	\$930,000	\$1,015,000	\$955,000
Adopted Gross Realisation	\$126,390,000	\$190,430,000	\$119,145,000
Gross Realisation (\$ / Apartment)	\$785,031	\$800,126	\$789,040
Gross Realisation (\$ / NSA)	\$8,411	\$8,663	\$8,564
Less Selling Costs	-\$3,573,045	-\$5,383,456	-\$3,368,229
Net Sales Revenue	\$122,816,955	\$185,046,544	\$115,776,771
Less GST paid on all revenue	-\$11,490,000	-\$17,311,818	-\$10,831,364
Total Revenue (after GST paid)	\$111,326,955	\$167,734,726	\$104,945,407
Development Costs Assumptions			
Land Acquisition Fees	\$722,314	\$568,905	\$595,474
Professional Fees	\$6,030,685	\$9,702,409	\$5,890,032
% Construction	8.50%	8.50%	8.50%
Estimated Construction Costs	\$70,949,234	\$114,145,986	\$69,294,489
\$ / m ² GFA	\$4,227	\$4,069	\$4,390
Statutory Fees	\$1,981,470	\$3,018,260	\$1,898,770
Parking Cash in Lieu	\$447,700	\$484,000	-
Community Benefit Contribution	-	\$2,312,373	-
Land Holding Costs	\$898,943	\$1,153,643	\$898,943
Finance Charges	313,500	\$313,500	\$313,500
Interest Expense	10,931,521	\$16,954,012	\$9,852,936
Total Costs	\$105,351,066	\$158,749,988	\$99,356,943
Less GST reclaimed	-\$8,585,897	-\$12,953,966	-\$8,139,459
Total Costs (after GST reclaimed)	\$96,765,169	\$145,796,022	\$91,217,484
Performance Indicators			
Project Duration	5.17 years	6.83 years	5.17 years
Target Developer Margin	15.00%	15.00%	15.00%
Residual Land Value	\$11,885,000	\$9,180,000	\$9,650,000
Resultant Site Rate	\$3,915 /m ²	\$3,024 /m ²	\$3,179/m ²
Resultant Yield Rate	\$73,820/ dwelling	\$38,571 /dwelling	\$63,907 /dwelling
RLV relativity to Market Value	20.66%	-6.80%	-2.03%
Development Viability Ranking	1	3	2



Development Impact Assessment Conclusions

- The three built form development control options established for the site reflect 15 and 25-storey apartment developments with basement parking.
- The primary variance between the two 15-storey options is that one incorporates a larger gross floor area, which results in a higher net strata area and apartment yield.
- The 25-level concept incorporates an increased gross floor area than the two 15-storey options due to the increased height, which also results in an increase in dwelling yield and net strata area.
- Built form testing of the scenarios revealed that all options generally resulted in residual land values that are generally consistent with the assessed unimproved market value.
- However, the analysis does indicate that the 15-storey option incorporating the higher yield resulted in the highest residual land value, which indicates that the proposed built form controls are more viable for development.

6.7 Closing Comments

- Our analysis indicates that the built form controls associated with the Council modified version of the CBACP generally result in higher residual land values than the schemes that have been formulated based on the original advertised version of the CBACP. Therefore, the proposed controls are generally considered more viable for developers and are less likely to constrain new development within the precinct when compared to the other set of built form controls proposed under the original draft version of the CBACP that was prepared.
- This is largely the result of the Council modified scenarios incorporate increased floor areas resulting in higher development yields, which is an important consideration for developers pursuing new residential projects within affluent residential suburbs subject to higher underlying land values such as those that form part of the CBACP precinct.
- Overall, our analysis indicates that reductions in floor area and development yields have a more significant impact on residual land values and the viability of new development within the lower density M4 and M8 zones, largely due to the extent of underlying land values. Therefore, in order for the built form development envisaged under the Canning Bridge Activity Centre Plan to be delivered within these zones a minimum scale of development is required.
- Particularly, as the zones are fragmented and generally characterised by smaller lots improved with existing dwellings that are sought after by owner-occupiers. In some instances, owner-occupiers have proven to outbid developers to secure properties of this nature within the lower density zones of the CBACP for the purpose of retaining and in some instances refurbishing the existing improvements as opposed to developing, which is counterproductive to the delivery of the objectives of the CBACP.
- Additionally, we also highlight that our analysis indicates that the requirement for community benefit contributions ultimately have a negative impact on the viability of development and land values; and contributions of this nature are not commonly required for built form apartment projects in Western Australia.
- In light of the challenges associated with delivering high density development in the current market, developers are therefore more likely to pursue development opportunities within precincts without these requirements. Therefore, if mandated, new development absorption with the CBACP is at risk of slowing. We also highlight development contributions of this nature are more commonly associated with larger scale greenfield land subdivisions, whereby wider infrastructure is being delivered for the benefit of the community and developers. In our view, developers are likely to question the validity and impact of a monetary based community benefit contribution due to the infill nature where opportunities of significant enhancement are limited.

Development Impact Assessment - Canning Bridge Activity Centre Plan Review



7 Close

In accordance with our normal practice, we confirm that this report is confidential and provided by CIVAS (WA) Pty Limited and not by any other company in the Colliers Group. The valuation has been prepared for the parties and purposes as detailed earlier in this report and should not be relied upon for any other purpose or by any other person. Any reliance on this report by the nominated party must be based on the actual possession or sighting by them of an original signed document.

CIVAS (WA) Pty Limited

A handwritten signature in black ink, appearing to be "D Johnston", written over a light grey signature line.

Dean Johnston, AAPI
National Director
Certified Practising Valuer, WA Registered Valuer No. 44426
For the State of Western Australia
(Principal Valuer)
6 December 2023 (Date of Signing Report)

Direct: + 61 8 6158 8601
Email: dean.johnston@colliers.com

The Counter Signatory, acting in the capacity as a Supervising Member, has reviewed the report and working papers, but has not inspected the subject property. Based upon that review and questioning of the Principal Valuer (as appropriate), I am satisfied there is a reasonable basis for the process and methodology adopted and verify that this is a genuine report, issued and endorsed by CIVAS (WA) Pty Limited.

Report Verification: Jennifer Wong

QA ID: 3094398

This valuation and the associated report have undergone verification in accordance with the Colliers Quality Management System (QMS). This QMS has been independently and externally audited and certified in accordance with ISO9001:2015, which confirms the quality of the verification and Quality Assurance process.



IMPORTANT: All data provided in this summary is wholly reliant on, and must be read in conjunction, with the information provided in the attached report. This summary is a synopsis only, designed to provide a brief overview and must not be acted on in isolation.

Liability Limited by a scheme approved under Professional Standards Legislation.



Report Qualifications

- >> CIVAS (WA) Pty Limited accepts no responsibility for any statements in this report other than for the stated purpose. This report is issued on the basis that the statements expressed in this report are those of CIVAS only. No liability attaches to the companies in the Colliers Group other than CIVAS (WA) Pty Limited in relation to any statements contained in this valuation report.
- >> No responsibility is accepted for liability to any third party in respect of the opinions expressed in this valuation. Neither the whole of this report, or any part or reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.
- >> Development return based real estate such as the subject property is a dynamic investment medium whereby capital value pricing has the ability to vary widely over time, being highly dependent on the prevailing market conditions. Moreover, development projects can be impacted by unforeseen 'wildcards' including variances in construction costs, movement in debt funding and delays relating to planning approvals and other factors, all of which can impact values. Accordingly, and of paramount importance for acquisition purposes, due consideration must be given to the dynamic nature of this style of investment. On this basis, therefore we would recommend that this valuation be updated at regular intervals.
- >> In accordance with the Australian Property Institute Valuers Limited (APIV), this assessment is current as at the date of assessment only. The conclusions assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes this nature is excluded as is liability where the assessment is relied upon more than 90 days after the date of assessment.



Appendix A | Instructions



Appendix B | Terms and Conditions

Colliers Valuation & Advisory Services
Terms and Conditions



IT IS AGREED AS FOLLOWS:

1. DEFINITIONS

- (i) 'Confidential information' means information that:
- Is by its nature confidential;
 - Is designated by Us as confidential;
 - You know or ought to know is confidential;
 - and includes, without limitation:
 - Information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services; and
 - The Quotation annexed hereto.
- (ii) 'Currency Date' means, in relation to any valuation or advisory report, the date as at which our professional opinion is stated to be current.
- (iii) 'Fee' means the amount agreed to be paid for the Services as set out in the Quotation.
- (iv) 'Party' means You or Us and Parties means You and Us.
- (v) 'Quotation' means the written quote provided by Us in relation to the Services.
- (vi) 'Services' means the valuation or advisory services provided pursuant to these Terms & Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the services.
- (vii) 'Services Validity Period' means the 90 day period following the Currency Date during which Our professional opinion is valid. After this period, Our professional opinion cannot be relied upon or referred to.
- (viii) 'We', 'Us', 'Our' means the entity that You engage with to perform the Services as set out in the Quotation being either CIVAS (NSW) Pty Limited (ABN 32 168 282 728), CIVAS (VIC) Pty Limited (ABN 21168282620), CIVAS (ACT) Pty Limited (ABN 70168282451), CIVAS (SA) Pty Limited (ABN 87168282586), CIVAS (QLD) Pty Limited (ABN 87168282522), or CIVAS (WA) Pty Limited (ABN 73 652 184 186).
- (ix) 'You', 'Your' means the entity engaging Us to perform the Services as set out in the Quotation.

2. PERFORMANCE OF SERVICES

- 2.1 We will provide the Services in accordance with:
- The Terms & Conditions contained herein; and
 - The relevant provisions of the current Australian Property Institute (API) Valuation and Property Standards and/or the current Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards. If there is any inconsistency, they are to be read in the following order: letter of instruction, standing instructions, API Valuation and Property Standards, RICS Valuation – Global Standards.
- 3. CONDITION OF THE PROPERTY**
- 3.1 In undertaking the Services We will have regard to the apparent state of repair, condition and environmental factors in relation to the property based upon a visual inspection, but We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.
- 3.2 We will assume that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.
- 3.3 We will not undertake a detailed inspection of any plant and equipment or obtain advice on its condition or suitability.
- 3.4 We recommend that You engage appropriately qualified persons to undertake investigations excluded from the Services.
- 3.5 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

4. ENVIRONMENT AND PLANNING

- 4.1 We will obtain only preliminary town planning information. It is Your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.
- 4.2 State or Federal Laws may require environmental audits to be undertaken before there is a change of land use. You will provide such audits to Us where they are required. We will not advise You whether such audits are required or obtain such audits. If You do not provide Us with such audits We will perform the Services on the assumption that such audits are not required.

5. BUILDING AREAS AND LETTABLE AREAS

- 5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the Property Council of Australia (PCA) Method of Measurement.
- 5.2 If You do not provide Us with a survey, We will estimate building and/or lettable areas based only upon available secondary information (including but not limited to building plans, Deposited Plans, and our own check measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the Property Council of Australia (PCA) Method of Measurement.
- 5.3 Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation or advisory advice back to Us for comment or, where appropriate, amendment.

6. OTHER ASSUMPTIONS

- 6.1 Unless otherwise notified by You, We will assume:
- there are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title; and
 - all licences and permits can be renewed and We will not make any enquiries in this regard.
- 6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with the Services (including but not limited to surveys, quantity surveyor reports, environmental audits, structural / dilapidation reports), We will rely upon the apparent expertise of such experts / specialists. We will not verify the accuracy of such information or reports.
- 7. VALUATION FOR FIRST MORTGAGE SECURITY**
- 7.1 Where the Services are provided for mortgage purposes, You agree that You will not use the valuation where the property is used as security other than for first registered mortgage.
- 7.2 Where our services are prepared for first mortgage security purposes our report will be prepared for the Bank on behalf of the Applicant. Accordingly, our extension of reliance is to the Bank only. In no way is reliance extended to the Applicant for any purpose.

8. ASSIGNMENT OF VALUATION

- 8.1 We reserve the right, at Our absolute discretion, to determine whether or not to assign Our valuation to any third party. Without limiting the extent of Our discretion, We may decline a request for assignment where:
- the proposed assignee is not a major recognised lending institution (such as a major bank);
 - the assignment is sought in excess of 90 days after the date of valuation;
 - We consider that there has been a change in conditions which may have a material impact on the value of the property;
 - the proposed assignee seeks to use the valuation for an inappropriate purpose (including in a manner inconsistent with Your agreement at clause 7.1); or
 - Our Fee has not been paid in full.
- 8.2 Where We decline to provide an assignment on either of the bases at 8.1(b) or (c), We may be prepared to provide an updated valuation on terms to be agreed at that time.
- 8.3 In the event that You request us to assign Our valuation and We agree to do so, You authorise Us to provide to the assignee a copy of these Terms & Conditions, the Quotation and any other document, including instructions provided by You, relevant to the scope of Our Services.

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Terms and Conditions



- 8.4 Any potential reliance on our valuation by an Intending Mortgagee is conditional upon a formal re-assignment from Us and will be subject to all that is contained within 7.1, 7.2, 8.1, 8.2 and 8.3.
- 8.5 Client instructed valuations for first mortgage security purposes where reliance is extended to a specific Bank may contain particular assumptions which are commented upon throughout this report. We note that each Bank has their own standing instructions, and also from time to time require valuations be undertaken having regard to a specific set of assumptions which are generally property specific and in addition to their standard instructions. Our valuation(s) will be prepared in accordance with the nominated Bank's standard instructions. However, we highlight that where we have not been instructed by the Bank to value the property, specific assumptions required by the Bank may not have been incorporated into this valuation. Should the Bank require the valuation to be undertaken using additional or separate assumptions to those adopted in the valuation, these assumptions should be communicated to the Valuer for comment and if appropriate revision of the valuation may be necessary, which may produce a different result to our opinion of value. We strongly recommend that the Bank issue the Valuer with specific instructions to value the property including any appropriate and/or property specific assumptions that may be required in addition to their standing instructions.
- 8.6 Institutional valuations for financial reporting purposes where reliance is extended to specific Bank(s) for First Mortgage Security purposes will be subject to that within 8.5.
- 9. ESTIMATED SELLING PRICE AND ESTIMATED RENTAL RATES**
- 9.1 Where You instruct Us to provide an estimated selling price or estimated rental rates, You agree that:
- The Services are limited to the provision of an opinion based upon Our knowledge of the market and informal enquiries.
 - We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search on Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.
 - We will provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.
- 9.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an estimated selling price or estimated rental rates.
- 10. CURRENCY OF VALUATION**
- 10.1 Due to possible changes in market forces and circumstances in relation to the subject property the Services can only be regarded as relevant as at the Currency Date.
- 10.2 Where You rely upon Our valuation or advisory report after the Currency Date, You accept the risks associated with market movement between the Currency Date and the date of such reliance.
- 10.3 Without limiting the generality of 10.2, You cannot rely upon Our valuation or advisory report:
- after the expiry of the Services Validity Period;
 - where circumstances have occurred during the Services Validity Period which has a material effect on the value of the property or the assumptions or methodology used in the valuation or advisory report.
- 11. MARKET PROJECTIONS**
- 11.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only, and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
- 11.1 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.
- 11.2 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.
- 12. INSURANCE REPLACEMENT COST ESTIMATE**
- 12.1 Where our services include an Insurance Replacement Cost Estimate, we highlight that our advice in this regard is an indicative estimate only, based on generic replacement costs provided by industry sources. Furthermore, our Insurance Replacement Cost Estimate should be confirmed by a full valuation conducted in accordance with ANZVTIP4 Valuations for Insurance Purposes in the Australia and New Zealand Valuation and Property Standards or verified by a suitably qualified quantity surveyor and / or building expert. We accept no responsibility for reliance on this figure other than as an indicative estimate for internal purposes.
- 13. DEVELOPMENT VALUATIONS**
- 13.1 Our services will be conducted on the basis that all building works will be completed in a workmanlike manner and in accordance with all authority regulations. Furthermore, our analysis will be prepared on the basis that the property is appropriately certified upon completion to allow registration of a Strata Plan/Units Plan/Linen Plan and individual sale of the various allotments.
- 13.2 The values that will be adopted for residential apartments and associated car parking spaces will be inclusive of GST, while the non-residential/car space allotments will be adopted on a GST exclusive basis.
- 13.3 Where the property was purchased prior to 1 July 2000, we will adopt a Margin Value once appropriately confirmed. Accordingly, we will adopt the margin scheme for the residual calculation with input tax credits returned after the scheduled expenditure.
- 13.4 We will conduct our valuation analysis on the basis that all DA approvals, DA plans and consultant's reports are transferable, being reflected in the adopted valuation.
- 14. INVOICING AND PAYMENT**
- 14.1 Our invoice will be made out and addressed to the entity as per the information you provide within the Acknowledgement section of the Professional Services Agreement. Any alternative entity will be required to agree in writing prior to any advice being readdressed. Further fees may be required. Payment due dates will not change.
- 14.2 Where draft advice is provided, You agree that We are authorised to invoice the full amount of the agreed fee on delivery of the draft.
- 14.3 In the event that the Services continue for a period exceeding 30 days, We may choose to issue You with an invoice for up to 50% of Our Fees.
- 14.4 Where the brief is terminated prior to its conclusion, You will be invoiced for the cost of work completed at \$400 per hour exclusive of disbursements and GST, and reimbursed the difference between any payment up front. A copy of partially completed work will not be provided.
- 14.5 You must pay our Fees within 14 days of the date of a correctly rendered invoice. Fees that remain unpaid for a period of 30 days or more will attract an administration charge of 2% of the total of the invoice calculated per month or part thereof incurred from the date of the invoice.

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Terms and Conditions



15. YOUR OBLIGATIONS

- 15.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
- 15.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
- 15.3 You authorise and licence us to incorporate Your intellectual property within our report(s).
- 15.4 You will not release any part of Our valuation or advisory report or its substance to any third party without Our written consent. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms & Conditions be provided to such third party. This clause shall not apply to persons noted as reliant parties in Your prior instruction to Us or in the Quotation provided that You shall provide any such reliant parties with a copy of these Terms & Conditions.
- 15.5 You must advise reliant parties named in Your instruction to Us of the Services Validity Period.
- 15.6 You will not rely on any preliminary or draft advice. Our advice cannot be relied upon unless it is in Final form.
- 15.7 If You release any part of the valuation or advisory advice or its substance with our written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this valuation or advisory services.
- 15.8 We reserve the right to reconsider or amend the valuation or advisory services, or the Fee set out in our Quotation to You if:
- Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value or the advice; or
 - Where subsequent site inspections made in relation to any of the matters raised in clause 3 materially affect or may alter the value of the property the subject of the Services.

16. CONFIDENTIALITY

- 16.1 You must not disclose or make any of the Confidential Information available to another person without Our written consent.
- 16.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

17. PRIVACY

- 17.1 We may obtain personal information about You in the course of performing Our Services. We respect Your privacy. The Privacy Act 1998 (Cth) requires Us to advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.
A copy of Our Privacy Policy can be obtained by contacting Our Chief Privacy Officer.

18. SUBCONTRACTING

- 18.1 We may subcontract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms & Conditions, with Your consent.

19. LIABILITY

- 19.1 You agree to release Us and hold Us harmless from all liability to You for or in respect of any loss, damage, costs and expenses of whatsoever kind which we have or may have or, but for the operation of this Clause, might have had arising from or in any way connected with the Services or the use of the Services or any part of them. This release shall be complete and unconditional except in the case of gross negligence or willful misconduct by Us in the provision of the Services.
- 19.2 You agree that You will fully indemnify Us for and in respect of all loss, liability, costs and expenses of whatsoever kind which We may suffer or incur arising from or in any way connected with any breach by You of Clause 15 or Clause 16. This indemnity shall include but not be limited to loss, liability, costs and expenses which we may suffer or incur in respect of any claims, actions, proceedings, disputes or allegations made against Us or to which we are a party.
- 19.3 Where the release referred to in Clause 19.1 does not apply, You agree that our liability in any such claim or claims will be limited to \$100,000 or a multiple of five times our Fee, whichever is the lower.
- 19.4 For the avoidance of doubt, the Services are provided by Us and no individual valuer or any other employee of Ours assumes any liability or responsibility for the Services.

20. ENTIRE AGREEMENT

- 20.1 No further agreement, amendment or modification of these Terms & Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.
- 20.2 If there is an inconsistency between these Terms & Conditions and the Quotation, any letter of instruction from You, or other specific request or information, the other specific request or information shall prevail to the extent of the inconsistency.

21. GOVERNING LAW

- 21.1 These Terms and Conditions are governed by the law of the State in which Our principal place of business which is providing the Services is located.



At Colliers, we are enterprising.

CIVAS (NSW) Pty Limited offers a range of valuation services in the following specialist areas:

- Commercial
- Industrial
- Retail (including Large Format Retail)
- Hotels
- Student Accommodation
- Healthcare & Retirement Living
- Government
- Statutory & Litigation
- Development
- Corporate Valuations
- Plant & Machinery
- Extractive Industries & Waste Management
- Rural & Agribusiness
- Viticulture & Horticulture
- Self-Storage
- Child Care Centres
- Service Stations
- Consultancy Services

colliers.com

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Accelerating success.

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22 February 2024

Mr Ross Duckham
 Senior Associate, Urban Solutions
 Hatch RobertsDay
 Level 2, 442 Murray Street
 PERTH WA 6000

Dear Ross,

RE: Addendum - Canning Bridge Activity Centre Plan Review Development Impact Assessment
 (Reference – VP665)

1 Preamble

1.1 Purpose of Assessment

In November 2023, Colliers were engaged by Hatch RobertsDay (Hatch) on behalf of the City of Melville to undertake a Development Impact Assessment of various built form development controls being considered as part of proposed modifications to the Canning Bridge Activity Centre Plan (CBACP). To assist with our assessment, Hatch identified four ‘test’ sites within Applecross that form part of the western sector of the CBACP; and prepared various built form outcomes for each. We understand the concepts aligned with proposed built form controls set out in the initial draft of the revised CBACP that was advertised; and the more recent council modified option. Colliers subsequently undertook feasibility testing of the various scenarios for the purpose of establishing a development viability ranking for each. We have subsequently received written instructions from Mr Ross Duckham, Senior Associate – Urban Solutions, Hatch RobertsDay, dated 7 February 2024, to prepare a short form addendum addressing the following additional matters:

- Market commentary as to the relativity of land values currently being achieved within the precinct to land values required by developers to deliver high density built form developments as envisaged under the CBACP.
- Review of comments provided by a community member relating to property development variables that have been presented to the City of Melville as part of the community engagement process; and
- The impact on the viability of development projects within the precinct based on two proposed community benefits bonus schemes being considered.

This advice must be read in conjunction with the original report prepared by Colliers dated 19 November 2023. The advice has been prepared to address the additional matters that have been raised as part of the CBACP review being undertaken by Hatch RobertsDay and the City of Melville. The report does not constitute an update of the original assessment prepared by Colliers; and all key assumptions and important comments set out with our original assessment remain unchanged.

Purpose of Assessment	Reliant Parties
Assistance with internal decision making	City of Melville



Liability limited by a scheme approved under Professional Standards Legislation

Development Impact Assessment - Canning Bridge Activity Centre Plan Review



Definition of Key Terms

This valuation has been completed having regard to the following key terms and definitions:

Assistance with internal decision making	<i>The assessment has been prepared for internal review purposes to assist the Reliant Party with its proposed decision making. In making this decision, it will need to undertake a range of additional inquiries. This assessment is not a due diligence report and cannot be used as such. This comment is particularly relevant given the limited and high-level information available to us in order to provide our assessment. Further decision making is required by the Reliant Party having regard to this additional information including the decision to proceed or not to proceed with the modifications having regard to its own circumstances, which may vary from other market participants.</i>
Desktop Market Assessment	<i>A Desktop Market Assessment does not involve an inspection of the property and as a result, we are required to make certain assumptions about the properties which an inspection could confirm. These assumptions may or may not reflect the actual position which could be confirmed by an inspection. As a result, a greater potential for value variability exists.</i>

We have assumed that the instructions and all subsequently supplied material is a full and frank disclosure of all relevant information. This assessment has been prepared in accordance with our standard Terms & Conditions as provided to you and appended to this report; and our advice has been prepared in accordance with the International Valuation Standards (IVS) Standards.

A copy of the Letter of Instruction is attached to the rear of this report.

Pecuniary Interest

We confirm that the Consultant who has undertaken this valuation:

- a) is suitably qualified to carry out such assessments and appropriate experience;
- a) is authorised under the law of the state or territory where the valuation takes place to practice as a Valuer; and
- b) has no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the value or that could conflict with a proper valuation of the property.

Conflict of Interest

We also confirm that the Consultant has no conflict of interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion or that could conflict with undertaking a proper assessment.

1.1 Date of Report

12 February based upon our desktop review on the same day.

Given potential changes to the market and the property, this report represents our opinions as at the date of assessment only. We do not accept any liability for losses arising from such subsequent change in market conditions.



2 CBACP Market Commentary

Similar to other higher density mixed use precincts across the metropolitan area, limited transactions pertaining to development sites transpired within Applecross and the surrounding localities forming part of the Canning Bridge Activity Centre Plan across 2022 and 2023. Despite the overall strength of the residential market, the lack of activity stems from the significant reduction in demand for sites due to the difficulty developers continue to face delivering new projects due to the escalation in construction costs, paucity of builders willing to tender and accept contracts associated with high density projects; and the ongoing uncertainty surrounding inflation and interest rates. Moreover, in light of the uncertainty surrounding the sector, the availability of capital has tightened noticeably, with financiers and investors electing to pursue more risk averse stabilised assets during a time of heightened economic and market uncertainty. Another key factor constraining transaction volumes is the variances emerging between the perception of land values of vendors and the limited developers currently pursuing new acquisitions. Developers continue to comment that increased project costs stemming from the sharp increase in interest rates, construction costs and delivery timings continue to outstrip the growth associated with end product pricing, which is having a material impact on the viability of new developments. As a result, most market participants are of the view development site values need to fall further in order for developers to re-engage in the market and transaction activity to return.

We have summarised the limited market evidence that has transpired within the Canning Bridge Activity Centre Plan Precinct and surrounds within the schedule below:

Property	Sale Date	Sale Amount	Site Area	Zoning	Site Rate
107 Robert Street, Como	Dec-23	\$2,250,000	1,012 m ²	CB-H8	\$2,223 /m ²
31 Reynolds Road, Applecross	Oct-23	\$2,400,000	1,189 m ²	R60	\$2,019 /m ²
4 Tweedale Road, Applecross	Jun-23	\$3,200,000	865 m ²	CB-H4	\$3,699 /m ²
143 Robert Street, Como	Apr-23	\$3,000,000	958 m ²	CBM-15	\$3,132 /m ²
6 Kintail Road, Applecross	For Sale	\$12,950,000	2,529 m ²	CBM-15	\$5,121 /m ²
35 Kintail Road, Applecross	Apr-23	\$3,515,000	1,012 m ²	R15	\$3,473 /m ²

The market evidence scheduled above pertaining to settled transactions, reflects site rates ranging between \$2,019 and \$3,699 /m².

The upper end of the range pertains to the vacant site located at 4 Tweedale Road, Applecross, which is located within 60 metres of the Canning River and forms part of the 4 storey zone of the Canning Bridge Activity Centre Precinct; whilst the lower end of the range pertains to an 'R60' zoned site located with Applecross outside of the Canning Bridge Activity Centre Plan area. Both sites appear to have been acquired by residential developers presumably for the purpose of delivering medium density terrace or low-rise apartment projects.

In contrast, the property located at 35 Kintail Road, Applecross, which forms part of the 'R15' zone and is located just outside of the CBACP precinct appears to have been acquired by an owner-occupier. The property comprises a rectangular 1,012 square metre site improved with a modern single level residential dwelling that was completed in 2015 and incorporates an internal living area of 400 square metres. The site rate derived from the transaction reflects a site rate of \$3,473 /m², which is higher than the residual values derived from the built form feasibility testing undertaken within the precinct as part of our original assessment. Therefore, the transaction highlights the challenges developers face in securing development opportunities and assembling landholdings within the precinct due to competition with owner-occupiers.

Another example of this market conundrum is the property located at 6 Kintail Road, Applecross, which is currently being marketed for sale as a redevelopment opportunity. Forming part of the M15 zone of the CBACP, the property comprises a 2,529 square metre site improved with a three-level strata-titled residential complex built in the 1960's and incorporating 27 separately owned units. Discussions with the selling agent revealed that the asking price for the site was in the vicinity of \$12,950,000, which reflects



a site rate of \$5,121 /m². In our view, it is likely the asking price will exceed the amount developers are able to pay in order to deliver a financially viable apartment project in the current environment. However, it is important to note that three units within the complex have transacted over the past 12 months at sale amounts ranging between \$370,000 and \$425,000. The upper parameter reflects the most recent sale in December 2023; and assuming this price point is representative of the balance units within the complex, collectively the owners would need to achieve a ‘sale in one line’ amount in excess of \$11,475,000 (\$4,537 /m²) for a new redevelopment to be considered the highest and best use of the land (27 units @ \$425,000 = \$11,475,000). As demonstrated by the built form feasibility testing undertaken within this particular precinct of the CBACP as part of our previous assessment, residential apartment development is not considered financially viable in the current market at land rates in excess of \$4,000 /m². Therefore, it is possible the site will not transact following the marketing campaign and the existing use will remain in place for some time. Refer to photographs of the Kintail Road properties below:



6 Kintail Road, Applecross



35 Kintail Road, Applecross





Closing Observations

- The location of Applecross within 6 kilometres of the Perth CBD and adjacent to the Swan and Canning Rivers is conducive for higher density residential development in the short to medium.
- Moreover, the existing population is characterised by an affluent and aging demographic with significantly higher average annual income per capita and per household than the averages for Western Australia.
- However, despite these positive fundamentals, land fragmentation continues to act as the key constraint to the overall vision of the CBACP being realised.
- Discussions with a number of selling agents active within the precinct has revealed that national developers known for delivering award winning high quality urban renewal projects continue to express interest in the precinct. However, based on the project mandates of these larger groups, most are unable to participate delivering new projects unless sites of at least 4,000 square metres can be secured.
- Selling agents have attempted to accommodate these mandates by approaching multiple owners within the CBACP to assemble properties to form larger landholdings, however pricing expectations from these owners has been proven to exceed the amounts developers are able to pay in order for new projects to be financially viable.
- In some instances, this stems from vendors and developers having conflicting values as to the 'special value' sites add to the overall land assembly in question; whereas in other instances owner-occupiers have simply proven to outbid developers for smaller sites within the precinct that are improved with existing residential dwellings.
- Moreover, on the back of the strength of the residential market, the median house price for Applecross has increased 27% across 2021 – 2024. As a result, older style strata-titled flats and grouped dwellings constructed on sites within the precinct that were previously being displaced; are now proving more valuable making it even more challenging for developers to secure sites and deliver the built form outcomes envisaged under the CBACP.



3 Community Feedback Review

Hatch has requested we review and provide responsive comments to the following feedback received as part of the community engagement process in support of the introduction of an increased developer contribution / community bonus plan:

"Currently developers are getting a free kick while there is no DCP.

- *There is no doubt that additional floors are a huge financial benefit to a developer. These floors command an uplift of 5% to 10% in value.*
- *Preliminaries (architectural, planning, consultants, approvals etc) contribute 6% to 8% of construction value and are costs already accounted for within the original feasibility, before Bonuses.*
- *Land costs typically contribute 10% to 12% and likewise are accounted within the original feasibility.*
- *Siteworks, basement, core and lifts contribute 20% to 25% of construction cost and are also accounted within the original feasibility.*
- *Typical current construction costs for projects such as those built in CBAC are \$3,200 to \$3,500 /m² gross area. This equates to around \$7,000 /m² net floor area.*
- *A summation of all the "sunk costs" gives 36% to 45%, say 40% of construction cost. Or \$2,800 /m² of net floor area cost.*
- *Average selling price, ex GST is \$10k to \$12k /m².*
- *Construction cost saving therefore equate to roughly 25% of the selling price, or \$2,700 /m² saving (additional profit) to the developer.*
- *Add an uplift in value for these higher floors, say 7.5%, makes the extra profit jump to \$3,570, or 32.50%."*

Responsive Comments

- The various development cost estimates referenced are considered to fall broadly fall within market parameters. However, a number of other projects costs have been excluded, all of which impact development margins. Some of these excluded costs include:
 - Land acquisition costs (stamp duty, settlement and legal fees);
 - Selling and marketing fees; and
 - Financing costs such as interest expenses, which is considered a key project cost to developers.
- Moreover, whilst some smaller boutique projects within the precinct may be achieving the quoted 'average' selling price range quoted (exclusive of GST), others have historically not.
- Overall, based on our analysis of a range of residential apartment projects across the metropolitan area and new site acquisitions, developer margins have typically fallen within the range of 12.5% to 20%, assuming 100% debt funding.
- In recent times, there has been ongoing pressure on development margins associated with projects that are under construction due to prolonged lead times being incurred prior to construction associated with securing development approvals, project financing and sufficient pre-sales.
- If actual returns were more aligned to those being quoted in the current market, residential apartment development as an asset class would be outperforming most other sectors of the market; and the metropolitan area would have witnessed greater levels of supply than has been delivered within the precinct to date.

Finally, we note the comment *'developers are getting a free kick while there is no DCP'*. It is important to note that developers will, and continue to, formulate bid prices for new site acquisitions based on feasibility analysis predicted on target development margins and consideration to all project costs. Ultimately, any additional development costs, such as a developer contribution / community benefit scheme, will be factored into feasibilities associated with new acquisitions and the resultant impact is likely to be a reduction in land values for development sites within the precinct.
- This stems from the fact that the developer margin analysis is a means of valuing assets, land or property by reference to the inherent development potential. The concluded value is the residue of the gross development value of the project upon completion, after deducting various development costs including, but not limited to, professional fees, construction costs,



holding costs, selling fees, marketing expenses, interest and finance costs and an allowance for profit and risk (developer margin).

- The residual value concluded from the analysis is considered to provide a realistic guide to the market value of the land, in that it enumerates what a prudent developer would be able to pay for a site, or partially completed building, for development purposes and achieve a profit from the project (developer margin) that is cognisant of the risk undertaken. This approach also indicates to the owner of the land, the opportunity cost associated with holding and developing the land as opposed to disposing 'as is' to another developer who would subsequently acquire the site and develop to achieve a profit.

4 Bonus Developer Contributions

Finally, we have been instructed to provide commentary on the impact to development viability within the CBACP in the event a developer contribution / community benefit scheme was introduced that was predicated on one of the following scenarios:

- Option 1 - 10% of gross realisation associated with the bonus area; and
- Option 2 - 5% of construction costs.

To determine the impact the measures would have on development viability within the precinct, we have applied the analysis to Test Site 5, the particulars of which are summarised below:

Test Site Synopsis	Precinct	Zoning	Site Area
884, 886 & 888 Canning Highway, Applecross	Q1 - Kintail Quarter	Mixed Use up to 15 storeys*	3,036 m ²

*Discretionary height concessions for community benefits

Our findings are summarised within the schedule below:

Test Site	Base Case Residual Land Value Site Rate (3% of Bonus Area Gross Realisation)		Residual Land Value (10% of Bonus Area Gross Realisation)		Residual Land Value (5% of Construction Costs)	
	Developer Liability	Residual Land Value Site Rate	Developer Liability	Residual Land Value Site Rate	Developer Liability	Residual Land Value Site Rate
Test Site 5 – M15 Zone with Bonus	\$2,102,157	\$3,024 /m ²	\$7,007,190	\$1,995 /m ²	\$5,188,454	\$2,376 /m ²

In summary, both options have a material impact on the base case residual land value derived under the original assessment that assumed a 3% developer contribution / community benefit would apply on the bonus area. The Option 1 revenue based scenario equates to a developer liability of \$7,007,190 and the resultant residual land value is 34% below the base case scenario. The Option 2 construction cost based scenario equates to a developer liability of \$5,188,454 and the resultant residual land value is 21% below the base case scenario.

Ultimately, the analysis indicates that the introduction of the two proposals being considered will have a material impact on residual land values that developers are able to pay to secure new sites within the precinct in order to deliver the built form outcomes envisaged under the CBACP. As a result, existing uses will be harder to displace and built form development activity is anticipated to slow considerably. Moreover, the precinct is expected to remain highly fragmented with the amalgamation of smaller sites unlikely.

Development Impact Assessment - Canning Bridge Activity Centre Plan Review



5 Closing Findings

- In light of our analysis, careful consideration should be had to introducing any new developer contribution / community benefit schemes to the CBACP that result in increased development costs.
- Ultimately, any further increases in development costs in the current environment are likely to result in the reduction of land values developers are able to pay in order for new apartment developments to be financially viable.
- Under this scenario, the precinct is at risk of being characterised by inconsistent land uses and lacking somewhat of an identity through a lack of investment from the private sector.
- Moreover, the increased degree of land use fragmentation could deter participation within the precinct by larger national developers that are known for delivering quality landmark projects as part of high profile redevelopment areas.
- As a result, there is a risk of lower quality built form development outcomes being delivered within the precinct due to multiple projects being constructed on smaller landholdings across a longer period of time.
- We also highlight that less experienced and speculative apartment developers have proven to migrate to fragmented high density zoned locations where there is less competition to secure sites due to larger and more established national apartment developers not being active. Examples across Perth include Cannington, Cockburn Central, Mandurah and Midland.
- In our view, precincts of this nature can often be characterised by built form development outcomes of varying quality; and projects that are susceptible to financial difficulty.

6 Close

In accordance with our normal practice, we confirm that this report is confidential and provided by CIVAS (WA) Pty Limited and not by any other company in the Colliers Group. The assessment has been prepared for the parties and purposes as detailed earlier in this report and should not be relied upon for any other purpose or by any other person. Any reliance on this report by the nominated party must be based on the actual possession or sighting by them of an original signed document.

CIVAS (WA) Pty Limited

Dean Johnston, AAPI
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Certified Practising Valuer No. 44426
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13-02-2024 (Date of Signing Report)

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This Draft is provided for client review purposes only. The intent of providing the Draft is to enable confirmation of Client, Property and Market data and any assumptions derived/inferred therefrom by the Valuer as well as ensuring the Valuer has been provided and considered all the relevant available data. Consequently, the draft cannot be relied upon by any party for any purpose other than client review until issued in its final form and duly executed.

QA ID: DRAFT



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**CBACP FIR Response- Hatch and CRG Meeting
Meeting Agenda
2:30pm 2 February 2024**

Attendees	Apologies
<p>City of Melville Gail Bowman (CEO) Peter Varelis (Director Planning) Gavin Ponton (A/Manager Statutory Planning) Ben Ashwood (Senior Strategic Urban Planner) Cr Clive Ross (Ward Councillor for Mount Pleasant/Applecross)</p> <p>Council Reference Group Lyndon Rowe Margaret Sandford Rosemary Waldron-Hartfield</p> <p>Hatch Roberts Day Duane Cole (Managing Director) Ross Duckham (Senior Associate)</p>	<p>Cameron Sobjejko Cr Daniel Lim</p>

Meeting Start Time: 2:45pm

Agenda Items/Scheduled points of discussion	Working Group comments
<p>Item 1 – Introduction (10mins)</p> <ul style="list-style-type: none"> Acknowledgement to country (Peter) Workshop structure explained (Peter) 	
<p>Item 2 – Project Update (20mins)</p> <ul style="list-style-type: none"> Project update Outcomes from meeting with the Minister (Peter) 	
<ul style="list-style-type: none"> A CRG member voiced concerns that there might be a perception that any suggestion “the horse had bolted” with regards to the Southern Boundary. Another CRG member suggested that just because the horse may have bolted doesn’t mean you don’t still try to salvage something from what remains. 	

Item 2 – Discuss CRG Feedback (90mins)

- CRG to briefly speak to the feedback provided
- Discuss the opportunity for CRG to directly input into FIR response via addendum (Peter)
- Methodically work through each comment and provide their anticipated response. Offer opportunity for succinct discussion of each comment to ensure clear understanding (Hatch).

1. CRG presentation opportunity

1.1 CRG chose not to preface the CRG feedback that had been provided to the City, but wanted to reiterate that it was his hope that the City would be advocating for the Council resolution position.

2. CRG Addendum

2.1 Peter confirmed the need for a consolidated response from CRG post-workshop.

2.2 Peter spoke about the need for the City to be impartial until all information was provided, and only thereafter would we be able to present a recommendation to Council which would be available for consideration by CRG prior to the Council meeting (when published on the City's website). CRG would have opportunities to deputise the Council, and its also understood there is a commitment from the DPLH to meet with the CRG prior to a decision being made. It would be the City's preference that this meeting be prior to the Council meeting.

2.3 Peter confirmed the item would go to the Feb OMC unless time made that difficult, at which point it would be pushed back to a SMC in late Feb.

3. CRG Feedback Discussion

3.1 CRG spoke about the benefit of comparing the shadow from the existing southern boundary to the proposed southern boundary. Hatch confirmed their intention to provide an updated comparison diagram and associated comments to highlight this point.

3.2 CRG spoke about how they believes the land values for the lots to be excluded from the CBACP are suffering as a result of the current development potential on the northern side of the road. He suggested the reintroduction of a suitable density coding would improve the value of these lots.

3.3 Hatch reiterated their commitment to advocate for Council position. Hatch mentioned they would speak to Colliers about whether they could provide some further information, i.e. economic observations/analysis.

3.4 A CRG member clarified that meeting the ACP objectives G11 and G12 was impossible with a mid-block boundary, i.e. development being considerate of community impacts in the transition from higher to lower density, and that the CBACP develops sensitively to ensure that the benefits of development are realised by all members of the community.

3.5 A CRG member summarised by saying they appreciated that Hatch agreed with the CRG/Council and simply felt that could be made clearer in the document.

3.6 Hatch spoke about traffic impacts on Sleat Rd, and how the trimming back of the boundary would help mitigate this issue.

Table Discussion

See table below

Item 4 – Questions and General Discussion (15mins)

A CRG member explained that the model surely has some inputs that with a minor tweak would deliver a significant shift, so a sensitivity analysis would be beneficial. They would like to see which assumptions mattered for the model.

Hatch representatives left the room at 4:30pm

Peter discussed the opportunity to be forthright with potential concessions that could be offered to the Department to help ensure we maintain control of the process.

The CRG members were unanimous in their view that they can't make concessions on behalf of the community, and that this would be the responsibility of Council.

	CRG Concern	Action Sought	Hatch Response	Workshop Discussion
1	Absence of independence of HRD Report. Ross Duckham prepared both the original HRD Report and the FIR Report. The FIR Report appears to attempt to justify the original HRD Report rather than seek to promote the best case for the Council modified position which we understood HRD were being asked to do. We also note that it was HRD that briefed Colliers not the City. This is disappointing as the City would have had a more objective approach.	Too late, but see later requests re modelling	The responses to the DPLH comments requires a competent understanding of the project background across several work packages including engagement, place making, urban design and statutory planning performed over 3 years. It is therefore difficult to introduce an independent reviewer, particularly within the timeframes and budget provided. Assignment of fresh resources to this task would require a review of background material, which would attract additional cost. The Hatch scoping of the work was clear as to the assignment of tasks and responsibilities.	No comment
2	Inaccurate Description of the Review Process. The HRD FIR Report deliberately downplays the role of the CRG and the CRG Report in the process of the review. In particular, it does not specify that Council agreed to release both the HRD and the CRG Reports for public consultation. The public responded to both reports with overwhelming support for the CRG Report – 90% opposed to the current Plan and 80% specifically referenced support for the CRG recommendations.	Amend the Report so it accurately reflects the process undertaken in the review of the CBACP and the outcome of the public consultation.	We are happy to update the report to ensure there is an accurate account of the process and outcomes of the process.	CRG suggests the approach that's been taken by the Council in working with a community group like the CRG (who by proxy represent the community) was a different and unique approach, and should be acknowledged as a success.
3	HRD Advertised Version was not HRD's final recommendation to Council. DPLH have asked for information re the HRD advertised version, but some recommendations were changed by HRD following the public consultation process. That is, there are some recommendations in the Council Endorsed Version that were supported by both HRD and CRG. For example, in their final recommendations, HRD agreed to the modification to the southern boundary and to not change the zoning of the western side of Forbes Road to H8 as was proposed in the advertised version. To compensate, HRD recommended adding 0.2 to the plot ratios that were in the Advertised Version. This is why the FIR shows a difference in plot ratios between the Advertised Version and the Council Endorsed Version but it does not reflect HRD's final position. HRD, CRG and Council all recommended modifying the southern boundary and not changing the western side of Forbes Road to H8. It would be a serious concern if the DPLH were focussed on the advertised version and not either the HRD final position or the Council Endorsed Version as this would make an absolute mockery of the public consultation process.	This needs to be made very clear in the report to DPLH. In particular, that the "independent" consultant HRD, the CRG, the Council and the overwhelming public response supports modifying the southern boundary and leaving the western side of Forbes Road as H4. The reason why the plot ratios are different in the Advertised Version compared to the Council Endorsed Version also needs to be made clear.	We are happy to update the report to ensure there is an accurate account of the process and outcomes of the process.	CRG suggested that we should make sure the Forbes Road change is acknowledged, including that there was buy-in from Hatch prior to Council decision
	Chapter 3 – Overshadowing and Transitions (Council Endorsed Version)			
4 & 5	The Council Endorsed Version proposes the realignment of the southern boundary of the CBACP to remedy the extreme overshadowing that the current positioning creates because the R20 residences in Mount Pleasant are on the southern (rather than the northern) side of the CBACP boundary (for example, at 6 View Road, a property which is on the southern boundary, as at 12pm on 21 June the majority of the windows to the habitable rooms have no access to sunlight - 89.3% of	1. Reword page 9 to be more consistent with the following views that were expressed by the City in a Briefing Note for the Minister: - "The abruptness in density transition is considered appropriate in	We have adopted a position to accept the boundary adjustment. We're unclear why there is uncertainty or concern on this point. The CRGs background comments are noted.	The attendees acknowledged the earlier comments about the shadow modelling. The City took the opportunity to explain why it was important that the excluded lots in the southern boundary be kept in the ACP to avoid the need for a scheme amendment and the inherent delays.

<p>the window areas - as a consequence of an approved development on its northern boundary. The loss of amenity to this property is an example of the extreme overshadowing resulting from the current placement of the southern boundary).</p> <p>This modification is pragmatic and reflects the more usual planning approach of having a boundary transition positioned on a road or street rather than along the fence lines of private residences to provides an additional buffer that among other things assists in reducing the impact of overshadowing.</p> <p>The realignment of this boundary has been a longstanding request of residents and has strong community and Council support notably:</p> <ul style="list-style-type: none"> • In 2020 three petitions were lodged with Council supporting the re-positioning of the southern boundary. Those petitions were signed by 479 residents. On 19 May 2020 the Council resolved among other things that it supported the petitioners' request to move the southern boundary and requested that the Chief Executive Officer ("CEO") as a priority include the boundary change in the review of the CBACP. • In October 2020 (in the context of it becoming apparent that it would be a significant period of time before the overall review was completed), the Council resolved to direct the CEO to immediately take steps to commence to implement the modification to the southern boundary. • In November 2020 the Council voted 11/0 to modify the southern boundary and also resolved to prepare and initiate a required Scheme amendment. • On 23 December 2020 the Western Australian Planning Commission directed the City to publicly advertise the proposed amendments. • The proposed amendments were publicly advertised from 28 January 2021 to 29 March 2021. As part of this process the City sent letters to all residents and all landowners in the area which is the subject of the proposed amendment and also to all residents and landowners within one street block of the proposed change. The amendment was also advertised via Melville Talks on the City of Melville website, e-news, social media and newspaper advertisements. In response to this public advertising 257 submissions were received, 208 supporting and 49 opposing the proposed modification. It has been reported by City Officers that the bulk of submissions supporting the boundary move were concerned regarding the loss of amenity to residents as a consequence of the positioning of the southern boundary. • The CRG report prepared at the request of Council recommended that the southern boundary of the CBACP be realigned as per the Council Resolution of May 2021 and 80% of the submissions received specifically referenced support for the CRG recommendations. 	<p>the context of character retention of the area outside the ACP boundary."</p> <p>- "Given the additional separation between development provided by the road reservation and location of outdoor living areas for existing properties south of Helm and Wren Street, the overshadowing analysis demonstrates improved overshadowing."</p> <p>- "...cadastral boundaries do not provide for appropriate interfaces between high and lower density residential development. Road reservations are a more sophisticated interface providing relief from the effects of high density development and provides a logical boundary for this part of the CBACP."</p> <p>2. Make it clear that the modification of the southern boundary is supported by HRD, Council and has the strong support of the community .</p>	<p>To meet the requirement of the DPLH we have performed overshadowing and built form transitions analysis to demonstrate that the realigned southern boundary effectively meets the desired outcomes. This has been done with detailing of assumptions and a further explanation of the HRD recommendation that introduce clauses into the ACP that will 'manage down' development that may adversely impact on the amenity of residents south of Helm Street.</p>	<p>In summary;</p> <ol style="list-style-type: none"> 1. The decision of Council to modify the southern boundary was not coupled with a decision on what to do with the lots that were now excluded. 2. If the intention was for these lots to no longer be a part of the CBACP then they would need to be zoned as 'Residential' under the Local Planning Scheme. 3. To define these sites as Residential R20 (or any other density coding for that matter) would warrant a scheme amendment. A scheme amendment would take a significant time, i.e. 6-12mths, and be resolved prior to there being a decision on the ACP. This would be a significant delay, considering a decision on the draft ACP is expected in the near future. 4. Scheme amendments are also not dealt with by the same decision maker (i.e. scheme amendments are considered by the Minister, as opposed to the ACP review which is managed by the WAPC). 5. The administration has thought about an alternative approach to stop the ACP provisions from applying to these lots, whilst not requiring the added delay (and volatility of a concurrent scheme amendment). 6. This alternative approach would seek to keep these sites in the ACP area, and simply define them as Residential R20 sites, and include appropriate provisions within the ACP wording to require that these sites be assessed against the R-Codes and any other relevant Local Planning Policies (as opposed to the other ACP provisions). 7. At a later date the City could still look to prepare the scheme amendment and exclude the sites from the ACP area altogether. <p>The meeting attendees acknowledged the approach and its benefits, albeit they were hoping for further information to better understand the impacts.</p>
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	<ul style="list-style-type: none"> This modification was also strongly supported at stakeholder working group meetings and HRD subsequently recommended modification to the southern boundary in its final recommendations [Ref: Proposed Changes to the Advertised Version of the Canning Bridge ACP (Consultant’s Recommendation, with Officer modification – Plan Changes item 1a, page 4). The community has repeatedly been told over a period of years that the adverse impacts of the current positioning of the southern boundary will be addressed as part of the current review of the CBACP and there is an expectation that this will occur. HRD have consistently noted that overshadowing impacts are a greater concern in Mt Pleasant, and that this needs to be taken into consideration [Ref: Place Report p37]. This difference was not appreciated when the original CBACP of 2016 was finalised. <p>Noting the above, the HRD summary on page 9 is very disappointing given the evidence provided of significant less shadowing if the boundary follows a road, and given HRD’s final recommendation supporting this modification, a more positive conclusion would be expected.</p>			
	<p>Chapter 4 and Appendix A – Planning for precinct</p>			
<p>6</p>	<p>See overall comment 1 above – This looks like an attempt to justify HRD’s previous positions rather than provide a new independent assessment. As will be discussed below it appears to assume very conservative assumptions with the end result suggesting density targets will not be met under the Council Endorsed Version. CRG rejects this conclusion and below details the CRG modelling which indicates that the Council Endorsed Version can meet the residential density targets by 2050.</p> <p>On page 13, 4.2.1 there is reference to concerns raised by the community over current development controls and no limit on bonus heights, disregard of overshadowing and limited community benefits. However, while these are major concerns, the community concerns are broader than this and also include the lack of public open space, loss of tree canopy, bulk of podiums, and impact on verge trees as a result of lack of setbacks. The Council Endorsed Version addresses these issues with increased setbacks, creation of public open space, deep soil planting, podium heights, tower separation etc. These issues should not be underplayed. In particular, the absence of public open space, loss of tree canopy and verge trees have serious adverse impacts environmentally, socially and economically.</p>	<p>Expand 4.2.2 to cover all increased controls.</p>	<p>We’ve interpreted the DPHL Comment 2 seeks to understand the cumulative impact of various modifications on yield within the precinct.</p> <p>We note the CRG comments that HRD modelling is based on conservative assumptions. To ensure transparency and understanding of these assumptions HRD worked through all assumptions with the CRG in open meetings, also attended by the City’s Mr Ponton.</p> <p>We are currently updating Appendix 1 (Assumptions) to provide more detail around rational to assist the City, CRG and the DPLH. This update isn’t available at the time of populating this table, but will be provided at the City/CRG Workshop.</p> <p>Perhaps the focus of CRG commentary in relation to assumptions is the impact of minimum lot sizes on land assembly/amalgamations. There are no industry practice notes that will attest to likelihood of amalgamation, however, the following additional comments are provided to assist:</p> <ol style="list-style-type: none"> it is expected that industry will identify early those land assembly/amalgamation opportunities that are low risk and high reward. This may be represented by larger lots, with higher yielding potential. Recent redevelopment in the precinct may confirm 	<p>One member of the CRG asked whether developers could avoid needing to build a podium. Another CRG member confirmed that there was no obligation to setback the tower beyond the podium street setback (albeit there is a requirement for an increased tower side and rear setback).</p> <p>Hatch clarified that people could also introduce an increased setback (since the requirement is simply a minimum setback) and in doing so avoid a separate setback to the tower.</p> <p>CRG and City staff briefly referenced the floor plate cap being another way to likely see towers being setback further than the podium.</p>

			<p>this.</p> <ol style="list-style-type: none"> 3. Smaller and lower yielding lots may be less attractive to industry. 4. Increasing minimum lot sizes can introduce a requirement for land assembly, which also require willing parties. Acquisition and amalgamation of smaller lots are more difficult to assemble into redevelopment opportunities; 5. Land assembly within the precinct will become more challenging over time and this warrants some consideration in the yield modelling exercise. <p>CRG comments on POS, tree canopy, podiums, lack of setbacks: the focus of these comments relate to open space and tree canopy. The Council's original brief for the ACP Review was to focus on the matters of development control that the community is aggrieved by. There was no specific requirement to address public open space, although it is acknowledged that the matter (along with tree canopy was raised through public consultation).</p> <p>To address the various development control issues and associated urban design issues, HRD introduced a road hierarchy to the ACP as a critical organising tool that would define the role and function of each street (this included street sections drawings that were worked through with the community). Building typologies were then paired to each street typology to ensure form and function are inextricably linked. To ensure the economic success of the precinct, care and attention has been given to functionality between the public realm and proposed redevelopment for each street type. This relationship is also critical to the overall built environment from an amenity perspective, which includes ensuring the street environment is also productive with a focus on achieving a high-quality pedestrian experience (critical to the productivity of mixed-use areas). Our view is the street network should be treated and interpreted as part of the open space network for the precinct providing important connections to businesses, residences and the surrounding foreshore open space. The identification of the Council owned Moreau Mews land as a open space opportunity is one of the most important strategic and structural initiatives for the revised ACP to establish a new location for a village heart, address the reconfiguration of the ACP boundary, address the hostility of Canning Highway and the need to incentivise critical development outcomes in the village centre. The typology of this centre needs to be in keeping with its scale, role and function.</p> <p>Despite open space and tree canopy not being part of the HRD brief, it has provided opportunities throughout the ACP review for improve tree canopy, however, it also recommended further enquiries by made into the detailed design and implementation.</p>	
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7	<p>On page 13, 4.2.2 refers to the overdevelopment that would occur should the current CBACP continue – 221% of the infill target. The wording seems to suggest this is OK when it clearly is not.</p> <p>What this shows is the overdevelopment that would occur in the absence of the infrastructure required to support such over densification (let alone what was promised to the community). Such overdevelopment is incompatible with sustainable infill in this area and would lead to major issues that would be very difficult or impossible to rectify. This section should be providing strong support about why the CBACP must change.</p>	<p>Reword this section to emphasise why the changes to the CBACP are essential.</p>	<p>Agree – this is certainly not considered “OK”, as has been consistently communicated in this process. We will review and clarify wording.</p>	<p>A CRG member mentioned he'd like to run his modelling for the current ACP yield past Hatch for their consideration.</p> <p>He suggested the higher plot ratio, now part of the adopted version, was part of the advertised CRG report and should be clarified (especially because it proved to be beneficial for the viability for the sites).</p> <p>Hatch were to check the M15 site with the higher plot ratio (suggested by Cr Ross as 6.6 vs 4.2), because it would make to smaller towers yield a greater cumulative floor area.</p>
8	<p>The charts on page 17 comparing “existing lots developable without amalgamation” may be technically correct but are very misleading. Focussing on the percentage of lots that require amalgamation potentially misrepresents the situation, particularly with respect to the Council Endorsed Version – there is no evidence to suggest that amalgamation is a constraint. Almost every major development application to date in the CBACP has involved some amalgamation of lots. This appears to be a deliberate attempt to raise concerns regarding the Council Endorsed Version.</p>	<p>Either remove this comparison or fully explain why it should not be seen as a constraint in the Council Endorsed Version.</p>	<p>Comments at item 6 are relevant.</p> <p>It is important that the ACP and the City promotes and encourages development within the precinct. This shouldn't be for the sake of accommodating opportunity for the development industry, but to facilitate the overall vision and objectives of the ACP.</p> <p>A less understood component of this is the relationship of development and the investment toward infrastructure, services and facilities within the precinct by the State and City of Melville. This must include the public realm investment in all streets within the ACP, like was promoted by the revised ACP and in the built form visualisation work performed by Hatch for Ogilvie Street Ogilvie Road - Streetscape Upgrade (youtube.com). Development will provide a return on investment to the City through critical rate revenue generation that supports place curation and ongoing maintenance.</p> <p>Encouraging development to achieve critical mass capacity within the precinct needs to influence commitments from the State Government investment toward infrastructure germane to delivering Transit Oriented Development, including bridge upgrades to promote active transport and utilisation of transit infrastructure. This is required to achieve the vision and objectives of the ACP, including the reduction in dependency on private vehicles (and therefore traffic congestion).</p> <p>It is assumed that a requirement for amalgamation of lots is a constraint, which will impact on the fiscal performance of the ACP over time and the capacity to deliver public realm and infrastructure requirements of the project. Early delivery of these requirements is considered important to the existing community within and surrounding the ACP (as well as promoting new quality development).</p>	<p>City staff mentioned they could see the merit in CRG's position considering the way the CBACP has been developed so far (20 sites delivering 30% of the yield). In their view amalgamation isn't as big of an encumbrance to redevelopment as is suggested by Hatch (noting land values, new strata laws etc).</p> <p>Hatch explained the market conditions from their perspective, including the risk of land assembly burdens driving developers away to develop in areas like South Perth. Hatch spoke about how South Perth has a lot of similarities but doesn't have the requirement for amalgamation, and in that instance the market uptake was agreed to at 40% with the WAPC. Hatch explained that the 40% probably means the 30% and 50% shown in the modelling should arguably be lower.</p> <p>Hatch agreed to clarify in the report that some sites have been excluded from the amalgamation percentages (i.e. existing unactioned approvals and those that have had substantive discussions with the City around redevelopment).</p> <p>CRG members questioned the experience of Canning Bridge and how there were countless examples they could think of which were ready for development and didn't pose an issue for amalgamation.</p> <p>Hatch spoke about how amalgamation is not as neat and tidy. If a row of 16 dwellings is lined up and four are needed to</p>

<p>9</p>	<p>The assumptions underlying the HRD modelling are briefly explained in Appendix A. A number of points can be made regarding the assumptions:</p> <ul style="list-style-type: none"> In most cases they are subjectively not objectively based on “previously accepted approaches”, “industry knowledge and experience”, “property advice”. These premises are imprecise and lack transparency. HRD have refused to provide the model for independent assessment. Colliers’ advice is referred to which is usually given as “considered a valid consideration given.....”. No detail is provided on what basis Colliers determines that they are valid considerations. Presumably, Colliers could have been asked what a valid range is for many of the assumptions - given their subjective nature and that there is no one correct answer. Why was this not done to show a range of outcomes and allow some sensitivity analysis. It appears that HRD have chosen a very conservative assumption and Colliers are saying that it could be a valid consideration, but presumably so could a range of values. CRG notes that Colliers should not be seen as an independent party given their involvement and interests in the property development industry. <p>Discussions CRG has had with an experienced developer who confirms:</p> <ul style="list-style-type: none"> The assumptions underlying the modelling are very subjective and a more realistic approach would be to look at a range of values for those subjective assumptions. The outcomes of the model depend on the assumptions made – conservative assumptions will give a conservative outcome in terms of residential density. There is no one correct answer for the subjective assumptions. <p>Note we are also modelling out to 2050 – covering another 26 years during which conditions will vary (in particular the various economic stimuli for development will wax and wane). Focusing on current economic conditions fails to account for this.</p>	<p>HRD be asked to re-run their model with the following assumptions:</p> <ul style="list-style-type: none"> Table in Appendix A – 4th dot point – Lots under 1200, 1800, 2000, 2600 sqm – amalgamations have not been a problem to date – run the model with 50% and 70% rather than 30% and 50%. Recent Development – not clear how these have been identified but in a 30 year timeframe a figure of 20% redeveloped appears very conservative. Run the model with 35%. Existing strata subdivided building – given unanimous vote of owners is no longer required (as confirmed by Colliers), 25% by 2050 is very conservative. Run the model with 40%. Land with none of the above specific attributes. 75% over 26 years is conservative. While all of what takes place will ultimately depend on economic conditions, these blocks could all be developed by 2050. Run the model with 85%. Floorplate inefficiency – podium and tower elements – have allowed 20% in towers and 15% in podiums – HRD to provide justification for this. HRD should be asked to comment on the materiality of each of the assumptions made in their modelling and if there are other material assumptions some sensitivity analysis should be provided. 	<p>Modelling has been used to help understand the cumulative effects of design initiatives and other matters on overall development outcomes. Best endeavours have been used to represent fair and reasonable inputs and assumptions, particularly where these may be subjective.</p> <p>We are currently updating Appendix 1 (Assumptions) to provide more detail around rational to assist the City, CRG and the DPLH. This update isn’t available at the time of populating this table, but will be provided at the City/CRG Workshop.</p>	<p>built to the height achievable, there is nothing to say that four groups of four homes will be amalgamated. There will likely be a handful of these that are left out, and represent lost opportunities/stranded assets.</p> <p>One CRG member rejected the sentiment and suggested profit is the only matter for consideration with developers.</p> <p>Another CRG member suggested the changes be focussed on avoiding the alarmist image, explain the exclusions for known sites, and clarify the speculation of the modelling.</p> <p>City staff suggested that subject to timing, could Hatch re-run modelling with an alternative amalgamation percentage. Hatch was non-committal but suggested he’d figure out what was possible and get back to the City.</p>
	<p>Developer contribution for bonus heights</p>			
<p>10</p>	<p>A final comment on the HRD model. While not relevant in the Council Endorsed Version (as there are no bonus heights), CRG believes the community benefit of 3% of the additional cost of the bonus floors, is far too low.</p> <p>A major concern regarding what has happened to date in the CBAC is the poor or non-existent so- called community benefits that have been traded for bonus heights.</p> <p>If there were to be bonus heights despite being opposed by the Council Endorsed Version, then the community benefits must be genuine and substantial. Feedback CRG has had from a</p>	<p>The City continue to advocate for no bonus heights but also explore what would be a suitable community benefit if the DPLH push back on bonus heights.</p>	<p>We note this action is for the City.</p> <p>3% was proposed in the advertised version, as per the South Perth model, and as supported by the DPLH and then Minister for Planning. It is noted that this is proposed to be raised to 5% later in the process, however we were asked to provide information on the advertised version, which is what was done.</p>	<p>A CRG member explained that Community Benefit Contributions should not be used. It’s a disincentive for developers and doesn’t result in benefits to the community.</p> <p>Another CRG member mentioned that 3% was inconsequential to delivering any benefit whatsoever.</p> <p>Hatch explained the background around the figure used.</p>

	prominent large developer is that the 3% contribution is far too low.			City staff confirmed an intention for Hatch work with Colliers to consider the information that had been provided by CRG and respond to that.
	CRG Modelling – Density Targets will be met			
11	<p>CRG modelling results are shown in the following Table:</p> <ul style="list-style-type: none"> The CRG modelling suggests that the Council Modified Version will meet the density targets if 38.5% of the land area in Q1 and Q2 of the CBAC is re-developed – that is an additional 27% over the next 26 years compared to 11.5% in the last six years. HRD as advertised with limited bonus heights (3&5) requires 35% an additional 23.5%. <p>Given how subjective the assumptions are underlying all modelling, particularly over a 26 year time period, and that ultimately the development will depend on prevailing economic conditions, the difference between the two is immaterial.</p> <p>A brief description of the main assumptions underlying the CRG modelling are:</p> <p>CRG Modelling of Dwelling Density, Q1 and Q2 of CBACP Data Inputs:</p> <ul style="list-style-type: none"> Built Form Study, Q1 and Q2. <ul style="list-style-type: none"> Apartments approved to date, per zone (H4, H8, M10 and M15) Storeys approved, Area approved per zone. CBACP Zones <ul style="list-style-type: none"> The developable lots in each zone were totalled from the online intramaps. Target <ul style="list-style-type: none"> City of Melville target for an increase of 4,273 dwellings in Q1 and Q2 of CBACP by 2051. Criteria <ul style="list-style-type: none"> Lot size – a very conservative minimum lot size used for all estimates. (Larger lots are more efficient in terms of the number of apartments per area.) Setbacks - as tabulated to provide more green space around buildings. Tower footprint - a maximum of 900m2 in M10 and M15. Building height – as per zone limit with no bonus height. Building Envelope – limited by setbacks and height, an alternative to plot ratios used in the current CBACP. Also used by CRG in advertised review. Plot Ratios – As recommended by Hatch Roberts Day. 0.2% added to HRD advertised plot ratios to compensate for change of boundary. Tower separation – as determined by setbacks in H4 and H8 and 12m in M10 and M15. Apartment mix – 20% 1 bed, 40% 2 bed and 40% 3 and 4 bed. 	CRG modelling to be included in response to DPLH highlighting the insignificant difference between the versions. The very small difference reinforces the view that the assumptions underlying the HRD are very conservative.	HRD raises no objection to the CRG modelling being provided to the DPLH.	The City confirmed the CRG modelling will be included in the final report to the DPLH

	<ul style="list-style-type: none"> o Apartment size – 55m2 1 bed, 85m2 2 bed and 100m2 3 bed, consistent with R Codes. • Assumptions <ul style="list-style-type: none"> o Lot availability – sufficient lots of minimum size are available, in each zone, through amalgamation. o Lot shape – rectangular lots with a width to depth ratio of 1 to 1.5. (Square blocks are the most efficient in terms of usable building space, with given setbacks, whereas, long narrow blocks are much less efficient.) o Access and Services – an additional 10% was added to the plot ration area for access corridors and services. o The percentage of re-developed area in each zone was taken to be the same over the life of the Activity Plan. 			
	Chapter 5 Development Outcomes			
12	Need to note point 3 in the Overall Comments above. The Advertised Version is not HRD’s final recommendation. For example, this explains the difference in plot ratios. In their final recommendation HRD’s plot ratios are consistent with the Council Endorsed Version.	Ensure DPLH understand the final recommendations of HRD, particularly with respect to shifting the southern boundary and leaving the zoning of Forbes Road unchanged – HRD, Council and CRG all support this (as does the community).	DPLH Comments 3 and 4 seek advice on both the Modified Version and the Advertised Version. This has been done.	No comments
13	Note that the Council Endorsed Version is regarded as more commercially viable. This reinforces the view shown in the CRG modelling that the density targets can and will be met with all recommendations implemented.	Use this information to reinforce CRG modelling and support for the Council Endorsed Version.	CRG comments noted	No comments
14	Page 25 appears to have the models incorrectly labelled.	Label the models correctly	Noted and to be corrected	No comments
15	There is real irony in using a photo of the Raffles Complex on page 27. This is more the type of development we would see under the Council Endorsed Version. While this building has its justified critics and is not perfect, it does have setbacks, open space at ground level, and no podium walls.	Replace the Raffles photo with a photo of current developments that are not meeting community expectations, such as The Precinct.	Review photos	No comments
	Chapter 6 Community Benefit Framework			
16	<p>The Community Benefit Framework applies to bonus heights which are not supported in the Council Endorsed Version. Despite this, CRG does have some comments to make re community benefit including:</p> <ul style="list-style-type: none"> • No bonus heights will be seen as a community benefit by the community, • The community wants to see the mature tree canopy that is a feature of Applecross and Mount Pleasant protected. Changes to the CBACP in the Council Endorsed Version will provide a direct community benefit as larger setbacks and greater deep soils areas will help protect existing mature verge trees and provide the opportunity to increase mature trees on private land. For all the well-known reasons – health and welfare, greater sense of community, offset heat islands, increased biodiversity etc – these changes will provide real community benefits. • Lowering podium walls, increasing setbacks, limiting tower heights, providing minimum spaces between towers, increasing site lines and access ways between buildings will 	<p>These comments regarding genuine community benefits and how they can be delivered need to be included in the paper that goes to DPLH.</p>	<p>The CRGs comments are noted. We understand this means it is not supportive of developer contributions toward community benefit items and, in lieu of this, seeks certainty in relation to development control items (including building heights) and these constitute the benefit the community is seeking.</p> <p>Many of the comments about built form are covered under the design quality provisions attached to bonuses. Importantly, these are qualitative rather than quantitative. The latter in our experience is undesirable for all parties, including impacted residents, as it can result in development that is technically compliant with qualitative requirements but not considered appropriate – yet unable to be refused due to that qualitative approach.</p> <p>To address the concerns about the quality of built form environment within the ACP, a comprehensive and collaborative engagement process facilitated with a wide range of representatives from the community which</p>	<ul style="list-style-type: none"> • Hatch noted that the benefits proposed here relate to design quality (Element 21) rather than community benefits (Element 22) • Hatch advised the CRG to consider both benefits, design quality and community benefits, rather than define community benefits as design quality • Hatch also warned against strictly numerical and quantitative controls for design quality, where it could put the City in a position where it could not withhold development concessions if a proposal ticked all the qualitative boxes, even if not considered good quality design • Hatch suggested this depended on effective management of qualitative design assessment, with a good quality design review panel and process

<p>all help address the concerns re overdevelopment and bulk. These changes will provide a community benefit.</p> <ul style="list-style-type: none"> • The community benefits provided by these changes will be far greater than the unknown future benefits provided by cash payments to justify bonus heights. • Council has now agreed to provide the much needed, and missing until now, public open space both north and south of Canning Highway. The importance of both cannot be overstated. The public open space on the north side of Canning Highway, if done well can provide a much-needed heart and focus for Canning Bridge. It has the potential to assist overcome the current “soulless” feel of the precinct and deliver the vibrant centre the community was promised. As HRD have emphasised these are great investments by the Council and will have a significant payoff in higher rates as higher quality development is attracted to the area. • There is also the potential to address stranded assets that have been created under the current CBACP – as one example, stranded assets could become pocket parks. Again, as HRD have emphasised these would be investments by Council with the payoff coming from higher rates. <p>The point is, the Council Endorsed Version will introduce changes that the community wants, and which will lead to a much more attractive, liveable and vibrant precinct – a genuine, much-needed community benefit. These benefits will far outweigh any future benefits that might come sometime in the future from a very low value 3% of the cost of any bonus storeys. In any case as HRD have argued, Council itself needs to invest in the public realm in Canning Bridge – and it is an investment not a cost as the result will be higher quality development and increased rate revenue.</p>		<p>established the elements within the public and private realms outcomes that achieve the communities vision and goals for the precinct. These are documented in the Canning Bridge Precinct and Place Report. An important part of this process was the consideration of design quality and excellence. Mr Geoff Warn (the then State Government Architect) addressed the community, on behalf of the project team, to articulate the expectations of design quality and excellence and how this should materialise through a revised ACP. This information was widely accepted as part of the consultation process and therefore the principle of bonus height is recommended.</p> <p>The HRD has introduced to the proposed revised ACP several initiatives to guide development to an acceptable level of design quality. We have, however, always maintained that the planning framework must maintain a degree of flexibility to enable architects and proponents of development to respond to unique site conditions (where the generic provisions within the ACP may not address), or if a nuanced response would achieve a better outcome for the site, the adjacent public realm experience and built form aesthetics. This was accepted by the wider community through the consultation process, and, again, has been included in our recommendations.</p> <p>In the absence of flexibility, new development is at risk of delivering repetitive and unremarkable built form and, in some cases, suboptimal outcomes (due to the inability to vary standards in the ACP).</p> <p>We are of a view that the high amenity of this precinct demands a commensurate high quality built environment. The recommended changes to the ACP will set higher level development outcomes from the existing ACP, however, it is imperative we strive for excellence.</p> <p>Based on the consultation work performed for the project, many community representatives indicated support for developer contributions, however, this can not be achieved without the flexibility of development control that encourage design excellence.</p> <p>It is also clear that the State (based on recent experience with the South Pert ACP) has an expectation for developer contributions to deliver meaningful community benefit in precinct developments. If the principle of design excellence and bonus heights is not accepted, an alternative approach will need to be considered and tested.</p> <p>Hatch proactively identified the need for further studies and supporting policies to be undertaken, including in the Precinct and Place Report in 2021. Many of these were highlighted in the advertising process. We have consistently emphasised that any discussion of community</p>	<ul style="list-style-type: none"> • CRG confirmed a lack of faith in the current design review panel, which Hatch noted, and reiterated the need for a better panel
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			benefits needs to be subject of extensive engagement with stakeholders. We continue to hold this view.	
17	As discussed above, CRG question whether the 3% contribution is large enough in any case to deliver real community benefits despite the view expressed by Colliers (which is not surprising coming from the development industry).	We again suggest that the City explore this area further.	CRG comments and requested action by the City is noted.	No comments
	Colliers Development Assessment Impact			
18	<p>Despite the City of Melville requesting that HRD use staff who were not involved with the HRD Version to respond to the DPLH's queries, the Assessment Details show that the instructing party from HRD to Colliers was Mr Ross Duckham, who was heavily involved with, and very defensive of, the HRD Version. Therefore, the requested independence of the Colliers Report is questionable.</p> <p>Colliers were instructed by HRD to undertake a development impact assessment of the various modifications being considered to the CBACP for the purpose of determining if the proposed modifications are viable for new development within the precinct.</p> <p>By HRD having narrowed the scope of Colliers' instructions solely to the impact of the proposed modifications on the viability of new development, no regard has been had to which version of the proposed modifications is likely to better progress the achievement of the 12 well defined goals of the CBACP, and the below vision for the precinct, as quoted on page 2 of the Colliers Report:</p> <p style="padding-left: 40px;"><i>"...to become a unique, vibrant, creative community centred on the integrated transport node of the Canning Bridge station...recognised by its unique location, its integrated mix of office, retail, residential, recreational and cultural uses that create areas of excitement, the promotion of its local heritage and as a pedestrian friendly enclave that integrates with the regional transport networks while enhancing the attractions of the Swan and Canning Rivers".</i></p> <p>That is, this narrowing of scope seriously detracts from what should be a comprehensive, wholistic review that will be a credible blueprint for the future of the precinct (i.e. that will withstand the test of time).</p> <p>The Council Version contains modifications which will far better promote the, to date, failed 12 goals of the CBACP and the above vision for the precinct; and is overwhelmingly backed by the community, as evidenced by the responses from the public consultation following advertising.</p> <p>The alternative versions, in particular the bias towards bonus heights in the M15 area in order to achieve better viability for developers, conflict with the very drivers of why the</p>	<p>DPLH to be reminded that this process is about the whole vision for Canning Bridge, not just a vision for developers. It is not just a matter of considering and assessing the viability of new development. This is an overall review that must also consider and assess the viability of a sustainable and coherent community in the area (that is, a precinct that will meet economic, social and environmental goals and community expectations in this regard). Colliers focus on current conditions; however, this is a 26 year plan and parameters and drivers will change over this time.</p>	<p>HRD was not requested to assign alternative personal for this review.</p> <p>HRD raises no objection to the Place + Design Report to be provided to the DPLH, as part of this review. HRD has always ensured a direct line-of-sight for all project deliverables to the goals and objectives of the Place and Design Report.</p> <p>We anticipate that periodical review of the ACP, as required by the State, would include reassessment of economic conditions relative to the progress of the ACP.</p>	<p>The City clarified that it was always intended that Ross and Duane would be the people responsible for preparing the Hatch report.</p> <p>He explained that the intention was to engage another third party consultant if there was a point of particular dissent that required another party to be involved.</p>

	<p>CBACP Review was initiated by Melville Council in the first place, following years of public dissatisfaction with the very unpopular development to date.</p>			
<p>19</p>	<p>HRD identified 4 test sites within Applecross and developed various built form development outcomes for each, as summarised below, which Colliers understand align with the HRD Advertised Version and the Council Endorsed Version.</p> <ul style="list-style-type: none"> • <u>Page 46: Test Site 1 – H4 Zone:</u> <ul style="list-style-type: none"> o The Council Endorsed Version delivered 10 dwellings, whereas the HRD Advertised Version delivered only 8 dwellings per site, due to the Council Version providing a larger floor plate, resulting in an overall higher net saleable area and increased dwelling yield. o The Council Endorsed Version built form development controls are more viable for development. • <u>Page 48: Test Site 2 – H8 Zone:</u> <ul style="list-style-type: none"> o The Council Endorsed Version delivered 48 dwellings, whereas the HRD Advertised Version delivered only 44 dwellings per site, due to the Council Version providing a larger floor plate, resulting in an overall higher net saleable area and increased dwelling yield. o However the Council Endorsed Version results in a residual land value that is closer to Colliers assessed unimproved land value, which indicates that the built form controls are more viable for development. • <u>Page 50: Test Site 3 – M10 Zone</u> <ul style="list-style-type: none"> o The Council Endorsed Version incorporates a larger gross floor area, which results in a higher net strata area and apartment yield than the HRD Advertised Version. o Built form testing of three scenarios revealed that the Council Endorsed Version resulted in the same finding that residual land values are consistent with the assessed unimproved land market value. • <u>Page 52: Test Site 5 - M15 Zone with Bonus</u> <ul style="list-style-type: none"> o All options resulted in residual land value consistent with the assessed unimproved market value. <ul style="list-style-type: none"> ▪ Page 49 notes that it is not unusual in the current market for residual land values derived from feasibilities associated with proposed apartment projects to fall 10% to 15% below market values on the basis high density apartment development is generally not considered financially viable in most locations across Perth due to the recent escalation in construction costs and interest rates. We note that this is a plan for the next 26 years not the next few years and that current conditions will change and there will be economic cycles both discouraging and stimulating development activity over this period. • <u>Page 53, Paragraph 6.7: The closing comments by Colliers refer to the positive results of the Council Endorsed Version including:</u> <ul style="list-style-type: none"> o First Dot point: The built form controls generally 	<p>See Action 16</p>	<p>Comments noted and requested action by the City.</p>	<p>CRG explained that the final comments could be further strengthened to reinforce that the Council endorsed version is preferential.</p>

<p>result in higher residual land values than the schemes formulated based on the HRD Advertised Version. Therefore the proposed controls are more viable for developers and are less likely to constrain new development within the precinct compared to the other set of built form controls under the original draft version of the CBACP.</p> <p>Further:</p> <ul style="list-style-type: none"> • The established suburbs of Applecross/Mt Pleasant areas are not suited to community benefit contributions, as to date they have been illusory and have not proven to benefit the community. • Most of the community benefits suggested in the HRD Response at Appendix C are not optimally delivered by developers. Community outrage at bonus heights for questionable community benefits to date are proof of that. Rather, true community benefits are better able to be tailored by the Melville Council and/or the State Government as applicable following ongoing and frequent public consultation processes over time, which time frames would usually exceed, and be out of step with, the development approval time limits. • The negative cumulative impact on the community of large scale developments exceeding 15 storeys cannot be overstated. Multiple developments to date have caused much physical and mental suffering, and damage to property, to many residents, due to years of dust, noise, vibrations, fumes, traffic and parking congestion, and poorly supervised and executed projects, all of which are difficult for the City of Melville to manage for the 2 to 5 years it takes for a high rise building to be completed. • The community is very concerned about the loss of, and damage to, trees both on private land and verge trees; the heat island effect of high rise buildings, and the traffic and parking congestion, which are already serious problems with no State Government solution in sight to address improving traffic flow along Canning Hwy and Canning Bridge. • The Canning Bridge train station is not easily accessible or safe, especially after dark, due to its distant and isolated location. It is more accessible from Como. • The Council Endorsed Version is consistent with Colliers' view that the infill nature of the CBAC area renders it unsuitable for community benefits. The key community benefit aspiration for the Council Version is the removal of bonus heights and to increase set-backs, so that the current detriment to the established leafy character of the area, resulting from large scale developments, can be arrested in order to better meet the 12 Goals of the CBACP and the precinct vision. 			
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