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HD **Around the bend**
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Originally spruiked as a network of urban villages with sustainable and social objectives, the looming reality of Fishermans Bend is vastly different. Royce Millar, Chris Vedelago and Clay Lucas reveal the inside story of its planning and politics.

There's a brothel planned down the road but no **milk** bar. The nearest train station is three kilometres away, the tram, a 20-minute walk. Schools and childcare? Forget it.

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All around 150 Turner Street, Port Melbourne, are the rambling remnants of blue collar Melbourne: warehouses, small components factories, vacant lots and barbed wire-topped fences. If it weren't for the city skyline to the east it could be the backblocks of industrial Moorabbin or Tullamarine.

Yet hundreds of Melburnians could eventually be living at this Port Melbourne address, courtesy of Planning Minister Matthew Guy's decision to open this **site** and a swath of industrial land around it to **residential** and **commercial** development two years ago. If the housing market permits, a slew of towers up to 73 levels could soon appear willy-nilly across this sprawling landscape as if plonked by spaceship, part of the largest urban renewal project in Australia - Fishermans Bend.

Just as adventurer John Batman famously declared the Yarra lowlands "the place for a village" in 1835, so the Napthine government sees these streets as a place for a "thriving network of urban villages", a home for up to 80,000 residents and 40,000 jobs.

The early vision for the project by government development agency Places Victoria was an urbanist dream: human-scale housing, affordable to all including low-income earners; carbon-neutral apartments on car-less, tram-rich boulevards; at every turn a square, a **park**, a school. But so too was the early vision for the neighbouring precinct that became the corporate concrete of Docklands. To the east are the lifeless **wind** tunnels of Southbank.

While government promotions insist Fishermans Bend will be different, seasoned architects, planners, developers and even real **estate** agents are doubtful. Many are convinced that the government's laissez-faire planning approach has doomed Denis Napthine's "jewel in the state's crown of urban renewal opportunities" before the first sod is even turned.

"It's sad they are repeating the mistakes of Docklands," says Bill McHarg, former co-founder of Colliers International real **estate** and a doyen of Melbourne **property**. "Fishermans Bend needs to radiate out from a centre based on a public transport node. They have allowed the reverse."

Can the reality match the hype for Guy's legacy urban project? And is it the right redevelopment priority for Melbourne now?

In July 2012, Guy stunned the political and **property** worlds when he rezoned 250 hectares of industrial South Melbourne and Port Melbourne "capital city", the same mixed-use zoning that applies in the CBD. In so doing he fired the starter's gun for a project he had been spruiking since his days in opposition - although it was not a 2010 election promise - and a feverish dash for **property** cash.

Guy's move delivered a windfall of hundreds of **millions** of dollars to the lucky or canny existing landowners within the area designated for the first time as Fishermans Bend.

Some wily **property** veterans like the Buxton family (MAB Corporation) had been sitting on low-value industrial land in wait for such a day for decades.

Others had just bought in or were in the process of buying in, including Harry Stamoulis, a BRW rich lister who has benefited from a string of favourable planning decisions.

Rodney Jane, heir of the Bob Jane tyre empire, has a **stake** in two properties.

CBRE **commercial property** director Mark Wizel estimates an increase in land value across the 250 hectares of up to 500 per cent since the rezoning. For sites where developers have won planning approval for high-rise towers, the increase is greater still.

Property values were further inflated by the minister's invitation to developers to lodge applications for projects anywhere within Fishermans Bend's wide boundaries (rather than release sites in stages as backed by many experts), and before any planning controls were in place. He gloated that Melbourne had the "best opportunities" for new construction in Australia.

Applications poured into the minister's office, mostly for high-rise apartments. A brisk and profitable trade in sites followed, with owners and speculators selling them to developers.

Demand and prices were also driven by an influx of overseas money. "The mainland **Chinese** developers in particular seem to have built an instant affinity with the newly zoned precinct," Wizel says.

One local developer, who asked to remain anonymous, says that in such a market, developers choose not to build because they can make faster and easier profits by simply reselling. "The amount of cash that's flowing into the CBD, Southbank, and Fishermans Bend has turned it from just a savvy **buy** into an absolute bonanza."

Observers, including senior bureaucrats at Places Victoria, were gobsmacked by Guy's audacious rezoning. The government had no binding master plan in place, or money, for new roads, public transport, schools, parks or shops. There were no height limits nor urban design strategy. Nor had the government introduced any mechanism to capture a share of the massive rise in **property** values for the public purse.

The rezoning coincided with a tumultuous period for Places Victoria, which had been charged with the early planning of Fishermans Bend but was beset with management and financial problems. Led at the time by Liberal stalwart Peter Clarke, a friend of then premier Ted Baillieu, the agency was also caught in factional crossfire between the hostile camps of Baillieu and Liberal leadership aspirant, Guy.

Places Victoria undoubtedly saw in Fishermans Bend a big project through which it could regain some of its fast-waning clout, and generate some much needed revenue. But its officers were also focused on ensuring its newest urban renewal job was well planned as it was, after all, a project of strategic importance to Melbourne, and its fast-growing population.

Little known beyond insider circles until now is that when Guy rezoned Fishermans Bend, Places Victoria had been examining the **site** for months. The agency spent more than \$2 **million** on research, commissioning expert reports on housing affordability, jobs, land contamination and strategies for capturing value for the public from the anticipated rezoning. None of the reports were publicly released and remain confidential.

As The Sunday Age today reveals, Places Victoria - in February 2012, months before the rezoning - provided the government with a list of "priority" sites that could be bought at bargain basement industrial prices to be used for community infrastructure and housing development.

Even at this early stage, however, there were signs that the minister and his agency were diverging philosophically over the planning of Fishermans Bend.

Tim Shannon, an architect and Places Victoria **board** member through 2011 and 2012, says the government and the agency started with a similar village vision. "But after a while it became clear there was a disconnect between what Places Victoria officers envisaged, and what government was thinking," he says.

Senior sources involved in Fishermans Bend discussions have confirmed the government advisers around Guy argued for a non-interventionist, market-led strategy. Places Victoria's proposal to **buy**

cheap land was rejected by the minister's department who were increasingly critical of the agency's push for intervention in, and elaborate spending, on Fishermans Bend.

That Places Victoria view was reflected in the September 2013 draft vision for the project which stressed the need for public transport, schools and parks delivered in a timely way to match population growth.

Its vision was of human-scale housing (more Paris than **Hong Kong**), precinct-wide planning for "alternative" district water and **energy** supplies, and affordable and social housing paid for through developer contributions. And it proposed strict height controls in key activity areas with maximum limits as low as just four storeys. The next step in the planning process, after receiving public comments, was to turn the vision into a legally binding framework.

But the proposals for strict height and other planning controls angered landowners and developers. Multiple sources confirm they had interpreted the minister's invitation for applications as a green light to propose high rise towers.

Gone were mandatory height limits, the goal of carbon neutrality, and precinct-wide planning. On the issue of affordability and social housing, the new planning framework says only that large developments (over 200 dwellings) "should consider" an affordable housing component.

Gone also was Places Victoria, which had been relieved of its Fishermans Bend role in favour of the minister's newly-formed and hand-picked Metropolitan Planning Authority. One senior insider says the government was more comfortable with the MPA overseeing Fishermans Bend because it allowed a fresh start by an authority that did not share Places Victoria's commitment to intervention and control.

As the government was busy winding back important concepts underpinning a village-like future for Fishermans Bend, insiders and experts concede there was also mounting concern within government the project had not been well thought through.

Robert Papaleo, research director at **property** consultants Charter Keck Cramer, says the government appeared to start trying to "back-solve" major problems, particularly in terms of funding and transport.

In 2014, the government announced that developers would have to contribute \$15,900 to the public purse for every dwelling they build, plus set aside 8 per cent of each **site** for open space. It is unclear how the money will be used (although new regulations on developer contributions do not allow for spending on social housing).

One obvious problem with reliance on such funding is that developer contributions are not paid until construction begins, making timely provision of infrastructure and facilities difficult.

Another is the amount the contributions will raise. About 40,000 dwellings are to be expected to be built over 40 years at Fishermans Bend, a total developer contribution of \$640 **million**, or \$16 **million** a year. Even if fully realised, it is a fraction of the likely cost of infrastructure needed.

Building a dedicated tram line with its own bridge is expected to cost \$350 **million** alone. The Sunday Age has previously revealed that buying enough land from private owners to provide the parks promised by government will cost another \$340 **million** at least.

A frustrated former Places Victoria executive says equivalent precinct funding could and should have been secured upfront when Guy rezoned the area in 2012. "Guy's decision to jump the gun cost Victorians and the state hundreds of **millions** of dollars in uplift," says the senior figure, who did not want to be named.

Property and planning specialists remain bemused by the rezoning, and the belated decision on developer contributions. Among them is urban economist and planner Marcus Spiller, whose **company** SGS advised Places Victoria on ways of capturing value for taxpayers at Fishermans Bend. He says that without a detailed plan for the precinct, the government "put the cart before the horse".

Spiller says some investors and developers bought into Fishermans Bend after the rezoning unaware they would be asked to pay a contribution as high as \$16,000 per dwelling.

"These properties will now take longer to develop as the owners wait for housing, office and retail prices to rise enough to absorb the unexpected levies. This is opposite to the effect that government might have been looking for when it rezoned the land to clear the way for early investment."

"Bizarre" is how **property** researcher Papaleo describes the rezoning. "I can't see how public transport will be funded given the current budget situation."

Much of Fishermans Bend is unserved by train and tram. The 2013 draft vision proposes a tram line for the precinct along Plummer Street, Port Melbourne, a route for an extended Collins Street via a new bridge over the Yarra River.

But this year's strategic planning framework downgraded it to a "possible" tram route. Guy has since further relegated it to "long term" status.

Then, in a surprise move in February, the government binned five years of work on Labor's plan to expand the city's underground train services known as Melbourne Metro and re-routed the tunnel southwards to South Yarra via a station known as "Montague", earmarked for the eastern perimeter of the precinct, known by the same name.

As a result of the rushed re-routing, a large part of the Montague precinct is now designated a "rail investigation area", raising questions for a string of building projects already approved by Guy for the streets above.

The tunnel will be years away from construction and completion, if it happens at all.

The planning headache the Coalition has created for itself at Fisherman's Bend raises questions about why it hurried into a project it was not electorally committed to. In opposition, Guy talked in general about the redevelopment potential of Fishermans Bend, but it was not an election promise in 2010.

Labor saw the Melbourne Metro rail - linking Melbourne's west and east - as a catalyst to mixed-use developments near or around key stations at North Melbourne and Parkville, and hoped to generate skilled jobs through its proximity to the University of Melbourne and Parkville medical research industry. Both the government and Melbourne City Council own large underutilised sites in those areas considered ripe for redevelopment.

Papaleo says the Coalition's rail tunnel lacks the "rigour" of Labor's Metro rail and appears to be a move to "back-solve" the lack of planning at Fishermans Bend and to "justify" a struggling redevelopment project. He also stresses that, in its current guise, Fishermans Bend plays a significant role in the Melbourne economy as a hub for components manufacturers and businesses that provide valuable services like lift maintenance and photocopier repairs in the CBD.

So why do away with working industries when so much time and money has been spent on an alternative that makes use of dormant, publicly owned land near existing high-skill employment centres like Parkville and North Melbourne?

Why open up so much **residential** development when government-sponsored Docklands next door is unfinished - and at the same time create yet another major **site** at E Gate nearby?

Surely not so the Coalition gets a big development it can call its own?

The Sunday Age's request to Guy for an interview on Fishermans Bend was declined, and questions about the rezoning in 2012 of the area and whether he was aware of Places Victoria's proposed list of sites for **purchase** were ignored.

But in an email statement, Guy said that the long-term housing supply added by the rezoning of land for **residential** development would "maintain central Melbourne's affordability over a long period. Newly built apartments in Melbourne are consistently \$100,000 cheaper than comparable units in Sydney".

The "extensive strategic planning process" for Fishermans Bend, and its change to the Capital City Zone, meant the area would "take on the best characteristics of the historic Hoddle Grid," he said.

Developer contributions of \$15,900 per approved dwelling would pay for local infrastructure, while new streets and laneways also had to be provided by developers at no cost to government, he said, along with mandatory public open space contributions of 8 per cent of **site** areas.

Twenty years before architect Shannon became a director at Places Victoria, he helped the fledgling Kennett government draw up early "dreamings" of Docklands.

He says the village-like "dreamings" for Fishermans Bend are an almost exact replica.

He is sympathetic to what Minister Guy is trying to do at Fishermans Bend, especially intensification of housing in established suburbs near jobs and services.

But he notes two big challenges: ensuring public amenity to cater for a large population in a confined space, and a diversity of population through affordable housing.

On both fronts, he says, the government has not offered the solutions needed for a "successful result".

"Fishermans Bend will be a test of Olympic magnitude."

What they're saying

"The cart was put before the horse when the land was rezoned before a structure plan and development contributions were settled." Marcus Spiller, planner and economist, SGS Economics and Planning

"The blanket rezoning gave developers big benefits without requiring anything back. There is a need for at least 20 per cent affordable housing throughout the Fishermans Bend area." Dr Judith Stubbs, social researcher and housing affordability specialist

"I do not think the rezoning of the majority of Fishermans Bend is in the best interests of Melbourne's community or economy in the short or long term." Robert Papaleo, research director, **property** consultants, Charter Keck Cramer

"It is unfortunate that the area was rezoned before the **property** price] uplift benefit was captured. That benefit should have been captured for all Victoria." Rob McGauran, urban designer and architect

"If Melbourne is to become an 8 **million** people city, the Fishermans Bend precinct and the foresight that our industry leaders have had will be critical in accommodating this growth" Mark Wizel, director of CBRE

"Fishermans Bend will be a test of Olympic magnitude." Tim Shannon, architect and ex-Places Victoria director

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