

26 September 2024

Natalie Reiter
Deputy Secretary, Strategy & Precincts
Department of Transport and Planning

Dear Natalie

MAV Submission – Activity Centres Program

Local government stands ready to help deliver the homes Victorians need, and the Municipal Association of Victoria (MAV) welcomes this opportunity to provide feedback to the government’s draft Activity Centres Pilot Program.

The MAV has formed a Housing Taskforce consisting of Chief Executive Officers from across a diverse range of Victorian councils as well as industry thought leaders. The Taskforce and councils with identified activity centres have assisted in preparing this sector position on the activity centres program.

Increased housing densities in the right locations can deliver places we are proud of, offer diverse experiences and bring broad benefits to communities. This can only be achieved if we have the right partnerships, strategies and settings in place.

While implementing the Housing Statement is a priority for the government, councils are deeply concerned the current approach is a missed opportunity and may not deliver outcomes promised to communities. The government must refresh its approach and lean into council and industry expertise and provide the necessary detail to give confidence that this program will deliver on its intent.

Considering the condensed time to provide feedback, we are highlighting serious matters that the government must address:

1. The rush to implement risks undermining the social license of the program
2. Gaps and missed opportunities while a clear planning process has not been followed
3. Ensuring the structure plans meet their intent in a context of significant urban change

Our recommendations to government are on the final page of this submission.

The government must also examine council submissions for detailed analysis of their respective activity centre. Councils have put in significant effort in a short time to provide thoughtful and constructive comments on each of the activity centre visions, implementation issues and the likelihood of delivering the homes Victorians need. We urge you to carefully review and take on board the feedback provided in council submissions.

The rush to implement risks undermining the social license of the program

Councils have already done significant strategic planning work in the identified activity centres in partnership with their communities and industry stakeholders. As testament to the quality of their work, parts of the existing council-led master planning have been adopted by the government. Councils are grateful to the government for acknowledging the substantive work they have already undertaken.

Unfortunately, constrained timeframes, especially during the council election caretaker period, has placed council planning departments under huge pressure to provide feedback on their council's behalf.

Councils are concerned that detail-lite reports back on consultation with local reference groups are not proportionate to the scale and importance of the activity centre program. One of the objectives of Victoria's planning framework under the *Planning and Environment Act* is to amend planning schemes "with appropriate public participation in decision making". We are not convinced the consultation on this program with councils and community has been appropriate to date. Meanwhile, councils rightly must undertake detailed community and industry consultation on their significant structure planning projects under the Act and relevant ministerial guidelines.

Councils also regret that the government has not taken the time to co-design or meaningfully consult on planning frameworks with them and local industry leaders. The government has therefore missed out on hearing local detailed knowledge on development pressures and opportunities, experience in delivering strategic planning for key precincts, and how to get community buy-in for change. Other areas local knowledge has not been meaningfully sought include:

- the area's development capacity and housing market conditions
- what local housing needs are, and where diverse housing supply can be successfully delivered
- local infrastructure pressures and what council needs to deliver better places
- local climate hazards, and action responses that are required
- transport issues and getting to work, school, recreation and providing social connection

Councils have attempted to fill this knowledge gap on behalf of their communities in their respective submissions to government.

Overall, the process to date has created barriers to a meaningful partnership between local and state government and may not give confidence to industry and the community that thriving activity centres and well-planned neighbourhoods will be delivered through this program.

Gaps and missed opportunities while a clear planning process has not been followed

The MAV, councils and many in the planning and development industry are deeply concerned that the Victorian government's planning reform program is happening out of sequence. This is impacting the activity centre pilot program in particular.

As the government rushes ahead to introduce significant structure planning and statutory reform, it is doing so without the legislative and strategic frameworks to deliver place-based outcomes, such as completing the review of the *Planning and Environment Act* and finalising the new strategy, Plan Victoria. The government has not given any re-assurance to our sector nor others in the planning and development industry that a joined-up and coherent approach to planning reform is underway.

A lack of strategic foresight, analysis, modelling and economic justification for this program to date risks missing key elements of great activity center making, such as:

- **Activity centre plans need to identify local housing need.** The government has not provided the analysis for actual housing need in the activity centres and catchment areas, yet alone what local development markets can deliver. The proposed activity centre plans do not talk to what to housing diversity or type is to be delivered – there’s no mandated provision for social and affordable housing
- **Activity centres are designed to be climate resilient.** The activity centre plans are a missed opportunity to lead on climate-resilient, cool, and green and regenerative design. Green spaces and sustainable infrastructure will mitigate the effects of urban heat islands, better absorb rainwater, reduce flood risks, and improve air quality. We need resilient activity centres that enhance public health, wellbeing and support local biodiversity
- **Activity centre plans must provide opportunities for place-making.** The public realm, open space, pedestrian and cyclist connectivity and community infrastructure are largely ignored in the plans. It is not clear in the plans who will be responsible for funding these place-making components, where they will be located, and how the proposed planning controls will provide for great places that are connected to each other and accessed by the current and future community that will call these centres home
- **Councils need detail on value uplift and infrastructure contributions.** Councils are in the dark on how value uplift and infrastructure will be delivered in neighbourhoods identified for increased density. Unfortunately, the plans provide no detail on funding key precinct infrastructure, other than noting that “a new simplified approach to infrastructure contributions” will be developed. The draft provisions make some representation on value capture, however this work has not been done. The timing of when this work will occur is unclear.

Ultimately, councils are deeply worried they will be left playing catchup and retroactively fixing infrastructure gaps in their activity centres and surrounding neighbourhoods. Without consideration of local infrastructure need and capacity, what local housing needs are and what developers can affordably deliver, the activity centre plans will not deliver on the thriving communities promised by the state government.

Ensuring the structure plans meet their intent in a context of significant urban change

Without knowing the underlying methods and strategic justification for change, local government and industry risk being left to implement ill-considered planning frameworks that do not deliver on their promise to community, nor provide clear planning frameworks for industry to work within.

Councils and industry are worried that on Day One of implementation, the strategic and legislative frameworks will not be aligned with the plans and provisions to deliver more homes, create dense and thriving activity centres, and improve neighborhoods.

Detailed assessment of actual walkable and accessible catchments, land assembly and consideration of how the design controls can be applied across Melbourne’s varied urban and residential areas must be undertaken.

Councils have already identified a number of miss-matches between the intent of the proposed changes, and what will likely be delivered on the ground. Customised approaches for local areas are required but are

often missing in the proposed planning frameworks. An upzoned catchment in one activity centre may not work or have the desired effect in another activity centre. With the right legislative and regulatory settings, we believe more streamlined planning decisions can be made with a place-based approach. Without those settings, getting good local outcomes will be hard to achieve.

The government must change course and re-engage with councils and industry to avoid costly delays and poor outcomes for local places. If these important planning changes are to be successful on day one of implementation, all sectors must have buy-in and have confidence of their success. The MAV and local government want to make sure that this pilot program is a success.

Recommendations to the Victorian government:

Victoria's councils want the activity centre program to deliver new homes in great places. To do this, the MAV recommends the government change course. The government must commit to the following good planning principles and engage with councils, industry and communities with a promise to:

- 1. Undertake co-design with councils and industry leaders to ensure activity centre plans align with community expectations and local and state government strategic intent. Outcomes must be focused on place-making for growing, sustainable communities and deliver on local housing needs – not just housing numbers**
- 2. Share information on how certain controls have been developed and be transparent why certain planning decisions were made**
- 3. Give councils a seat at the table on discussions on reforms to infrastructure contributions and ways to do value capture in our activity centres**
- 4. Be honest with communities on the changes coming to their neighbourhoods, and commit to ongoing engagement in partnership with councils who know their communities the best**

Considering the contents of this submission and the important need to get the planning and governance settings right for our activity centres, I would like to meet with you and your colleagues in the Activity Centres Program to find a way to advance a better planning partnership.

Please contact my office at ceooffice@mav.asn.au to arrange a suitable time to meet.

Kind regards,



Kelly Grigsby
Chief Executive Officer