

Horsham City Urban Renewal Project

REDEVELOPMENT OPTIONS & IMPLEMENTATION PLAN

Final

3 April 2024



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Introduction

Introduction

Horsham Rural City Council is planning for the future. The aim is to transform and revitalise parts of the city to make it a more attractive place to live, work, visit and invest. This project forms part of a suite of strategic projects being undertaken and is one of the projects identified in the Horsham City to River Vision & Masterplan. The masterplan set out a long term Vision for central Horsham and will be used to guide the revitalisation of the area over the next 20 to 30 years.

The Horsham City Urban Renewal Project identifies a number of sites and precincts suitable for urban renewal to encourage residential, commercial and mixed use development. The project will also investigate the development of these precincts through economic modelling, urban design and planning advice.

The Urban Renewal Project addresses the constraints and opportunities for redevelopment and outlines the necessary planning tools required to facilitate the redevelopment of the precincts.

Investigation Areas

The Urban Renewal Project area extends from the Wilson St and Firebrace St south to Botanic Gardens and encompasses parts of the Horsham Central Activities District (CAD). The identified urban renewal development sites which are the subject of this project (Figure 1):

Investigation area 1 includes the Council Depot and adjoining community uses, 22-32 Selkirk Drive. The operational Council Depot has been identified for relocation.

Investigation area 2 includes land north of Selkirk Drive and south of Wilson Street, comprises a range of commercial and industrial uses including a concrete batching plant and vacant industrial land which is considered to be inappropriately located. The site is currently zoned Commercial 1 (C1Z).

Investigation area 3 includes commercial land bounded by Firebrace Street, Madden Street, Baker Street, the Botanic Gardens and Harvey Norman retail premises. The land comprises a mix of vacant land, residential housing and commercial uses.



Figure 1 - Investigation Areas

Process

Horsham Rural City Council embarked on the Urban Renewal Project in late 2021. The process has included multiple rounds of stakeholder engagement and interim reports. The culmination of the work to date is outlined in this Redevelopment Options and Implementation Plan. The work has been informed by expert advice from town planners, urban designers and economists. See Figure 2.



Figure 2 - Project Process

Vision

Part of the project process was to develop a long term vision for the Investigation sites. The Vision outlined below has been tested with Council and stakeholders over the course of the last year.

Vision

The three Investigation Areas are ideally located to provide future housing opportunities much needed within the CAD. Housing diversity will be promoted in the precinct to provide smaller dwellings for a changing demographic, particularly singles and retirees.

While housing is likely to be the dominant use proposed in the Plan, commercial uses (existing and proposed) will still be supported throughout the areas, particularly on the fringe of the Town Centre.

Connecting these precincts into Horsham's open space network will be an important part of the success of future urban renewal.



Consultation Summary

Round 1 Stakeholder Consultation July 2023

Landowner Input

Landowners within the Investigation Areas were invited to attend a series of consultation sessions with Council in July 2022 to discuss their plans for their land and businesses. Also consulted were Council officers from a range of Council departments. Some of the information to emerge from the sessions included:

- Whilst specific information as to the intentions of each landowner is private, it is clear that most landowners are open to the possibility of redevelopment in the area, although few are ready to redevelop their own land immediately. Most landowners understand the potential uplift of Council identifying these areas for future redevelopment.
- Some owners of commercial or light industrial uses would be open to the possibility of relocation, should a viable alternative site be identified. Some commercial businesses expressed a desire to stay operating in their current location for the foreseeable future, some of whom cited the proximity to the Town Centre as a benefit to their businesses.
- Landowners generally welcomed Council's efforts to engage and looked forward to understanding Council aspirations for the Investigation Areas.

Council Officer Input

Council owns the Depot site, Investigation Area 1, which they intend to relocate to, enable the site to be divested and developed for residential purposes. Council understands that there are contamination issues on the site that will need to be mitigated over the coming years.

Council also owns the parcel that is home to the Wimmera Business Centre along Darlot Street – which is an aging building that will require redevelopment.

The City to River Masterplan remains the guiding document for this part of Horsham, including providing recommendations on future use of the three Investigation Areas. The Plan articulates a clear vision for the area that implies eventual relocation of industrial uses. The most obvious location for relocating industrial uses is the Plumpton Road Industrial Area. The City to River Masterplan also recommends that Firebrace Street should be a boulevard connecting the Town Centre to the River.

Council officers identified a need for more social and community housing in Horsham.

Council officers raised a number of desirable outcomes that could be incorporated into the recommendations for this project including:

- More appropriate commercial signage throughout the precinct.
- More active frontages along Wilson Street to make it more accessible and pedestrian-friendly.
- Pedestrian safety improvements along Hamilton Street
- Opportunity to use the Ana Branch Drain as a recreational asset, and further efforts to better connect recreational and open space assets throughout the town (including the river to the new skate park).
- Council also acknowledges that the Blackwood tree forest, the Jardwadjali Bar-Ring (Traditional People's Road) and the Scar Tree Memorial south of the Council Depot site are significant features of the Investigation Areas and must be protected.



Round 2 Stakeholder Consultation May 2023

A combination of landowners, agency representatives and Council officers attended two stakeholder sessions in May 2023 where preliminary design options were presented. Landowners generally expressed optimism about the project's potential positive outcomes for their land, notwithstanding concerns around the how urban renewal redevelopment opportunities might be realised.

General Landowner Feedback

- Request for better support to assist businesses relocate.
- Some landowners are happy with the status quo and not seeking to make any changes into the future.
- Desire for a better understanding and more clarity of implications of overlays on properties within the investigation areas, particularly the Environmental Audit Overlay (EAO).
- Landowners would like to have an understanding of Council time frames.

Investigation Area 1

- Suggestion to improve the connectivity between the Council Depot site and the river precinct to promote better access.
- Recommendation to capitalise on the potential of drainage reserves and laneways for community benefit.

Investigation Area 2

- A landowner expressed a need for a Development Plan for to ensure seamless connections to existing adjacent communities.
- Concern about whether existing commercial property will be rezoned to residential (Answer is no).

Investigation Area 3

- Concerns raised regarding potential overlays that could hinder development.
- A request for approximate development time lines to provide clarity and assist in decision-making.
- Positive recognition of the proposed open space link along the drainage line.
- Acknowledgement of the opportunity to capitalise on recreational and environmental benefits of the drainage line and public laneway in Investigation Area 3.
- Concern raised again with the constraints of the existing planning controls on the redevelopment opportunities of the area (i.e. EAO).

General Resident Feedback

- A landowner outside the study areas does not support the proposals and has concerns around the intensity of development including townhouses and apartments.

Agency Feedback

- GWM Water supports working with Council on the redevelopment proposals to ensure a coordinated response. There is a need to consider the potential impact on existing critical assets, particularly within the council depot site. Careful consideration should be given to the likely increased demand on GWM Water's water and sewerage reticulation systems.
- Wimmera Development Association (WDA) broadly supports proposals and a more intense use of land located close to CAD. WDA is currently initiating a survey to address key aspects on 'unit development for key workers and impact on tourism accommodation from key workers.



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Context



Local Planning Policy

Horsham Planning Scheme – Municipal Planning Strategy (MPS)

Horsham regional city is the main urban centre for the municipality, the Wimmera Southern Mallee region and adjoining areas (shown in Figure 3 below).

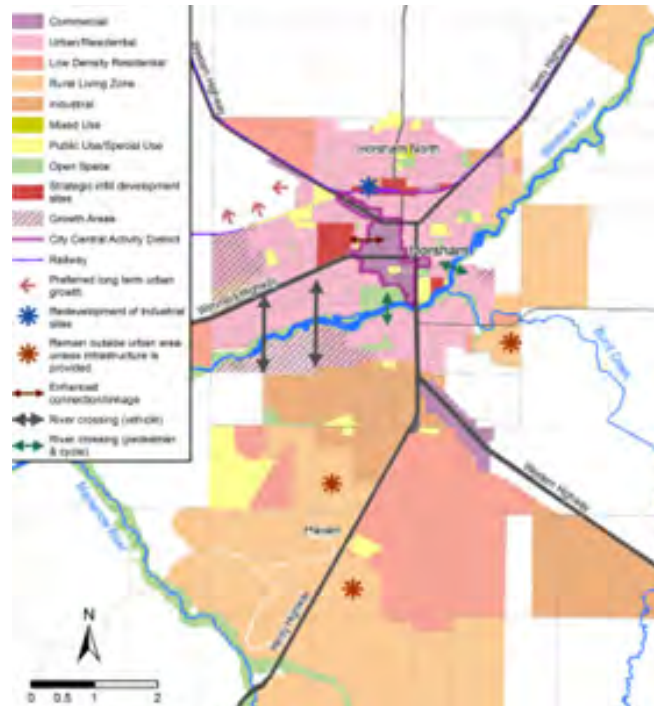


Figure 3 - Excerpt of the Horsham Regional City Framework Plan (Clause 02.04)

Key strategic directions relating to the development of Horsham Regional City are outlined in the MPS as follows:

- **Settlement Clause 02.03-1:** Focus urban growth opportunities for Horsham regional city in the Town Centre (Horsham Central Activity District (CAD), existing Urban Area (outside of CAD), Strategic Infill Sites, and regeneration and growth areas to the north and west of Horsham. Investigation Area 2 and 3 is within the Horsham CAD, Investigation Area 1 is not.
- **Housing Clause 02.03-6:** Encourage housing diversity and increased densities in areas that can capitalise on existing physical and social infrastructure. In particular, surplus council land adjacent to the CAD in Selkirk Drive, Investigation Area 1, is noted as an opportunity to increase the supply of medium density housing close to existing services.
- **Infrastructure Clause 02.03-9:** Locate community infrastructure to maximise accessibility, and provide adequate development infrastructure to service Horsham's growth including to address areas subject to stormwater flooding.

Horsham Planning Scheme – Local Planning Policy Framework

11.01-1L Settlement - Horsham Rural City applies to land in Horsham Regional City. The key objectives and strategies specifically relevant to the Horsham Investigation Areas are included below:

- Improve connectivity between the Horsham CAD and surrounding urban area.
- Maximise opportunities for growth within Horsham CAD and Horsham's urban area.
- Facilitate the provision of a wide range of housing types and opportunities in areas close to the Horsham CAD.
- Encourage medium density residential development within easy walking distance to the town centre.

- Facilitate the development of strategic infill sites for medium density housing.
- Encourage the development of retirement living and aged care uses within the Horsham urban area.
- Allow bulky goods and manufacturing industries in highway locations where such activities are already established.

11.03-1L Horsham Central Activity District (CAD) applies to land in the Commercial 1 Zone and the Commercial 2 Zone north of the Wimmera River in Horsham. The key objectives and strategies to maintain a compact and integrated CAD specifically relevant to the Investigation Areas are included below:

- **Investigation Area 2:** Encouraging a mix of uses on the land at the south-west corner of the Wilson Street and Darlot Street intersection for office, commercial, accommodation, education or health-related uses, supporting an extension of Hamilton Street to the west with connection through to Wilson Street.
- **Investigation Area 2:** Discouraging large-scale traditional retail development on land south-west of the Wilson Street and Darlot Street intersection.
- **Investigation Area 3:** Support delivery of improvements to the streetscape, amenity and public realm along Firebrace Street, the 'main-street' in Horsham.
- **Investigation Area 3:** Enhance east/west connectivity between the CAD and the surrounding areas including the Horsham Racecourse.
- **Investigation Area 1 and 3:** Enhance north/south connectivity between the CAD and the Wimmera River and Botanical Gardens.
- Encouraging redevelopment of under-utilised sites throughout the CAD, including supporting consolidation of smaller sites.
- Support mixed-use development in the CAD, with accommodation uses above ground floor and an increase in residential density in surrounding areas.

13.03-1L Floodplain management – Horsham applies to all land within the FO, LSIO and DDO9, and contains guidelines for buildings and works, subdivision, fencing, extensions, and other matters. The key objectives and strategies to maintain a compact and integrated CAD specifically relevant to the Investigation Areas are included below:

- Discourage the intensification of land use and development in the floodplain of the Wimmera River and other watercourses.
- Support inclusion of land within the urban area of Horsham that is at high risk from flooding within the PPRZ to form part of the city's open space network.
- Avoid buildings and works, including earthworks and vegetation clearance on land in the FO.
- Discourage landfill in all areas subject to inundation.
- Discourage buildings and works, except where of low flood risk.
- Avoid the construction of levees in areas important for flood storage or environmental values, except to protect existing dwellings and their immediate curtilage.
- Discourage earthworks that obstruct natural flow paths or drainage lines.
- Locate buildings and works on land outside the FO and the LSIO.

18.01-3L Cycling and pedestrian networks – Horsham aims to facilitate the bicycle path network through the collection of developer contributions for bicycle infrastructure.



Zoning Context

Zoning is discussed in more detail in the subsequent pages. Broadly the zoning for the 3 Investigation Areas is as follows:

- Investigation Area 1 sits wholly in General Residential Zone 2 (GRZ2)
- Investigation Area 2 sits wholly in Commercial 1 Zone (C1Z)
- Investigation Area 3 is comprised Commercial 1 Zone (C1Z), General Residential Zone 2 (GRZ2) Commercial 2 Zone (C2Z) and Public Use Zone 1 (PUZ1)

See Figure 4

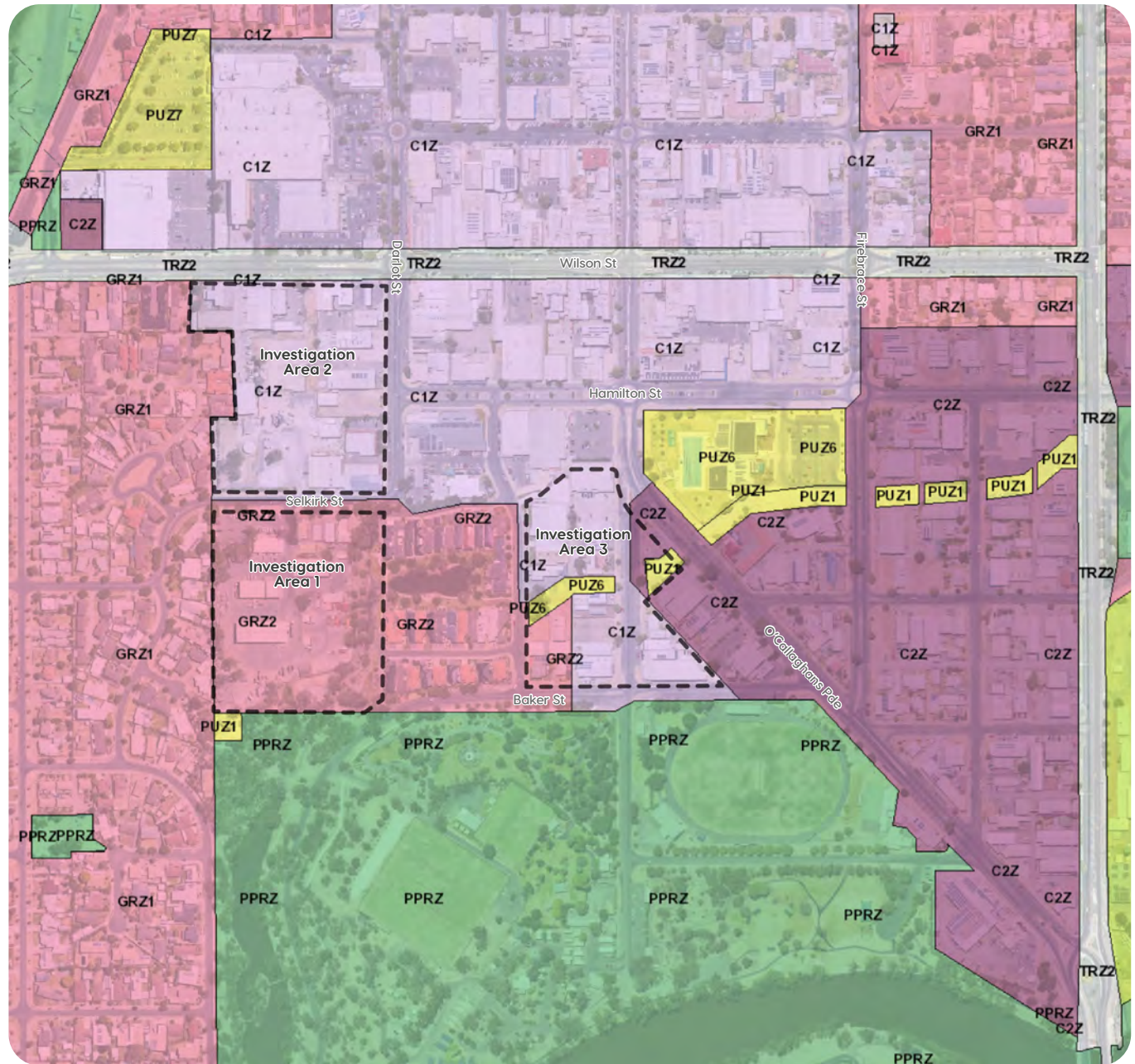
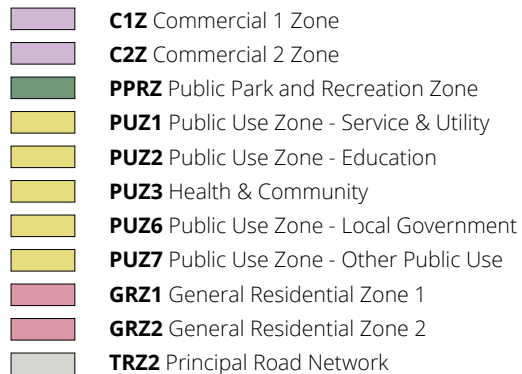


Figure 4 - Zoning



Key State Planning Documents

Plan Melbourne 2017-2050 (Metropolitan Planning Strategy)

Plan Melbourne identifies Horsham as a Regional City. Plan Melbourne encourages the stimulation of employment and growth in regional cities (Policy 7.1.1) through development strategies that identify urban renewal and infill opportunities to optimise infrastructure investment and surplus government land.

Key Local Planning Documents

Horsham: City to River Vision & Masterplan (including Background Report) (HRCC, 2020)

The City to River Vision & Masterplan outlines the desired long term direction for land within Horsham over a 20 year timeframe. The Masterplan identifies Investigation Areas 1-3 as 'Urban Renewal Opportunities' within a broader 'Transition Area' precinct, with future land uses being a mix of housing and business uses. Several actions are included in the Vision and Masterplan. Specifically relevant to the Investigation Areas is the short-term (0-5 years) action of planning for urban renewal within the Transition Area. Then, in the medium term (5-15 years) this include the relocation of Council depot, finalising all urban renewal actions, and delivering Firebrace Street public realm improvements. The realisation of urban renewal outcomes is anticipated over the next 15+ years.

Horsham Urban Transport Plan (HRCC, 2020)

The Horsham Urban Transport Plan outlines the future local transport needs for the Horsham CAD and urban area, drawing from various transport strategies. The Plan assesses the existing street network using the Movement and Place framework. Strategy 1.3 seeks to improve pedestrian and cycling connectivity along Firebrace Street between the Riverfront and O'Callaghans Parade. Strategy 1.5 seeks to improve pedestrian comfort through tree planting.

Horsham CAD Framework and Streetscape Plan (HRCC, August 2022)

The Horsham CAD Framework and Streetscape Plan aims to identify opportunities to revitalise the Horsham CAD. The Council's focus for the CAD Framework and Streetscape Plan is all aspects of the public realm and streets within the Town Centre. The plan will assist Council to:

- Identify improvements for priority streets across the CAD.
- Improve safety and both physical and visual connections between the Town Centre and broader Horsham.
- Green the Town Centre and better utilise the streets and public spaces to create a cooler, more climate-ready urban environment

It is noted that O'Callaghans Parade and Firebrace Street (within Investigation Area 3) is partly included within the Horsham CAD study area for streetscape works.

Horsham and Wartook Valley Flood Investigation (Wimmera CMA, 2019)

The Horsham and Wartook Valley Flood Investigation Report was commissioned by Wimmera CMA to assist in flood risk management and emergency flood response for the region.

The investigation recommends that the LSIO and FO and associated planning scheme amendment documentation be adopted into the Horsham Planning Scheme. See Figure 5.

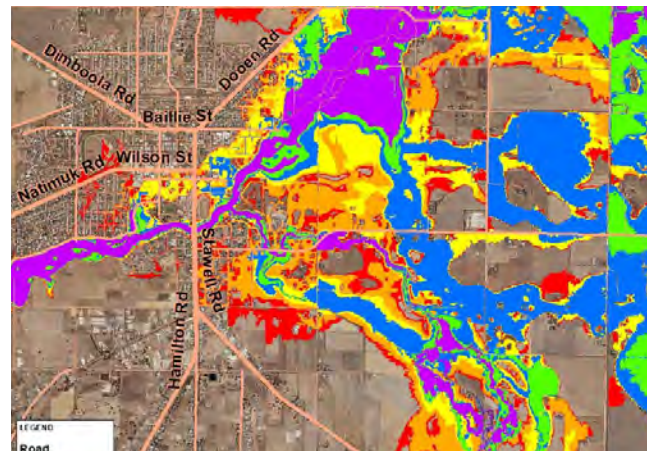


Figure 5 - Excerpt of the 1% AEP Flood Extent from Horsham and Wartook Valley Flood Investigation Report (2019)

Council Plan 2021-2025 (HRCC, 2021)

The Council Plan outlines the strategic objectives for Council and is developed in line with the Horsham 2041 Community Vision. Under Key theme 2 "Liveability", Council seeks to implement the City to River Masterplan and the CAD Revitalisation project. Under Key Theme 4 "Accessibility", Council seeks to implement the Urban Transport Plan.

Amendment C81Hors - Proposed Flood Amendment

Horsham Rural City Council has prepared Amendment C81hors (Flood Amendment) to the Horsham Planning Scheme.

The Flood Amendment seeks to implement the findings of six flood studies and associated maps prepared on behalf of the Wimmera Catchment Management Authority (CMA).

The Flood Amendment revises the mapping extent of the Floodway Overlay (FO) and Land Subject to Inundation Overlay (LSIO) and introduces the Special Building Overlay (SBO).

At the time of preparing this plan the amendment has not been gazetted and a panel process has not been undertaken. However, the recommendations of the amendment and how they impact the investigation areas have been considered and noted where relevant.

Open Space Context

There are a number of key surrounding open space features within the study area outlined on the adjacent plan (Figure 7).

A key attribute of the area is the proximity of the three Investigation Areas to both the Wimmera River and the Horsham Town Centre. This was addressed as part of the City to River Masterplan and formed the basis of arguments for redevelopment of the area.

There are also other major attractions such as the Botanical Gardens and City Oval.

The lagoon and associated parkland at the former salesyard is also a key feature of the area, and its connection to a potential broader open space network along the Ana Branch Drain.

The Jardwadjali Bar-Ring (Traditional People's Road), the existing Blackwood Tree Forest and the Scar Tree Interpretation site are located within the immediate vicinity of the Investigation Areas.

Finally, connections from the river through to the Racecourse and new skatepark will also be important.

- 1 Wimmera River
 - 2 Botanical Garden
 - 3 Horsham City Oval
 - 4 Jardwadjali Bar-Ring (Traditional People's Road)
 - 5 Former Saleyards Lagoon + Park Land
 - 6 Ana Branch Drain
 - 7 Blackwood Tree Forest
 - 8 Old Skatepark
 - 9 New Skatepark
 - 10 Scar Tree Interpretation Site
 - 11 Horsham Aquatic Centre
- Existing Trail Connection
- Important Future Community Connection



Figure 7 - Neighbourhood Context

3.

Market Assessment



The Market Assessment was completed by Urban Enterprise in June 2022 and includes an analysis of property demand and market conditions for housing in Horsham, supplemented by a summary of considerations for the existing land use profile of retail, commercial and industrial uses.

Housing Demand

The Horsham population increased at an average rate of 0.51% per annum from 2011 to 2021, while the population of the rural surrounds remained stable over the period. See Figure 8.

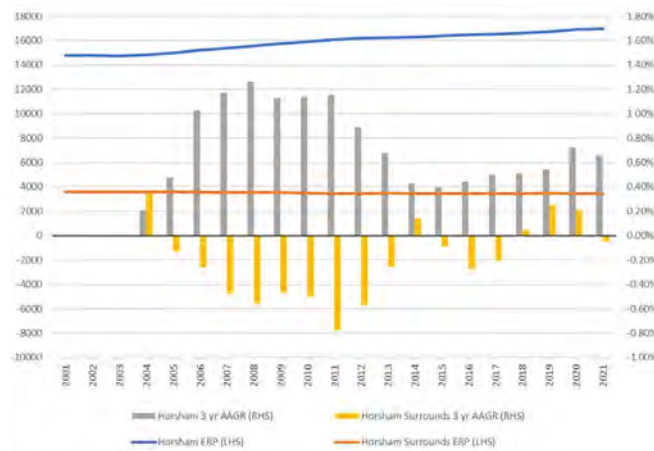


Figure 8 - Population and Growth Rate (Urban Enterprise, 2022)

Official State government population projections (Victoria in Future, 2019) are for the population of the Horsham’s urban area to increase from 16,660 residents in 2021 to 17,469 residents in 2036 (Figure 9), a total increase of 989 residents (+66 per annum) at an average growth rate of 0.32% per annum. Recent rates of growth between 2019 and 2021 have exceeded this projection and the current population (16,944, 2021) is equivalent to the VIF projection for 2026.

In terms of dwelling growth, Horsham SA2 will require an additional 893 dwellings over the 15 year period to 2036, equating to an annual average increase of 60 dwellings. A key driver of the need for additional dwellings in Horsham is the projected continuation of a reduction in average household size due to demographic factors.

This will have implications for housing demand, especially for older age cohorts seeking low maintenance housing and typically smaller dwellings.

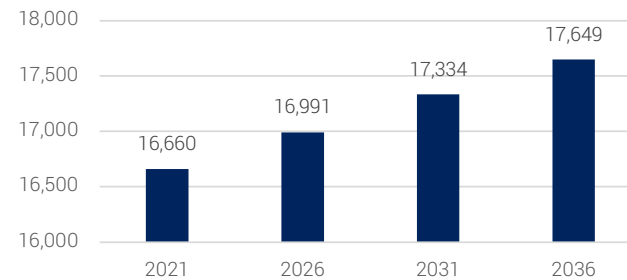


Figure 9 - Projected Residential Population 2021-2036, Horsham SA2 (Urban Enterprise, 2022)

Residential Development Activity

On average, the number of new dwellings approved for construction between 2011- 2022 in the Horsham is 90 dwellings per annum, with 92% of dwellings approved as houses and 8% as ‘other residential’ (i.e. townhouses, units and apartments). See Figure 10.

Smaller Lot Housing Development Activity is characterised by single storey units and townhouses, most of which have 3 bedrooms on 350-400 sqm lots. Overall, a greater diversity of smaller housing types are entering the market in various locations and development settings, although apartment developments remain scarce.

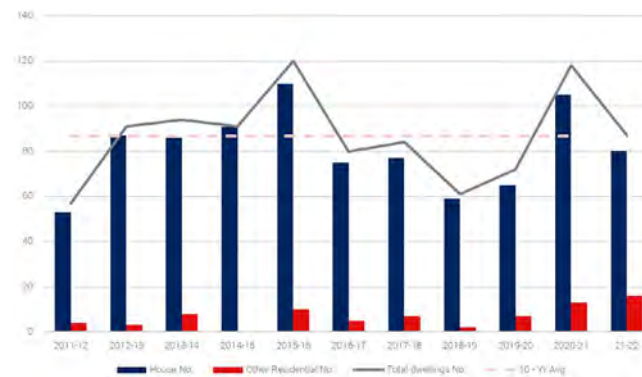


Figure 10 - Dwelling Approvals, Horsham SA2 (Urban Enterprise, 2022)

Property Market Conditions

The current median house price in Horsham is \$393,750, with the median unit price only slightly lower at \$372,500. It is unusual for unit medians to be almost equivalent to house price medians. The median house price in Horsham is influenced by the relatively low value improvements common for much of the older housing stock, and units are becoming an important part of the new housing being delivered. These factors notwithstanding, the high unit median relative to the house median is an indication of demand for smaller dwellings and an indicator that greater diversity of housing is likely to be needed to meet current needs.

There are currently no precedents for apartment sales in Horsham. As a comparison, two major apartment developments are progressing in central Ballarat with sales results of \$520,000 (1 bedroom) and from \$630,000 - \$830,000 for 2-bedroom apartments. The overall Horsham median house price is currently 70% of the Ballarat median, meaning that any apartment sales prices in Horsham would be expected to be materially lower than those achieved in Ballarat.

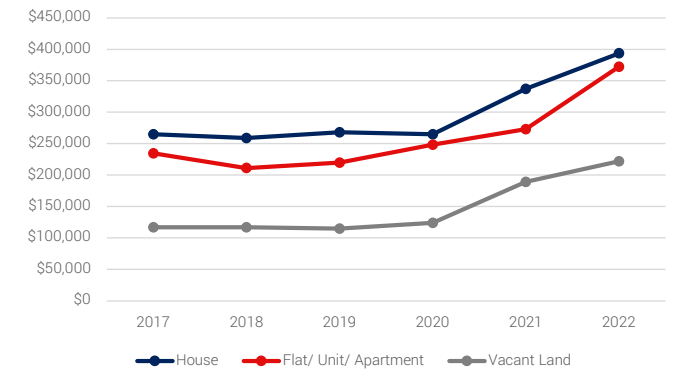


Figure 11 - Median Residential Sale Process (Urban Enterprise, 2022)

Median rent price growth from 2017 to 2022 was strong, at 9.5% per annum for houses and 10.3% per annum for units.

The Horsham region has a particularly high waiting list for social housing. As at March 2022, there were 539 applications and registrations of interest for public housing which nominated Horsham as a preferred location. 67% of the applications and registrations nominate a 1 bedroom dwelling as the preferred housing size.

Market Commentary

More supply of centrally located housing is needed. There is ongoing demand for housing suitable for retirees, which generally requires smaller housing on single levels, in locations that are within walking distance of shops and health services.

Many of the smaller dwellings located close to the Horsham CAD are east of McPherson Street / Western Highway which is a major barrier to pedestrian movement. The areas being investigated as part of this project would generally be more amenable and more walkable locations.

Across much of regional Victoria and western Victoria, many businesses are experiencing challenges attracting staff to fill vacancies. Commonly referenced examples are health care workers, hospitality, construction and education workers. In many areas, the lack of suitable housing available has been identified as an inhibitor to attracting labour to regional towns, with rental housing in particularly short supply.

Low rise apartment developments in regional Victoria can be difficult to deliver due to feasibility issues. Generally, this favours delivery of townhouse products or larger apartment buildings of 5 storeys and 30-50 apartments more than smaller low rise apartment developments. The scale of an apartment development project is an important consideration given that developers (and builders) would most likely need to travel from Ballarat and/or Melbourne.

Building costs in regional Victoria are generally similar or higher than those in metropolitan Melbourne. In addition, there are few builders in regional areas with Class 2 building licenses required to deliver apartment buildings.

Two level mixed-use developments can be an attractive development proposition where rental income from ground floor commercial space supplements sales income from apartments above. This type of development is likely to be suitable for smaller sites within the Investigation Areas.

Apartment development can be encouraged and facilitated with low land costs, for example where public land is sold at a low cost in order to encourage urban renewal. A partnership between Council as a landowner and a developer to redevelop land could bring forward housing opportunities compared with a pure market-driven development and could catalyse development of other sites if successful.

Streamlined planning approvals processes (or removal of permit requirements) for desirable development types, such as low-rise mixed-use development (e.g. shoptop top housing) would also help encourage the development of apartments.

Housing Priorities and Study Area Opportunities

The Investigation Areas present logical opportunity sites to accommodate additional housing in Horsham. The success of the City Gardens development to the immediate east of Investigation Area 1 is an indicator of the attractiveness of the location to residents and there are few other logical opportunities for substantial housing development within or adjacent to the CAD.



Figure 12 - Current Planning Zones (Urban Enterprise, 2022)

Current zoning, for the bulk of the three investigation areas is General Residential Zone or Commercial 1 Zone. Both zones allow residential development without the need for a permit for the use. Therefore, zoning already enables redevelopment to occur, however there is no overarching plan or vision for how these areas might develop.

An important consideration for this project is the recent introduction of the Windfall Gains Tax (WGT) in Victoria. If land in the Investigation Areas is rezoned, WGT will be payable if and when the land is redeveloped. This additional cost will influence the likelihood and feasibility

of redevelopment of land in this context, a prospect which should be closely considered as part of any planning recommendations.

The priorities for residential development should be 2-3 bedroom townhouses (both one- and two-storey) which could be delivered on sites ranging from 100-300sqm for retirees and workers seeking rental properties and relatively affordable housing. Townhouses should be two-storey townhouses with master-bedrooms at ground level to ensure housing is also suitable for the retirees and pre-retirees market – this product would usually require approximately 100-150sqm per lot.

In the medium term, apartments to consider might include mid-rise apartment buildings with at least 4-5 storeys, and shop-top housing above commercial tenancies at ground floor (i.e. 2 levels total).

Although smaller lot housing in Central Horsham will not appeal to all market segments, it is expected that well planned development could attract demand from a range of segments including downsizers, renters, couples and singles.

The Investigation Areas could meet the demand of 213-313 dwellings over the next 20 years. The potential dwelling yield of the investigation areas is between 210 and 420 at 50-100 dwelling units per hectare.

Commercial and Retail

The Commercial 1 Zone in the Horsham CAD covers a substantial area of more than 50 hectares. Local real estate agents have suggested that there are a large number of vacant shopfront premises currently available in the CAD, most of which are too large and/or unsuitable for contemporary retailer needs. There is likely to be a need for different types of office / retail space given the unsuitability of much of the existing older shops.

There is unlikely to be any substantial demand for additional retail and commercial floorspace in Horsham that cannot be met within the Commercial 1 Zone north of Wilson Street. Revitalisation of the CAD requires consolidation of these types of uses in the central and northern parts of the CAD.

The Commercial 1 Zone is suitable to accommodate a mix of smaller retail and commercial spaces in Investigation Areas 2 and 3 with apartments above and apartments or townhouses behind.

Sites with frontage to Darlot and Firebrace Streets are most likely to appeal to smaller retail and office businesses, as well as potentially health and recreation uses.

Sections of land within Investigation Area 2 without street frontage are likely to be more suitable to residential uses than commercial uses, warranting consideration of an alternative zoning (cognisant, however, of the Windfall Gains Tax implications of any rezoning). Retention of the C1Z, however, would retain the opportunity for these sites to accommodate mid-size retailers as part of any redevelopment.

Large format retail and commercial space is not necessarily incompatible with urban renewal, however relocation of such uses to more suitable areas should be encouraged to enable urban renewal to occur.

Industrial Uses and Alternative Locations

Several of the existing land uses within the Investigation Areas are industrial in nature. In many cases, these uses conflict with the purpose of the current zones. Although existing business activities can continue, no new industrial activities can commence and several industrial businesses have indicated they are considering alternative locations in Horsham.

It is recommended that the Horsham South Structure Plan process takes into consideration the opportunity and need for industrial businesses within the Investigation Areas to relocate to dedicated industrial precincts, noting that for many of the smaller businesses, proximity to labour, demand and services in Central Horsham is considered an advantage (such as mechanics), while others (such as the concrete batching plant and possibly the Council depot) are more likely to favour a location with separation from sensitive uses.

Actively supporting the transition of industrial businesses to remain within Horsham is important for economic development as well as enabling successful urban renewal within the Investigation Areas.

Development Feasibility

Development feasibility will be considered in the next phase of work once development options have been produced. This will include development cost considerations, and revenue considerations.

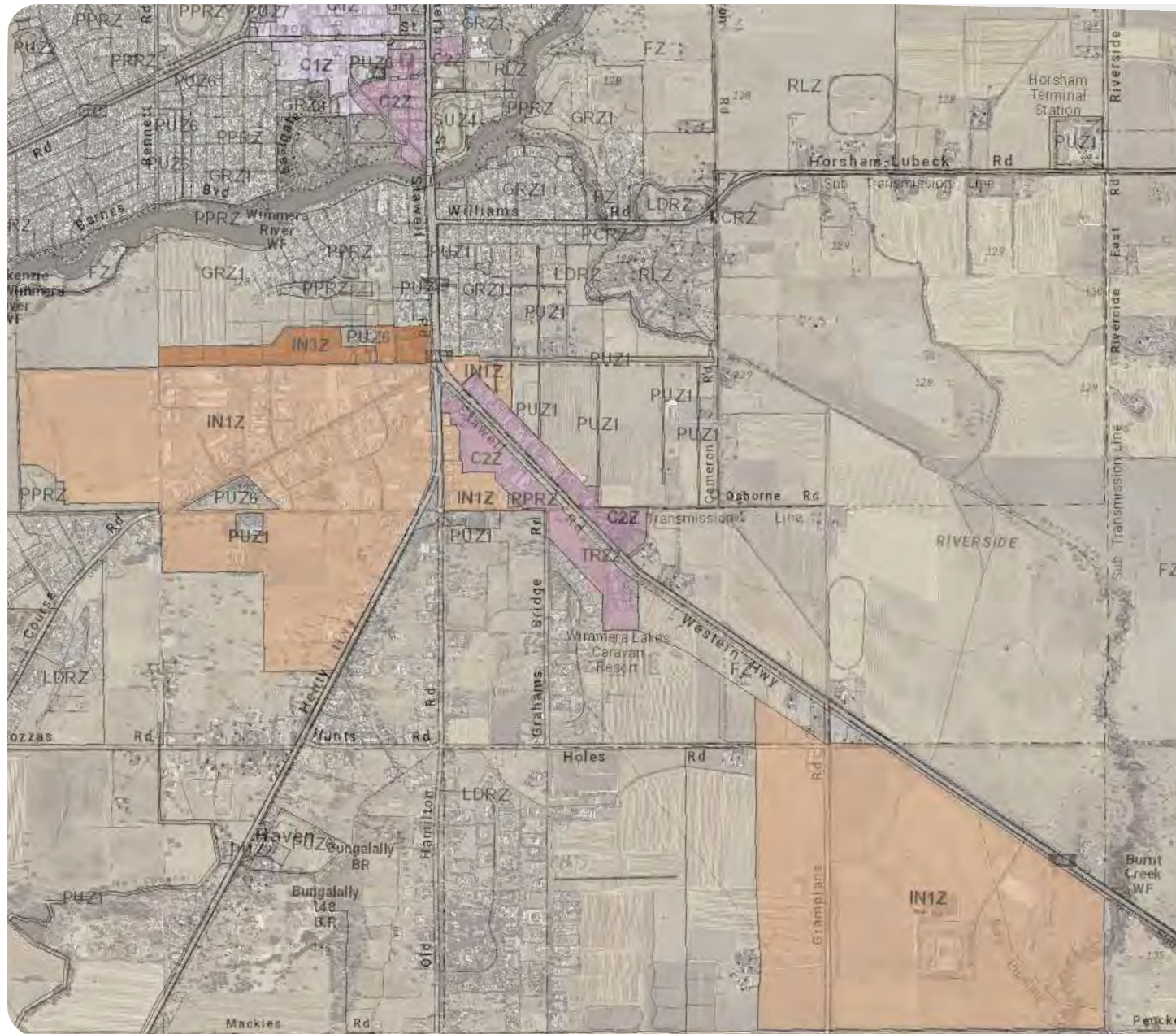


Figure 13 - Current industrial and large format commercial land in central and south Horsham (Urban Enterprise, 2022)

4.

Redevelopment Options Investigation Area 1

Investigation Area 1 Council Depot Site



Figure 14 - Investigation Area 1 Existing Conditions

Investigation Area 1 is currently used as the Council Depot site and occupies 3.5ha of space immediately adjacent to a large drainage area and to the west of the Former Saleyards site. .

Key Features

- 1 Land currently used as the Council Depot site.
- 2 Jardwadjali Bar-Ring (Traditional People's Road) is located on the eastern side of the site and includes a large storm water management drainage area.
- 3 To the east of the site is the Former Saleyards (now redeveloped as townhouses) and a lagoon and associated parkland.
- 4 One significant tree exists in the Council Depot area.
- 5 Blackwood tree forest is located south of the Council Depot area.
- 6 Old Skatepark still exists within the Blackwood Tree forest area.
- 7 A Scar Tree interpretation site is located at the southern end of the site.
- 8 Existing residential neighbourhood is located immediately to the west.
- 9 Pedestrian access is possible between the south-western corner of the Council Depot site and Spry Court.
- 10 Botanical Gardens is located immediately to the south.



Land Ownership

Investigation Area 1 is wholly owned by Council.

Existing Buildings

A number of Council Depot buildings exist across the Investigation Area. Generally these are large warehouse buildings, one storey in height.



Figure 15 - Built Form

Zoning

This Investigation Area sits within the General Residential Zone – Schedule 2 (GRZ2)

This zone applies to the Horsham General Residential Area. The General Residential Zone encourages a diversity of housing types that respects the neighbourhood character of the area. The building height in this zone must not exceed 11 metres and 3 storeys at any point.

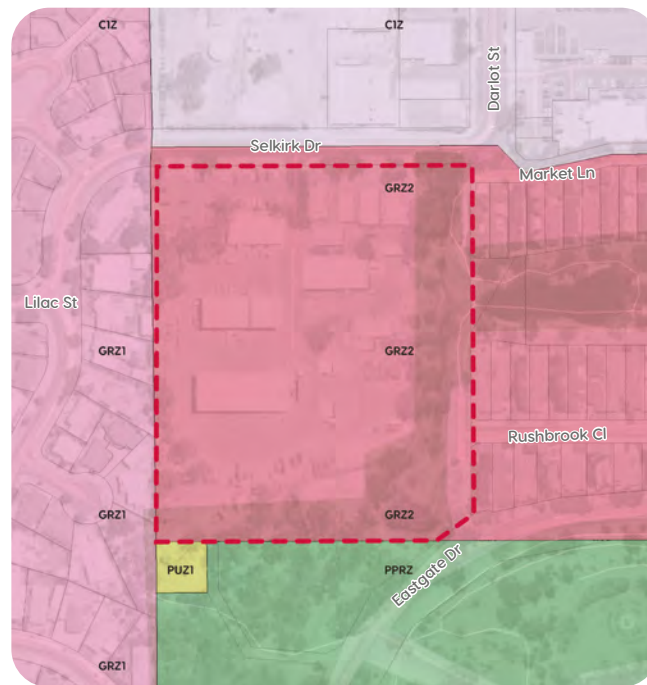


Figure 16 - Zoning. The land is zoned GRZ2

Overlays

Two overlays exist across the site, DD03 Wider Airport Environ and EAO Controls of Contaminated Land. The DDO9 (Stormwater management) applies to the north-western portion. The southern part of the site is covered by the FO (Flooding Overlay) and LSIO (Land Subject to Inundation Overlay). It is also immediately adjacent to DD08 City Gardens.

Design and Development Overlay - Schedule 3 (DD03)

This overlay seeks to maintain the efficiency and safety of the Horsham airfield by controlling the height of developments surrounding the airport. The DDO triggers a planning permit for the construction of buildings or works, however, Schedule 3 states a permit is not required to construct a building or works which are less than 30 metres high above natural ground level.

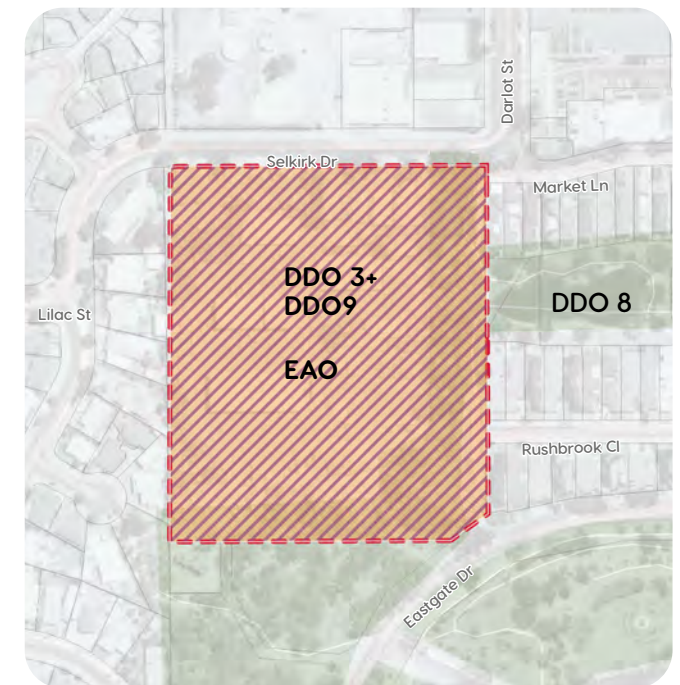


Figure 17 - Overlays

Design and Development Overlay - Schedule 9 (DD09)

The DD09 aims to minimise the risk associated with stormwater flooding. A planning permit is required for all buildings and works within this overlay, with some exceptions.

It is noted that DD09 is proposed to be removed via Amendment C81 and replaced via new controls

Environmental Audit Overlay (EAO)

This overlay seeks to ensure that potentially contaminated land is suitable for a use which could be significantly adversely affected by any contamination.

Before a sensitive use (residential use, child care centre, kindergarten, pre-school centre, primary school, even if ancillary to another use), children's playground or secondary school commences or before the construction or carrying out of buildings and works in association with these uses commences:

- A preliminary risk screen assessment statement in accordance with the Environment Protection Act 2017 must be issued stating that an environmental audit is not required for the use or the proposed use; or
- An environmental audit statement under Part 8.3 of the Environment Protection Act 2017 must be issued stating that the land is suitable for the use or proposed use; or
- A certificate of environmental audit must be issued for the land in accordance with Part IXD of the Environment Protection Act 1970; or
- A statement of environmental audit must be issued for the land in accordance with Part IXD of the Environment Protection Act 1970 stating that the environmental conditions of the land are suitable for the use or proposed use.

Relevant Planning Permits

None applicable

Floodway Overlay (FO)

The FO (Horsham Flood Risk Areas) applies to flood prone land affected by the 1 in 100 (1 per cent Annual Exceedance Probability) year flood event of high hazard which have the greatest risk and frequency of being affected by flooding.

A planning permit is required for all buildings and works (with minor exceptions) and subdivision. Any application is required to:

- Submit a flood risk report,
- Consider the local floodplain development plan, and
- Be referred to the relevant floodplain management authority.

Land Subject to Inundation Overlay (LSIO)

The LSIO (Horsham Flood Storage or Flood Fringe Areas) overlay applies to flood prone land affected by the 1 in 100 (1 per cent Annual Exceedance Probability) year flood event.

A planning permit is required for all buildings and works (with minor exceptions) and subdivision.

Any application is required to:

- Submit a flood risk report;
- Consider the local floodplain development plan; and
- Be referred to the relevant floodplain management authority.

Amendment C81:

The existing Floodway and Land Subject to Inundation Overlays affecting the investigation area are proposed to be amended via amendment C81. The existing and proposed overlays are shown on the plans below.

As the amendment has not been adopted this report has identified the affected areas. Prior to considering future development on these areas it is recommended that consultation with Council and the CMA occurs.

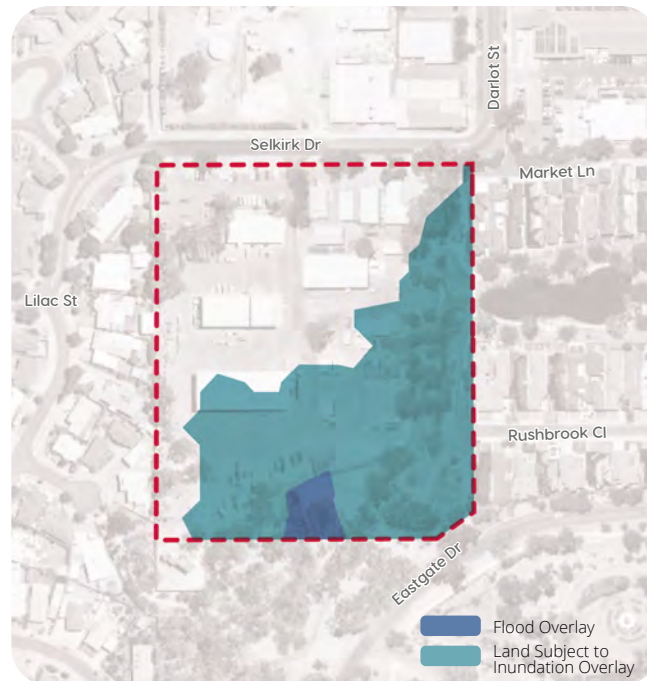


Figure 18 - Current Flood Management Overlays

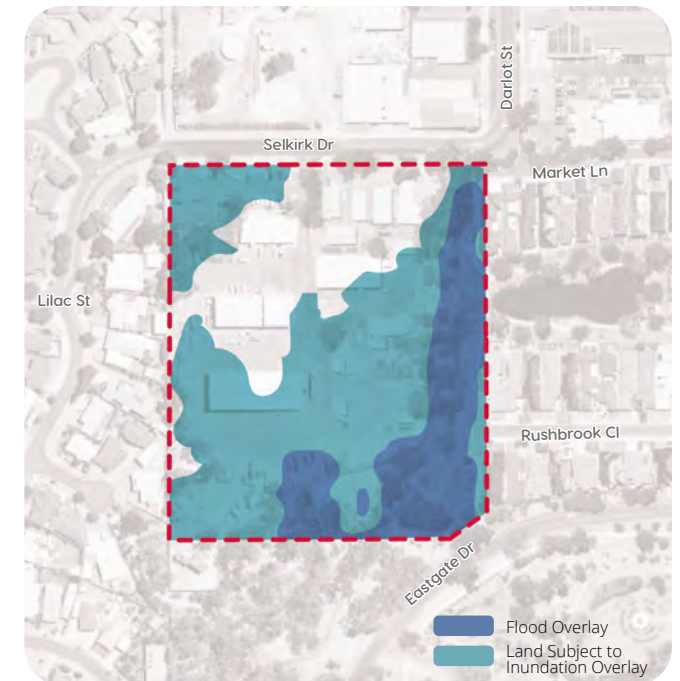


Figure 19 - Proposed C81 Overlays

Utilities

Figures 20 & 21 show existing underground water and sewer mains, as provided by GWM Water.

They include:

- a 100mm diameter reticulated water main with multiple internal meters.
- a 375mm diameter trunk sewer main (over 9m deep) at maintenance holes.

GWM Water have advised that they will require ongoing access to both mains for operational and maintenance purposes and that it is unlikely that structures can be constructed over.

Ultimately both utility lines may require realignment and consideration of how to best incorporate into future development. Ongoing consultation with GWM will be essential.

Further hydraulic modelling would be required to determine sufficient capacity to accommodate proposed density.

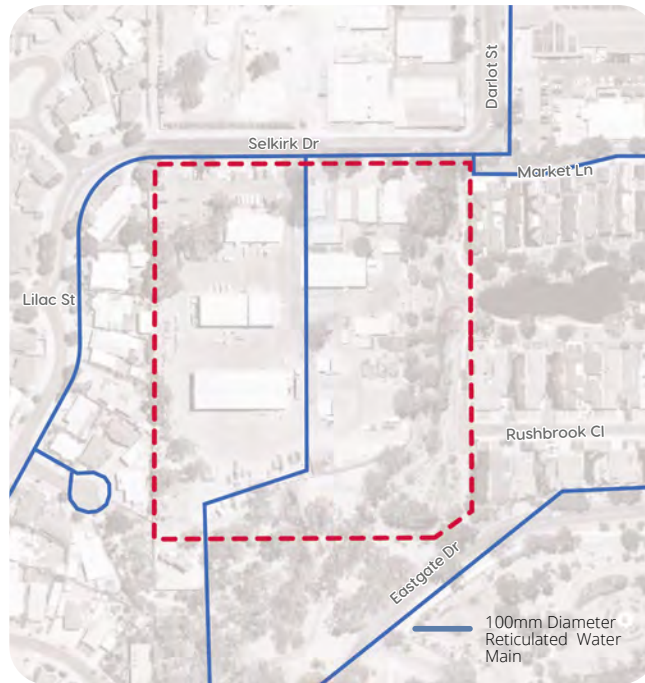


Figure 20 - Utilities - Water Main

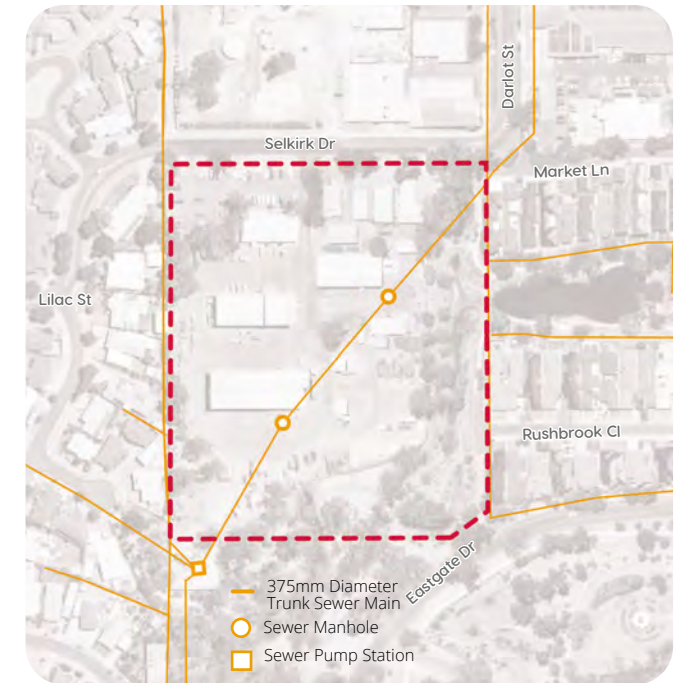


Figure 21 - Utilities - Sewer

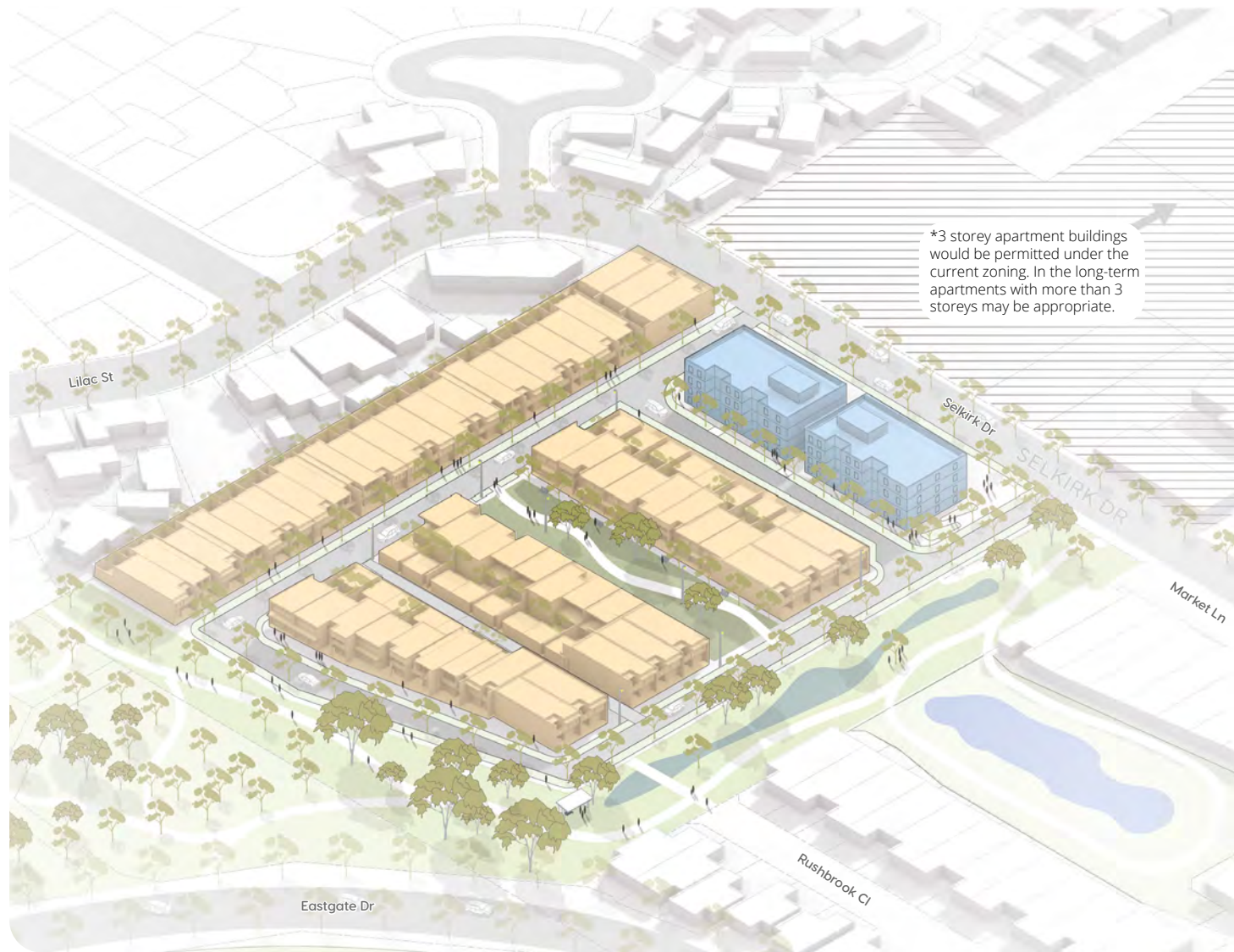
Investigation Area 1 Development Option 1

Investigation Area 1 is set to transition from industrial to residential land use. This is supported by the General Residential zoning of the land.

Option 1 provides a local loop road and creates a centrally located green linear park providing access for all residents to the adjacent drainage area. It includes predominantly townhouses with a parcel set aside for apartments.

Future development within this investigation area seeks to achieve the following design objectives:

- Provide a diversity of housing options within close proximity to the CAD. Increased density in this location is recommended through delivery of a range of medium density housing typologies including townhouses and apartments. Front and rear loaded townhouses, and a development parcel for an apartment development are proposed on this site.
- Respond sensitively to the interface with the drainage corridor and provide public access to it and the wider shared path network.
- Create a local green space that features the existing significant tree and a green link to the existing drainage corridor.
- Connect the investigation area into Horsham's broader open space network.
- Provide pedestrian access to the to the neighbourhoods west of the precinct.



*3 storey apartment buildings would be permitted under the current zoning. In the long-term apartments with more than 3 storeys may be appropriate.

Figure 22 - Investigation Area 1 Option 1 Birds-eye view looking north west



Figure 23 - Investigation Area 1 - Option 1

Investigation Area 1 - Development Option 1

Option 1 creates a local loop road and a centrally located green linear park providing access for all residents to the adjacent drainage reserve. In summary this concept proposes;

- Retention of the existing significant tree within public green linear corridor.
- Public access to the drainage corridor and connection to the wider local shared path network.
- A mix of lots to enable delivery of a range of housing typologies including front and rear loaded townhouses, and a development parcel ideally located for apartment development.

Note - there is potential to reduce the size of the central park in this option given the excellent access to the existing open space network along the creek reserve.

Total Area	3.50 ha	100%
Encumbered Land (Drainage Reserve)	0.90 ha	25.7%
Open Space	0.20 ha	5.7%
Streets, Roads and Lanes:	0.82 ha	23.4%
Local Street	0.66 ha	
Laneway (8m)	0.16 ha	
SubTotal	1.92 ha (approx)	
Residential Area:		
High Density Lot		
3500 m ² developable area for apartment development (2 x 40m deep parcels)		10.0%
Medium Density Lots		
12 300 m ² developable area for townhouse development, lot width flexibility allows for volume builder townhouse designs		35.2%
22 lots x avg. 200m ² (25m depth 8m width)		
29 lots x avg. 240m ² (28m depth 8m width)		
SubTotal	1.58 ha (approx)	

Investigation Area 1 Development Option 2

Investigation Area 1 is set to transition from industrial to residential land use. This is supported by the General Residential zoning of the land.

Option 2 proposes an alternative residential layout that maximises residential frontage to open space. It includes predominantly townhouses with a parcel set aside for apartments. It utilises a road and laneway combination to maximise frontage to green space.

Future development within this investigation area seeks to achieve the following design objectives:

- Provide a diversity of housing options within close proximity to the CAD. Increased density in this location is recommended through delivery of a range of medium density housing typologies including townhouses and apartments. Front and rear loaded townhouses, and a development parcel for an apartment development are proposed on this site.
- Respond sensitively to the interface with the drainage corridor and provide public access to it and the wider shared path network.
- Create a central pocket park that features the existing significant tree and a narrower green link to the existing creek corridor.
- Provide pedestrian access to the Spry Court to the west of the precinct.
- Provide continuous residential frontage to the creek corridor.
- Flexibility of lot depths along the western edge of the Investigation Area that allow for townhouse or conventional residential housing.
- Corner parcels that are suitable for conversion into green links if desired.

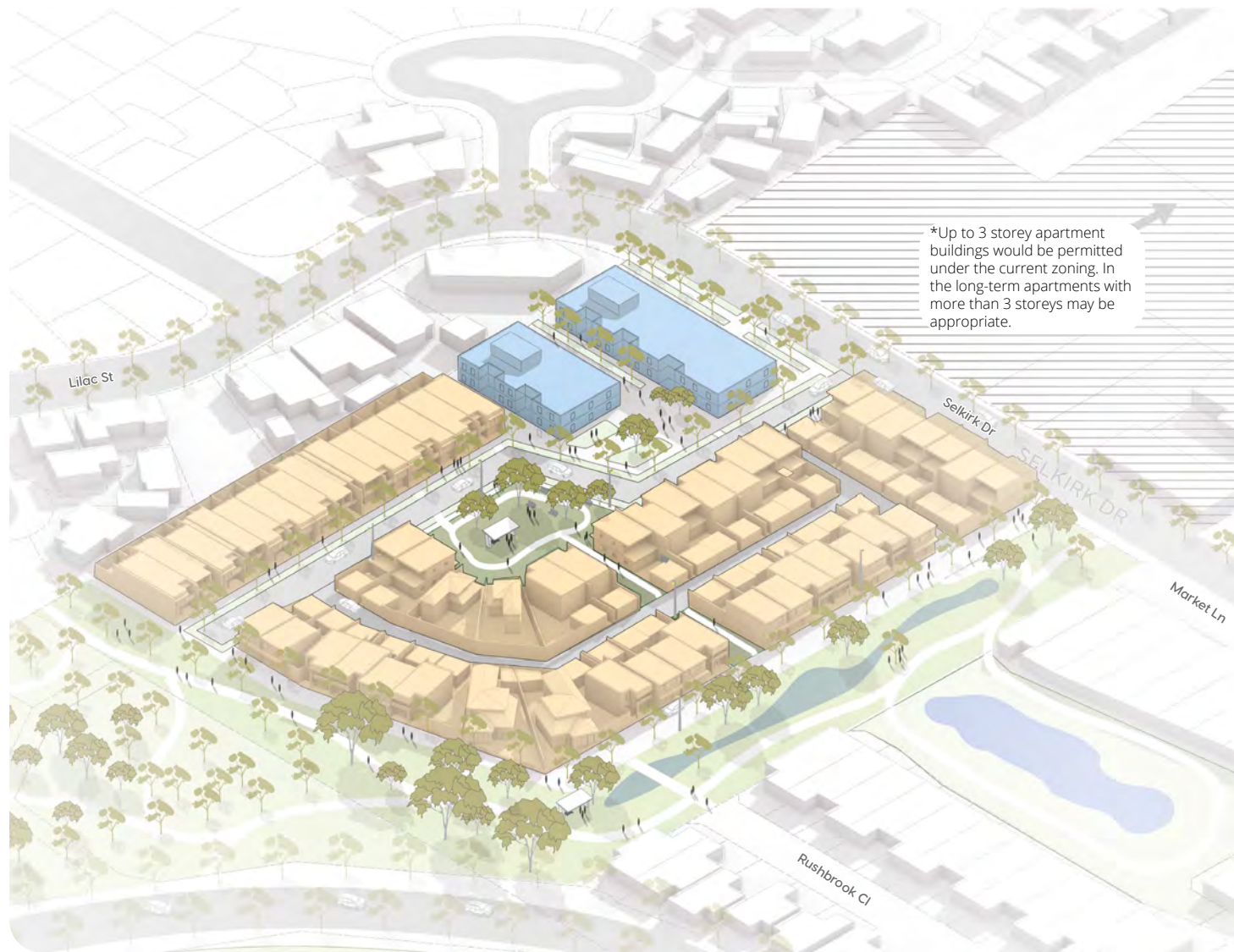


Figure 24 - Investigation Area 1 Option 2 Birds-eye view looking north west



Figure 25 - Investigation Area 1 - Option 2

Investigation Area 1 - Development Option 2

Option 2 proposes an alternative residential layout that maximises residential frontage to open space. In summary this concept proposes:

- A continuous residential frontage to the drainage reserve, as well as public access through the reserve.
- A mix of lots to enable delivery of a range of housing typologies, and a parcel suitable appropriate for an apartment development.
- A combination of road and laneway to maximise frontage to open space.
- Flexibility around lot depths along the western edge of the investigation area that allows flexibility for townhouse or conventional residential housing.
- Corner parcels that are suitable for conversion into green links if desired.

Note - there is potential to reduce the size of the central park in this option given the excellent access to the existing open space network along the creek reserve.

Total Area	3.50 ha	100%
Encumbered Land (Drainage Reserve)	0.9 ha	25.7%
Open Space	0.20 ha	5.7%
Streets, Roads and Lanes:	0.61 ha	17.4%
Local Street	0.33 ha	
Laneway (8m)	0.18 ha	
Paper Road (4m)	0.1 ha	
SubTotal	1.71 ha (approx)	
Residential Area:		
High Density Lot		
4100 m ² developable area for apartment development (60m deep parcel)		11.6%
Medium Density Lots		
13 850 m ² developable area for townhouse development, lot width flexibility allows for volume builder townhouse designs		39.6%
38 lots x avg. 200m ² (25m depth 8m width)		
14 lots x avg. 224m ² (28m depth 8m width)		
SubTotal	1.79 ha (approx)	

5.

Redevelopment Options Investigation Area 2



Investigation Area 2 Concrete Batching Plant and Surrounding Commercial



Figure 26 - Investigation Area 1 Existing Conditions

Investigation Area 2 is located between Wilson Street, Darlot Street and Selkirk Drive, and is currently used for commercial purposes.

Key Features

- 1 Existing commercial properties exist along Wilson Street
- 2 A large part of the precinct is home to a concrete batching plant (south-west corner)
- 3 Woolworths supermarket is located immediately across Wilson Street
- 4 Aldi supermarket is located adjacent to the site on Darlot Street
- 5 Wimmera Business Centre
- 6 Commercial tenancies are located along Darlot Street
- 7 Investigation area 1 is located immediately to the south
- 8 Existing residential neighbourhood is located immediately to the west



Land Ownership

The majority of the Investigation Area 2 is owned by private land owners, and Council owns the parcel on which the Wimmera Business Centre is located.

Existing Buildings

A number of commercial properties exist along Darlot Street and Wilson Street including petrol stations, bulky goods stores and other restricted retail offering.

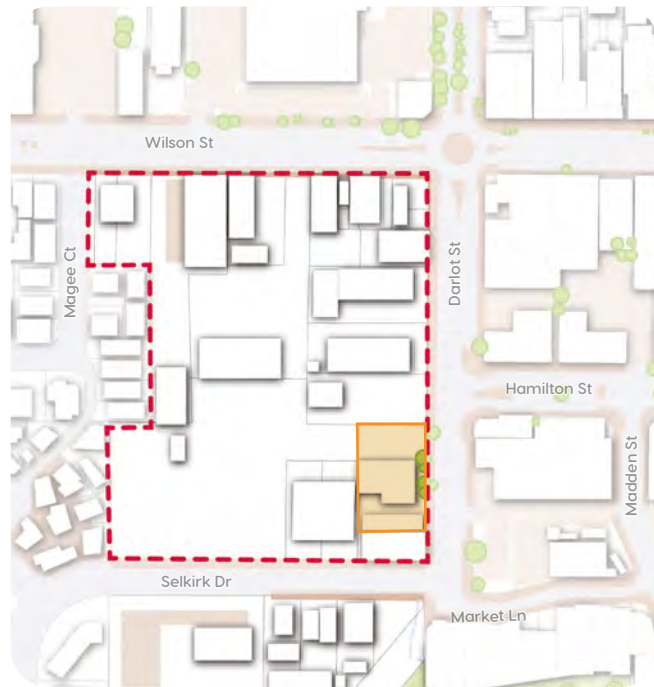


Figure 27 - Built Form

Zoning

The Investigation Area is zoned Commercial 1 Zone (C1Z).

This zone provides for a mix of uses including retail, office, business, entertainment and community uses. The C1Z encourages residential uses at densities complementary to the role and scale of the commercial centre. It is noted that the use of the land as a “shop” can occur in this zone without the need for a planning permit.

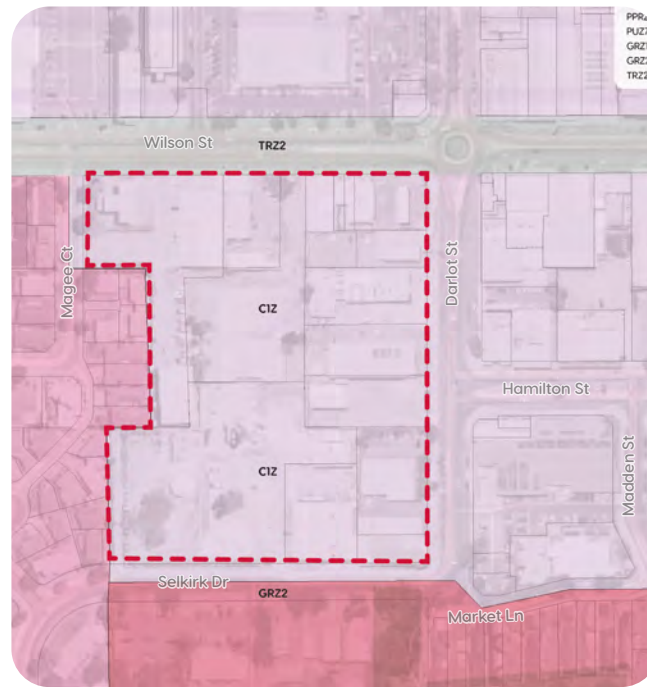


Figure 28 - Zoning. The land is zoned Commercial 1 Zone

Overlays Summary

Three overlays exist across the site, DD03 Wider Airport Environ, DDO9 Stormwater management and EAO Controls of Contaminated Land.

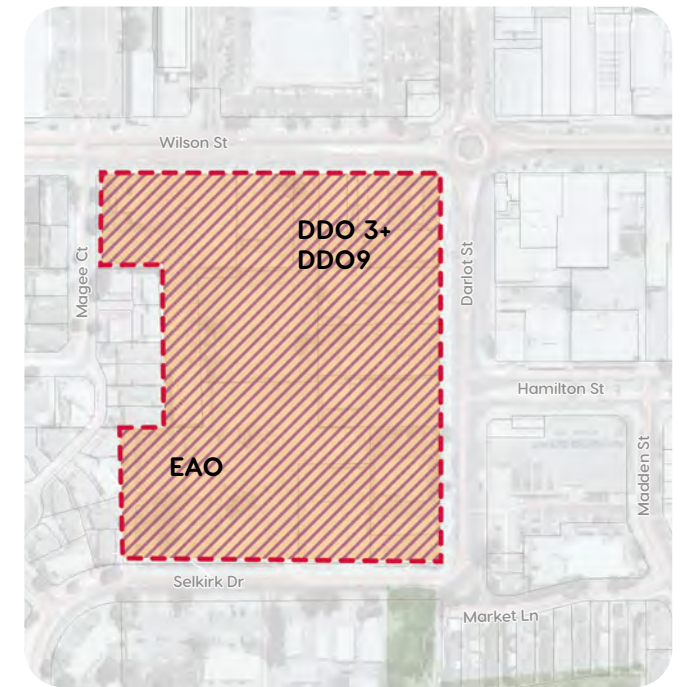


Figure 29 - Overlays

Design and Development Overlay - Schedule 3 (DD03)

This overlay seeks to maintain the efficiency and safety of the Horsham airfield by controlling the height of developments surrounding the airport. The DDO triggers a planning permit for the construction of buildings or works, however, Schedule 3 states a permit is not required to construct a building or works which are less than 30 metres high above natural ground level.

Design and Development Overlay - Schedule 9 (DD09)

The DDO9 aims to minimise the risk associated with stormwater flooding. A planning permit is required for all buildings and works within this overlay, with some exceptions.

It is noted that DD09 is purposed to be removed from the investigation area via amendment C81.

Environmental Audit Overlay (EAO)

This overlay seeks to ensure that potentially contaminated land is suitable for a use which could be significantly adversely affected by any contamination.

Before a sensitive use (residential use, child care centre, kindergarten, pre-school centre, primary school, even if ancillary to another use), children's playground or secondary school commences or before the construction or carrying out of buildings and works in association with these uses commences:

- A preliminary risk screen assessment statement in accordance with the Environment Protection Act 2017 must be issued stating that an environmental audit is not required for the use or the proposed use; or
- An environmental audit statement under Part 8.3 of the Environment Protection Act 2017 must be issued stating that the land is suitable for the use or proposed use; or
- A certificate of environmental audit must be issued for the land in accordance with Part IXD of the Environment Protection Act 1970; or
- A statement of environmental audit must be issued for the land in accordance with Part IXD of the Environment Protection Act 1970 stating that the environmental conditions of the land are suitable for the use or proposed use.

Relevant Planning Permits

99-101 Wilson Street, Horsham – A planning permit has been granted for shops, dwellings, car parking and access, and subdivision of buildings.

Investigation Area 2 Development Option 1

The land in Investigation Area 2 is zoned Commercial.

Option 1 proposes commercial redevelopment opportunities along Wilson Street and Darlot Street, with townhouse development to the south. It proposes a new street in the south and a connected laneway in the northern part of the site.

Future development within this Investigation Area seeks to achieve the following design objectives:

- Reinforce commercial frontages along Wilson Street and Darlot Streets.
- Provide increased housing choice in close proximity to the CAD.
- Create visible and welcoming building frontages and entrances.
- Development of a residential frontage along the northern side of Selkirk Street, supporting an attractive interface with the potential future residential development on the southern side of the street (Investigation Area 1).
- Encourage residential uses at densities complementary to the role and scale of the CAD. In this option townhouses are proposed.
- Provide local access between Wilson Street, Selkirk Dr and Darlot Street to open up development opportunities in the centre of the site.
- Potential to redevelop the Wimmera Business Centre (note the proposed local street would require land acquisition).
- The commercial areas (C1Z) allows for residential use above commercial uses at ground and lower levels, which should be encouraged and supported.

Note - A Planning Permit for 99-101 Wilson Street (for shops, dwellings, car parking and access, and subdivision of buildings) has been granted.

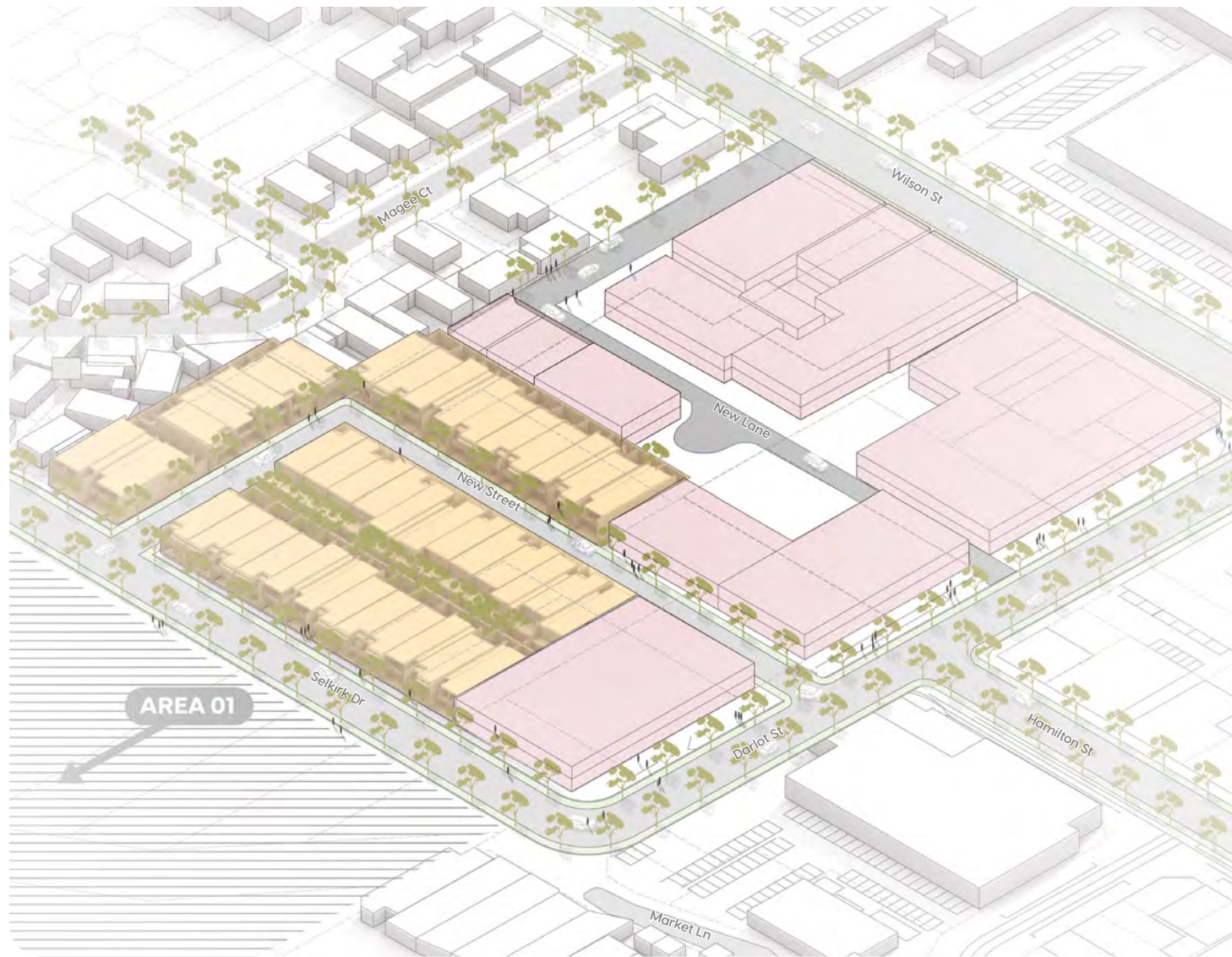


Figure 30 - Investigation Area 2 Option 1

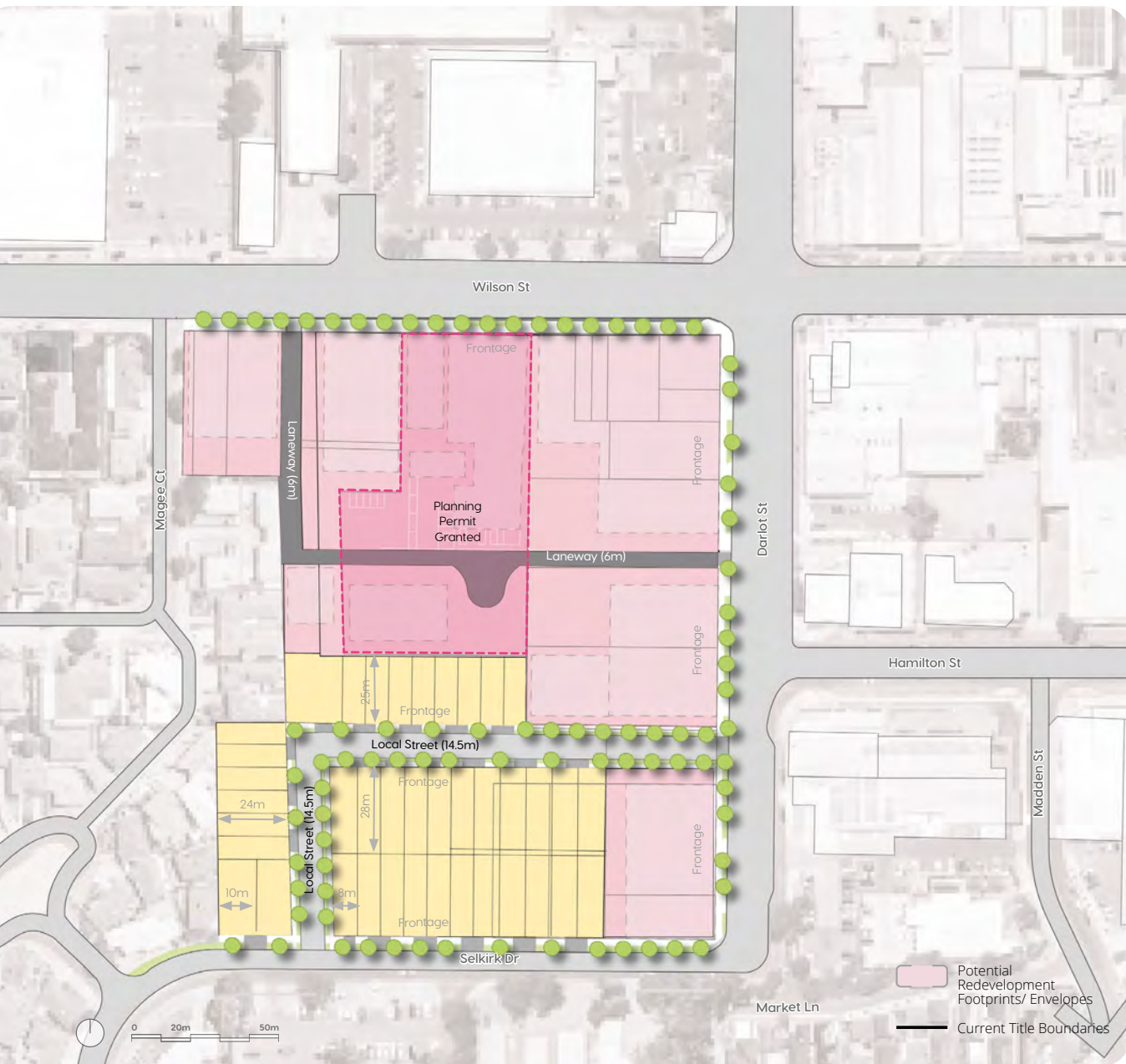


Figure 31 - Investigation Area 2 - Option 1

Investigation Area 2 - Development Option 1

Option 1 responds to the granted planning permit at 99-101 Wilson Street (for shops, dwellings, car parking and access, and subdivision of buildings). In summary this concept proposes:

- Contiguous commercial interface along Wilson and Darlot Streets.
- Provides local access between Wilson Street, Selkirk Drive and Darlot Street to open up development opportunities in the centre of the site.
- Provision of increased housing choice in close proximity to the CAD. In this option townhouse development in the southern section of the Investigation Area are proposed.
- Potential to redevelop the Wimmera Business Centre (note the proposed local street require land acquisition).
- The commercial areas (C1Z) allows for residential use above commercial uses at ground and lower levels, which should be encouraged and supported.

Total Area	3.52 ha	100%
Streets, Roads and Lanes:	0.51 ha	14.5%
Local Street (14.5m)	0.33 ha	
Laneway (6m)	0.18 ha	
Commercial Area:	2.08 ha	59.1%
SubTotal	2.59 ha (approx)	
Residential Area:		
Medium Density Lots		
9300 m ² developable area for townhouse development, lot width flexibility allows for volume builder townhouse designs		26.4%
36 lots x avg. 220m ² (24-28m depth)		
SubTotal	0.93 ha (approx)	

Investigation Area 2 Development Option 2

The land in Investigation Area 2 is zoned Commercial.

Option 2 proposes commercial redevelopment opportunities along Wilson Street and Darlot Street, with townhouse development to the south. It proposes a new north-south street and a new east-west street to open up more development opportunities within the site.

Future development within this Investigation Area seeks to achieve the following design objectives:

- Provision of a local street providing a north/south access to support vehicle access, more development opportunities and increased pedestrian permeability with flexibility to close the street for local access only. (There is the possibility that while the new street provides access into the site that it is not a through street for vehicles).
- Create a contiguous commercial interface along Wilson and Darlot Streets.
- Create visible and welcoming building frontages and entrances.
- Development of a residential frontage along the northern side of Selkirk Street, supporting an attractive interface with the potential future residential development on the southern side of the street (Investigation Area 1).
- Encourage residential uses at densities complementary to the role and scale of the CAD. In this option townhouses are proposed.
- Provide increased housing choice in close proximity to the CAD.
- Potential to redevelop the Wimmera Business Centre (note the proposed local street would require land acquisition).
- The commercial areas (C1Z) allows for residential use above commercial uses at ground and lower levels, which should be encouraged and supported.

Note - A Planning Permit for 99-101 Wilson Street (for shops, dwellings, car parking and access, and subdivision of buildings) has been granted.

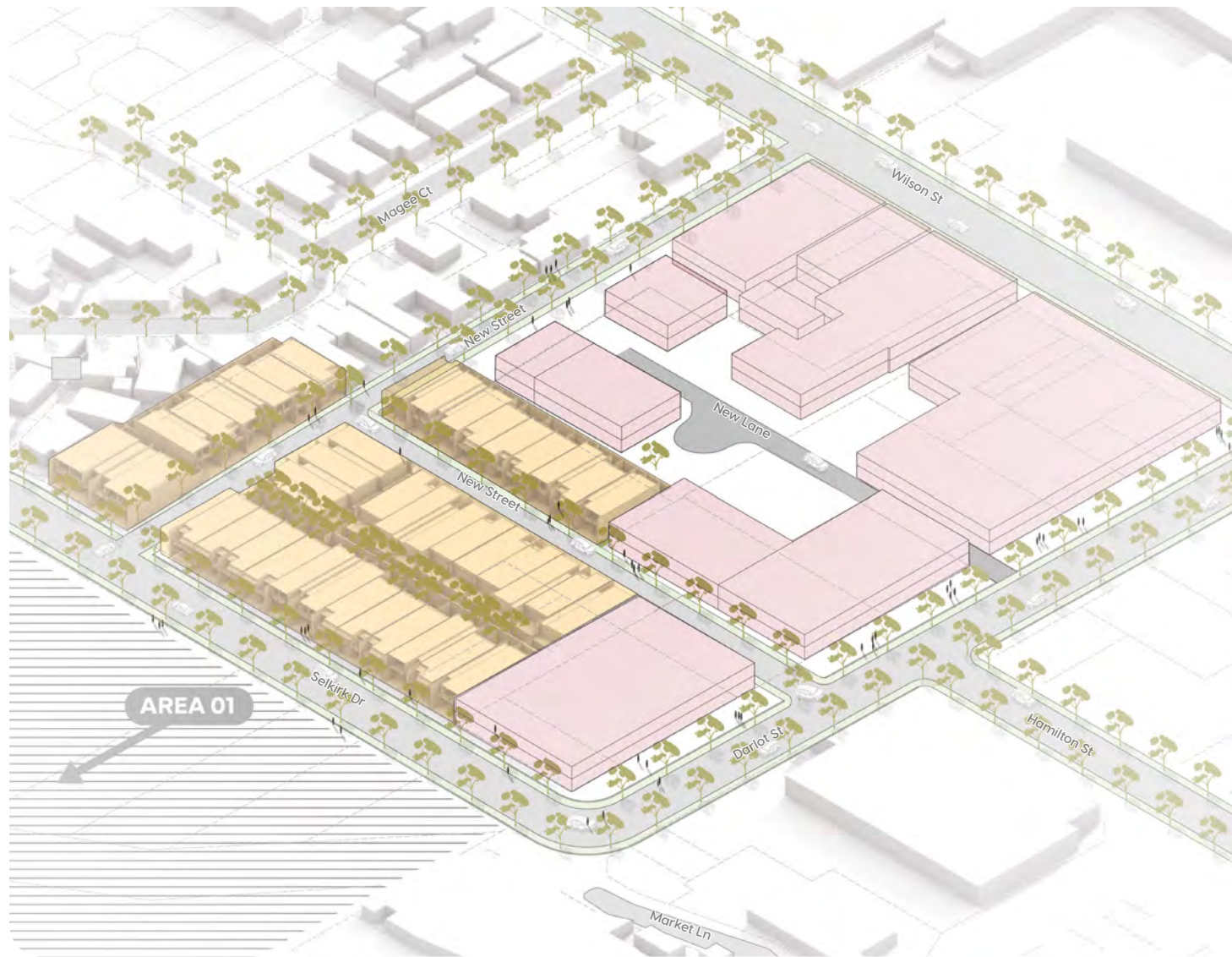


Figure 32 - Investigation Area 2 - Option 2

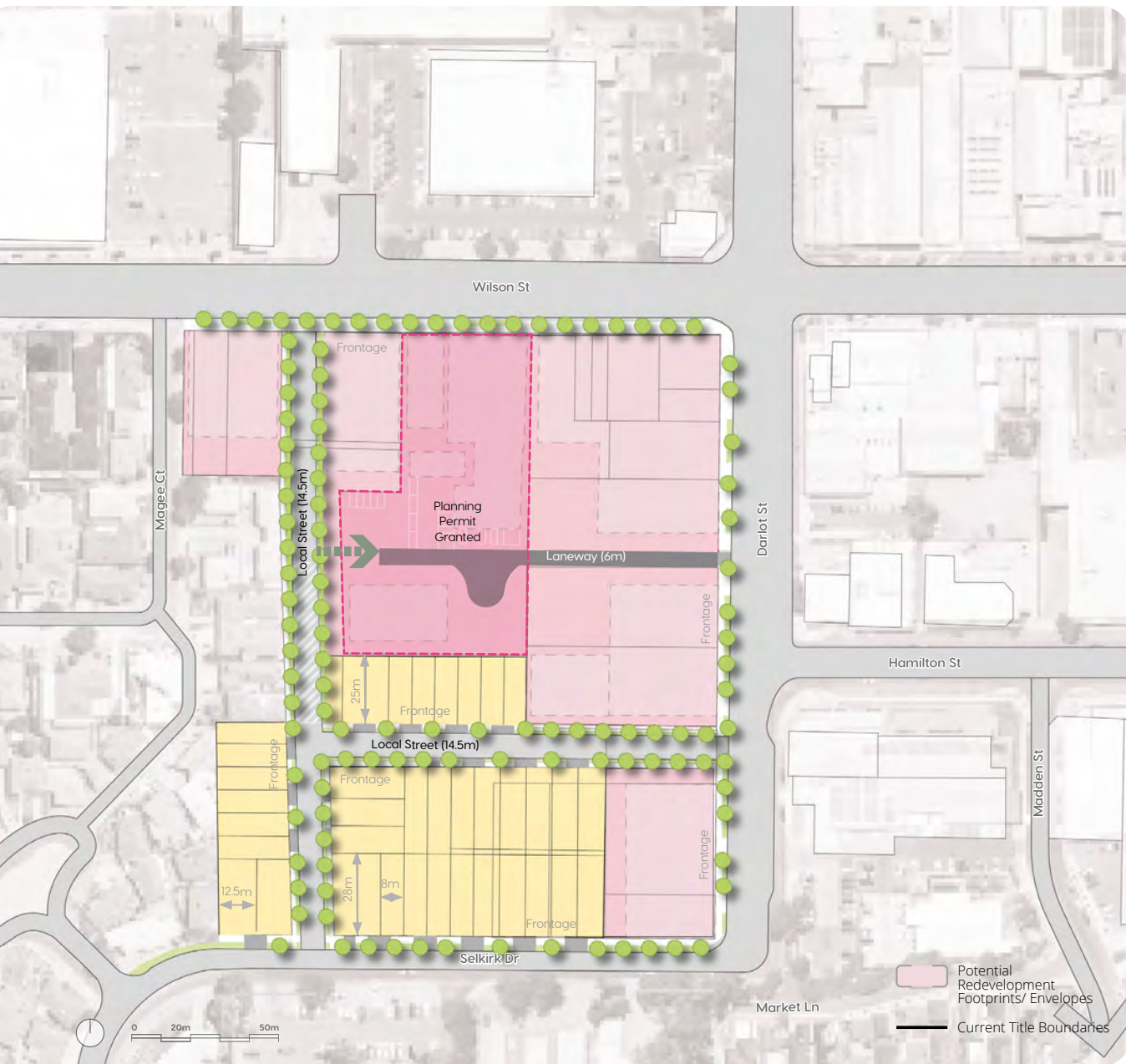


Figure 33 - Investigation Area 2 - Option 2

Investigation Area 2 - Development Option 2

The main difference between this option and Option 1 is the inclusion of a north-south street between Wilson Street and Selkirk Drive. In summary this concept proposes:

- Provision of a local street providing a north-south and an east-west link supporting vehicle access, more development opportunities and increased pedestrian permeability with flexibility to close the street for local access only. (Hatched area indicates potential area that could be closed to through traffic).
- Commercial use along the Wilson and Darlot Street frontages.
- Townhouse development in the southern section of the investigation area.
- Potential to redevelop the Wimmera Business Centre (note the proposed local street would require land acquisition).
- The commercial areas (C1Z) allows for residential use above commercial uses at ground and lower levels, which should be encouraged and supported.

Total Area	3.52 ha	100%
Streets, Roads and Lanes:	0.60 ha	17.0%
Local Street (14.5m)	0.50 ha	
Laneway (6m)	0.10 ha	
Commercial Area:	2.0 ha	56.8%
Total	2.60 ha (approx)	
Residential Area:		
Medium Density Lots		
9200 m ² developable area for townhouse development, lot width flexibility allows for volume builder townhouse designs		26.2%
40 lots x avg. 230m ² (25-28m depth)		
Total	0.92 ha (approx)	

Investigation Area 2 Development Option 3

The land in Investigation Area 2 is zoned Commercial.

Option 3 proposes commercial redevelopment opportunities along Wilson Street and Darlot Street, with townhouse and apartment development to the south. It proposes a north-south street and an east-west street to open up more development opportunities within the site.

Future development within this Investigation Area seeks to achieve the following design objectives:

- Townhouse and apartment development in the southern section of the investigation area.
- Reinforce commercial frontages along Wilson Street and Darlot Streets.
- Create visible and welcoming building frontages and entrances.
- Development of a residential frontage along the northern side of Selkirk Street, supporting an attractive interface with the potential future residential development on the southern side of the street (Investigation Area 1).
- Encourage residential uses at densities complementary to the role and scale of the CAD.
- Provision of a local street providing a north/south block link supporting vehicle access, more development opportunities and increased pedestrian permeability with flexibility to close the street for local access only. (There is the possibility that while the new street provides access into the site that it is not a through street for vehicles).
- Potential to redevelop the Wimmera Business Centre (note the proposed local street would require land acquisition).
- The commercial areas (C1Z) allows for residential use above commercial uses at ground and lower levels, which should be encouraged and supported.

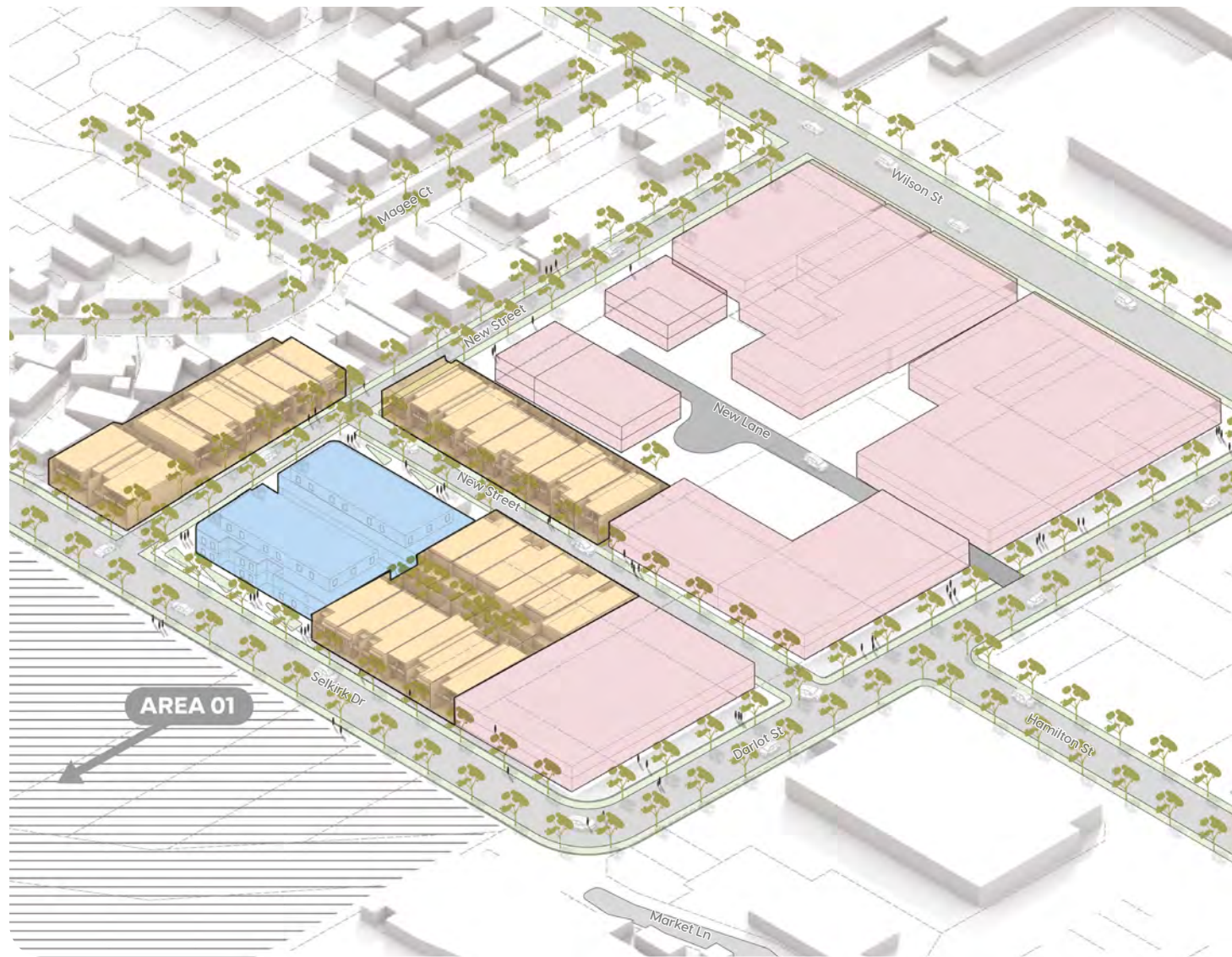


Figure 34 - Investigation Area 2 Option 3

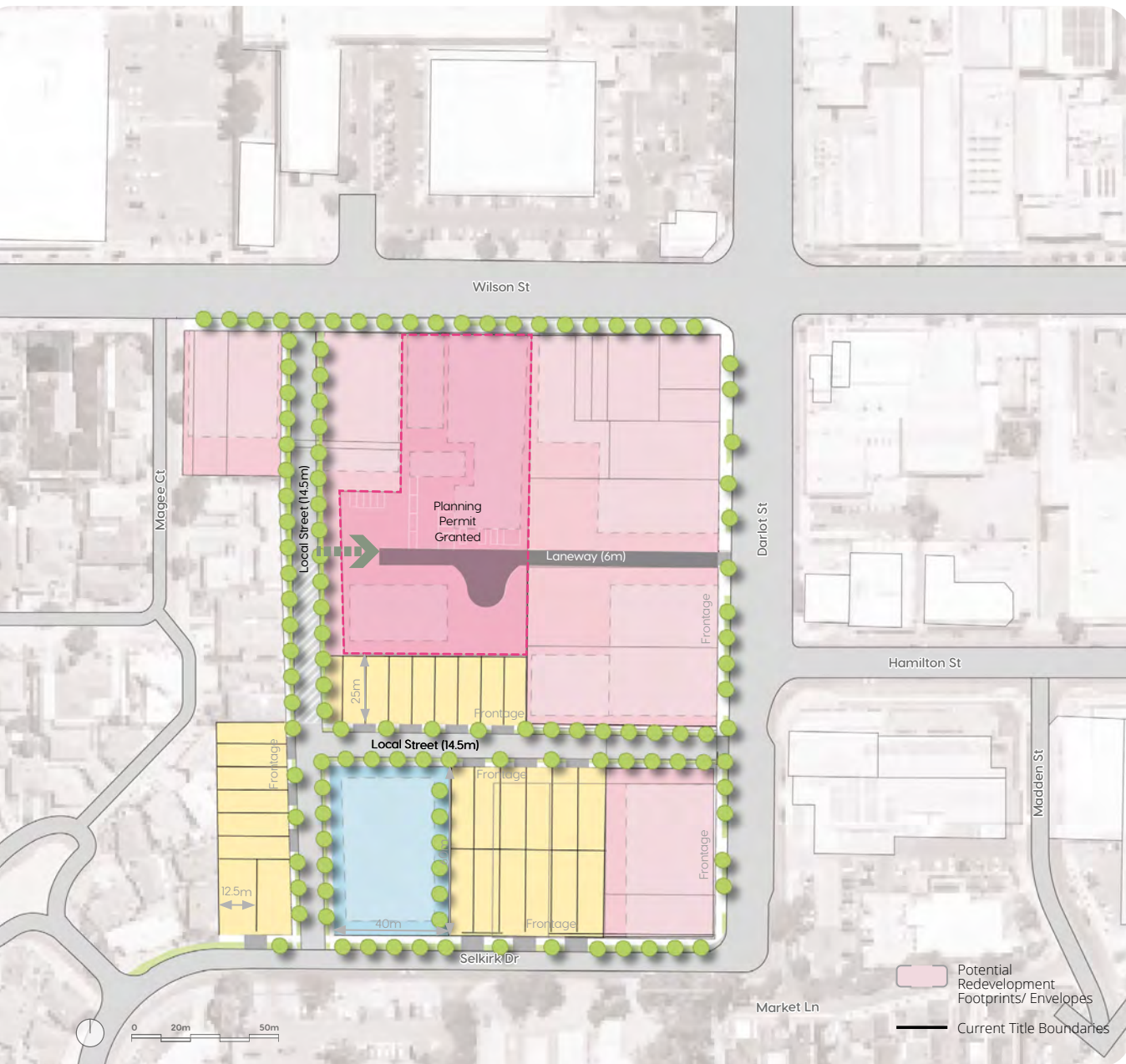


Figure 35 - Investigation Area 2 - Option 3

Investigation Area 2 - Development Option 3

Option 3 reflects the intent of the proposed 'City to River Masterplan' with the inclusion of the connector street between Wilson Street and Selkirk Drive. In summary this concept proposes:

- Townhouse and apartment development in the southern section of the investigation area.
- Provision of a local street providing a north/south and an east-west link supporting vehicle access and increased pedestrian permeability with flexibility to close the street for local access only. (Hatched area indicates potential area that could be closed to through traffic).
- Commercial use along the Wilson and Darlot Street frontages.
- Potential to redevelop the Wimmera Business Centre (note the proposed local street would require land acquisition).
- The commercial areas (C1Z) allows for residential use above commercial uses at ground and lower levels, which should be encouraged and supported.

Total Area	3.52 ha	100%
Streets, Roads and Lanes:	0.60 ha	17.0%
Local Street (14.5m)	0.50 ha	
Laneway (6m)	0.10 ha	
Commercial Area:	2.0 ha	56.8%
SubTotal	2.60 ha (approx)	
Residential Area:		
Higher Density Lot		
2400 m ² developable area for apartment development (60m x 40m parcel)		6.8%
Medium Density Lots		
6800 m ² developable area for townhouse development, lot width flexibility allows for volume builder townhouse designs 28 lots x avg. 230m ² (25-28m depth)		19.4%
SubTotal	0.92 ha (approx)	



Redevelopment Options Investigation Area 3



Investigation Area 3 Commercial/Residential Landholdings North of Baker Street



Figure 36 - Investigation Area 3 Existing Conditions

Investigation Area 3 is located between O'Callaghans Parade, Firebrace Street and Baker Street, and occupies 2.85ha of space. It is currently made up of commercial and residential landholdings.

Key Features

- 1 Commercial properties exist along Firebrace Street near the intersection with O'Callaghans Street
- 2 Public drainage reserve runs east-west between Madden Street and Firebrace Street
- 3 Prominent commercial site on corner of O'Callaghans Parade and Firebrace Street
- 4 Horsham Aquatic Centre
- 5 Harvey Norman is located immediately north of the precinct
- 6 Government Services Building
- 7 The Botanical Garden is located immediately to the south of the precinct
- 8 The City Oval is located to the south of the precinct
- 9 Prominent intersection connecting area to the Botanic Gardens and the Oval



Intersection at Firebrace and Baker Streets

Land Ownership

The majority of the Investigation Area 3 is owned by private land owners. Council owns the public use zoned land between Madden Street and Firebrace Street (1) and between Firebrace Street and O'Callaghans Parade (2).

Existing Buildings

There are a number of large buildings with commercial uses (mainly machinery and automotive repair industries) located along Firebrace Street. A new building housing government services is located on Madden Street.



Figure 37 - Built Form

Zoning

Commercial 1 Zone (C1Z)

This zone provides for a mix of uses including retail, office, business, entertainment and community uses. The C1Z encourages residential uses at densities complementary to the role and scale of the commercial centre. It is noted that the use of the land as a “shop” can occur in this zone without the need for a planning permit.

Commercial 2 Zone (C2Z)

The C2Z encourages commercial areas for offices, appropriate manufacturing and industries, bulky goods retailing and associated commercial services. Accommodation uses (except for residential hotel) are prohibited in this zone.

General Residential Zone – Schedule 2 (GRZ2)

This zone applies to the Horsham General Residential Area. The GRZ2 encourages a diversity of housing types that

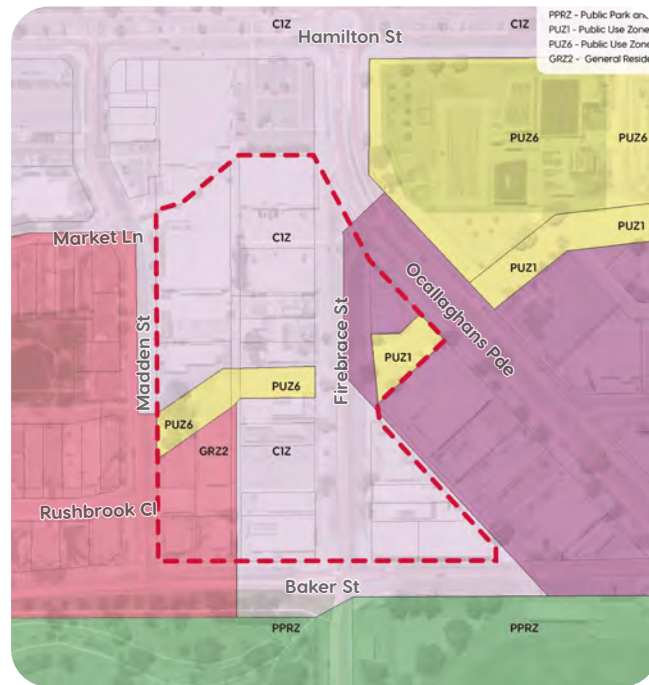


Figure 38 - Zoning

respects the neighbourhood character of the area. The building height in this zone must not exceed 11 metres and 3 storeys at any point. Furthermore, buildings must be setback a minimum of 2.5 metres from Baker Street, the Wetlands Park, and part of Madden Street.

Public Use Zone (PUZ)

The purpose of this zone is to recognise public land use for public utility and community services and facilities, and to provide for associated uses that are consistent with the intent of the public land reservation or purpose, as follows:

- Public Use Zone 1 – Service and Utility
- Public Use Zone 6 – Local Government

Overlays

Three overlays exist across the site, DD03 Wider Airport Environ, DD09 Stormwater management and EAO Controls of Contaminated Land.

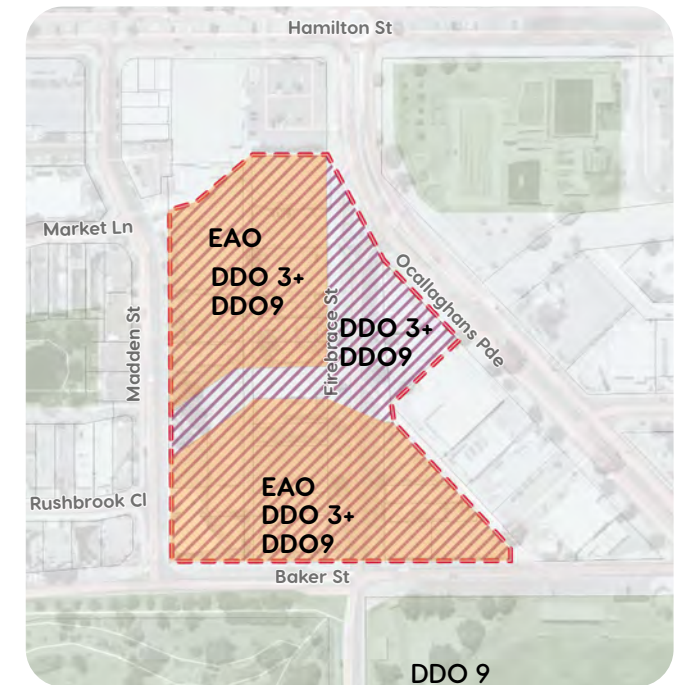


Figure 39 - Overlays

Design and Development Overlay - Schedule 3 (DDO3)

The DDO3 applies to Investigation Area 3 in its entirety. This overlay seeks to maintain the efficiency and safety of the Horsham airfield by controlling the height of developments surrounding the airport. The DDO triggers a planning permit for the construction of buildings or works, however, Schedule 3 states a permit is not required to construct a building or works which are less than 30 metres high above natural ground level.

Design and Development Overlay - Schedule 9 (DDO9)

The DDO9 aims to minimise the risk associated with stormwater flooding. A planning permit is required for all buildings and works within this overlay, with some exceptions.

It is noted that DD09 is proposed to be removed via Amendment C81 and replaced via new controls.

Environmental Audit Overlay (EAO)

This overlay seeks to ensure that potentially contaminated land is suitable for a use which could be significantly adversely affected by any contamination.

Before a sensitive use (residential use, child care centre, kindergarten, pre-school centre, primary school, even if ancillary to another use), children's playground or secondary school commences or before the construction or carrying out of buildings and works in association with these uses commences:

- A preliminary risk screen assessment statement in accordance with the Environment Protection Act 2017 must be issued stating that an environmental audit is not required for the use or the proposed use; or
- An environmental audit statement under Part 8.3 of the Environment Protection Act 2017 must be issued stating that the land is suitable for the use or proposed use; or
- A certificate of environmental audit must be issued for the land in accordance with Part IXD of the Environment Protection Act 1970; or
- A statement of environmental audit must be issued for the land in accordance with Part IXD of the Environment Protection Act 1970 stating that the environmental conditions of the land are suitable for the use or proposed use.

Land Subject to Inundation Overlay (LSIO)

The LSIO (Horsham Flood Storage or Flood Fringe Areas) applies to flood prone land affected by the 1 in 100 (1 per cent Annual Exceedance Probability) year flood event. A planning permit is required for all buildings and works (with minor exceptions) and subdivision.

Any application is required to:

- Submit a flood risk report,
- Consider the local floodplain development plan, and
- Be referred to the relevant floodplain management authority.

Floodway Overlay (FO)

The FO (Horsham Flood Risk Areas) applies to flood prone land affected by the 1 in 100 (1 per cent Annual Exceedance Probability) year flood event of high hazard which have the greatest risk and frequency of being affected by flooding.

A planning permit is required for all buildings and works (with minor exceptions) and subdivision. Any application is required to:

- Submit a flood risk report,
- Consider the local floodplain development plan, and
- Be referred to the relevant floodplain management authority.

Amendment C81:

The existing Floodway and Land Subject to Inundation Overlays affecting the investigation area are proposed to be amended via amendment C81. The existing and proposed overlays are shown on the plans below.

As the amendment has not been adopted this report has identified the affected areas. Prior to considering future development on these areas it is recommended that consultation with Council and the CMA occurs.

Relevant Planning Permits

3-7 Madden Street, Horsham – Planning Permit issued for Offices and associated parking and inundation retention basin.

174-176 Firebrace Street, Horsham – Planning Permit issued for Dance Studio, Apartments and associated parking.

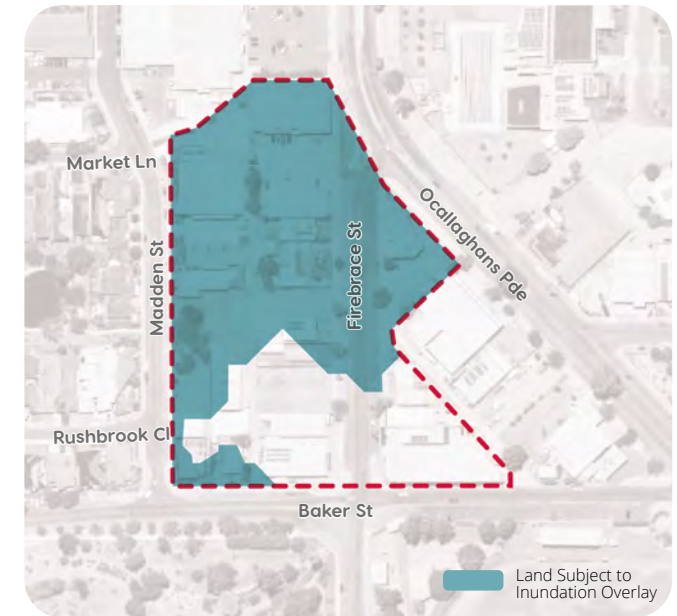


Figure 40 - Current Flood Management Overlays

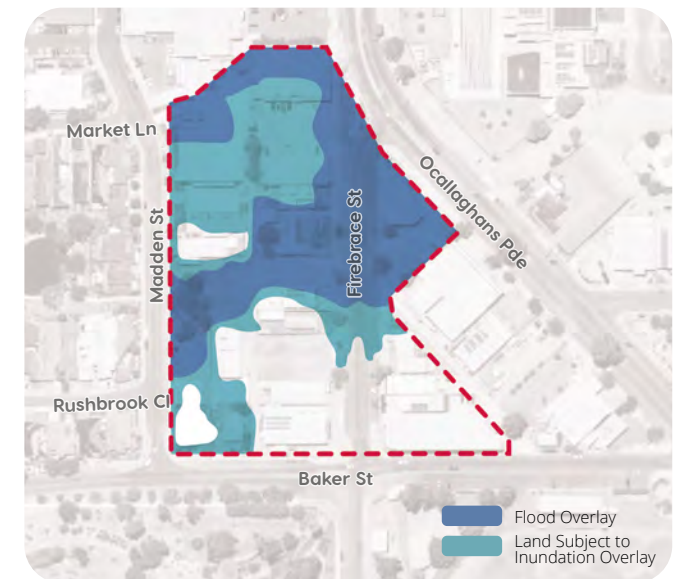


Figure 41 - Proposed C81 Overlays

Investigation Area 3 Development Option 1

Investigation Area 3 is located on the gateway into the Town Centre. The current mix of land uses includes retail, office, business, entertainment and community use.

This option proposes to strengthen the mix of uses in this Investigation Area. Additionally it proposes to improve the Firebrace Street streetscape and better utilise the drainage reserve as a passive recreational asset.

Future development within this Investigation Area seeks to achieve the following design objectives:

- Encourage residential uses at densities complementary to its proximity to the Horsham CAD.
- Encourage higher value commercial uses on the highly visible gateway (commercial) sites.
- Connect the drainage reserve into Horsham's open space network.
- Build upon recent development approvals in the area:
 - 1 Recent permit approval and construction of offices and associated parking and inundation retention basin on 3-7 Madden Street.
 - 2 Recent permit approval for a dance studio, apartments and associated on 174-176 Firebrace Street (Under construction).



This diagram is indicative only to suggest incremental redevelopment opportunities throughout Investigation Area. Actual redevelopment will be up to individual owners.

Figure 42 - Investigation Area 3 Option 1



Figure 43 - Key plan showing proximity of Investigation Area 3 to the CAD

Investigation Area 3 - Development Option 1

Future development within Investigation Area 3 seeks to achieve the following design objectives;

- Encourage a transition to high quality commercial tenancies along Firebrace Street (north of the drainage reserve). Min 2 storeys height is preferable. Tenancies should have ground floor uses and that engage with the street. Activation of the street edge will improve the pedestrian experience along Firebrace Street.
- Provide a strong sense of arrival to the CAD. Sites located on the gateway into the township are important because of their contribution to the arrival experience. Corner sites, particularly those located on prominent view lines, should provide an active and engaging interface with the surrounding streets and any adjacent public space and/or parks. Allied CAD office tenancies and short-term tourist accommodation are considered appropriate uses. Min 2 storeys height is preferable.

- Encourage high quality architectural outcomes in future development located at the intersection of Firebrace and Baker Streets. Built form should be expressive and of a scale that enhances local wayfinding between the Botanic Gardens and the CAD. Buildings should be positioned and articulated to encourage engagement with the street, provide passive surveillance over both streets and capitalise on the pleasant outlook over the Botanic Gardens.
- Key opportunity to increase the diversity of housing typologies in the CAD by encouraging visitor accommodation and other forms of accommodation (i.e housing) at upper levels to capitalise on the open space interface to the south.
- Create an attractive outlook and a safe and well utilised green liner open space, by encouraging residential development that creates a contiguous frontage addressing the drainage reserve. Encourage increased residential density that provides a diversity of housing stock. Lots under 350sqm are recommended.
- Encourage development of complementary land uses, ie community or Government services, adjacent tot the Government building on Madden Street.
- Create a high quality public realm to provide a fitting connection between the CAD and the River.

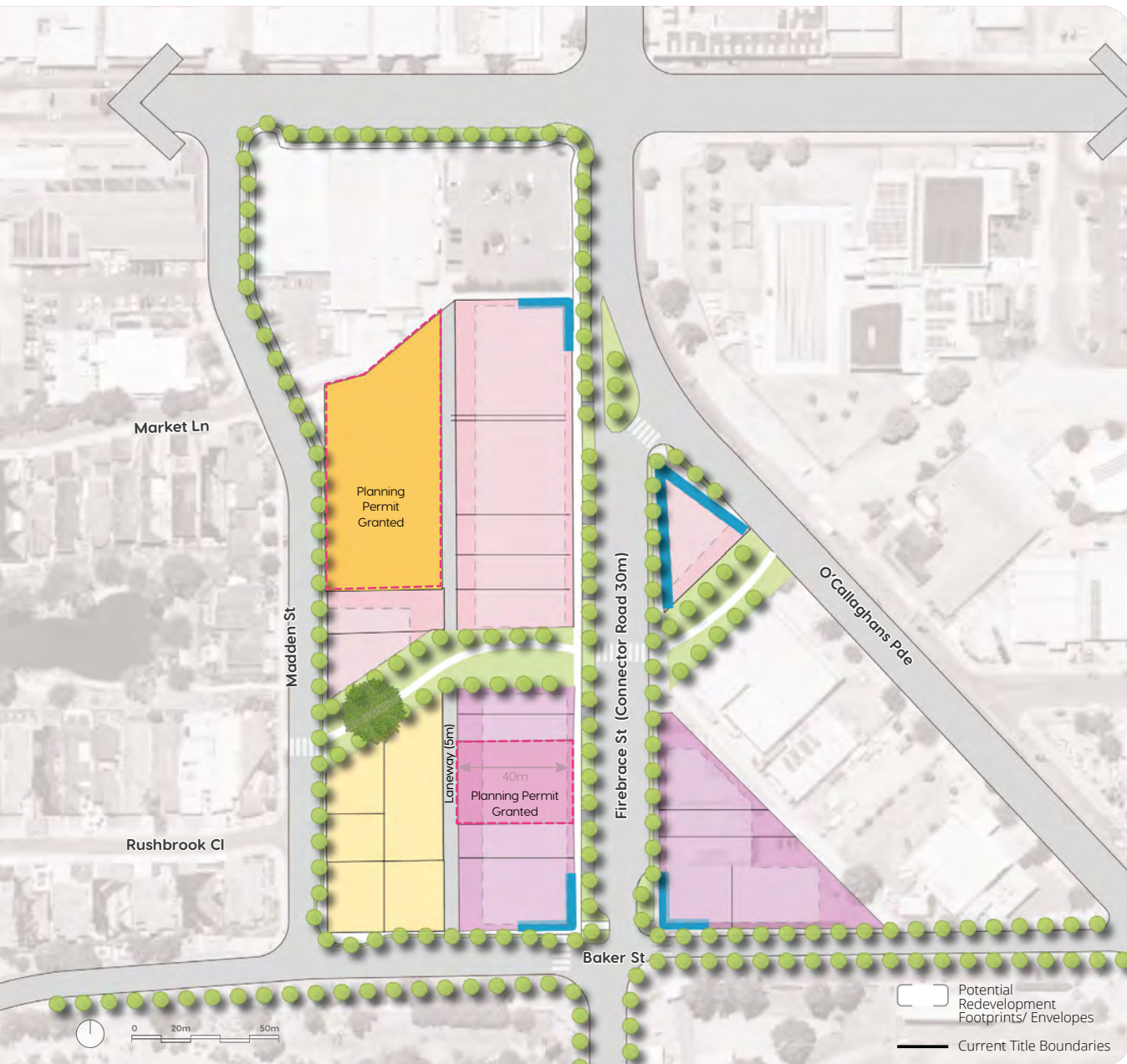
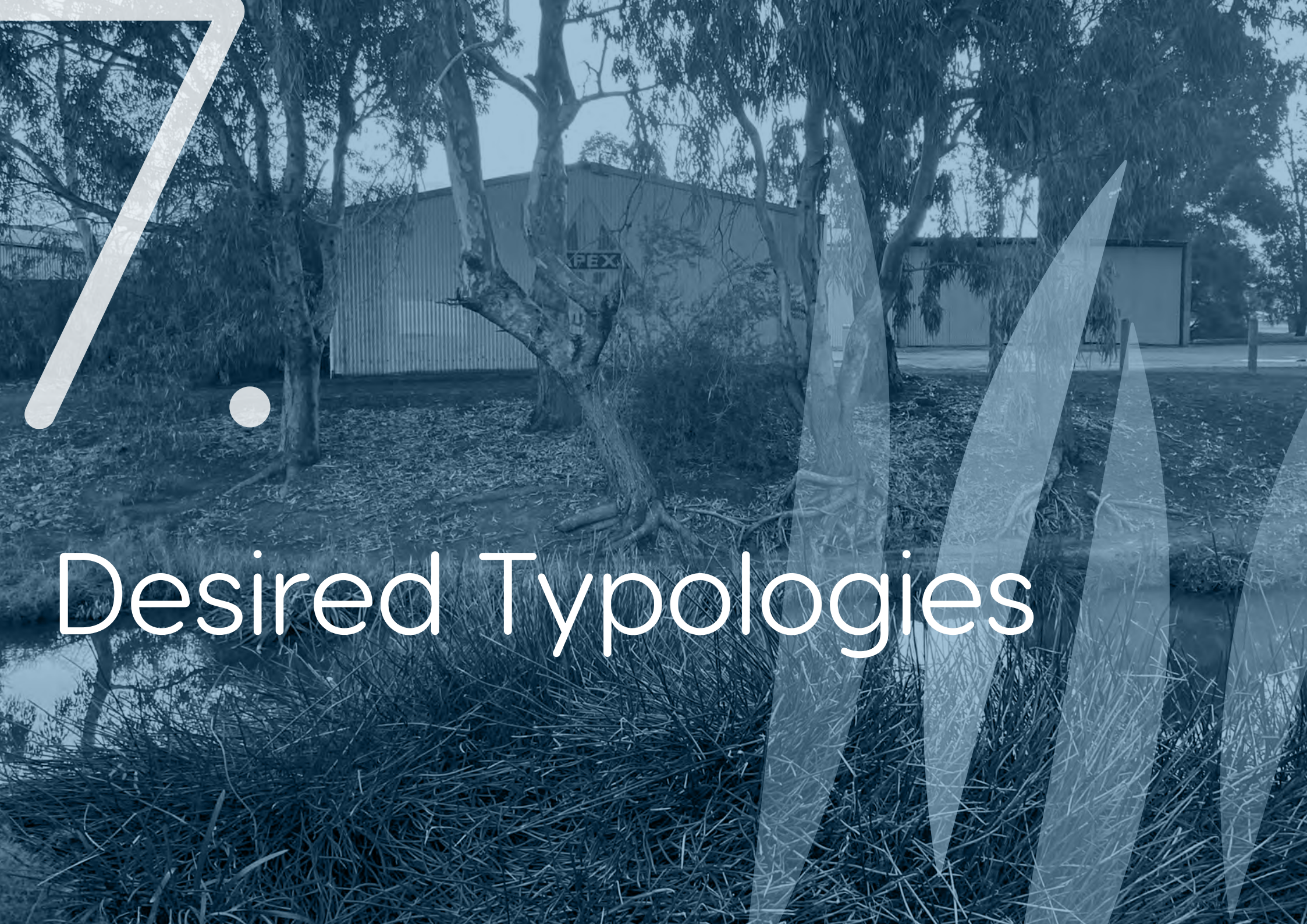


Figure 44 - Investigation Area 3 - Option 1

Total Area	2.85 ha	100%
Encumbered Land (Drainage Reserve)	0.3 ha	10.5%
Streets, Roads and Lanes:	0.62 ha	21.8%
Connector Road (30m)	0.58 ha	
Laneway (5m)	0.04 ha	
Commercial	0.68 ha	23.8%
On corner of O'Callaghans Parade and Firebrace Street	0.06 ha	
On western side of Firebrace Street	0.62 ha	
Mixed Use	0.64 ha	22.5%
On corner of Baker Street and Firebrace Street	0.30 ha	
On western side of Firebrace Street	0.34 ha	
Office/Government Services	0.33 ha	11.6%
Total	2.57 ha (approx)	
Residential Area:		
Residential Lots		9.8%
2800 m ² developable area for townhouse development		
Total	0.28 ha (approx)	



Desired Typologies

Housing Typology Examples

Below are a number of examples of appropriate housing typologies to be encouraged across the investigation areas.

Examples of Appropriate Townhouse Typologies



A diversity of housing types with a consistent architectural language and style



An articulated dwelling frontage that sits comfortably amongst the retained vegetation and the drainage corridor



Front yard and garage positively contribute to the streetscape

Examples of Appropriate Scaled Apartment Buildings



Contemporary street frontage and articulation



Apartment that integrates with the rhythm of the street



Apartment that addresses and activates the open space

Commercial and Mixed Use Typology Examples

Below are a number of examples of appropriate commercial and mixed use typologies to be encouraged across the investigation areas, specifically Investigation Area 2 and 3.

Examples of commercial and mixed use typologies that show appropriate bulk and scale and placement of buildings on front boundaries



Facades that add to streetscape will be encouraged.



Built form should hug the corners of the street with significant areas of glazing.



Ground floor retail or commercial can also accommodate residential uses above.



Two storey forms can sit well adjacent to single storey forms.



Adaptive reuse of existing buildings can enhance the precinct's character.



Good public realm can support a mix of uses including commercial and residential uses.



Planning Pathways



This section identifies the planning pathways for the investigation areas. This includes consideration of existing zones and overlays, amended controls required to facilitate options and other considerations.

Investigation Area 1 Council Depot Site

Current Zoning	Amended controls required to facilitate options?
<p>General Residential Zone</p>	<p>Environmental Audit Overlay:</p> <p>The Environmental Audit Overlay applies to the entire site. The audits will be required prior to the commencement of development for residential (sensitive) uses.</p> <p>Proposed new Development Plan Overlay:</p> <p>To achieve the development outcomes set out in the Options and to provide further guidance to Council planners and landowners, a Development Plan Overlay could be applied to the investigation area.</p> <p>The benefit of a Development Plan Overlay is that Council can include the objectives, information requirements and required guidance in the DPO schedule which relates to land use, landscaping and built form, but leaved the preparation of the Development Plan to the landowner. The DPO can be written with specific requirements and objectives to ensure that a Development Plan addresses Councils key outcomes at the same time as addressing a developers commercial needs at the time of development.</p> <p>The DPO schedule could require that the future development plan addresses the following (this is not an exhaustive list):</p> <ul style="list-style-type: none"> • General consistency with the development concept plan. • A Site Management Plan • Connectivity to existing road network via internal vehicle access ways with minimum standards provided. • Internal vehicle and pedestrian circulation. • Vehicle entry point location. • Provision of appropriate arrangements for necessary physical infrastructure, including waste water management, drainage works, retention and management of storm water, power and telecommunications. • Provision of an overall landscaping plan. • Identification of how flooding risks relevant to the land are to be addressed and managed. • Identification of how the development responds to other land uses in the area. • Opportunities to encourage affordable housing as defined by the Planning and Environment Act 1987 via S173 agreements. • Requirement for Housing Design Guidelines. <p>Given Council will likely sell this Investigation Area in the future it is vital to ensure that the DPO schedule addresses Councils ultimate development outcomes/desires for the site.</p> <p>The DPO is preferred to allow for Council to ensure their desired outcomes for the site can be achieved without stifling potential future market driven development opportunities that may arise - i.e. potential for higher densities and apartments should the market be there for this product when development occurs.</p> <p>Conclusion:</p> <p>Apply a new DPO schedule to the site as part of a planning scheme amendment prior to the sale of the land.</p>
<p>Rezoning required to facilitate options?</p>	
<p>The options for Investigation Area 1 both propose residential development which is consistent with existing zoning.</p> <p>The General Residential Zone states that buildings must not exceed 11m and musty contain no more than 3 storeys at any point. This control therefore is consistent with the proposed majority of the site which proposes a mix of detached and attached homes. However, should the Council wish to pursue taller forms for apartment development indicated as "Higher Density Lots" on the plans, then there may be a need to review the controls to allow for that additional height above 11m.</p> <p>Given there is uncertainty in the market for the demand for apartment living, Council could leave the property in the current zoning which can facilitate 3 storey townhouse product or 3 storey apartments, but be open to considering a future S96a Application (lodged by the future landowner) for an amendment to the controls and a planning permit for apartment building/s in the location identified for Higher Density Lots.</p> <p>Conclusion:</p> <p>No rezoning required to facilitate development options. However, depending on market demand for multi storey apartments a site-specific amendment (to include a new schedule allowing greater heights in the GRZ) of the "Higher Density Lots" may be required.</p>	
<p>Current Overlays</p> <ul style="list-style-type: none"> • Design and Development Overlay - Schedule 3 • Design and Development Overlay - Schedule 9 (note that DD09 is proposed to be removed via Amendment C81) • Floodway Overlay (note existing Overlay proposed to be removed and replaced with a new Overlay via Amendment C81) • Land Subject to Inundation Overlay (note LSIO proposed to be amended via Amendment C81) • Environmental Audit Overlay 	

Additional considerations

Proposed Amendment C81:

Horsham Rural City Council has prepared planning scheme amendment C81 to the Horsham Planning Scheme. The Amendment seeks to implement the findings of six flood studies and associated maps prepared on behalf of the Wimmera Catchment Management Authority (CMA).

The Flood Amendment revises the mapping extent of the Floodway Overlay (FO) and Land Subject to Inundation Overlay (LSIO) and introduces the Special Building Overlay (SBO) in the areas of the respective six studies.

The new Floodway Overlay proposed under this amendment applies predominantly to the land identified for drainage within this Investigation Area. The DPO will require the future landowner to identify how flooding risks relevant to the land are to be addressed and managed.

Adverse Amenity impacts of the existing concrete batching plant:

Although the land in this Investigation Area is zoned for residential development, it is located across the road from the existing concrete batching site. The EPA Draft Separate Distance Guidelines states that a Concrete Batching Plant that produces over 5000T a year should be separated from sensitive uses by 100m (otherwise any application would trigger a referral to the EPA). Although the production of the batching plant is not known, the investigation area is much closer than 100m to the plant – noting also that there is existing residential development even closer to the plant on its western boundary. Although it is acknowledged that a Batching Plant is not an appropriate use for this location, it has existing use rights to operate from the site. Until a decision is made (by the landowner) to relocate the facility any future development of the investigation area for a sensitive use will need to consider the potential extent of adverse amenity impacts. A planning control such as a DPO which may be applied to the site will also need to consider the 'Agent of Change Principle' and respond accordingly. This could include a requirement for an amenity impact assessment as part of the preparation of the Development Plan for that land use if the buffers still applied.

Developer Contributions:

This Investigation Area provides a significant development opportunity which provides council with an option to require the preparation of an Infrastructure Plan (included as a requirement in the DPO) that could address the following as appropriate:

- The provision, staging and timing of stormwater drainage works.
- The provision, staging and timing of roadworks both internal and external (if required)
- The provision, staging and timing of landscaping works for local parks and stormwater drainage reserves (in accordance with 53.01).
- The securing of the infrastructure and utility services as may be necessary by way of an agreement pursuant to Section 173 of the Planning and Environment Act 1987.
- Any other infrastructure related matter reasonably requested by the responsible authority associated with the subdivision of land.

A development of this scale provides the opportunity for Council to voluntarily negotiate with a future landowner for the provision of affordable housing, infrastructure and or a development contribution to contribute towards the provision of new infrastructure and or upgrades to existing infrastructure in the Centre.

Windfall Gains Tax:

The Windfall Gains Tax Act 2021 will establish a new tax on the uplift in land value resulting from a planning scheme amendment which changes the zoning of certain land in Victoria on or after 1 July 2023 (including Council owned land). The planning recommendations made for these options (including the potential new General Residential Zone schedule) will not trigger the Windfall Gains Tax given no uplift zoning change is proposed.

Investigation Area 2 Concrete Batching Plant and Surrounding Commercial

Current Zoning	Amended controls required to facilitate options?	Additional Considerations
Commercial 1 Zone (C1Z)		
<p>Rezoning required to facilitate options?</p>		
<p>Both options propose to retain the existing commercial uses on the properties fronting Wilson and Darlot Streets. This area can continue to operate as it does currently or be redeveloped for further commercial/ mixed use intensification under the current zoning.</p> <p>The southern section of the investigation area (fronting Selkirk Road) is proposed for residential development. The Commercial 1 zone allows for residential development above ground floor, without the need for a planning permit, if the frontage at ground level does not exceed 2 metres). Based on the options, a planning permit for the use of the ground floor for dwellings would be required. A planning permit for buildings and works will also be required.</p> <p>This permit trigger provides Council with the opportunity to review the site layouts and building designs of the dwellings to confirm they are consistent with the desired outcomes. The application of additional controls through an overlay will provide Council with more guidance for these assessments.</p> <p>Conclusion:</p> <p>No rezoning required to facilitate development options.</p>	<p>Environmental Audit Overlay:</p> <p>Although the Environmental Audit Overlay applies to the entire Investigation Area, only the area identified for residential development (sensitive uses) will trigger the need for the environmental audit. Given the proposed residential area is confined to the concrete batching plant properties it is considered appropriate that the landowner undertakes the required audits.</p> <p>Proposed new Design and Development Overlay:</p> <p>In order to achieve the outcomes of the development options and to provide further guidance to both Council planners and landowners, a Design and Development Overlay (DDO) could be applied to the investigation area.</p> <p>A DDO provides design guidance for the Investigation Area but does not rely on all landowners acting collaboratively in preparing a Development Plan for the whole investigation area (as would be required under a DPO).</p> <p>Similar to the DDO for City Gardens it is suggested that the overlay would play a similar role to include guidance regarding the land use outcomes sought, the ultimate internal road layout, as well as design guidance for the future residential development. This could include guidance on the following (this is not an exhaustive list):</p> <ul style="list-style-type: none"> • Dwelling Frontages • Fencing • Neighbourhood character • Setbacks • Innovative forms of building design • Sustainability etc. <p>Although the existing Commercial Zoned land will remain, guidance can be included in the DDO regarding the desired intensification and design improvements that are sought for this area. This could include guidance on the following (this is not an exhaustive list):</p> <ul style="list-style-type: none"> • Interfaces • Frontages • Pattern and character of the town centre • Parking locations • Innovative forms of building design <p>The option also exists to apply a Development Plan Overlay to the Investigation Area. This would be appropriate should the Council wish to facilitate the construction of the roads and laneways within the investigation area. Noting that the DPO schedule could include a requirement for a S173 agreement for Development Contributions to fund the delivery of the internal roads - there would be an opportunity to apportion the costs across multiple development sites on the basis of benefit.</p> <p>Conclusion:</p> <p>Apply a new DDO (or DPO) schedule to the site as part of a planning scheme amendment.</p>	<p>Windfall Gains Tax:</p> <p>The Windfall Gains Tax Act 2021 will establish a new tax on the uplift in land value resulting from a planning scheme amendment which changes the zoning of certain land in Victoria on or after 1 July 2023. The planning recommendations made for these options will not trigger the Windfall Gains Tax given no uplift zoning change is proposed.</p>
<p>Current Overlays</p>		
<ul style="list-style-type: none"> • Design and Development Overlay - Schedule 3 • Design and Development Overlay - Schedule 9 (note that DD09 is proposed to be removed via Amendment C81) • Environmental Audit Overlay 		

Investigation Area 3 Commercial/Residential Landholdings North of Baker Street

Current Zoning	Amended controls required to facilitate options?	Additional Considerations
<ul style="list-style-type: none"> Commercial 1 Zone Commercial 2 Zone General Residential Zone Public Use Zone 6 	<p>Environmental Audit Overlay</p> <p>Concerns were raised by landowners in the consultation workshops regarding the economic impact of the Environmental Audit Overlay on their ability to redevelop their sites. Given the fragmented nature of this Investigation Area Council could consider undertaking the required investigations on behalf of the landowners to facilitate the removal of the Overlay.</p>	<p>Proposed Amendment C81:</p> <p>Horsham Rural City Council has prepared planning scheme amendment C81 to the Horsham Planning Scheme. The Amendment seeks to implement the findings of six flood studies and associated maps prepared on behalf of the Wimmera Catchment Management Authority (CMA).</p>
<p>Rezoning required to facilitate options?</p> <p>The uses identified in the option for Investigation Area 3 are consistent with the existing zoning controls affecting the area.</p> <p>Conclusion:</p> <p>No rezoning required to facilitate development options.</p>	<p>Proposed new Design and Development Overlay</p> <p>In order to achieve the outcomes of the development options and to provide further guidance to both Council planners and landowners, a Design and Development Overlay (DDO) should be considered to cover the investigation area.</p> <p>Similar to the DDO for City Gardens it is suggested that the overlay include guidance regarding the land use outcomes sought as well as design guidance for the future residential development. This could include guidance on the following (this is not an exhaustive list):</p> <ul style="list-style-type: none"> Dwelling Frontages Fencing Neighbourhood character Setbacks Innovative forms of building design Sustainability etc. 	<p>The Flood Amendment revises the mapping extent of the Floodway Overlay (FO) and Land Subject to Inundation Overlay (LSIO) and introduces the Special Building Overlay (SBO) in the areas of the respective six studies.</p> <p>The new Floodway Overlay proposed under this amendment affects a number of properties in this investigation area and would likely limit the development potential of these sites. It is assumed that Council is informing these landowners through the amendment process for Amendment C81 what the implications of the amendment on their landholdings is. Although the Overlay Schedule does not prohibit development within the area covered by the Overlay we understand that Council and the Wimmera Catchment Management Authority are unlikely to support future development on these sites. As the amendment has not been adopted at the time of preparing the options this report has identified the affected properties and makes note that prior to considering future development it is recommended that consultation with Council and the CMA occurs.</p>
<p>Current Overlays</p> <ul style="list-style-type: none"> Design and Development Overlay - Schedule 3 Design and Development Overlay - Schedule 9 (note that DD09 is proposed to be removed via Amendment C81) Land Subject to Inundation Overlay (note LSIO proposed to be amended via Amendment C81) Environmental Audit Overlay New Floodway Overlay proposed over a number of properties via Amendment C81. 	<p>Although the existing Commercial Zoned land will remain, guidance can be included in the DDO regarding the desired intensification and design improvements that are sought for this area. This could include guidance on the following (this is not an exhaustive list):</p> <ul style="list-style-type: none"> Interfaces Frontages Pattern and character of the town centre Parking locations Innovative forms of building design (including the creation of landmark feature buildings on the identified key sites) <p>Conclusion:</p> <ul style="list-style-type: none"> Apply a new DDO schedule to the site as part of a planning scheme amendment. Investigate the opportunity for Council to satisfy the requirements of the Environmental Audit Overlay to remove this barrier to future development. 	<p>Windfall Gains Tax:</p> <p>The Windfall Gains Tax Act 2021 will establish a new tax on the uplift in land value resulting from a planning scheme amendment which changes the zoning of certain land in Victoria on or after 1 July 2023. The planning recommendations made for these options will not trigger the Windfall Gains Tax given no uplift zoning change is proposed.</p>



Economic Feasibility

Overview

Following the development of the design options, Urban Enterprise undertook a review of options to assess their development feasibility. This chapter summarises the feasibility assessment. The purpose of the assessment was to determine whether the development options are a financially viable proposition within current market conditions. Alternatively, if any of the options were not presently viable, the assessment also offers suggestions as to what would improve viability, and levers that Council could consider to help realise preferred development.

The Approach

To assess the feasibility of potential development options, the following approach was adopted:

- Outline development options to be assessed
- Establish the development parameters for each option, including site area, net developable area and site coverage, building height and efficiency, dwelling/floorspace yield, car parking requirements, and so on.
- Formulate and adopt assumptions relating to dwelling size and mix, expected development costs, selling prices and other income.
- Assess the financial feasibility of each development option using a Discounted Cashflow (DCF) analysis.
- Test the sensitivity of key inputs such as yield, land acquisition cost, development cost and selling price/rent to determine the key factors that impact viability. If unviable, discuss particular factors that would improve viability.
- Identify potential levers for Council to consider in order to encourage development outcomes.



Development Scenario 1

Development Scenarios

The development options assessed are as follows:

Development Scenario 1: Strategic site townhouse development

This option enables consideration of the potential to deliver a townhouse product in Investigation Area 1, with parameters based on the Development Options Report. The outcomes are also applicable to the potential development of the concrete batching plant site in investigation Area 2 given the similar site size and existing use.

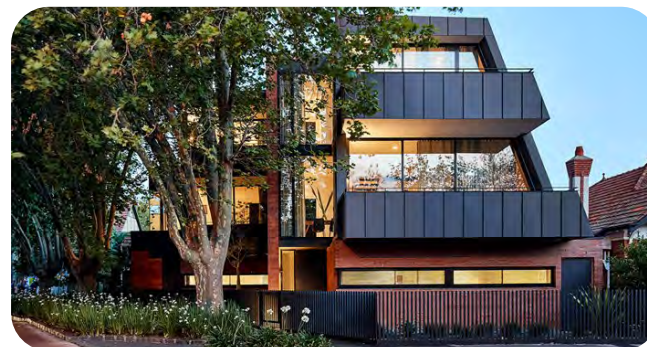
Development Scenario 2: Strategic site apartment development

This option enables consideration of the potential to deliver a multi-storey apartment product on sites nominated in the Development Options Report as suitable for apartments, including both Investigation Areas 1 and 2.

Development Scenario 3: Low-rise mixed use development

This option enables consideration of the potential to deliver mixed use developments on smaller sites in Investigation Areas 2 and 3, with commercial uses at ground level and residential apartments above.

The development options are preliminary in nature and are intended to provide a general indication of viability for each broad typology for strategic planning purposes, rather than detailed analysis of the viability of the development of any individual site.



Development Scenario 2

Table 1 outlines the development scenario assumptions

OPTION	1. STRATEGIC SITE TOWNHOUSES	2. STRATEGIC SITE APARTMENTS	3. LOW-RISE MIXED USE
Indicative Developable Area	13,850 sqm	3,500 sqm	1,000 sqm
Levels	2-storey townhouses	3 levels (includes undercroft car parking)	2 levels (Ground level commercial/retail, first level apartments)
Yield	52 townhouses	58 Apartments	5 Apartments ~490 sqm commercial (NLA)
Mix	38 x townhouses @ 200sqm/lot 14 x townhouses @ 240sqm/lot	12 x 1bed-1bath-1car (65sqm) 34 x 2bed-2bath-1car (85sqm) 12 x 3bed-2bath-2car (120sqm)	3 x 2-bed-2bath-1car (85sqm) 2 x 3-bed-2bath-2car (120sqm) ~245 sqm retail/hospitality NLA ~245 sqm office NLA
Investigation Area Applicability	1, 2	1, 2	2, 3

Source: Urban Enterprise 2023, derived from Development Options report, Urban Fold (Final Draft), May 2023.

Table 1 - Development scenario assumptions

Feasibility Parameters

The following development feasibility parameters were adopted:

- Development will be 100% debt funded and developers will seek a commercial return, with viability indicated by IRR or ROC of 20% of greater,
- 5 year development period, land acquisition and all professional fees (including planning and design requirements) occurs in year 0,
- 2 year construction period, total cost split evenly between year 1 and 2,
- Where relevant, costs escalated at 2% per annum (ave), reflecting the average Producer Price Index in the 10-years prior to COVID-19 (i.e. 2010-2019).

The feasibility analysis does not include any potential costs relating to site remediation and Windfall Gains Tax (if rezoned).

It is noted that the analysis is prepared purely for the purposes of informing strategic planning decisions, not investment decisions. The assessment relies on broad assumptions which are subject to change over time.

Results

The feasibility results for each option are summarised in Table 2, showing that:

- Strategic site townhouse development is marginally viable, with an IRR of 20.7%.
- Strategic site apartment development is not presently viable, returning a negative IRR and ROC.
- Low-rise mixed use development is approaching viability, returning an IRR of 17%.

OPTION	STRATEGIC SITE TOWNHOUSES	STRATEGIC SITE APARTMENTS	LOW-RISE MIXED USE
Land Acquisition	\$1,662,000	\$875,000	\$500,000
Construction Cost	\$22,741,750	\$26,649,500	\$3,105,180
Other Development Cost	\$2,542,131	\$3,127,185	\$352,169
Total Development Cost	\$26,945,881	\$30,651,685	\$3,957,349
Income	\$29,300,000	\$28,643,000	\$5,341,175
Internal Rate of Return (IRR)	20.7%	-10.2%	17.0%
Return on Cost (ROC)	10.2%	-6.6%	35.0%

Source: Urban Enterprise, 2023. Results rounded.

Table 2 - Feasibility Results

Key Factors Influencing Viability

Analysis of the results indicates that the main factors currently impacting viability are:

- Cost of land acquisition and comparison of the Residual Land Value with existing values,
- Construction costs, especially elevated rates of construction in the past 2 years,
- Expected selling prices and the potential for price appreciation.

These are discussed in-turn.

Land Values and cost of acquisition

Land cost is a key variable influencing viability. The existing land value profile in the study areas varies widely, from vacant lots and lots with low value improvements, to higher value properties with recent improvements and successfully operating businesses.

For Scenarios 1 and 2, viability of development will be influenced by the extent to which the existing landowners (including Council) are prepared to sell to a developer based on their selling price expectations and motivations. The analysis indicates that the strategic site townhouse development is marginally viable at a land purchase price of \$120 per sqm. Council has a role to play as a catalyst landowner – entering into an agreement to sell land to a developer at lower than market rates would significantly improve the viability of housing development on the Council depot site and reduce development risk.

Low-rise mixed use development on smaller properties would be faced with higher land costs per sqm, given the sites are smaller and many properties have existing improvements and businesses. A nominal land value of \$500 per sqm has been assumed for this development option, which reflects a vacant site or a site with low-moderate value improvements. Development is likely to be viable for these sites in the short-medium term, however for sites with higher land and improvement values, low rise mixed use development is unlikely to be viable until later in the planning period.

Given the sensitivity of development viability to existing land values, the introduction of any additional taxes and charges (such as Windfall Gains Tax, if land was to be rezoned) would be further detrimental to financial prospects of redevelopment.

Construction Costs

Construction costs have increased strongly since the onset of the COVID-19 pandemic, largely a result of rising costs of materials (e.g. timber, steel) from supply-chain issues/delays, and labour shortages. Higher construction costs are directly impacting the viability of projects in many development settings, particular medium and higher density areas. Developers are now factoring in higher contingencies to allow for potential further unforeseen cost increases. Although there is a strong possibility that construction costs will normalise in the coming years, further cost escalation remains a key risk factor for developers.

One of the most substantial development costs, particularly for a multi-level apartment development, is how parking is provided (i.e. at grade, under-croft or basement). The results are sensitive to the type of parking provided.

Selling Prices

The primary determinant of viability is selling price, however the apartment market is untested in Horsham. This analysis adopted selling prices for apartments which are based on the selling prices of \$5,000 - \$6,000 per sqm based on higher quality medium density dwellings in Horsham in recent years. At these selling prices, the apartment development option would not be viable.

Selling price appreciation would need to occur over time (greater than construction cost appreciation) to enable apartment viability. This could only occur once prices of traditional housing options in Horsham appreciate such that higher density housing in central Horsham is an attractive option at higher price points than today.

Ballarat's housing market provides a useful comparison – apartment development is now emerging as a viable option at a point in time when the median house price in that municipality was \$590,000 (2022), considerably higher than the current median in Horsham of \$380,000. At the recent average annual growth rate of 5.6%, Horsham's median house price would reach \$590,000 by 2030.

Alternative scenarios and timeframes for Scenario 2 (Apartments)

To test the sensitivity of Scenario 2 to parking type and time, the following scenarios have been modelled with results shown in Table 3:

Scenario 2b: Development parameters as per Scenario 2a, adjusted to add basement car parking and commensurate increase in above-ground saleable area (apartment yield increased 76). This results in a lesser return on investment compared with the Scenario 2a base case, indicating that basement parking does not improve the viability of development under current conditions.

Scenario 2c: Development parameters as per Scenario 2a, plus a projection of sales price growth at 4% per annum over the next 10 years (to 2033) concurrent to longer term 'trend' construction cost escalation of 2% per annum. This demonstrates that development would be approaching feasibility in 2033 if these growth rates materialise.

Option	2a (baseline)	2b: Basement option	2c: 2033 projection
Land Acquisition	\$875,000	\$875,000	\$1,295,000
Construction Cost	\$26,650,000	\$37,300,000	\$32,486,000
Other Development Cost	\$3,127,000	\$4,265,000	\$4,111,000
Total Development Cost	\$30,652,000	\$42,440,000	\$37,892,000
Income	\$28,643,000	\$37,559,000	\$42,399,000
IRR	-10%	-12%	19%
Return on Cost	-7%	-12%	12%

Source: Urban Enterprise, 2023.

Table 3 - Apartment Scenario Testing Results

Levers to incentivise development

There are several levers available to Council to incentivise development and achieve the vision/objectives for the urban renewal areas:

- A Joint Venture (JV) for the Council owned site (investigation area 1) whereby Council negotiates a deal with a developer which could include selling the site at a discount in exchange for achieving certain outcomes on the site (which could include provision of affordable housing, housing for workers, and so on).
- Planning flexibility – allowing discretionary height limits to enable developers to determine the most viable mix of building size and parking type at the time that a development is being planned, as opposed to a requirement to work within strict height and other design limitations.
- Truncated planning and approvals timeframes (if possible);
- Reduced developer and open space contributions, and minimising any on-site requirements for open space for strategic sites (i.e. maximising the developable area).
- Dispensation of other planning requirements if suitable in the circumstances (e.g. carparking rates).
- Planning controls to provide greater certainty for future development. Development Plan Overlay will provide clear vision for the precinct and process for approval.

Conclusion

The analysis highlights that strategic site townhouse development is viable and low-rise mixed use development is approaching viability. This analysis reflects a period of volatile construction materials pricing and relative supply chain uncertainty. Following stabilisation of these conditions, residential viability is expected to improve.

Strategic site apartment development is not currently viable, however it is expected that viability may be achievable in the medium term (i.e. 10 years) if construction cost increases stabilise and housing demand continues to result in sustained price growth in Horsham. Apartment development would result in substantial increases to the residential yield possible within the study areas, especially if heights are not closely restricted.

This analysis confirms the importance of planning for future apartment development in strategic locations. The investigation areas present strategic opportunities to realise housing growth in central Horsham.

Council has an important role to play in facilitating and encouraging housing development in the area, especially through its role as landowner of the most strategic redevelopment site at the Council depot, but also through other levers identified in this report.



10.

Implementation

Implementation

Consideration has been given as to how the development options identified in this plan can be implemented. This Implementation Plan outlines the key actions to be undertaken to implement any of the development options.

The actions encompass:

- Operational
- Partnership & Advocacy
- Planning & Policy
- Capital Works

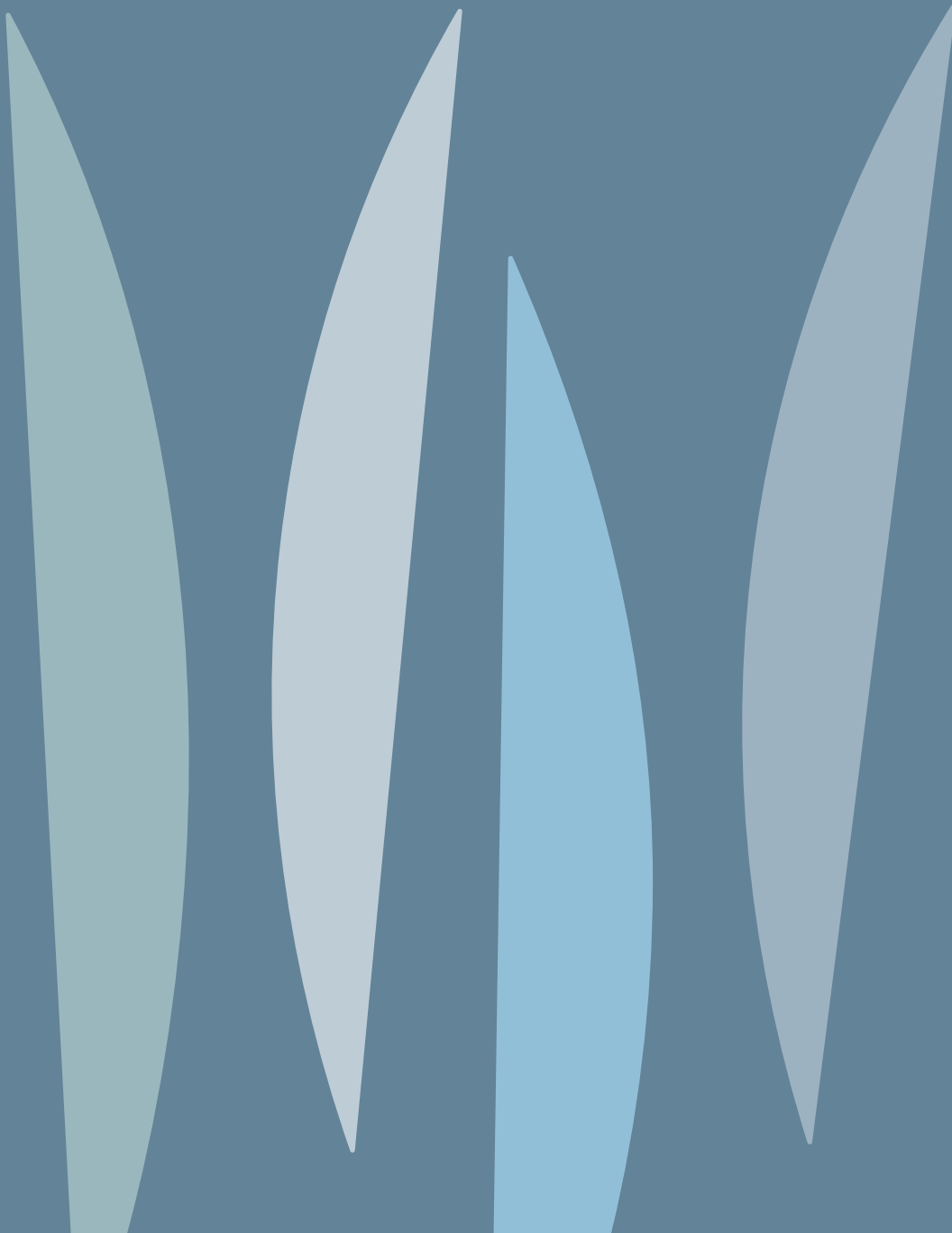
The responsibilities column identifies the key parties that will deliver the action.

Many of these actions will need to be undertaken in consultation with a range of stakeholders including the Council, State Government, landowners, and developers.

The following timings are utilised:

- S = short term, i.e. 1 to 5 years (actions of the highest priority are listed as such)
- M = medium term, i.e. 5 to 10 years
- Ongoing

Action	Responsibility	Timing
Operational		
Prepare a rolling implementation program that identifies all actions required to be undertaken by the Urban Renewal Project.	Council	S (priority)
Establish effective partnerships between Council and all relevant participants, to effectively implement the Urban Renewal Plan in a timely and efficient manner.	Council	Ongoing
Partnerships & Advocacy		
Work collaboratively through early conversations with the private sector and create partnerships with landowners/developers, businesses and community services providers. This should include: <ul style="list-style-type: none"> • Running sessions with key landowners and developers on the Urban Renewal Project to discuss what it means and how they can be part of implementing it. • Reaching out to key players/developers not currently active in Horsham to encourage them to understand the ambitions of the area. 	Council in collaboration with developers and landowners.	S - M
Explore opportunities for Public/Private Partnerships -particularly on Council owned land.	Council in collaboration with developers and landowners.	S - M
Advocate to State Government and Housing Associations to provide affordable housing as part of redevelopment on Council land.	Council in collaboration with State Government	Ongoing
Continue ongoing collaboration with GWM Water to review implications of development on existing water and sewer mains.	Council in collaboration with GWM Water	Ongoing
Planning & Policy		
Prepare a planning scheme amendment which includes: <ul style="list-style-type: none"> • Application of a Development Plan Overlay to Investigation Area 1 (and potentially Investigation Area 2) • Application of two separate Design and Development Overlays to Investigation Areas 2 & 3 	Council	S (priority)
Establishing an Urban Renewal Project specific "Concierge" service within Council to facilitate planning and other approvals required ensuring a holistic Council response is provided in response to proposals.	Council	S - Ongoing
Confirm/examine the options/sources of funding to implement capital works components of the Urban Renewal Project such as the open space, drainage infrastructure and new local roads. This could include development contributions, works in kind, State and Federal Government grants and payments.	Council	S
Investigate the opportunity for Council to undertake the required Environmental Audit Overlay Assessments for Investigation Area 3 to remove this as a barrier to the efficient development of the area.	Council	S
Develop a coordinated, consistent and strategic car parking management framework for the Investigation Areas that includes: <ul style="list-style-type: none"> • Clear visitor and employee parking zones. • Opportunities for onsite car parking dispensations when considering central off site car parks. 	Council	S
Develop a municipal wide 'Housing Strategy' to deliver housing diversity and affordability that allows Local Governments to negotiate with developers to ensure adequate affordable housing provision.	Council	S (priority)
Capital Works		
Encourage the delivery of new open space, roads and streetscape improvements in accordance with the Urban Renewal Project through the planning permit process for sites within the investigation areas.	Council in collaboration with developers	S-M



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