# 7.3 PROPOSED HEALTH PRECINCT AT BELL STREET, COBURG

# Director Engagement and Partnerships Joseph Tabacco Places and Major Partnerships Projects

#### Officer Recommendation

That Council:

- 1. Approves the commencement of the process under Section 114 of the *Local Government Act* 2020 to consider the sale of the land (as shown in Attachment 2 comprising of approximately 15,700 square metres of land contained in certificates of title volume 10192 folio 590, volume 11411 folios 002 and 003 and generally known as 29, 31, 46, 52, 60 and 62 Urquhart Street, Coburg, 72, 74 76, 78 and 80 Bell Street Coburg, by Private Treaty to the Coburg Health Hub Pty Ltd.(CHH) for the creation of a staged development of a health and community services precinct.
- 2. Notes the consideration for the sale shall be for Coburg Health Hub entering into the Contract of Sale and the section 173 agreement as described in the Heads of Agreement at Attachment 1 (which is confidential due to commercially material matters).
- 3. Authorises the Director Engagement and Partnership to finalise the drafting of the Contract of Sale and Section 173 agreement with CHH as outlined in the Agreement for Council's possible execution subject to a decision to sell the land following the Section 114 (2) and Council's Community Engagement process.
- 4. In accordance with section 114 (2) of the *Local Government Act* 2020 and section 223 of the *Local Government Act* 1989 Council authorises that a public notice be given of its intention to sell the land calling for submissions in The Age newspaper.

5.	Publishes a copy of the public notice on Council's website and provides a copy towners and occupiers of all properties abutting the land.				
6.	Appoints Councillor	as Chair, and Councillors ,			
	and	to a Committee to hear any submitters			
	requesting to be heard in support of their written submission.				

- 7. Authorises the Chief Executive Officer to set the time, date and place of a meeting of the committee to hear submissions in relation to Council's intent to sell the land at 29, 31, 46, 52, 60 and 62 Urquhart Street, Coburg, 72, 74 76, 78 and 80 Bell Street, Coburg following consultation with Councillors and any submitters.
- 8. Notes the Communications and Engagement Plan to invite the community to share their views on the proposal.
- 9. Following the consultation process, receives a report outlining any submissions received, a summary of proceedings of any Hearing of Submissions held in relation to the proposed sale, with a recommendation on whether to proceed.

#### **REPORT**

# **Executive Summary**

Council has had a long-held aspiration to bring new health and community services to Coburg through the delivery of a health precinct that would also create local jobs. The health and community services sector is both the largest and the fastest growing in Australia and there is projected to be increasing demand for health services. The vision for a health precinct was first canvassed with the Moreland community through extensive engagement as part of the development of the endorsed Place Framework: The Colours of Coburg, in 2010, and the land to the east of the Civic Centre bound by Bell Street, Pentridge Boulevard and Urquhart Street was designated for this use.

Council is unable to deliver a project of this type alone, and so has made repeated attempts to find partners with appropriate capability and interest to deliver a health precinct.

On two previous occasions, Council began discussions with interested parties but on both occasions the parties withdrew from negotiations before a final agreement was reached. Most recently, a Request for Qualification (RFQ) in 2018 did not result in any conforming bids.

In April of 2020, Council received an unsolicited proposal from a group, recently incorporated as Coburg Health Hub (CHH), which addressed the requirements of the 2018 RFQ. The proposal was assessed as aligning well with Council's requirements. Following probity advice that this proposal could be considered, Council entered into a Heads of Agreement with CHH. Due to the contractual nature of this document, it is attached as a confidential attachment along with the financial offer and the list of proposed tenants (**Attachments 3 and 2** respectively). Also attached are two confidential letters regarding potential future tenants (**Attachments 4 and 5**).

The central elements of CHH's proposal are:

- A campus style precinct with a variety of health and community uses
- A private short stay hospital
- A private mental health rehabilitation hospital
- A bulk-billing GP super clinic and consulting suites
- Not-for-profit allied health services
- Not-for-profit residential aged care
- Early learning and childcare
- Public open space
- Small retail and hospitality uses, such as a café

CHH describe the benefits of their proposal as follows:

- Locally delivered services such as acute and primary health care, rehabilitation, mental health, childcare, residential aged care, aged care support services (such as home care), and NDIS services
- \$160m of new investment in the delivery of the health precinct
- \$300m of projected benefit to the local Moreland economy
- 1,000 jobs in the construction and operational phases of the project
- New high quality publicly accessible open space

Council has previously carried out extensive investigations into the possibility of securing a public hospital for this site. These investigations included conversations with the State Government, most recently in July 2021, who consistently advise that provision of a public hospital within Moreland cannot be supported, and they do not plan to build one. Progressing the CHH proposal at this point does not preclude continued conversations with the State Government about finding a suitable site for a public hospital somewhere in Moreland, should their priorities change.

Previous proposals from Healthscope Ltd and Epworth Healthcare, that progressed to Heads of Agreement stage with Council, both comprised a private hospital in accordance with the previous Requests for Proposal.

Since CHH's initial proposal was received, officers have asked them to strengthen their proposal in four key ways: community information and engagement throughout the process, environmentally sustainable design, respecting heritage, and maximising services and facilities available to those on lower incomes. CHH have now done this and captured their proposal in a form that can be shared with the community (**Attachment 1**).

The CHH proposal is for a campus style precinct made up of two smaller private hospitals rather than one large one, and a GP super clinic with bulk-billing, and a number of health and community uses delivered by not-for-profit providers. CHH estimate that over half of the floorspace (around 11,000sqm) within the health precinct would be used to deliver services on a community/not-for-profit basis and just under 9,000sqm would be used for private healthcare services. It is understood that the proposed fund manager is a not-for-profit.

Due to the complexity of a project of this type and scale, and the significant time and work needed to put together the components needed to deliver a health and community services precinct on this land consistent with Council's objectives, it is likely that a deferral or reconsideration of key requirements of the proposal at this stage, would result in the project not proceeding, and the land remaining in its current form for a significant period of time. Officers have completed analysis of CHH's proposal against Council aspirations, requirements and targets, and concluded that the proposal scores highly. Officers recommend that Council now begin the public process to allow the community to view and make submissions to indicate if they support CHH's proposal. If Council decides to take this course of action, a Hearing of Submissions will be scheduled before Council considers whether or not to sell the land to CHH to deliver the health precinct in line with their proposal. The project would then travel through a statutory planning process to consider detailed design and built form outcomes.

# **Previous Council Decisions**

DEP13/20 - Proposed Coburg Health Precinct - 12 August 2020:

Council resolved to enter into the Heads of Agreement with CHH (then Medela Properties).

**DEP5/20 - The Coburg Initiative - Health and Wellbeing Precinct Proposal –** 10 June 2020:

Council noted the initial proposal from Medela Properties (now CHH) and authorised the preparation of a Heads of Agreement

DED65/18 - The Coburg Initiative (TCI) 10 October 2018:

Council noted the RFP process received no conforming bids, and resolved to explore alternative approaches to redevelopment that could deliver employment on the site, including aged care and allied health services.

DED75/17 – The Coburg Initiative (TCI) - Update on Development Clusters 1 and 2 (Coburg Square and Hospital) – 9 August 2017

Council endorsed a tender process to seek a suitably qualified operator interested in delivering a hospital or major health facility on the site.

DED89/14 – Amendment C123 to the Moreland Planning Scheme - Coburg Activity Centre - Consideration Of Panel Report And Adoption - 12 December 2014

Council resolved to formally adopt the Planning Scheme Amendment, to facilitate appropriate development in the activity centre.

**DED37/13 – The Coburg Initiative – Hospital/Major Health Facility Update –** 8 May 2013:

Council resolved to negotiate and enter into a Heads of Agreement with Epworth Health Care.

#### **DED20/12 – Expression of Interest - Coburg Initiative –** 14 March 2012

Council resolved to proceed with the Expression of Interest process to obtain an interested party to develop a hospital or major medical facility on the Coburg hospital site.

# **DED6/12 – The Coburg Initiative Update -** 8 February 2012

Council resolved to prepare and release an Expression of Interest to the market for the hospital site.

# **DED33 – The Coburg Initiative - Place Framework Public Exhibition Final Sign Off -** 8 December 2010

Council resolved to formally adopt The Colours of Coburg: Place Framework and associated strategies, which defines the desired land use for the site as a hospital or major health facility.

# 1. Policy Context

Council has an established policy framework, based on extensive community engagement, to bolster the local economy and create jobs, and to bring new services and community infrastructure to Central Coburg, and designates the subject site as a hospital or major health facility.

# Planning Scheme Amendment c123 (2014)

Amendment C123 consolidated the planning controls that apply to the Coburg Activity Centre. The amendment implements the land use and built form directions from the Central Coburg 2020 Structure Plan (2006) and the Colours of Coburg Place Framework (2010).

The consultation and engagement that supported the planning scheme amendment is set out in the section 4 of this report.

# **Colours of Coburg Place Framework (2010)**

The Colours of Coburg Place Framework was adopted in 2010 in order provide a vision for Central Coburg and establish a series of detailed principles to assess new projects. The Place Framework formally identified the site within Precinct 5, stating that it could 'support the activities of a hospital or major health facility and complete the range of activities that establish a health and wellbeing hub' (p38).

A key driver for the inclusion of a health and wellbeing project is to enable the creation of new jobs in Coburg with the sector being a 'dynamic and important employer, with a hospital or major health facility and a combined Community Health Centre attracting further private medical establishments as satellites around the major operations' (p26).

The site is further defined as a location for 'Key Community Infrastructure Projects' with the following description:

Health and Wellbeing – projects include: hospital or major health facility; Moreland Combined Community Health Centre; and new Maternal and Child Health and Children's Centre.

The consultation and engagement that supported the Place Framework is set out in the section 4 of this report.

# Coburg 2020 Structure Plan (2006)

The subject site is identified within 'Precinct 8' of the Structure Plan. It places clear planning controls and objectives over the site which were then developed further for the Place Framework. These are described as:

- To maintain and enhance the established pattern of free-standing buildings in open landscaped grounds.
- To accommodate new development that will ensure the viability of established uses into the future.
- To ensure new landmark buildings on identified sites are designed to achieve a high standard of design which reflects the importance of their location and extent of their visibility

A landmark building is identified on the corner of Bell Street and Pentridge Boulevard, which is the south-west corner of the site. It also requires an active frontage on ground level active frontage on elements of the site that have street frontage.

A key objective for the site, given it will retain a heritage-listed building, is to ensure the respectful design of adjacent proposals.

# 2. Background

#### Site

From the early 1980s to the 2000s, Council made strategic decisions to purchase several residential properties to assemble the land to make a larger parcel suitable as a project site. The process of land assembly and clearance can be seen on the photos (Image 1) included in this report. In addition, Council also acquired a parcel of land north of Urquhart Street, formerly part of Pentridge Prison, that has been included in the vision.





Image 1: Aerial image of project site circa 1980 (left) and early 2000's (right).

Today's land holding, totalling 1.5ha can be seen below. The heritage listed bluestone cottage is marked near the bottom left corner of the site:



# **Previous Attempts to Secure Delivery Partner**

Since the adoption of the Colours of Coburg Place Framework, by Council on 8 December 2010 (DED33) the Health Sector has been identified as a dynamic and important employer for Coburg, and a key economic driver for the future development of Coburg as the principal place of employment in Moreland.

A hospital or major medical facility provides a unique opportunity for a catalyst project in Coburg. Some of the benefits of such a facility are -

- Providing improved access to health services and consequently increased liveability for the Moreland community.
- Providing a strong basis for establishing a significant health cluster in Coburg.
- Securing significant employment opportunities in Coburg Central both directly and indirectly (through multiplier effects associated with increased industrial and consumption activity) and as a result of the investment both during and post construction (primary and secondary jobs).
- Creating a range of employment opportunities that require a diversity of skills and provide an equally diverse range of wages and salaries that will support a diversified local economy.
- Providing a major economic stimulus to Coburg Central through direct economic impacts for goods and services purchased locally for the facility and from wages and benefits paid to employees, and indirect economic impacts on businesses that will derive benefit from a hospital such as a range of consulting and medical services, pharmacies, equipment suppliers, restaurants, hotels and florists.
- As the first significant private investment in Coburg Central, a major signal to and catalyst for further private investment.

Since resolving to develop a health precinct officers have worked closely with relevant State Government Departments exploring opportunities for a public hospital, state investment, managing the road network hierarchy (transferring the public highway status from Urquhart Street to a newly created Pentridge Boulevard link and formalising the Moreland Planning Scheme provisions to guide this future development. As part of this work the State has consistently advised that provision of a public hospital within Moreland cannot be supported, there being significant funding demands (shortfalls) within the existing public hospital network and there being a higher demand in locations further afield. Alternative options for the delivery of some

public services within a private facility have been discussed on occasion but such contractual arrangements cannot be tied to a facility.

There have been multiple efforts to find a delivery partner over the last decade:

- 2010: Healthscope entered into a Heads of Agreement with Council with a view to relocating the John Fawkner Hospital operation to the site. Healthscope were subsequently acquired by a US based private equity firm who no longer had interest in investing in new capital projects and withdrew from the project at a cost of \$190k paid as a consideration fee at the commencement of the negotiations. Despite this setback significant steps forward were made in facilitating a major health project. Importantly Council purchased land within the Pentridge Precinct to enable the relocation of the Coburg Children's Centre (CCC) creating a key piece of land sought for future expansion purposes for a major health facility (confirmed later as necessary as the minimum size of parcel required), and completed Pentridge Boulevard as a vital traffic link for a major hospital facility. A combined value of approx. \$5M (not including the construction of the CCC which occurred later).
- 2012: A nationwide Expression of Interest was undertaken with the assistance of Ernst and Young, and Epworth were the successful bidders. After several years of negotiation a Heads of Agreement had neared completion, but in early 2017 Epworth advised that it would not proceed with the project on the basis that they could not commit to the desired delivery timelines given their investment pipeline at the time exceeded \$600M (involving a new facility in Geelong and major upgrades at their Richmond and Box Hill hospitals). Importantly as part of this EOI process the market confirmed that a larger site was necessary in order to accommodate the desired outcome. As such Council purchased an additional piece of land within the Pentridge Precinct (Lots 36 and 37) in order to facilitate the project at a cost of \$2.3M completing the assembly of the land parcel informing the current proposal.
- **2018**: A Request for Quotation was launched. No conforming submissions were received.

#### 3. Issues

#### **Coburg Health Hub's Proposal**

In April 2020 Council received an unsolicited offer from CHH to deliver a hospital on the site, as well as a range of other health related uses. Council entered into a Heads of Agreement in December 2020 which enabled officers to ask CHH to strengthen their proposal in four ways: community information and engagement throughout the process, environmentally sustainable design, respecting heritage, and maximising services and facilities available to those on lower incomes. CHH made these changes and Council received an updated proposal on 29 June 2021.

The key features of the proposal, as described by CHH, are:

- **Short Stay Private Hospital**/s Two boutique private hospitals consisting of a Short Stay Hospital specialising in acute patient care as well as a Mental Health Hospital providing in patient care and day programs.
- **Community Health Services** Primary health care and community health services, including GP's, radiology, pathology, pharmacy, dentistry, mental health, and aged care support.
- Early Learning/Child Care Circa 100-120 place childcare and early learning centre.
- **Aged Care / Transitional Care** Contemporary residential Aged Care Facility, together with Assisted Living Units and transitional care, operated by a well-respected not-for-profit organisation.

- Consulting Suites/ Education /Commercial Offices Medical consulting suites, education facilities and health care corporate offices in an iconic multi-level building on the corner of Bell Street and Pentridge Boulevard.
- Public Space An engaging, safe, and sustainable landscaped public realm, providing enhanced connectivity across all uses within the precinct and encouraging visitation from beyond. The proposed development will provide a positive contribution to the social environment.

Potential tenants providing these services are set out in the attachment to this report, which is confidential due to the commercial nature, and in keeping with the requirements of the Heads of Agreement.

# **Assessment of CHH's Proposal**

Officers have carried out a detailed assessment of CHH's proposal against the targets, objectives and aspirations from various Council endorsed documents and concluded that there is a high level of alignment with Council's endorsed objectives for this project.

Documents of particular relevance are:

- The Colours of Coburg Place Framework and related document The Coburg Initiative Economic Development Strategy (2010): these pieces of work followed extensive community engagement and are the key strategic documents setting out Council's objectives for central Coburg. They set out the key drivers for the activity centre, and the role of the health precinct within it
- The Request for Qualification (2018): the tender document sets out the basis on which we are selecting a partner to deliver the health precinct.

With respect to Council's 2018 RFQ, the proposal meets all necessary requirements, and exceeds a number of Council's aspirations including the extent of provision of not-for-profit health services, the breadth of health uses, the approach to landscaping of open spaces and the projected contribution to the local economy. The assessment against RFQ principles relating to built form and urban design suggests high alignment, which would be refined further through the detailed design process should Council decide to progress to that stage.

The following table sets out analysis of how well the proposal responds to key strategic objectives and requirements, and where the proponents are fully addressing or even exceeding the requirements, and where they are only partially meeting them.

Strategic Objective	Does not meet	Partially meets	Fully meets	Exceeds	CHH Commitment	Notes
Colours of Coburg P	lace Fr	amewo	rk			
Increase floorspace for health and community services by an additional 30,800m² (target relates to whole of Central Coburg)				<b>&gt;</b>	The proposal includes a variety of health and ancillary uses that total circa 30,500m2	The target is across the entire activity centre and the proposal delivers almost the whole ambition. As a direct result of this project, it is anticipated substantial additional health and community services floorspace

Strategic Objective	Does not meet	Partially meets	Fully meets	Exceeds	CHH Commitment	Notes
						would be created in the activity centre, which would then substantially exceed the target.
A major private hospital as a significant economic multiplier			<b>✓</b>		Two boutique private hospitals consisting of a Short Stay Hospital specialising in acute patient care as well as a Mental Health Hospital providing in patient care and day programs.	The hospital provision, alongside other health uses, is significant economic multiplier
\$1.7 billion in value added/marginal economic value (target relates to whole of central Coburg)				<b>✓</b>	\$160m in total development costs Estimated \$300m value to the Moreland community	The health precinct represents around 12.5% of total Council owned land area. \$460m represents around 27% of the total central Coburg economic benefit target.
Quantity of jobs - 2,856 new jobs (target relates to whole of central Coburg)			<b>✓</b>		A total of over a 1,000 jobs including construction and operations:  During construction the project is expected to create approximately 350 jobs across all facets of the industry.  On completion, the precinct will accommodate over 600 workers from medical practitioners, through to nursing, administration, retail, and	1,000 jobs represents 35% of total health and community services jobs target for central Coburg. Significant additional jobs would be anticipated as part of new uses that would be attracted to central Coburg if a major health precinct were to be established.

Strategic Objective	Does not meet	Partially meets	Fully meets	Exceeds	CHH Commitment	Notes
					unskilled support functions.	
Quality of jobs				<b>✓</b>	Jobs in mental health, general practice, hospitality, management, early learning, education, aged care, community health and administration	The proposal would deliver a range of jobs, at a variety of skill levels, with generally good pay and conditions, that provide a good match for the skills of the local Moreland population.
Community Engageme	ent Polic	у			1	
Statutory requirements state: Before selling or exchanging the land, the Council must—  (a) at least 4 weeks prior to selling or exchanging the land, publish notice of intention to do so—  (i) on the Council's Internet site; and  (ii) in any other manner prescribed by the regulations for the purposes of this subsection; and  (b) undertake a community engagement process in accordance with its community engagement policy;  The relevant section of Moreland's Community Engagement Policy states:  Selling, exchanging or leasing land  We will engage the community at the level of 'consult' or 'involve' on the IAP2 spectrum in relation to matters where Council seeks to sell, exchange or lease land. We will give notice to the community of any proposal to sell or					CHH created a separate public-facing document capturing their proposal in an easy-to-read format to make it as clear as possible for the community to understand what is being proposed (Attachment 1)  During the period of consultation about whether or not to sell the land for the purposes of a health precinct, CHH have offered to be part of a drop-in information session with their consultant team, and with Council officers, to talk to interested community members about their proposal, and answer any questions.  At the next stage, they have offered to carry out community forums, to allow the community to shape elements of the proposal as it	CHH are offering significantly more opportunities for community involvement than was requested through the RFQ process or than is required through the statutory processes

Strategic Objective	Does not meet	Partially meets	Fully meets	Exceeds	CHH Commitment	Notes
exchange land, letting the community know how they can provide feedback to the proposal.					moves through the detailed design and planning stages.	
For projects that are subject to statutory requirements for community engagement (e.g. projects where Section 223 of the Local Government Act 1989 applies), Council will engage the community in accordance with all statutory requirements.					CHH has agreed to involve Coburg Historical Society on key heritage matters as the design develops.	

#### **Coburg Historical Society**

Coburg Historical Society (CHS) currently lease from Council the heritage bluestone cottage that sits on the site. CHS are important stakeholders, both as current occupants who will be impacted by any redevelopment, and as custodians of the rich history of the area.

Due to the nature of the land assembly, and the strategic use that was intended for the site since its acquisition, and following Council resolutions to discuss alternate locations for CHS, there have been discussions with CHS over the years, , particularly during periods when a delivery partner for the health precinct was being actively sought. Their current lease is in overhold.

Council can also consider the option for the Coburg Historical Society to remain in the bluestone cottage, as part of a redeveloped health precinct. CHH has indicated that they would be willing to accommodate this option as part of the project, and the details of this arrangement would form part of a Section 173 agreement or similar mechanism to lock in this use.

If Council decide to start the public process to seek community views on the CHH proposal, it is proposed to set up a working group with CHS to explore their future aspirations and requirements as an organisation in detail. Once this has been fully explored and understood, there will be a report back to Council for consideration, alongside the larger decision of whether to sell the land to create a health precinct.

CHH have committed to involving CHS in discussions with their heritage advisors and designers, to ensure the heritage of the site is properly respected and celebrated.

#### Car Parking

A portion of Council's land identified for the Health Precinct is presently used as hardstand at-grade car parking and the land transaction would result in the loss of these spaces. The current planning permit conditions require 157 spaces, including several spaces that would remain on title for the Town Hall and Civic Centre.

CHH has offered Council the ability to include a number of parking spaces at cost within the new precinct to ensure ongoing compliance with planning permit conditions. This would form part of the contract terms.

It is intended that, as plans around car parking progress, any changes would prioritise community members using the Town Hall, and particularly those with mobility issues, to ensure they are not disadvantaged.

#### **Community impact**

CHH outline the expected benefits of their proposal as follows:

- Locally delivered services such as acute and primary health care, rehabilitation, mental health, childcare, residential aged care, aged care support services (such as home care), and NDIS services
- \$160 million of new investment in the delivery of the health precinct
- \$300 million of projected benefit to the local Moreland economy
- 1,000 jobs in the construction and operational phases of the project
- New high quality publicly accessible open space

# Climate emergency and environmental sustainability implications

CHH's proposal includes commitments to an approach to design which maximises environmental outcomes. Specific targets on environmentally sustainable design (ESD) would be developed at the detailed design stage, should Council decide to progress the project. CHH has included in their proposal the following ESD approach:

- Enhanced building orientation and optimised façades for natural light and sun shading;
- Reduced use of artificial lighting and mechanical air conditioning;
- Increased external planting for shading;
- Optimised building services operation for better efficiency;
- The development of predictive maintenance models to reduce operational costs and emissions from existing buildings;
- Rainwater harvesting from roof areas; and
- Solar hot water and thermal energy storage systems, energy metering and energy-efficient lighting.

#### **Economic sustainability implications**

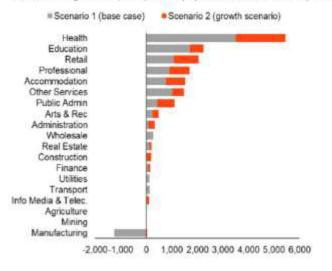
The project would see an estimated \$160 million of direct investment in the delivery of new facilities, and an estimated benefit to the Moreland economy of \$300 million, according to CHH's proposal.

#### **Job Creation**

A key driver of the allocation of the land for a Health Precinct is the creation of new high-quality jobs offered locally. ID Consulting's recent report A Job in Moreland (2021) supported by the National Institute of Economic and Industry Research (NIEIR), highlights the importance of the health and community services sector to the Moreland economy. The health and social assistance sector is the largest and the fastest growing in Moreland and provides high quality jobs at a range of levels, with opportunities for progression.

#### Forecast local jobs change by industry sector

Forecast change in local jobs by industry by Scenario, 2020-2035, City of Moreland



Source: .id and NIEIR, 2020

A large number of Moreland residents are skilled in health care and social assistance but have to travel outside the municipality to work: according to The Colours of Coburg, in 2010 there was a 2,149 shortfall in health and community services jobs in Moreland (local skills vs jobs available).

The health precinct would provide direct opportunities through a new hospital, aged care and childcare facilities, as well as in retail and construction. We would also expect to see the health precinct act as a major driver for further ancillary uses to open in the wider area, providing more jobs locally.

CHH estimates the economic benefits (direct, indirect and induced) of their proposal as:

# Quantity of jobs:

- Construction phase = 350
- Operational phase = over 600, medical practitioners, nursing, administration, retail, and unskilled support functions
- A delivery of a Health Precinct would enable an agglomeration of services that will add a significant amount of additional jobs

# Quality of jobs:

- Largest and fastest growing industry in Australia
- Particularly benefits women and those seeking part time hours
- Variety of levels, pathways for progression, careers not jobs
- Moreland has a defined gap in health and community services jobs (A Job in Moreland, 2021)

#### Legal and risk considerations

# Key Risks

A project of this scale and type always carries risk. Keys risks for the projects include:

- Risk of CHH being unable to proceed with delivery
- Risk of non-delivery of a health precinct if this proposal does not proceed

Substantial officer time and resource over many years has been invested in achieving a health precinct for this site in line with Council objectives, and this investment would be lost if the project did not proceed. If discussions with CHH were to break down, it is likely that it would take many years for an alternate project to be scoped and implemented.

The Heads of Agreement includes a commitment from Council to progress discussions in a timely fashion, due to the complexity of assembling the financial and partnership arrangements needed to put together a project of this type. If the project were to be deferred at this stage, and further investigations sought before making a decision to sell the land for the purposes of a health precinct, it is likely that the current proposal would not proceed.

The key risk of non-delivery of the project will be mitigated by conditions set out in the contract terms.

# Probity and Conflict of Interest

To ensure high standards of probity, integrity and good governance Council has procured both legal and probity advisors. These include, but are not limited to, contractual arrangements, probity and due diligence.

The Local Government Act 2020 (Act) requires Council to undertake community engagement in a particular way for some matters such as the sale or lease of land.

This community engagement process is provided for in Section 114 of the Act and requires that:

- public notice is given about a proposal or intended decision;
- community members are invited to submit their views in writing;
- Council must give anyone who seeks it, an opportunity to be 'heard' in support of their submission;
- Council must consider all the submissions, and anything said in support of a written submission, before making a decision; and
- Council must let people who submit know, what was decided and why.

With respect to the Hearing of Submissions, Council will establish a committee made up of Councillors. While the intention is to carry out community engagement in accordance with all legislative requirements, officers will have strong regard to its Community Engagement Policy in ensuring that residents, business owners and visitors will be given detailed information about Council's proposal and facilitate a range of opportunities to make a submission.

#### **Human Rights Consideration**

The implications of this report have been assessed in accordance with the requirements of the Charter of Human Rights and Responsibilities.

Key sections in the Charter that are relevant to this report are recognition and equality before the law (section 8), freedom of movement (section 12) and taking part in public life (section 18).

Officers will ensure any future car park provision preserves the accessibility of the Civic Centre and Town Hall. The public space is also proposed to be fully accessible.

Officers asked CHH to strengthen their proposal in relation to the accessibility of services on the site, to maximise outcomes for those on low incomes or experiencing multiple forms of disadvantage, and CHH have now done this.

# **Gender Impact Considerations**

The proposal has the potential to have a major positive impact on gender equality in the following ways:

- The health and community services sector is a significant employer of women and gender diverse people, and the health precinct would create many more of these jobs locally
- Many of the services delivered at the health precinct would directly benefit women and gender diverse people, such as women's health services, aged care and childcare

# 4. Community consultation and engagement

There have been multiple conversations over many years with the community about the future of the activity centre, and the proposal for health and community uses on this site. Due to the length of time involved in developing and adopting the strategic frameworks for central Coburg, and the attempts to secure a suitable delivery partner for the health precinct, it has been some time since the proposal for a health precinct in this location was last discussed with the community.

There will be opportunity for the community to share their views on CHH's proposal and whether Council should sell the land to accommodate it.

# **Proposed Consultation on CCH's Proposal 2021**

If Council decides to begin the public process to transfer the land, a period of statutory consultation will be carried out in August/September 2021, inviting submissions on the proposal from the community. In addition, it is planned to host an information drop-in session regarding the proposal during this period, with architects and planners from CHH's team, as well as Council officers, to answer questions from the community.

Once the submissions have been received and heard, Council will have the option to decide to sell the land to CHH to begin the development of the health precinct, or to abandon the proposal to sell.

Further engagement, on the details of the plans for the health precinct, will be carried out at the next stage through the planning process.

In order to make the proposal as clear as possible for the community, officers have asked CHH to draft a proposal document that clearly sets out the key things that they are committing to as part of their offer, and that can be made public. This will allow the community the best chance to understand what is being proposed, and to understand whether they support or oppose the proposal. This version of the proposal is attached to this report as Attachment 1.

# **Consultation through the Planning Process 2022**

The principal mechanism for providing comments on the details of the proposal will be through the planning process. CHH have stated that they intend to engage meaningfully with the community in their detailed design phase, for example through workshops or forums.

# **Previous Engagement Relevant to the Health Precinct Proposal**

#### Colours of Coburg Engagement 2010

The process to define The Colours of Coburg Place Framework (2010) identified the subject area as a Health Precinct and provided commentary regarding the design principles that should shape any proposals. It conducted a wide-ranging engagement exercise in April/May 2009 that included direct contact with over 1,000 community members and 40 organisations. Consultation events included weekly listening posts in Victoria Street Mall, an all-day SpeakOut, community workshops, structured interviews and focus groups. The consultation focused on understanding the community's values and aspirations. A major health facility was included as a way of meeting the

community's desire to increase employment opportunities in Central Coburg, with a view that it would become a dynamic and important employer.

#### Planning Scheme Amendment c123 Consultation 2014

Consultation for the planning scheme amendment c123 in 2014, included the identification of the subject area as a Health Precinct. Notice was given in the Moreland Leader and the Victorian Government Gazette, together with direct notification (approximately 3,216 letters) to prescribed Ministers and government organisations; landowners and occupiers; and community groups. 253 submissions were received, and these comments were considered when finalising the amendment. Several submitters noted that the intensification and population growth associated with the Planning Scheme Amendment would create a need for more health infrastructure and community services locally.

# Qualitative Research with Key Local Demographics 2018

In-depth qualitative research was undertaken with small groups in 2018, that included residents and traders. It involved 5 focus groups, totalling 38 Moreland residents from diverse backgrounds in terms of age, location and ethnicity. The idea of a hospital or large health facility in Coburg as described in the Colours of Coburg was canvassed with these groups. The report notes:

The possibility of a hospital or major health facility development was met with general acceptance, with the benefits of such an addition to the community clear and without challenge.

[there is] acceptance of the need for public-private partnerships, provided the project is fundamentally completed for the benefit of community, rather than commercial interests.

The report also notes that many of the participants asked whether the planned hospital would be public or private, noting that there was no clear preference for either of these, in the context of the overall community benefit of a hospital.

# **Overview of Previous Engagement Related to Health Precinct**

	2010	2014	2018	2021
	Colours of Coburg	Planning Scheme Amendment	Qualitative Research for TCI	Imagine Moreland
Activities	Listening posts, workshops, forums, focus groups	Public advertisement, letters, invitation of submissions	Focus groups of residents and traders	Surveys, pop ups, deliberative panel
What the community told us	A health precinct would create much needed local jobs	The intensification and population growth associated with the Planning Scheme Amendment would necessitate a requirement for increased provision of health infrastructure and community services locally	Acceptance of private sector partnership to deliver health precinct. Should prioritise community benefit.	Health services and community support are high priorities as the community recovers from the pandemic
How we acted on what we heard	health Began seeking sector partner to the precinct in Place deliver		Considered CHH's proposal in light of community expectations	Asked CHH to strengthen their proposal in relation to public accessibility and

2010	2014	2018	2021
		around community benefit	social outcomes

The following table sets out how the proposal would be communicated to key stakeholders should the Council decide to proceed with consultation.

Who – Audience	When	Channel	How Feedback is Captured
Coburg Historical Society	August	Set up working group	Documentation of requirements
Town Hall user groups	August	Email, translated where appropriate	<ul> <li>Formal Written Submission, and invitation to be heard</li> <li>Directed to Conversations Moreland</li> <li>Opportunity to speak to an officer</li> </ul>
General Community	September / October	<ul><li>Council's website</li><li>Drop-in Information Session (September)</li></ul>	Formal Written Submission,
Local residents	September / October	<ul><li>Social media</li><li>Translation into community languages</li></ul>	<ul> <li>and invitation to be heard</li> <li>Drop In Q&amp;A</li> <li>Conversations Moreland</li> <li>Opportunity to speak to an</li> </ul>
Local traders	September / October	As above, plus direct contact with traders groups	officer

# 5. Officer Declaration of Conflict of Interest

Council officers involved in the preparation of this report have no conflict of interest in this matter.

# 6. Financial and Resources Implications

Details of the financial offer are contained within a confidential attachment to this report (**Attachment 2**).

The costs associated with facilitating the community consultation and submissions process is covered through Council's Property and Place operational budget.

# 7. Implementation

The following are key dates with respect to the decision-making process:

- **August / September Community Engagement**: Information drop-in session on the proposal.
- October Public Meeting / Hearing of Submissions: For those community members wishing to be heard.
- **10 November Council Decision**: At the end of the public notice period, consideration of Council decision on whether or not to sell the land for the Health Precinct.

- **Post-November, Dissemination of Decision:** Communication about Council's decision on the website, social media etc.

Should Council approve the sale of land, CHH provided the following indicative project phasing:

Early: months 1-6

- Finalise and confirm arrangements with Stage 1 operators
- Develop masterplan for the site

Short Term: months 7-14

- Prepare and submit a Planning Permit application
- Preliminary commitments with Stage 2 operators
   Document Stage 1 for construction

Medium Term: months 15-20

Commence construction of Stage 1

Long Term: months 21-60

- Complete construction of Stage 1
- Confirm agreements for Stage 2
- Documentation and construction of Stage 2

# Attachment/s

1 Coburg Health Hub Updated Proposal - PUBLIC - 21 June

D21/312151

Coburg Health Hub Proposal - COMMERCIAL IN CONFIDENCE - 17
 June 2021

D21/327840

Pursuant to sections 66(2) and 3(1)(g(ii)) of the Local Government Act 2020 this attachment has been designated as confidential because it relates to private commercial information, being information provided by a business, commercial or financial undertaking that if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage.

Heads of Agreement Executed - Medela / Coburg Health Hub P/L - 15
December 2020

D20/524908

Pursuant to sections 66(2) and 3(1)(g(ii)) of the Local Government Act 2020 this attachment has been designated as confidential because it relates to private commercial information, being information provided by a business, commercial or financial undertaking that if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage.

Coburg Health Hub Letter

D21/327508

Pursuant to sections 66(2) and 3(1)(g(ii)) of the Local Government Act 2020 this attachment has been designated as confidential because it relates to private commercial information, being information provided by a business, commercial or financial undertaking that if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage.

5 Health Precinct – Coburg Health Hub – Letter of Support

D21/328228

Pursuant to sections 66(2) and 3(1)(g(ii)) of the Local Government Act 2020 this attachment has been designated as confidential because it relates to private commercial information, being information provided by a business, commercial or financial undertaking that if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage.



Historically, Moreland residents have had to travel to Melbourne to seek specialist care in world class facilities. With the proposed Moreland Health Precinct development on Bell Street Coburg, this will no longer be the case.

Our goal is to not only provide contemporary health spaces, but to create a campus style health hub that reflects Moreland's culture and diversity, as well as its health needs.

Coburg Health Hub, the team behind the proposed Moreland Health Precinct, will create a healthcare facility that delivers healing, connectivity, and inclusiveness in equal measure.

The site itself is a fusion of texture, sustainability, technology, cutting-edge healthcare, and patient-centred wellness.



Coburg Health Hub Pty Ltd (CHH) welcomes the opportunity to formalise its proposal to acquire and develop the Moreland Health Precinct.

Being highly accessible by all forms of transport and situated in a corridor which is demographically diverse and experiencing significant population growth, CHH believe this precinct will thrive as a health services destination. Upon completion, this precinct will also compliment the greater Coburg Activity Centre, in keeping with Council's vision for a thriving, innovative, connected, and inclusive community.

#### VISION

Providing considerable community benefit, our proposal will ensure Moreland residents and surrounding communities, of all socio-economic and cultural backgrounds, have access to personalised, professional, quality health care across a wide range of medical and allied health services.

Purpose built, this precinct will provide Moreland with quality care in modern, inclusive and sustainable surroundings. Given the scale of the development, the project will also provide the added benefit of stimulating the local economy and supporting local employment.

#### LOCATION

Prominently located at 68-90 Bell Street and 29-31 Urquhart Street, and adjacent the Moreland City Council offices, the site forms part of the 'Coburg Initiative' urban renewal program.

Zoned Activity Centre Zone (ACZ), the site is designated for medical services and healthcare development.





#### PROJECT OVERVIEW

The proposed Moreland Health Precinct will deliver a critical uplift in the range and capacity of health services in Melbourne's north-western corridor, where demand for services is expected to more than double over the next 20 years. The development will ensure that the people of Melbourne's north-west have greater access to quality care closer to home. The Project presents an opportunity for the delivery of class leading health care to the greater community.

The Project will be a catalyst for change, supporting the development of a broader strategic initiative bringing together a mix of high-quality health care and related services, and is designed to respond to the needs of a diverse community. The master planned project will create a model of integrated care, with a range of providers and services operating across the site.

Zoned specifically for healthcare, the total development area of the precinct is in excess of 15,000sqm and can accommodate a staged development incorporating:

#### Short Stay Private Hospital/s

Two boutique private hospitals consisting of a Short Stay Hospital specialising in acute patient care as well as a Mental Health Hospital providing in patient care and day programs.

#### Community Health Services

Primary health care and community health services, including GP's, radiology, pathology, pharmacy, dentistry, mental health, and aged care support.

#### Early Learning/Child Care

Circa 100-120 place child care and early learning centre.

#### Aged Care / Transitional Care

Contemporary residential Aged Care Facility, together with Assisted Living Units and transitional care, operated by a well respected not-for-profit organisation.

#### Consulting Suites/ Education / Commercial Offices

Medical consulting suites, education facilities and health care corporate offices in an iconic multi level building on the corner of Bell Street and Pentridge Boulevard.

#### Public Space

An engaging, safe, and sustainable landscaped public realm, providing enhanced connectivity across all uses within the precinct and encouraging visitation from beyond. The proposed development will provide a positive contribution to the social environment.

#### Sustainability

CHH undertakes to utilise best practices in sustainability to manage environmental impact. The design and built form intent will be to achieve a balance between the requirements of operating a medical services precinct and a response to the current climate emergency.

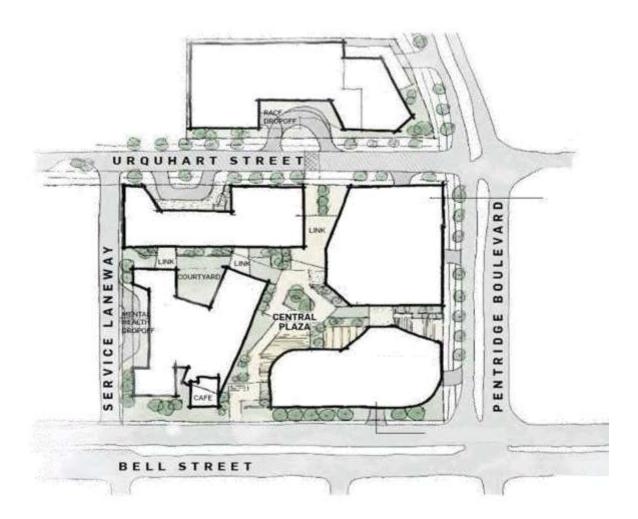
#### Heritage

Acknowledging the history of the site, it is proposed the bluestone cottage will be respectfully restored and integrated into the development, in consultation with Heritage Victoria and the Coburg Historical Society.



The proposed medical and health care services will be interconnected at podium level and will have dedicated basement/undercroft car parking. The development will accommodate strong pedestrian and public transport links, making the facilities highly accessible to the broader community.

The development will also accommodate and integrate Councils staff car park requirement.





#### PROJECT OBJECTIVES

The master planned precinct will thrive as a health services destination. Upon completion, the development will also compliment and support the revitalisation of the Coburg Activity Centre.

The primary objectives of the precinct are:

- To engage with the Moreland Community and instil a sense of ownership and pride not only in the inclusion and provision of community services but in ensuring its access to long term health services.
- The precinct will provide a central location for the community to have access to diverse health services within a sustainable environment which remains connected in history and sense of space with their own community.
- Providing a series of health and wellbeing services together in the one location to ensure patient-centred care, which will translate to improved patient experience and outcomes.
- Improving access to health services for residents within the north-west by providing convenient care that is located closer to home;
- Meet the current and future health needs of the local community by providing clinical services that value-add to the current health infrastructure.
- Improving access to medical services for regional and remote travellers;
- Provides flexible development solutions which will allow for expansion of the hospital over the medium to long term to meet future demand;
- Training of future generations of healthcare practitioners who will deliver patient-centred models for care within an interdisciplinary model;
- The aged care and assisted living facility will improve the quality of life for residents as they transition through various levels of care;
- · Ensuring a sustainable workforce and creating work opportunities for the local community.
- Economic indicators suggest that the project will generate \$300 million in value to the Moreland community through direct, indirect and induced impacts.
- Create more than 1,000 jobs during development and operation, including ongoing local employment opportunities in aged care, healthcare, research, retail and hospitality sectors.
- We acknowledge the value of the bluestone cottage to the City of Moreland and its community
  and will ensure its integration into the overall masterplan in conjunction with Heritage Victoria
  and our advisors, secures and retains its pride of place in this location.
- It is our intention that the cottage be refurbished and retained to ensure its benefit to the community remains.
- As part of this process, we will be seeking to actively engage and inform the community of the ongoing nature of the design and development of the precinct.



#### STRATEGIC PRINCIPLES



#### ICONIC

- . Celebrate the prominence of the site and location on major metropolitan transport
- corridors to create a landmark for Coburg.
   Create a strong "sense of place" through distinct, high quality architecture and public
- . Utilise the topography of the site to create
- and interesting and site responsive design.

   Celebrate local valued landmarks such as the heritage cottage

#### VIBRANT

- . Create a true mixed-use health and wellbeing community through a diversity of curated and co-located land uses including mental health, aged care, primary care, childcare, education, retail, and community
- . Create a 24hour economy and a place that is active both day and night with vibrant and safe public spaces.
- . Create a health and wellbeing environment. that welcomes patients, workers, visitors, and aged care residents at all times.

#### HEALTHY

- Create a healthy community that promotes. health and wellbeing of patients, workers visitors and aged care residents.
- Provide a series of precinct-based walking, play areas and cycling paths that encourage exercise and active transport modes.
- Provide a high-quality public realm that provides apportunity for social interaction.



#### CONNECTED

- · Provide a series of pedestrian and cycle connections with way finding that helps link surrounding destinations.
- · Provide convenient access for vehicles and emergency service vehicles without compromising pedestrian and cycle
- · Future proof the precinct to adapt to changes in public transit and mobility services as they

#### SMART

- . Provide a "systems thinking" approach integrating urban design and strategic
- . Foster strategic partnerships to enable innovative outcomes.
- . Create a place that is flexible to respond to health services changes over time.
- . Embed a deliverability and stage-ability to the precinct.

# SUSTAINABLE

- Create a healthy place that reduces environmental impacts through efficient use
- of water, energy, materials, and waste. Ensure buildings are designed to be lowcarbon and energy efficient.
- Integrate biophilic design for the health and wellbeing of visitors, workers, care residents
- and the community.
  Ensure resilience for current and future climatic conditions.



#### **BIOPHILIC DESIGN**

Biophilia itself is the inherent human inclination to connect, and have an affiliation, with nature.

Biophilic design is an extension to this and can be defined as the incorporation of natural materials, natural light, nature views, vegetation, and other experiences from the natural environment into the built environment.

Biophilic design also results in environments that soothe, comfort, calm and orientate, making it extremely beneficial to healthcare environments specialising in behavioural health.

There are many ways to implement the design concept of biophilia into healthcare design, including the six basic principles of biophilic design: environmental features, natural shapes and forms, natural patterns and processes, light and space, place-based relationships, and evolved human-nature relationships.

Research supports that when patient rooms have views of nature, postoperative stays are generally shorter, less pain medication is dispensed, and overall condition improves. Evidence shows that representational images of natural features such as landscapes, gardens, and waterscapes can reduce stress and improve results.

The benefits of biophilic design for heath precincts include:

- · Faster patient recovery.
- Decreased dependency on medication.
- Reduced staff and family stress.
- Cost savings compounded over time.





#### ENVIRONMENTALLY SUSTAINABLE DESIGN (ESD)

The healthcare system today is under unprecedented pressure with the COVID-19 pandemic, the growing demand for health services, and the impact of climate change is driving the sector to turn to more sustainable design solutions to reduce operational costs and generate better health and well-being outcomes for patients.

Like Biophilia, enhancing environmental sustainability, through reducing carbon emissions, curtailing waste, and managing resources efficiently, will deliver better outcomes for patients and provide broader social and economic benefits.

The Green Building Council of Australia recognises that higher health and productivity leads to faster patient recovery times, increased employee satisfaction and lower staff turnover, as well as lower ongoing energy costs.

For this precinct, sustainability objectives include a reduction in operational energy consumption and carbon emissions, the precinct will include:

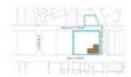
- · Enhanced building orientation and optimised façades for natural light and sun shading
- · Reduced use of artificial lighting and mechanical air conditioning.
- Increased external planting for shading.
- · Optimised building services operation for better efficiency.
- The development of predictive maintenance models to reduce operational costs and emissions from existing buildings.

By designing buildings that optimise access to daylight, winter sun, and beautiful landscaping, we are aiming to achieve consumption of up to 20 per cent less energy than an equivalent non ESD facility. Solar hot water and thermal energy storage systems, energy metering and energy-efficient lighting will all be incorporated. Rainwater will be harvested from roof areas, with as much as 90 per cent of all water harvested proposed to be re-used.





#### **BUILT FORM RATIONALE**



#### LANDMARK CORNERS

Create a signature built form that bookends the activity centre zone. Frame important corners for wayfinding and visual legiblity by locating the highest building form at key corners and entry points. This will include the important corner of the two major roads at Bell Street and Pentridge Boulevard.



Provide excellent solar access to the key public open spaces in order to encourage year round connection between internal building uses and adjoining public spaces within the precinct. This will create a series of spaces that support a range of activities and uses, formal and informal that underpin the life of the precinct.



TRANSITIONING DOWN

Create a transition in building heights, from the tailer built form, and tier down to lower built forms that are consistent with the scale and character of the neighbourhood.

The scale of the built form will be appropriate for a specialised urban

The scale of the built form will be appropriate for a specialised urban fleatht Precinct, with good visibility of the new health services at each street frontage. It will also incorporate an appropriate design response to the interface of the heritage cottage.



**HUMAN SCALE** 

Ensure that the built form is designed at a comfoctable human scale that integrates with the public realm environment and creates a positive and quality human experience.

This includes the provision of carefully considered set backs to encourage ground floor uses to engage with the street and building users to spill out into the public spaces throughout the precinct. Considered articulation and built from massing will ensure the buildings contribute positively to a high quality environment.

#### PROJECT PROGRAMME





#### **ECONOMIC BENEFIT**

CHH and its funding partners will invest an estimated \$160m in total development costs to deliver the Moreland Health & Wellbeing precinct, which in turn, will provide long term financial benefits to Moreland, and in particular the local Coburg economy

#### **EMPLOYMENT BENEFITS**

During construction the project is expected to create approximately 350 jobs across all facets of the industry.

Throughout the development phases and upon completion, the precinct will provide a significant number as well as a diverse range of employment opportunities (outside of construction jobs), indicative employment benefits are highlighted below:

Provider	Estimated Jobs	Job Types
Mental Health Facility	75 FTE	Medical, hospitality, management & admin
Early Learning	25 FTE	Educators, management & admin
Allied Medical Clinic	50 FTE	Medical specialist, management & admin
Short Stay Hospital	185 FTE	
Residential Aged Care / Transitional Care/ Retirement Living	110 FTE	Medical, management, carers, hospitality & admin
Community Health Services	80 FTE	Medical, management, carers, hospitality & admin
Consulting Suite	20 FTE	Medical specialist, management & admin
Corporate Office	30 FTE	Office Admin, Management
Retail / Ancillary	25 FTE	Management, hospitality

On completion, the precinct will accommodate over 600 workers from medical practitioners, through to nursing, administration, retail, and unskilled support functions.

The economic benefit to Moreland will be significant, contributing to the vibrant and diverse Coburg landscape.