

**11.2 Amcor Site, Heidelberg Road, Alphington
Future Sale of the Site**

Executive Summary

Purpose

To consider the change in circumstances regarding the future sale and development of the Amcor site in Heidelberg Road, Alphington, the risks associated and the options available for Council in response to these changes should it determine further proactive processes are warranted.

Key Issues

Amcor recently announced that rather than undertaking a master plan for the site in Alphington and seeking to rezone the site before it is sold, the property is currently for sale by expressions of interest through Colliers International, either as a whole or in two separate parcels. Expressions of Interest close on 16 April 2009.

Selling the site at this time introduces a risk that the industrially zoned part of the site could be sold for industrial purposes, and also that the site could be sold in smaller parcels, rather than planned and designed in a holistic manner.

Council has the option of seeking to have the site rezoned to clearly articulate Council's vision as outlined in the adopted Design and Development Principles for the site. Council also has the option of not seeking any zoning changes at this point in time. The establishment of the Taskforce and its investigations would continue in either option. There are advantages and risks associated with either course of action.

Economic Implications

Any direct and indirect economic implications that future redevelopment of the Amcor site will have for the Yarra community and businesses will be dependent upon the type of development which takes place on the site.

Environmental Implications

The matters contained in the Amcor Design and Development Principles identify environmental sustainability as an important issue in the future of the Amcor site. Any future redevelopment of the site provides opportunities for environmental benefits associated with more environmentally sustainable use and development of the site and better management of the interface with the Yarra River and riparian vegetation corridor.

Social Implications

Redevelopment of the site, particularly for any type of residential development would be likely to have implications for existing or required social and community infrastructure in the area.

Financial Implications

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There would be no costs to Council associated with any Stage 1 amendment to the Yarra Planning Scheme, however, the costs associated with preparation and exhibition of the Stage 2 amendment will be provided for by Strategic Planning's operational budget.

Legal Implications

Any amendment to the Yarra Planning Scheme would be undertaken in accordance with the relevant provisions of the *Planning and Environment Act 1987*.

Council Plan and Policy Implications

The Council Plan 2007-2011 includes the following relevant major strategies:

- (a) retain an appropriate mix of land across Yarra;
- (b) manage amenity expectations for different uses and locations across Yarra;
and
- (c) work towards improving Yarra's public domain to facilitate greater activity and enjoyment.

PROPOSAL

That Council note the risks involved in relation to the changed circumstances associated with the sale of the Amcor site in Heidelberg Road, Alphington, and the options available should Council determine some further proactive processes are warranted.

11.2 Amcor Site, Heidelberg Road, Alphington Future Sale of the Site

File: 30/30/50/01/09
Responsible Officer: Director City Development

Purpose

1. This report considers the change in circumstances regarding the future sale and development of the Amcor site in Heidelberg Road, Alphington, the risks associated and the options available for Council in response to these changes should it determine further proactive processes are warranted.

Background

2. The Amcor site, located on the corner of Heidelberg Road and Chandler Highway in Alphington, is a large site of over 16 hectares. In February 2008, Amcor announced that it proposed to close its plant located on the site in three years time in order to move its operations to New South Wales, with ultimate plans to sell the Alphington site.
3. In response to that announcement, in March 2008, Council resolved to undertake forward planning in relation to the future use and development of the site, and in January 2009, Council adopted the *Amcor Site Design and Development Principles*. (Attachment 1) The vision for the Amcor Site as outlined in the Principles is –

The Amcor site will become a sustainable, predominantly residential community which will:

- *be a showcase of ecologically sustainable design and a leading example of best practice environmental management;*
- *interface unobtrusively with the Yarra River corridor, which will remain a refuge from the built environment and an indigenous vegetation and wildlife corridor;*
- *incorporate convenience retailing services and community facilities within walking distance of homes, plus some employment opportunities in offices and showrooms along the Heidelberg Road frontage;*
- *restrict space paved over for roads and parking to maximise land available for more productive uses, and ensure cars never dominate, but travel slowly and carefully, creating a haven from traffic and a safe play environment for children;*
- *make walking and cycling to/from and around the site in all directions an easy and pleasant experience, and facilitate links with local public transport;*
- *keep building heights under 5-6 storeys along major roads, stepping down to 2 storeys on the eastern and southern sides of the site where it meets the river and in keeping with the remainder of low-rise Alphington;*

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- retain links to the site's industrial past and encourage the adaptive reuse of existing significant heritage buildings for shared community and/or cultural uses;

- provide homes for a diversity of households including some affordable housing;

- respect existing neighbourhood character and create a cohesive community across south Alphington and South Fairfield.

4. At the same time as adopting the Principles, Council also resolved to establish a taskforce (the Taskforce), chaired by the Mayor, to coordinate the consideration of the key issues relating to the site. Membership of that taskforce would comprise Councillors and Council officers from both the City of Yarra and the City of Darebin, a representative from the Department of Planning and Community Development and three community representatives.
5. Nominations for the community representatives on the Taskforce have recently been called and membership of the Taskforce is considered in a separate report to Council in this meeting cycle.
6. Following confirmation of its membership, the Terms of Reference of the Taskforce provide that the Taskforce and representatives from relevant Government authorities and organisations will be invited to participate in a range of specific discussions focussed on transport and access; community services and open space; and environmentally sustainable design and buildings.
7. Amcor recently announced that rather than undertaking a master plan for the site and seeking to rezone the site before it is sold, it now proposes to put the property on the market immediately.
8. **The property is currently for sale by expressions of interest (EOIs) through Colliers International, either as a whole or in two separate parcels. Expressions of Interest close on 16 April 2009. (Attachment 2)**

The Current Yarra Planning Scheme

9. Under the current provisions of the Yarra Planning Scheme as they relate to the Amcor site, the majority of the site is included in an Industrial 3 Zone, whilst the mostly vacant eastern part of the site is included in a Residential 1 Zone. (Attachment 3)
10. Several Overlays also apply to the site (refer also to Attachment 4), including:
 - (a) an Environmental Significance Overlay (ESO1 – Yarra River Environs) which applies to that part of the site within approximately 100 metres of the Yarra River;
 - (b) a Design and Development Overlay (DDO1 – Yarra River Corridor – Inclusive of Merri and Darebin Creeks) which also applies to that part of the site within approximately 100 metres of the Yarra River;
 - (c) a Land Subject to Inundation Overlay which applies to that part of the site within 20-50 metres of the Yarra River, which is liable to flooding; and

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- (d) a Heritage Overlay (HO70) which applies to most of the western part of the site and which relates to the APM Boiler House which is a large curtain-walled building, approximately square in plan which rises to a height of about 5 storeys.

Implementation of the Design and Development Principles

- 11. Prior to Amcor's recent announcement regarding the sale of the site, the Design and Development Principles for the site, adopted by Council, were intended to provide a sound framework for discussions with Amcor regarding future use and development of the site, as well as clearly outlining Council's requirement for a master plan for the site before any request for rezoning would be considered.
- 12. The next steps intended have been:
 - (a) the Taskforce to investigate issues concerning the redevelopment of the site and to consider the implications of any proposal for rezoning of the site or its redevelopment; and
 - (b) Council to then prepare an amendment to the Yarra Planning Scheme to give statutory effect to the Design and Development Principles prior to master planning or rezoning of the site. This could be in the form of a Design and Development Overlay.
- 13. Both Council and the State Government, as confirmed through recent discussions with officers from the Department of Planning and Community Development, wish to ensure that this significant site performs a key role as a strategic redevelopment site which will accommodate additional households in accordance with the directions of *Melbourne 2030* and Council's adopted new Municipal Strategic Statement.

The Sale of the Site

- 14. The current sale process for the land has introduced a new variable in the process envisaged and planned for in the paragraphs above. It is highly desirable that Council use all endeavours to inform potential purchasers of Council's adopted Design and Development Principles for the site, including the vision for a site as a sustainable, predominantly residential community, incorporating convenience retailing services and community facilities and some employment opportunities in offices and showrooms along the Heidelberg Road frontage.
- 15. The selling of the site at this time introduces a risk that the industrially zoned part of the site could be sold for industrial purposes, and also that the site could be sold in smaller parcels, rather than planned and designed in a holistic manner.
- 16. If Council considers this risk to be significant, it could request the Minister for Planning to amend the Yarra Planning Scheme (without exhibition) in a way which clearly articulates that vision and at the same time requires the adopted Design and Development Principles for the site to given regard to in the planning for future use and development of the site. (see Options and implications later in the report)

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Options

17. In responding to the changed circumstances for the Amcor site, Council has the following options:

- (a) no change (do nothing); and
- (b) seek to rezone now to clearly articulate the Council's and State Government's vision for the site which will inform the EOIs, with further rezoning later following the Taskforce process.

Option 1: No Change

18. Council has the option of not seeking any zoning changes at this point and simply proceeding as planned with the establishment of the Taskforce and its investigations. The risk associated with this course of action is that EOIs may not be aware of Council's Design and Development Principles and may seek to develop the site contrary to these principles. As previously mentioned, there is also a risk that, due to the existing industrial zoning, part of the site could be sold for industrial purposes which is not consistent with Council's vision for the site or that the site is not planned in a holistic manner (that is, fragmented).

Option 2: Rezoning Options

19. Should the Council consider that the sale of the site under the current zonings presents a significant and urgent risk, it could seek to amend the Planning Scheme by adopting a two-staged process as follows:

- (a) Stage 1 – Council could request the Minister for Planning to prepare an amendment to the Yarra Planning Scheme under section 20(4) of the Planning and Environment Act 1987 whereby the site would be rezoned from Industrial 3 to another zone more consistent with the vision for the site (as discussed below) and appropriate overlays would be applied to the site to implement the Design and Development Principles for the site. This would not involve public exhibition.
- (b) Stage 2 - As part of its work the Amcor Taskforce would inform Council who would then consider a further amendment to the Yarra Planning Scheme where non-residential uses are proposed – this would be subject to a public exhibition process.

How the Stage 1 process would work

20. The underlying principles for selection of any alternate appropriate zone and overlays for the site as part of this first stage should be that:

- (a) the zone/overlays clearly communicate the vision for future use and development of the site;
- (b) the zone/overlays require the future owner of the site to take into account the adopted *Amcor Site Design and Development Principles* in relation to any proposed future use and development of the site;

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- (c) the zone/overlays would not enable a permit to be granted for use and development of the site without the need to Council to first approve a development plan for the site; and
 - (d) in order to keep things fairly simple at this first stage a single zone should be considered for the whole of the western part of the site.
21. The options available for any rezoning of the land and the application of overlays to the site as part of this first stage are discussed in detail in Attachment 5. It is assumed that all the overlays which currently apply to the site, as described in paragraph 10, would be retained.
22. In broad terms the zones which could be considered for the western part of the Amcor site (the Industrial 3 Zone) in Stage 1 are as follows:
- (a) Residential 1 Zone (R1Z): The purpose of this zone is to provide for residential development at a range of densities with a variety of dwellings, and in appropriate locations to allow educational, recreational, religious, community and a limited range of other non-residential uses to serve local community needs.
 - (b) Mixed Use Zone (MUZ): This zone provides for a range of residential, commercial, industrial and other uses which complement the mixed-use function of the locality. A schedule to the zone allows the maximum floor space for uses including office, shop and trade supplies to be specified.
 - (c) Comprehensive Development Zone (CDZ): This zone is designed to allow more complex developments in accordance with a comprehensive development plan which is incorporated in the Planning Scheme. However as the details of any proposed development of this site have yet to be developed the requirement for an incorporated plan could not be met. However this zone could be considered again in Stage 2 when more definitive plans may be available in relation to future use and development of the site.
23. It is considered that the Residential 1 Zone would be the most appropriate for any Stage 1 rezoning of the site as it flags the predominant intent of the site. As discussed above, the Comprehensive Development Zone is not considered an appropriate option for Stage 1 of the amendment process and the Mixed Use Zone could potentially allow non-residential uses in areas where predominantly residential development is sought.
24. The process for any first stage rezoning would need to acknowledge that future rezoning of some parts of the site would occur – this would need to be also mentioned in the Explanatory Report that is required to accompany a rezoning amendment.
25. In terms of Overlays, it is considered that no matter which zone is applied to the site, the following overlays would be essential additional Planning Scheme tools:
- (a) Environmental Audit Overlay (EAO): The EAO applies to land identified, known or suspected of being contaminated. It is applied to land in situations where an amendment to a Planning Scheme would have the effect of allowing (either with or without a permit) potentially contaminated

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land to be used for a 'sensitive use' (meaning a residential use, a child care centre, a pre-school centre or a primary school) or open space. Having regard to the history of industrial use of this site an EAO would be essential.

- (b) Development Plan Overlay (DPO): The DPO controls the form of development by a plan prepared to the satisfaction of the Responsible Authority. The schedule to that Overlay would specify the requirements to be included in any development plan, which would include the matters covered in the *Amcor Site Design and Development Principles*. The DPO should be applied to the whole of the site, including that part currently zoned Residential 1 on the eastern side of the site.

Implications – Third Party Rights

- 26. It should be noted that if the site were rezoned to Residential 1 Zone with a DPO over the whole site, an Application made generally in accordance with the provisions of the Planning Scheme (which is generally in accordance with any development plan), would then be exempt from notice requirements and review rights at VCAT. (See Attachment 6). Council could still inform and consult with the community but no formal rights or appeal rights would exist. A draft DPO to the local section of the Yarra Planning Scheme is included as Attachment 7.

Summary

- 27. Council could, if it considers a substantial risk now exists to a well-planned overall outcome for the Amcor site, request the Minister for Planning to amend the Yarra Planning Scheme by rezoning the western part of the Amcor site from Industrial 3 to Residential 1 Zone and to apply an Environmental Audit Overlay to the western part of the site and a Development Plan Overlay to the whole of the site.
- 28. Such an amendment process would provide that the Amcor Site Design and Development Principles are given some statutory effect quickly.
- 29. Under section 20(4) of the Planning and Environment Act, the Minister has the power to expedite an amendment by approving it without giving prior notice of the amendment if there is a need for urgency, as it could be argued in this case.

How Stage 2 would work

- 30. Stage 2 would include preparation of a further amendment to the Yarra Planning Scheme which would be developed by Council with the assistance of the Taskforce.
- 31. The Stage 2 amendment would involve additional work to identify the specific extent and location of particular land uses on the site, such as residential, shops and offices and other uses. This would enable rezoning of the land to more specifically facilitate that type of use. As an example, the Business 1 zone may be proposed for neighbourhood shopping, the Business 2 or Business 3 zone may be more suitable for employment-related uses such as offices, showrooms, and a Residential 1 zone would be suitable for areas which would be predominantly residential. Some non-residential uses such as educational

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establishments or community facilities could be accommodated in the residential zone.

32. Further detailed work by the Taskforce would be required to identify the boundaries to such zones, and to provide the strategic justification for the application of particular zones and schedule provisions.

Consultation

33. The Draft Design and Development Principles for the Amcor site were on public exhibition during November 2008 and the adopted Amcor Site Design and Development Principles take into account the submissions received.
34. Should Council opt to seek a prompt rezoning to Residential 1 Zone through a Ministerial amendment (under section 20(4)), no community consultation process would occur. Stage 2 of the process would include a full public exhibition process in relation to the subsequent amendment to the Planning Scheme. This would, however, only relate to any land to be rezoned and changes to overlays.

Economic Implications

35. Any direct and indirect economic implications that future redevelopment of the Amcor site will have for the Yarra community and businesses will be dependent upon the type of development which takes place on the site. Whilst it is understood that there will be a loss of 90 jobs from the site (some of which would be filled by Yarra residents), future development may include other employment opportunities and/or residential development which would support the local economy.

Environmental Implications

36. The matters contained in the Amcor Design and Development Principles identify environmental sustainability as an important issue in the future of the Amcor site. Any future redevelopment of the site provides opportunities for environmental benefits associated with more environmentally sustainable use and development of the site and better management of the interface with the Yarra River and riparian vegetation corridor.

Social Implications

37. Redevelopment of the site, particularly for any type of residential development would be likely to have implications for existing or required social and community infrastructure in the area.

Financial Implications

38. There would be no costs to Council associated with any Stage 1 amendment to the Yarra Planning Scheme however the costs associated with preparation and exhibition of the Stage 2 amendment will be provided for by Strategic Planning's operational budget.

Legal Implications

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39. Any amendment to the Yarra Planning Scheme would be undertaken in accordance with the relevant provisions of the *Planning and Environment Act 1987*.

Council Plan and Policy Implications

40. The Council Plan 2007-2011 includes the following relevant major strategies:
- (a) retain an appropriate mix of land across Yarra;
 - (b) manage amenity expectations for different uses and locations across Yarra; and
 - (c) work towards improving Yarra's public domain to facilitate greater activity and enjoyment.

Conclusion

41. The Council needs to be formally aware of the changed circumstances relating to the upcoming sale of the Amcor site since it adopted the Vision and Design and Development Principles for the site.
42. Council also needs to be aware of the risks associated with the changed circumstances and determine if they are significant enough to warrant any action at this stage.

RECOMMENDATION

43. That Council note the report.
44. That should Council determine that sufficient risk exists to mitigate against the realisation of the Vision and Design and Development Principles for the Amcor site, that Council:
- (a) request the Minister for Planning to amend the Yarra Planning Scheme under section 20(4) of the Planning and Environment Act 1987 to:
 - (i) rezone the western part of the Amcor site, Heidelberg Road, Alphington from Industrial 3 to Residential 1 Zone;
 - (ii) apply an Environmental Audit Overlay to the western part of the Amcor site, Heidelberg Road, Alphington;
 - (iii) apply a Development Plan Overlay to the whole of the Amcor site, Heidelberg Road, Alphington based on the draft shown in Attachment 7.

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Attachment 1 – Amcor Site Design and Development Principles
Attachment 2 – Notice of Sale of the Amcor Site
Attachment 3 – Zoning of the Amcor Site

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Attachment 4 – Overlays which apply to the Amcor Site

Attachment 5 – Options for Stage 1 Rezoning of the Amcor Site

Attachment 6 – Development Plan Overlay (State Section of Planning Scheme) Revised

Attachment 7 – Draft Schedule to the DPO for the Amcor Site (Local Section)