

MELBOURNE PLANNING SCHEME REVIEW

November 2023

Table of Contents

Executive summary

1. Introduction

- 1.1 The requirements to undertake the planning scheme review
- 1.2 Purpose of the review

2. Background

- 2.1 Previous planning scheme reviews
- 2.2 Progress on the 2018 review recommendations

3. Local planning scheme amendments since previous review

4. Planning scheme amendment challenges

5. Major planning issues facing the municipality

- 5.1 Social and Affordable Housing
- 5.2 Climate change
- 5.3 Achieving land use mix in major precincts

6. Ongoing state agency partnerships

- 6.1 Docklands
- 6.2 Fishermans Bend
- 6.3 Arden

7. Local Context

- 7.1 Municipal Planning Strategy
- 7.2 Local policies
- 7.3 Zones
- 7.4 Overlays
- 7.5 Building height definitions
- 7.6 Detailed analysis to inform the next review

8. Summary

9. Future works program options and advocacy

Executive summary

The City of Melbourne is required to review the Melbourne Planning Scheme every four years as part of the monitoring, auditing and reporting requirements under Section 12B of the *Planning and Environment Act 1987*. On completion of the review, the City of Melbourne must report the findings of the planning scheme review to the Minister for Planning.

This 2023 review has audited the Melbourne Planning Scheme, assessing the effectiveness and efficiency of the planning scheme in achieving state, regional and local objectives and strategies, as well as evaluating the overall performance of local planning policies, zones, overlays and schedules. The review also recognises the complexities in reviewing the scheme whilst a substantial update of the Municipal Planning Strategy (MPS) is underway as well as a number of City of Melbourne led major strategic projects which are progressing through the planning scheme amendment process.

With the Victorian Government smart planning reforms and a number state led city shaping urban renewal projects initiated or approved since the last planning scheme review in 2018, the review acknowledges this current dynamic strategic planning environment. Of particular relevance is the Victorian Government's Housing Statement. Released in September 2023, the housing statement proposes significant planning changes to refine processes, timeframes, and responsibilities in addition to specialised legislation for major projects and precincts to deliver a significant increase in social and affordable housing.

Overall, the planning scheme successfully reflects state and council planning objectives and in doing so provides the framework for planning the use, development and protection of land in the present and in the long term.

Significant progress had been made to implement the recommendations of the previous 2018 planning scheme review particularly in regard to adopting an affordable housing policy, progressing environmentally sustainable design, pursuing tailored zone schedules to deliver the desired land use mix, advancing preparation of a municipal wide Development Contributions Plan, updating the Municipal Planning Strategy, updating the signage policy and protection of Aboriginal heritage.

Matters requiring further strategic work

Planning in the City of Melbourne is complex. The planning scheme is required to balance the unique capital city role of Melbourne with the localised municipal role, all in an environment experiencing a climate change emergency as well as significant population growth and land use pressures. This review has identified a number of key planning issues for the Council to address including development contributions, social and affordable housing, climate change, signage and land use mix in major precinct.

Since the 2018 review, major strategic projects have been completed relating to urban design in the central city and Southbank, sunlight protection in parks, gaming, a heritage policy update and increased heritage precinct protection and updated land use and built form controls for the West Melbourne Structure Plan area.

Significant progress has also been made on a number of other projects in relation to sustainable building design, inundation, an updated Municipal Planning Strategy, signage and precinct planning for the Macaulay Urban Renewal Area. The City of Melbourne is also continuing its working partnership with the Victorian Government on Fishermans Bend to finalise a Structure Plan and introduce permanent controls for the National Employment and Innovation Cluster (NEIC) and updated planning controls for Lorimer Precinct.

In addition to the ongoing Council led strategic work, this review identifies the need for Council to undertake additional work and advocacy with the relevant authorities including the following priority strategic projects to strengthen the planning scheme:

- Introducing a municipal wide Development Contributions Plan
- Pursuing avenues for the delivery of affordable housing via various planning scheme mechanisms
- Introducing local policy changes relating to sustainability, signage, urban design and discretionary uses within residential zones
- Advocating and supporting the Victorian Government on key matters including:
 - Mandatory planning scheme provisions to deliver affordable housing
 - State wide policy and standards to improve sustainability within the planning system
 - Updating the Docklands planning controls to ensure they are current and align with contemporary urban design and built form standards
 - Unresolved concerns within the Arden Precinct relating to affordable housing, sustainability targets toward achieving zero net emissions, employment generating uses, integrated storm-water management open space, building design contributing to high quality streets and open spaces and the delivery of community infrastructure.

Planning scheme amendment challenges

The average time it takes to pursue a planning scheme amendment from beginning to end has grown considerably since the 2018 Melbourne Planning Scheme review. The causes of these delays are many and varied, and are discussed in this report. The integrity of the Victorian planning system demands that the causes of unreasonable delays in amending the planning scheme be identified and addressed.

The City of Melbourne stands ready to act in partnership with the State Government to facilitate the timely implementation of national and state policies and the efficient management and amendment of the Melbourne Planning Scheme.

Introduction

1.1 The requirements to undertake the planning scheme review

The City of Melbourne is required under Section 12B of the *Planning and Environment Act 1987* to review the provisions of the Melbourne Planning Scheme every four years following the Council election and endorsement of a new Council Plan. Section 12B (5) of the Act requires council, on completion of the review, to report the findings of the review to the Minister.

1.2 Purpose of the review

The purpose of the review is to enhance the effectiveness and efficiency of the planning scheme. The review is an audit of the performance of the planning scheme at a point in time and provides::

- An overview of the performance of the Planning Scheme by assessing whether the scheme provisions, such as local planning policies, zones, overlays and schedules, have been effective and efficient in achieving their objectives and strategies.
- An understanding of what policy changes have occurred since the last review.
- A suggested work program for future action/new strategic work to support future policy development or changes to the provisions of the scheme.

2 Background

2.1 Previous planning scheme reviews

The Melbourne Planning Scheme was reviewed in 2004, 2008, 2014 and 2018. Key issues raised in the 2004 review included housing affordability, planning for population growth, and supply of industrial land. The 2008 review identified population growth/strategic growth areas as a key issue which subsequently led to significant changes in the MSS to articulate a growth strategy. In the 2014 review, the recommendations focussed on built-form amenity, urban design; affordable housing, and climate resilience.

The [2018 planning scheme review](#) was undertaken by consultants on behalf of the City of Melbourne. Endorsed by the Future Melbourne Committee on 7 August 2018, the 2018 Review report concluded that in general the planning scheme successfully reflected Council's objectives with regard to the future planning of the municipality and that significant progress had been made to implement the recommendations of previous reviews, in particular relating to heritage, urban design, and sunlight to public parks.

The Review recommended that further guidance was required in the following areas:

- Reviewing the Municipal Strategic Statement (MSS) Growth Area Framework Plan designations and Local Area Plans to provide clear and up-to-date direction for future growth.
- Protecting Aboriginal heritage.
- Implementing Development Contribution Plans and / or Infrastructure Contribution Plans.
- Developing an affordable housing policy.
- Progressing Environmentally Sustainable Design (ESD) and environmental initiatives.
- Continuing to pursue tailored schedules to zones to deliver desired land use mix.
- Updating the advertising signage policy to respond to changes in technology.

- Ensuring all parks are appropriately zoned.
- Continuing to work with DELWP to enable off-street bicycle and motorcycle parking rates appropriate to the municipality.
- Undertaking policy neutral changes, including drafting changes, removing inconsistent language, deletion of expired clauses and deletion of duplicated policy.

2.2 Progress on the 2018 review recommendations

Significant progress had been made on the recommendations made in the 2018 review which is detailed in the table below. This review recommends that any outstanding recommendations from the 2018 review be included in the Further Strategic Work Program.

2018 Review Recommendations	Progress	Status
<p>Review the Municipal Strategic Statement (MSS) Growth Area Framework Plan designations and Local Area Plans to provide clear and up-to-date direction for future growth.</p>	<p>Amendment VC148 was gazetted in July 2018 as part of the Victorian Government's Smart Planning Program to simplify and modernise Victoria's planning policy and rules to make planning schemes more efficient, accessible and transparent. The amendment introduced a new Planning Policy Framework (PPF), enabled the future introduction of a Municipal Planning Strategy to replace the Municipal Strategic Statement, modified a number of schedules to allow local content and created new operational provisions.</p> <p>The 2018 Planning Scheme Review was completed prior to the reforms introduced through amendment VC148. In compliance with the VC148 reforms, the Melbourne PPF translation was introduced via Amendment C409 on 21 September 2022.</p> <p>An updated Municipal Planning Strategy (MPS) is proposed to be introduced by Amendment C432. Underpinned by the City of Melbourne's City Spatial Plan, thematic and place based strategies across the municipality including the local areas, the MPS establishes the overarching strategic planning policy for the municipality. It considers history, assets, strengths, attributes and influences, and establishes the vision and strategic direction for future land use and development.</p> <p>The updated MPS includes greater emphasis on promoting sustainable development, promoting housing diversity and affordable housing, mitigating climate change, promoting employment, innovation and creative industries, providing infrastructure, recognising Aboriginal cultural values and heritage and elevating good design.</p> <p>The MPS was presented to Future Melbourne Committee on 19 July 2022 where it was resolved to seek authorisation from the Minister for Planning to commence public exhibition of Amendment C432. Authorisation has been requested but is yet to be received.</p>	<p>Review completed.</p> <p>Authorisation from the Minister for Planning was requested 26 April 2023</p>

MELBOURNE PLANNING SCHEME REVIEW 2023

2018 Review Recommendations	Progress	Status
Protect Aboriginal heritage.	<p>City of Melbourne heritage amendments seek appropriate protections for significant places, including Aboriginal and post contact heritage.</p> <p>All heritage studies now include in the project scope, the requirement to undertake a comprehensive review of heritage places in the study area including Aboriginal, shared and post contact heritage values in order to form a holistic understanding of the area's transformation over time and the heritage significance of the resulting urban fabric, places and culture.</p> <p>The background studies informing planning scheme amendments include engagement with First Nations people, with the objective being to discover, highlight and document their stories, histories and relationship to places in the study area. Through this, there is recognition of the importance of the area to Aboriginal people with the inclusion of recommendations on how to respect and interpret the Aboriginal values and places in the study area and references in citations to the Aboriginal values and places identified.</p>	Ongoing
Implement funding for infrastructure through Development Contribution Plans and/or Infrastructure Contribution Plans.	Officers are currently undertaking research into charge rates, charge areas and infrastructure spend to underpin the introduction of a permanent municipal wide Development Contributions Plan (DCP).	Progressing
Develop an affordable housing policy.	<p>Endorsed on 8 December 2020, the <i>City of Melbourne Affordable Housing Strategy 2020-2030</i> identifies five priorities to address Melbourne's affordable housing crisis:</p> <ul style="list-style-type: none"> • Deliver more affordable rental housing on City of Melbourne-owned land. • Advocate for systemic change and new and ongoing investment for better affordable housing outcomes. • Facilitate more affordable rental housing through the planning system. • Partner with governments, industry, peak bodies and the community to increase affordable rental housing. • Respond to the COVID-19 crisis with affordable rental housing. <p>This policy provides the platform and sets the benchmark to require affordable housing in residential developments.</p> <p>In terms of facilitating more affordable rental housing through the planning system, <i>the Affordable Housing Strategy 2020-2030 Policy</i> is included as a reference document in the updated MPS proposed by Amendment 432. Amendment C309/385 (West Melbourne)</p>	Completed

MELBOURNE PLANNING SCHEME REVIEW 2023

2018 Review Recommendations	Progress	Status
	<p>successfully introduced discretionary provisions in the Special Use Zone requiring affordable housing and the Victorian Government's Amendment C407 (Arden Urban Renewal Area) approved on 28 July 2022 introduced policy to supply affordable housing in new developments.</p> <p>Additionally, proposed Amendment C417 (Macaulay Urban Renewal Area), which is currently with the Minister for Planning awaiting authorisation, mandates affordable housing contributions of 3.8 per cent across all land uses to deliver around 425 affordable dwellings in Macaulay.</p>	
<p>Progress Environmentally Sustainable Design (ESD) and environmental initiatives.</p>	<p>Environmentally Sustainable Design and environmental initiatives are being facilitated through the planning scheme via proposed changes to the planning scheme through Amendment C376.</p> <p>Sustainable Building Design Amendment (C376) proposes changes to the planning rules to ensure future development achieves best practice in Environmentally Sustainable Design including increased energy efficiency and greening of buildings.</p> <p>All land in the municipality will be subject to the new planning rules, however they will only apply to new planning applications – not existing buildings. Building owners and occupiers will not be required to make changes to existing buildings.</p> <p>Following public exhibition of the Amendment between March and April 2023, Council is considering submissions and progressing to an independent panel.</p>	<p>Progressing to an Independent Panel</p>
<p>Continue to pursue tailored schedules to zones to deliver desired land use mix.</p>	<p>The use of tailored Special Use Zones continues to be utilised as the best fit tool available in the suite of zones to advance the delivery of specific land use outcomes.</p> <p>Amendment C309 West Melbourne, (now Amendment C385) introduced new planning controls to guide the use and development of land in West Melbourne. Amendment C385 was approved by the Minister for Planning 10 May 2022. A Special Use Zone (SUZ6) was tailored to deliver a true mix of uses in West Melbourne. The specifically crafted SUZ6 includes provisions for:</p> <ul style="list-style-type: none"> • Minimum employment floorspace requirements to support a greater mix of commercial/retail uses in West Melbourne. • Employment floorspace requirements to deliver the projected 10,000 jobs in West Melbourne by 2036. • A minimum proportion of the floor area be allocated to a use other than accommodation; and 	<p>On-going</p>

2018 Review Recommendations	Progress	Status
	<ul style="list-style-type: none"> Active ground floor uses along Spencer Street, between Hawke Street and Dudley Street to deliver a new activity centre. <p>Amendment C407 Arden Precinct included a tailored Special Use Zone (SUZ7) to facilitate the transformation of Arden as a State significant urban renewal precinct.</p> <p>Specifically, the Special Use Zone was utilised as the most appropriate tool to enable Arden to develop into a thriving innovation precinct by concentrating an employment hub of medical, retail, commercial, education, industry and entertainment uses near Arden Railway Station, supporting a retail core along Barwise Street and facilitating community facilities and residential, including supporting and encouraging affordable housing, uses that supports the Central City.</p> <p>Likewise, proposed Amendment C417 Macaulay proposes a Special Use Zone 8 to deliver a mix of land uses.</p> <p>The SUZ8:</p> <ul style="list-style-type: none"> Encourages a minimum 20 per cent of floor area as employment or other non-residential use Mandates an affordable housing contribution of 3.8 per cent across all land uses Manages land uses vulnerable to flooding by conditioning Section 1 and Section 2 uses and referring change of use applications to Melbourne Water in specified inundation overlay areas Manages car parking provision by requiring car parking to be held in a single title Varies the planning controls within activity centres to guide uses at ground floor and the location of larger format supermarkets Manages the use and development of land in proximity to the APA high pressure gas pipeline. <p>Amendment C431 Melbourne Innovation District-City North, which is still in the amendment drafting phase, proposes to use the Special Use Zone to provide for a mix of residential, commercial, industrial, innovation and creative land uses that complement and support the City North Innovation Core</p>	
Ensure all parks are appropriately zoned.	<p>Amendment C380 was approved by the Minister for Planning on 7 July 2022.</p> <p>The Amendment rezoned Crown land and land vested in the City of Melbourne, which is currently used by the community as parks, to the Public Park and Recreation</p>	Completed

MELBOURNE PLANNING SCHEME REVIEW 2023

2018 Review Recommendations	Progress	Status
	<p>Zone (PPRZ) ensuring that all parks are appropriately zoned.</p> <p>The Planning Panel for the Amendment recommended adoption of the Amendment subject to a change to remove the rezoning of five Crown land open spaces in Docklands. The Panel found that this land should not be rezoned until development of Docklands is resolved. The reservation of these five parks is currently protected through other statutory mechanisms. Council, in adopting the Amendment accepted this Panel recommendation to remove the parks in Docklands.</p>	
<p>Update the advertising signage policy to respond to changes in technology.</p>	<p>A Scoping Paper in 2020 identified that the City of Melbourne's signage policy to be:</p> <ul style="list-style-type: none"> • outdated due to state policy updates and market preferences for new technology, such as electronic screens, and • Ineffective due to its complexity and high level of VCAT decisions where Council determination were set aside <p>The detailed background report is being finalised and a comprehensive package of amendment documents is currently being prepared prior to initiating a formal planning scheme amendment request.</p>	<p>Progressing</p>
<p>Continue to work with DELWP to enable off-street bicycle and motorcycle parking rates appropriate to the municipality.</p>	<p>In 2106 officers undertook a review of bicycle and motor cycle parking rates throughout the municipality to assess whether the rates aligned with current and predicted usage.</p> <p>On 5 April 2016, FMC endorsed the finding of the "<i>Off-Street Bicycle and Motorcycle Parking Review 2016</i>" which recommended an increase to the State-wide bicycle parking provisions for Victoria and to the motorcycle parking provisions within the Melbourne Planning Scheme, as well as new provisions to manage the quality of bicycle and motorcycle parking facilities.</p> <p>The City of Melbourne wrote to the Planning Minister seeking consideration for a Ministerial amendment to introduce a new definition for motorcycle parking in the local overlay, increase the State-wide bicycle parking rates and increase the City of Melbourne motorcycle parking rates.</p> <p>Although the Minister has yet to approve a State wide amendment, Council officers have continued to work with the Department of Transport and Planning to progress the inclusion of increased bike parking rates & motorcycle parking into individual precincts via specific planning</p>	<p>On-going</p>

2018 Review Recommendations	Progress	Status
	scheme amendments. To date, increased bicycle parking and motorcycle parking rates have been introduced by way of approved new planning controls for Arden (Amendment C417) and West Melbourne (Amendment C385) and are proposed for Macaulay, which is currently with the Minister for Planning awaiting authorisation approval.	

3 Local planning scheme amendments since the previous review

This section documents the strategic work progressed by Council since the previous planning scheme review in 2018.

Amendment No.	Amendment	Detail	Status
C258	Heritage Policies Review & West Melbourne Heritage Review	Implements the findings of the Heritage Review 2016 and the West Melbourne Heritage Review.	Approved 10 July 2020
C396	Heritage Gradings Translation to contributory and non-contributory system	Converts heritage gradings for properties within the Heritage Overlay (that were removed or excluded from Amendment C258melb) from the previous A to D grading system to the Significant, Contributory, Non-contributory category system.	Approved 7 July 2022
C271	Guildford and Hardware Lane Heritage Review	Implements the findings of the Guildford and Hardware Laneways Heritage Study May 2017 by applying permanent heritage controls to sites identified in the study.	Approved 12 August 2019
C360	Buildings Heights Corrections	Corrects misalignments between maximum building heights specified in Design and Development Overlays (DDO) and the General Residential Zone (GRZ), where the overlay specifies a building height over 11 metres.	Approved 12 September 2019
C422	North Melbourne Signage	Replaces the Incorporated Document titled 'North Melbourne Recreation Reserve Signage, 2012' with an updated version	Approved 22 December 2022

MELBOURNE PLANNING SCHEME REVIEW 2023

Amendment No.	Amendment	Detail	Status
		titled 'North Melbourne Recreation Reserve Signage. 2022'.	
C309/C385	West Melbourne Structure Plan	Implements the land use and built form objectives of the West Melbourne Structure Plan 2018.	Approved 10 May 2022
C305	Southbank Heritage Review	Implements the recommendations of Southbank Heritage Review 2017 updated in November 2020.	Approved 23 April 2021
C308	Central City and Southbank Urban Design	Implements the recommendations of the Synthesis Report: Promoting High Quality Urban Design Outcomes in the Central City and Southbank, January 2018.	Approved 30 September 2021
C323	Melbourne Arts Precinct	Inserts a new Schedule 7 to the Capital City Zone (CCZ7) applies the CCZ7 to land identified as the 'Melbourne Arts Precinct' in Southbank.	Approved 24 December 2021
C387	Hoddle Grid Heritage Review	Implements the Hoddle Grid Heritage Review July 2020 (Updated March 2022).	Approved 9 September 2022
C380	Parks	Rezones council owned public open space and land reserved for public open space purposes under the Crown Land (Reserves) Act 1978 to the Public Park and Recreation Zone, and corrects other zoning anomalies.	Approved 7 July 2022
C409	Local policy section conversion into the Smart Planning format	Converts the local policy section of the Melbourne Planning Scheme into the Smart Planning format and introduce relevant policy-neutral findings of Council's Planning Scheme Review 2018	Approved 21 September 2022
C394	Fishermans Bend Heritage	Implements the findings of the Fishermans Bend Heritage Review.	Approved 19 October 2022
C307/C366	Gaming	Implements the City of Melbourne Electronic Gaming Machine Review Background Report 2017 and the City of Melbourne Electronic Gaming Machine	20(4) Amendment lodged with the Minister for Planning in August 2019 and currently under consideration

MELBOURNE PLANNING SCHEME REVIEW 2023

Amendment No.	Amendment	Detail	Status
		Decision-Making Framework 2017.	
C278/C415	Sunlight to Parks	Amends the Sunlight to Public Spaces Policy and inserts a new Design and Development Overlay (DDO8) to ensure appropriate levels of sunlight access in all parks across the municipality	20(4) Amendment lodged with the Minister for Planning in September 2021 and currently under consideration
C379	Exceptional Trees	Protects an additional 119 exceptional trees located on privately owned or privately managed land across the municipality by listing the additional 119 trees in Schedule 2 to the Environmental Significance Overlay (ESO2)	Adopted by Council. Lodged for approval with Minister for Planning on 7 March 2023 and currently under consideration
C384	Land Subject to Inundation	Implements updated flood modelling undertaken for local catchments within the City of Melbourne by introducing and applying new schedules to the Land Subject to Inundation Overlay (LSIO) and Special Building Overlay (SBO).	Panel report received (will be presented to Council for adoption post process and legal challenges)
C405	Carlton Heritage Review 2021- and Punt Road Oval	Implements the recommendations of the Carlton Heritage Review 2021 and Punt Road Oval (Richmond Cricket Ground) Heritage Review 2021.	Adopted by Council. Lodged for approval with the Minister for Planning in June 2023 and currently under consideration
C403	North Melbourne Heritage Review	Implements the recommendations of the North Melbourne Heritage Review 2022.	Adopted by Council. Lodged for approval with the Minister for Planning in October 2023 and currently under consideration
C376	Sustainable Building Design	Proposes changes to the planning rules to ensure future development achieves best practice in Environmentally Sustainable Design including increased energy efficiency and greening of buildings.	Exhibition complete. Review of submissions underway.
C426	South Yarra Heritage Review	Implements the recommendations of the South Yarra Heritage Review, August	Proceeding to Panel hearing

MELBOURNE PLANNING SCHEME REVIEW 2023

Amendment No.	Amendment	Detail	Status
C417	Macaulay Urban Renewal Area	Implements the built form and land use directions of the Macaulay Structure Plan.	Lodged for authorisation on 24 August 2022 - awaiting authorisation
C432	New MPS (City Vision)	<p>Updates the Municipal Planning Strategy (MPS) at Clause 2 of Melbourne Planning Scheme based on the adopted City of Melbourne City Spatial Plan.</p> <p>The new MPS includes further guidance for urban renewal areas, promoting sustainable development, housing diversity and affordable housing, mitigating climate change, promoting employment, innovation and creative industries, elevating high quality design outcomes and design excellence and recognising Aboriginal cultural values and heritage</p>	Lodged for authorisation on 26 April 2023 - awaiting authorisation
C451	Licensed Premises	Updates Clause 13.07-1L-04 Licensed premises in response to the Victorian Government removing a 'freeze' on granting new liquor licence applications to trade after 1am on 30 June 2023, as well as changes to schedules to clauses 37.04 (Capital City Zone) and 37.05 (Docklands Zone).	20(4) Amendment request lodged with the Minister for Planning on 21 June 2023 and currently under consideration
C381	Heritage Data	Makes changes to easily identify the heritage planning controls that apply and allow the Heritage Places Inventory March 2022 incorporated document to be formatted in such a way that it can be stored in a database and mapped. These changes are to correct obvious and technical errors and to clarify and improve the style, format, language and grammatical form of clauses and content in the Melbourne Planning Scheme.	20(a) Amendment request submitted. Approval under consideration by the Minister for Planning
C435	Site Specific Amendment	Applies the Specific Control Overlay (SCO) to facilitate the redevelopment of the site	Lodged for authorisation on 6 July 2023 - awaiting authorisation

Amendment No.	Amendment	Detail	Status
	Miami Hotel site, West Melbourne	generally in accordance with development plans prepared by Hachem Architects, December 2021.	
C395	Advertising Signs	Updates the signage policy to improve the efficiency of the planning scheme for applicants and Council's statutory planners and ensures that the amenity impacts of electronic and illuminated signage are properly considered for the first time.	Research and development phase
C431	City North Innovation District	Rezones land in the Melbourne Innovation District - City North in accordance with the land use, employment and economic recommendations of the 'Melbourne Innovation Districts – City North: Strategic Land Use Plan, February 2022'.	Research and development phase
C368	Municipal Wide DCP	Introduces a DCP to secure development contributions.	Research and development phase

4 Planning scheme amendment challenges

The local planning scheme amendments listed in the previous section, as well as those initiated prior to 2018 previous planning scheme review that were resolved since (or are still outstanding), as well as a series of amendments requested by Council under S20(4) of the Act (e.g. interim heritage controls), together number more than 60 planning scheme amendments.

Beyond this number, the Minister has initiated a large number of state-wide, multi-council and Melbourne-only planning scheme amendments to implement reforms to the Victoria Planning Provisions and to facilitate site-specific developments. The planning scheme amendment process is complicated and – especially as it relates to the City of Melbourne – a significant administrative challenge.

The Act reflects the design of the Victorian planning system, whereby administration of planning schemes is usually conducted by the local municipal authority, but planning authority status is shared by the municipal authority and Ministers, with the Planning Minister retaining the sole power to determine the final form of any planning scheme amendment. Where Councils and the Minister as planning authorities do not align in policy ambition, or where either level of Government lacks the resources necessary to process and review planning scheme amendment activity in an efficient fashion, the planning scheme amendment process

can experience major delays which, in some cases, can cause significant development uncertainty.

The average time it takes to pursue a planning scheme amendment from beginning to end has grown considerably since the 2018 Melbourne Planning Scheme review. As table 1 shows, the most significant delays are found:

- Following Council adoption of an amendment, awaiting the Minister's final decision (shown at the end of the process in red);
- In awaiting the Minister's authorisation to exhibit an amendment (shown at the start of the process in red); and
- In securing time for Planning Panels Victoria to conduct hearings and, where amendments are challenged at the Tribunal, waiting for the Tribunal to make a decision (shown midway in the process in orange).

The City of Melbourne has generally managed to progress planning scheme amendments efficiently for the stages over which it is chiefly responsible (shown in shades of blue).

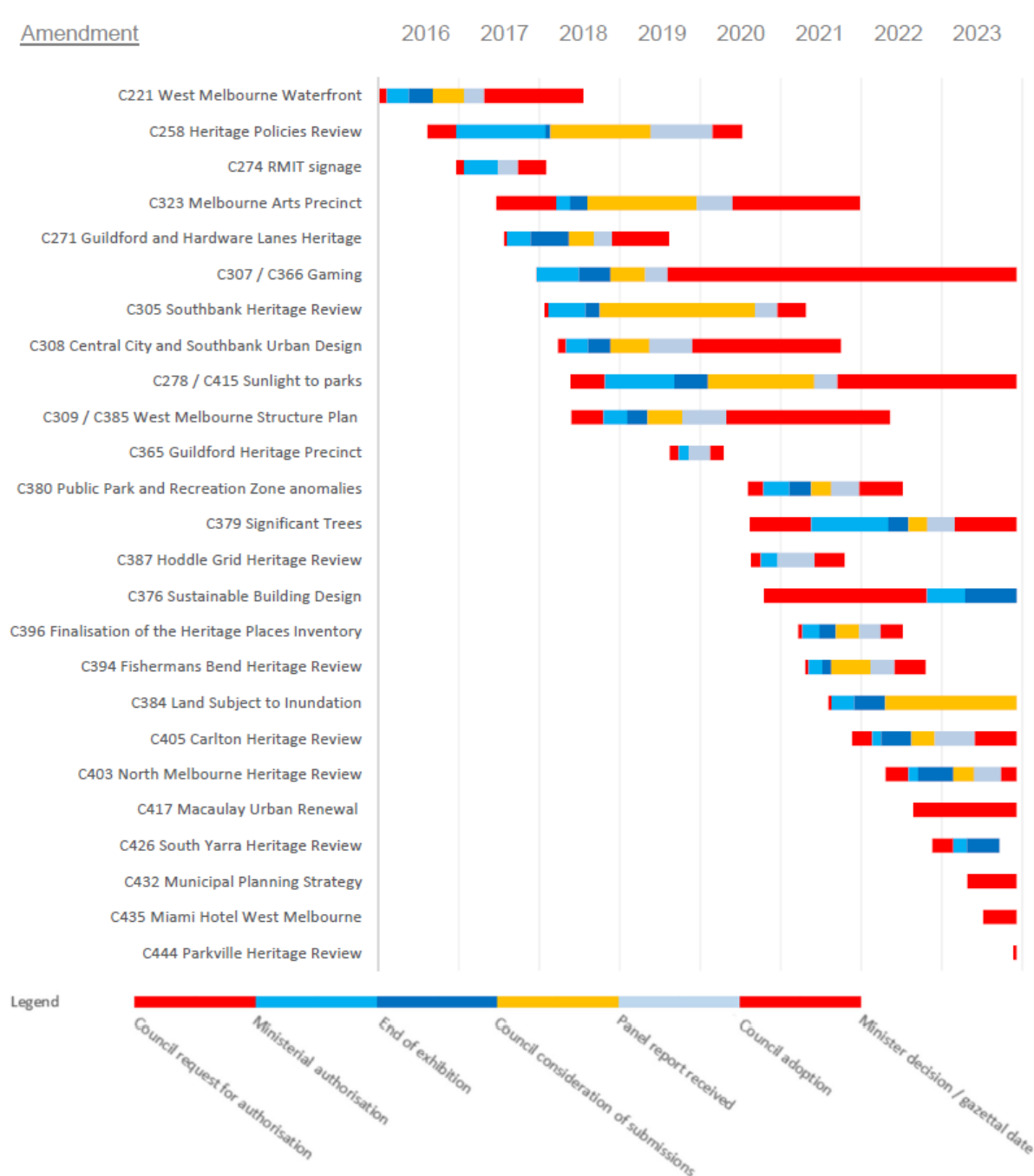
The causes for delays are many and varied. The City of Melbourne has observed that:

- The change in approach in the Department to provide a more thorough review of proposed planning scheme amendments before the exhibition stage, and apply much more significant conditions on authorisation approvals, has naturally led to greater delays at the start of the process. (For example: C309 West Melbourne Structure Plan; C376 Sustainable Building Design; C417 Macaulay Structure Plan; C432 Municipal Planning Strategy);
- The propensity to re-prosecute the strategic basis for an amendment at the end of the process despite the scrutiny applied at the commencement, as well as by Planning Panels Victoria, is creating a duplication of effort and leading to greater delays at the end of the process. (For example: C308 Central City and Southbank Urban Design – 2 years; C309 West Melbourne Structure Plan – 2 years; C366 Gaming – 4 years and still not resolved; C278 Sunlight to Parks – 2 years and still not resolved).

The City of Melbourne welcomes the scrutiny on all planning scheme amendments it puts forward, but requests that the resources necessary to facilitate that scrutiny are provided for, and that the Department and Minister commit to making decisions in a reasonable timeframe.

MELBOURNE PLANNING SCHEME REVIEW 2023

Table 1: Local Melbourne planning scheme amendment timelines



Particular problems have been experienced with the Municipal Planning Strategy, which needed to wait for the State Government-initiated planning scheme format reforms to be applied to the City of Melbourne. These cascading processes have caused the exhibition of the Municipal Planning Strategy to be delayed by 4 years compared with original City of Melbourne Annual Plan expectations (FY 2019-20), and the amendment has still not received authorisation. This overarching policy vision for the municipality – to facilitate abundant housing options and provide

MELBOURNE PLANNING SCHEME REVIEW 2023

clarity on settlement strategies – continues to be delayed, despite the demands of the housing crisis and the ambitions of the Victorian Government’s Housing Statement. These delays have also caused significant disruptions in workforce planning for the City of Melbourne.

In 2021 the Victorian Government published the Red Tape Commissioner’s final report reviewing Victoria’s planning and building approvals process, titled “Turning best practice into common practice.” This report contained 27 recommendations. Recommendation A2, ‘streamline the planning scheme amendment process’, contained eight component parts:

<u>Recommendation A2 component</u>	<u>Status</u>
[1] DELWP providing councils with a final response within 30 days of DELWP initiating a “further review” of an authorisation request;	Not yet implemented.
[2] DELWP exploring opportunities to stream different types of planning scheme amendments and package multiple amendments in omnibus amendments;	Not yet implemented.
[3] As part of Better Reporting, DELWP to measure and review the performance of the planning scheme amendment process from start to finish and to identify the steps in the chain that are causing some amendments to take unreasonable time;	Not yet implemented.
[4] Modernising how proposed planning scheme amendments are publicly explained, updating notice templates to support plain-language, multi-language notices and using images for significant planning scheme amendments – DELWP should provide an updated Planning Practice Note to support the use of these new provisions;	Implemented.
[5] Councils referring exhibited amendments to Planning Panels Victoria (PPV) at the earliest opportunity in cases where there are clearly unresolvable objections — DELWP should provide guidance on how this can be managed through delegations;	Not yet implemented.
[6] Reducing the maximum period for publication of Panel reports by councils from 28 days to 14 days;	Implemented by the <i>Planning and Environment Amendment Act 2021</i> .
[7] Requiring councils to provide reasons as well as notice for a decision to abandon or to not consider or progress an amendment; and	Implemented by the <i>Planning and Environment Amendment Act 2021</i> .
[8] Clarifying the process for applicants to formally seek a planning scheme amendment related to their land and how such requests can be referred to the Minister should the council unreasonably reject the proposal – this may require an amendment to the Planning and Environment Act 1987.	Implemented.

It is notable that the two parts of recommendation A2 that have been implemented through legislative reform are those that impose faster requirements on councils, while the parts that have not been implemented are those that impose faster requirements on the Victorian Government, or which require greater Departmental resources.

The Victorian Government’s Housing Statement (September 2023) includes a commitment to implement the remainder of the Red Tape Commissioner’s recommendations. The first (faster authorisation) and third (analysis of causes of unreasonable delays) are essential to the orderly and efficient planning of Victoria and each municipality.

The City of Melbourne stands ready to act in partnership with the State Government to facilitate the timely implementation of national and state policies and efficient amendments of the Melbourne Planning Scheme. We request that Victorian Government urgently addresses the delays to planning scheme amendment process that it is responsible for.

5 Major planning issues facing the municipality

5.1 Social and Affordable Housing

Issue

Limited investment in social and affordable housing combined with a growing population and rising housing and rent prices means there are not enough affordable homes in the municipality.

A number of different planning tools have been used by Council with some success to deliver affordable housing. In the absence of state wide mandatory provisions, discretionary provisions have been introduced by Amendment C309 for land within West Melbourne and uplift provisions for sites within the Central City, Macaulay, West Melbourne Waterfront and the Fishermans Bend-Lorimer Precinct where additional development rights are offered in exchange for the provision of affordable housing.

All of these delivery mechanisms rely on voluntary agreements being entered into with landowners for the delivery of affordable housing. The success of securing affordable housing through section 173 agreements is dependent on Council being able to negotiate with developers at the planning permit stage. Along with the voluntary nature of the agreement, Council planners are also challenged by the absence of a concise definition of affordable housing in the planning scheme which is clear and unambiguous in interpreting what is meant by the terms social housing and the range of income levels.

Endorsed on 8 December 2020, Council's Affordable Housing Strategy 2020-2030 identifies key strategic priorities to address the shortfall in affordable housing including facilitating more affordable housing through the planning scheme. It is evident that there is not a single 'fix all' approach to this issue. Investigating avenues for the delivery of affordable housing via a number of planning scheme mechanisms such as providing Council and accredited affordable housing provider projects to an accelerated pathway (such as permit and notification exemptions), a review of uplift incentives or inclusionary zoning requiring affordable homes are all options going forward.

Recommendations:

Pursue avenues for the delivery of affordable housing through various planning scheme mechanisms.

Advocate for a state planning policy and corresponding mandatory planning scheme tool such as inclusionary zoning to provide certainty in the delivery of more affordable housing.

Advocate for state wide definitions in the affordable housing space (including but not limited to key worker housing, Build-to-Rent, affordable and social housing) within the planning scheme.

5.2 Climate Change

Issue

The municipality is dealing with a hotter climate, more severe rainfall events, flooding and storm surges. Buildings are recognised as the biggest contributor of carbon emissions in the

municipality. Accordingly, updated planning controls changing the way all new buildings are built to address climate change and the biodiversity emergency are needed.

Sustainability

Currently the planning scheme encourages sustainable development at clause 2.03-4 and through the Energy and Resource Efficiency Policy at 15.01-2L-01. While sustainability outcomes based on the current policy position are being negotiated through the development application process, the current planning framework and the existing policy requires updating to achieve the baseline needed for the City of Melbourne to reach its target of zero net emissions by 2040, to improve biodiversity, to reduce the urban heat island effect, to manage water effectively, and to reduce the amount of waste going to landfill.

The City of Melbourne is addressing matters relating to climate change in the planning scheme through a Council initiated Sustainable Building Design planning scheme amendment (Amendment C376). The Amendment seeks to update the policy position in the Municipal Planning Strategy and introduce new sustainable building design standards into the planning scheme to ensure future development is designed to mitigate and adapt to the effects of climate change including increased energy efficiency and greening of buildings. Importantly, these performance standards for energy, waste, water, transport, urban heat and urban ecology will be required to be integrated into the design of buildings at the planning stage.

Amendment C376 also introduces the Green Factor Tool. Designed by the City of Melbourne, the tool assists in delivering greening infrastructure in proposed developments to help increase the amount of vegetation cover on private land thereby collectively delivering a cooler and greener city.

Flooding

Recent Melbourne Water modelling has shown that Arden, Macaulay and Moonee Ponds Creek, Elizabeth Street, Fishermans Bend, Hobsons Road, Lower Yarra River and Southbank catchments are highly likely to be subject to inundation in the event of a storm event. The low-lying topography of these areas presents a range of unique design challenges to ensure future development is designed to achieve accessible and well-designed buildings and public realm while also managing flood risk.

The planning scheme provides insufficient guidance to adequately respond to this challenge often resulting in poor built form outcomes from raising floor levels in compliance with Melbourne Water requirements. The general urban design requirements within Schedule 1 to the Design and Development Overlay (DDO1) (Clause 43.02) recently introduced through Amendment C308 apply only to Central City and Southbank and the policy principles in the “Urban Design outside the Capital City Zone” at Clause 15.01-1L-05 are general in nature. Neither DDO1 nor the local policy respond directly to urban design in flood areas. Managing high risk (vulnerable) land uses in flood prone areas where they are located on or below the ground floor is also a major issue that needs to be addressed.

The City of Melbourne has partnered with Melbourne Water to update flood mapping for specific areas in the municipality prone to flooding (Riverine flooding and Melbourne Water and Council drainage) to be introduced via Amendment C384 The Amendment also proposes to reference the “*Good Design Guide for buildings in Flood Affected Areas in Fishermans Bend, Arden and Macaulay*” which provides a range of urban design approaches for buildings at risk of flooding to

help designers achieve good design and equitable access in flood affected areas, while managing the known hazards to human safety and property damage from flooding.

Recommendations:

Continue to progress Amendment C376 to achieve detailed policy guidance and specific provisions in response to climate change.

Advocate for supporting State-wide policy and updated State standards to improve the sustainability of buildings with regard to energy, water, waste and recycling, greening and cooling, transport and air and noise pollution and exposure. The standards should also allow the insertion of local content applicable to the City of Melbourne.

Pending the outcome of Amendment C384, consider extending the application of the “Good Design Guide for buildings in Flood Affected Areas in Fishermans Bend, Arden and Macaulay” to other flood affected areas.

Advocate for the introduction of state wide controls that manage high risk (vulnerable) land uses in flood prone areas.

5.3 Achieving a balanced land use mix in major precincts

Issue

Macaulay Urban Renewal Area

Council’s vision for the Macaulay Urban Renewal Area is to deliver a mixed use precinct with diverse housing options as well as a vibrant mix of shops, offices, spaces for small and medium-sized enterprises and start-ups.

Achieving an appropriate mix of land use outcomes is a challenge in Macaulay given that the Mixed Use Zone which currently applies in Macaulay has not achieved a diversity of uses instead resulting in a predominance of residential developments. To address this, Council has prepared Amendment C417 which proposes to rezone much of the land within the precinct from Mixed Use and Commercial 1 Zones to a specifically crafted Schedule to the Special Use Zone (SUZ8) to support a genuine mix of uses in Macaulay. Minimum employment floor space requirements are included in SUZ8 to support a greater mix of commercial/retail uses. Amendment C417 is currently with the Minister for Planning awaiting a decision on Council’s request for authorisation.

Innovation in the Melbourne Innovation District

Similar to the Macaulay Urban Renewal Area, the Melbourne Innovation District which covers sections of Melbourne, Carlton, North Melbourne and Parkville, is experiencing the same challenges in delivering a mix of uses that aligns with the district’s key objective to grow as an internationally renowned knowledge precinct. This is due to the strong market trend towards residential development resulting in constraints on land available for the expansion of innovation uses in the district

The use of a tailored planning controls within this precinct are being investigated to prioritise research and innovation uses particularly on the lower floors of buildings.

Recommendations:

Continue to progress Amendment C417 with a tailored zone schedule to the Special Use Zone (SUZ8) to deliver an appropriate mix of uses in the Macaulay Precinct.

Continue to progress the research on tailored zone planning controls to deliver innovation and enterprise uses in the Melbourne Innovation District

6 On-going partnerships with state agencies

6.1 Docklands

Issue

The Docklands Act 1991 was gazetted to facilitate the redevelopment of Docklands Urban Renewal Area overseen by the Docklands Authority (now known as Development Victoria). In 1998 local government powers and municipal management for Docklands were transferred from the City of Melbourne to the Docklands Authority. Docklands was then divided into eight precincts, which were released to the market for staged development. Development Victoria (DV) is responsible for managing the staged development of Docklands through partnerships with private developers via Development Agreements.

While municipal powers were transferred back to the City of Melbourne in 2007, only land reserved under the Crown Land (Reserves) Act 1978 is managed by the City of Melbourne. Some public realm sites remain under the ownership and control of DV.

The precincts within Docklands are generally developed on an individual building or stage basis, in response to market demand. Land ownership is transferred from DV to the developer once the conditions of the Development Agreement have been met. Upon receiving the title to a parcel of land, the developer can begin construction.

The Docklands zones and Development Plan Overlay schedules were introduced into the planning scheme to facilitate redevelopment of the precinct when it commenced in early 2000. Development is guided by Development Plans, which provide a masterplan layout for each precinct identifying the location of new open spaces, streets, building envelopes, land use mix and built form controls. These Development Plans were prepared by developers in collaboration with DV and approved by the Minister for Planning.

When a planning permit is lodged, the City of Melbourne assesses the proposal against the approved Development Plan considering the appropriateness of the built form, amenity and so on, and makes a recommendation to the Minister for Planning.

However, many of the Development Plans are now more than 20 years old, and are no longer reflective of contemporary development requirements. This is being seen through planning permits with developers seeking substantial variations to the Development Plan or lodging amended Development Plans, particularly to reduce the amount of non-residential land uses and increase building heights to maximise residential yield. The compounding impact of these variations is the erosion of the vision and purpose of the Development Plans, which reduces their on-going relevance in decision making and raises concerns regarding the need to community expectations.

These variations also place increasing pressure on existing services and are not reflected in the planning for new facilities, such as community infrastructure.

A number of precincts are also fully constructed and should be normalised into the Scheme.

The area would benefit from a comprehensive review of the Development Plans and redrafting of the controls to ensure that they are brought up to speed with recently introduced built form standards relating to such matters as tower separation, wind and overshadowing of the street and public spaces, acoustic treatments and best practice urban design.

The outcomes of some Development Agreements that influence planning decisions, such as percentage of affordable housing, building heights, and provision for community infrastructure, and should be translated into the Scheme.

Recommendation:

Advocate for a review and update of the Docklands Development Plan Overlays schedules to bring the Docklands planning controls up to contemporary standards.

6.2 Fishermans Bend

Issue

The Fishermans Bend Urban Renewal Area is made up of five precincts, two of which are located within the City of Melbourne – the Fishermans Bend National Employment and Innovation Cluster (NEIC) and Lorimer Precinct. To realise the Fishermans Bend Framework 2018, the Fishermans Bend Taskforce which sits within the Department of Transport and Planning, has been leading the preparation of Precinct Implementation Plans (PIP's) for each precinct through a collaborative approach with the City of Melbourne and City of Port Phillip.

The PIPs will identify a network of new open spaces, schools, streets, transport and community facilities for each precinct to support the creation of 80,000 new homes, 80,000 jobs and 20,000 students over the next 30 years. The PIPs will enable the preparation of development contributions plans and planning controls which are required to facilitate investment in the precincts.

The successful delivery of the Fishermans Bend Urban Renewal Area is reliant on the investment in and delivery of major transport infrastructure by the Victorian Government, including the Fishermans Bend tram extensions and Melbourne Metro 2 rail project. Council continues to advocate for the prioritisation of these projects to catalyse investment in the precincts.

National Employment and Innovation Cluster Precinct (NEIC)

The Victorian Government released Advancing Manufacturing – the Fishermans Bend Opportunity 2021 (Advancing Manufacturing) which sets a vision for the Fishermans Bend NEIC to become 'internationally renowned as a centre of innovation in advanced manufacturing and design'.

To better align development within the NEIC with the Advancing Manufacturing vision, interim planning controls including a new Schedule 74 to the Design and Development Overlay were introduced via Amendment C423 on 1 September 2021. These controls included promotion of advanced manufacturing land uses, the mitigation of flooding and retention of native vegetation, and the strengthening of walking and cycling links. The intensity of development is limited with a

higher floor area ratio of 3.5:1 in the core sub-precinct around the Fishermans Bend Innovation Precinct (the former GMH site) and a lower floor area ratio of 1.5:1 to the east and west.

The interim controls were renewed in September 2022 and again in August 2023 (C458), now due to expire in December 2024. The interim controls will likely be renewed and remain in place until the NEIC PIP and permanent planning controls are finalised.

Land uses and built form outcomes currently being delivered in the precinct under these interim planning controls such as large format industry and warehouses are in contrast to the preferred use and quality outcomes expected under the Advancing Manufacturing vision. Also, these developments do not contribute towards the job targets and employment densities identified in the Fishermans Bend Framework.

Until the NEIC PIP and permanent controls are in place, there is a need to strengthen the policy setting in the scheme to ensure development achieves the right mix of land use, high quality design outcomes and employment numbers that align with the long-term vision for the precinct.

Lorimer Precinct

Amendment GC81, approved on 5 September 2018 updated zone and overlay controls for the Lorimer Precinct to implement the Fishermans Bend Framework. This amendment introduced new planning controls including a new Schedule 4 to Clause 37.04 (Capital City Zone) and a new precinct specific Schedule 67 to Design and Development Overlay.

The issue with the introduced controls is that they are too high level, broad and not fine grain enough, allowing too much flexibility that is resulting in outcomes, both land use and built form, that do not deliver the vision and strategies set out in the Fishermans Bend Framework.

In considering Amendment GC81, the Fishermans Bend Planning Review Panel in 2018 noted the need for further refinement of planning controls as part of the Precinct Planning process. The Panel specifically made mention of the need for the Precinct Planning process to clarify and further refine the road network and hierarchy, consider and determine the location of laneways, identify specific locations for community infrastructure, identify potential landmark sites and opportunities for anchor uses and how much floor area they may require, consider opportunities for higher street wall heights on selected main road corners, and consider adjustments to the extent of primary and secondary active frontages. As of July 2023, some five years since the GC81 Amendment, no Precinct Plan exists for Lorimer, and no timeframe for its creation has been committed to by the Victorian Government.

As of 5 July 2023, five urban renewal developments have been approved by the Minister, accounting for 19 per cent of site area within the Lorimer Precinct. This has been through application of Specific Controls Overlays for four of the sites and issuing of a Ministerial permit for one of the sites. The opportunity for a future Precinct Plan and amended controls to have influence on the urban future of Lorimer Precinct diminishes with the approval of each additional development.

The planning scheme, through Infrastructure Contributions Overlay – Schedule 1 (ICO1), currently prohibits a permit being approved in the absence of an ICP or DCP for Lorimer Precinct. As there is no ICP or DCP yet for Lorimer, incorporation of Specific Controls Overlays (SCO) for individual sites into the planning scheme, by the Minister, has become the default work-around method for development approval. The SCOs have been loose in their mirroring of

controls elsewhere in the planning scheme, for the Lorimer Precinct specific schedules. For example, the SCOs have not adopted the road reserve widths prescribed in Map 1 of Schedule to Clause 37.04; they have been more flexible on matters relating to achievement of an increase of non-residential floor space and three or more bedroom dwellings; and car parking offerings above the requirement at Schedule 13 to Clause 45.09 of the Parking Overlay have been included, rather than achieving strict compliance with the PO13 rates.

Until finer-grain, nuanced planning controls are put into the planning scheme, as informed by a Lorimer PIP and accompanying Development Contributions Plan, development in the Lorimer precinct risks underachieving against the vision of the Fishermans Bend Framework.

Recommendation:

Council to continue working with the Victorian Government to progress preparation of Precinct Implementation Plans, Developer Contribution Plans and planning controls for the NEIC and Lorimer Precincts.

6.3 Arden

The VPA prepared Amendment C407 as the primary implementation pathway for achieving the key directions of the *Arden Vision* and the objectives and strategies of the Arden Structure Plan - July 2022. The Amendment which was approved on 22 June 2022 included a new schedule to Special Use Zone (SUZ7), new schedules to the Design and Development Overlay, a Buffer Area Overlay, a Development Contributions Plan Overlay and a Parking Overlay.

The approved Amendment addressed a number of issues raised by Council but failed to resolve the following matters which remain a priority for Council:

- Affordable housing should be mandatory
- Floor area ratios should be reduced and made mandatory
- ESD controls should be discretionary requirements in the Design and Development Overlay
- Car parking controls should include mandatory maximums for private parking
- Third-party notice rights should be retained in the zone and overlays

Recommendation:

Continue to advocate to the Minister for Planning and the Minister for Transport Infrastructure to deliver pathways and mechanisms to resolve the outstanding matters in the Arden Precinct in relation to affordable housing, sustainability targets achieving the zero net emissions, employment generating uses, integrated storm-water management open space, building design contributing to high quality streets and open spaces and the delivery of community infrastructure.

7 Local context

7.1 Municipal Planning Strategy

Amendment C409 was approved on 21 September 2022 and applied a neutral translation of existing policy content into the new policy structure, consistent with the new Planning Policy Framework (PPF) introduced into all planning schemes by Amendment VC148.

This amendment relocated the content to the appropriate theme-based clauses in the PPF, MPS and relevant local schedules but did not introduce any new policy content or apply new provisions to land. Specifically, the amendment replaced the Municipal Strategic Statement (MSS) at Clause 21 and Local Planning Policies at Clause 22 of the planning scheme with a Municipal Planning Strategy (MPS), local policies within the PPF and selected local schedules to overlays, particular provisions, general provisions and operational provisions.

Amendment C432 proposes to update the MPS at Clause 2 of the planning scheme. The MPS describes the context and sets out the vision and strategic directions for planning across the City of Melbourne. It sets the foundation for the policies in the planning scheme based on Plan Melbourne 2017-2050: Metropolitan Planning Strategy (2017) and implements the findings and directions of the City of Melbourne draft City Spatial Plan.

In adopting the new policy format to ensure the better alignment and integration of local policy with state planning policy, the new MPS establishes the overarching strategic planning policy and considers the context, history, assets, strengths, attributes and influences, and establishes the vision and strategic direction for future land use and development.

The MPS includes greater emphasis on promoting sustainable development, promoting housing diversity and affordable housing, mitigating climate change, promoting employment, innovation and creative industries, elevating high quality design outcomes and design excellence, recognising Aboriginal cultural values and heritage.

7.2 Local Policies

The local planning policies in the PPF have a defined role in the planning scheme to deliver local strategic directions and guide how discretion in a zone, overlay or a particular provision will be exercised when non prescriptive controls apply. All existing local policies within the planning scheme are consistent with the policy directions set out in the overarching state and regional (if applicable) sections of the PPF. The policies focus on a range of issues including building height and density, heritage, energy and water efficiency, specific land uses and advertising signs.

The following local policy content in the PPF sits under the following relevant specific state planning and regional policy objectives:

Clause 11 Settlement: Includes local policies relating to settlement for the Arden Precinct, Carlton, Docklands, East Melbourne, Jolimont, Fishermans Bend Employment Precinct, Fishermans Bend Urban Renewal Area, Flemington, Kensington, Hoddle Grid, North Melbourne, West Melbourne, Parkville, Southbank, Sport and Entertainment Precinct and St Kilda Rd and South Yarra

Clause 13 Environmental Risks and Amenity: Includes local policies relating to Amusement Parlours, Discretionary Uses in Neighbourhood Residential Zone and General Residential Zone, Land Use Compatibility, Licensed Premises and Sexually Explicit Adult Entertainment.

Clause 15 Built Environment and Heritage: Includes local policies relating to CBD Lanes, Signs, Sunlight to Public Spaces, Urban Design, Urban Design Outside the CCZ, Floor Area Uplift, Energy and Resource Efficiency and Heritage Places within World Heritage Environs Area

Clause 16 Housing: Includes a local policy on Student Housing

Clause 17 Economic Development: Includes local policies relating to Lygon and Elgin Street Shopping Centre

Clause 18 Transport: Includes local policies relating to Land Use and Transport Planning

Clause 19 Infrastructure: Includes local policies relating to Public Open Space Contributions and Stormwater Management

7.2.1 Progress on 2018 review local policy recommendations

The 2018 planning scheme review identified three local policies that had not proven to have sufficient strategic weight when subject to a review at VCAT:

- *Urban Design (Urban Design in the Capital City Zone Policy)*
- *Sustainable Development (Energy, Water and Waste Efficiency Policy)*
- *Signs (Advertising Signs Policy)*

Since the last planning scheme review, Council has moved substantially to strengthen all three policies.

Urban Design in the Capital City Zone

Amendment C308 was approved on 30 September 2021. The Amendment implemented the recommendations of the Synthesis Report: *Promoting High Quality Urban Design Outcomes in the Central City and Southbank, January 2018* by introducing new urban design built form controls through Schedule 1 to the Design and Development Overlay and includes the *Central Melbourne Design Guide, 2019* as a background document. Amendment C308 consolidated many of the urban design policies that currently apply to the Central City and Southbank within the Melbourne Planning Scheme into one DDO, resulting in the deletion of the *Urban Design in the Capital City Zone Policy*.

Following Amendment C308, DDO1 delivers clear and precise policy for built form and urban design in the Central City and Southbank.

Sustainable Development

The current policy on sustainable development is the Energy and Resource Efficiency Policy at Clause 15.01-2L-01 which includes a policy objective to ensure buildings achieve high environmental performance standards at the design, construction and operation phases.

Strategic work to update this policy is currently underway via proposed Amendment C376 (Sustainable Building Design amendment) which seeks to ensure future development achieves best practice in environmentally sustainable design including increased energy efficiency and greening of buildings.

Specifically, Amendment C376 proposes a series of changes to the planning scheme including providing stronger policy support within the MPS and PPF to encourage and highlight the importance of providing environmentally sustainable design that responds to the various challenges associated with climate change, including (but not limited to) increased emissions, increased risks of flooding, sea level rise and more weather variability (including heat waves).

Authorised for exhibition, the amendment C376 has been through the formal exhibition phase, submissions are currently under assessment and responses being prepared.

Signs

There is a lack of clarity regarding signage controls in the PPF. The current signage policy at Clause 15.01-1L-02 is outdated due to State policy updates and market preferences for new technology such as electronic screens, and is ineffectiveness at VCAT.

A revised signs policy is needed which brings it up to date and addresses new electronic signage technology, resolves ambiguities and gaps which have been exposed in VCAT decisions, and introduces improved assessment guidelines.

Preparation is currently underway to address this issue. Research to underpin a planning scheme amendment is currently being finalised to update the signs policy to improve the efficiency of the planning scheme for applicants and Council planners and ensures that the amenity impacts of electronic and illuminated signage are properly considered.

7.2.2 Further opportunities to strengthen local policies

Following significant strategic planning research, other policy changes are at various stages of approval. An updated heritage policy to improve heritage protection for heritage sites across the municipality (Amendment C258 approved July 2020) has been approved. An updated policy (and development controls) for Sunlight to Public Spaces (Amendment C278/C415) and a new Gaming Policy (Amendment C307/C366) awaiting approval by the Minister for Planning.

Detailed below are further opportunities to strengthen existing policies or initiate strategic research to address specific policy issues.

Urban Design Outside the Capital City Zone

With the evolution of planning schemes and the introduction of various Design and Development Overlays, the value of the local policy has diminished. The general consensus is that local policies carry less weight than the Design and Development Overlays. A good example of this is approved Amendment C308 which resulted in the deletion of the local policy *Urban Design within the Capital City Zone* which was replaced with a revised Schedule 1 to the Design and Development Overlay (DDO1) (applying to the Central City and Southbank). DDO1 continues to provide detailed and effective policy guidance specifically around the elements of urban design including urban structure, site layout, building program, massing, public interfaces and design quality.

The review undertaken as part of Amendment C308 was the first comprehensive update of the planning controls guiding urban design in the central city since 1999. Similarly, the *Urban Design Outside the Capital City Zone* was introduced into the planning scheme at the same time but has yet to be reviewed. Since that time, urban design principles on how to deliver high quality urban

design outcomes have been updated and the density and scale of a number of developments outside the Central City and Southbank have significantly increased. Accordingly, a review of the *Urban Design Outside the Capital City Zone* policy is timely and necessary in order to strengthen the focus on the quality of experience, in particular the interface of buildings with the street, architectural quality and the impact on the public realm.

Discretionary Uses in the Neighbourhood and General Residential Zones Policy

The current policy at Clause 13.07-1L-02 applies to all applications to use land for Section 2 (permit required) uses in the Neighbourhood and General Residential Zones. Given that planning scheme includes the Residential Growth Zone which also permits non-residential uses to serve the local community needs in appropriate locations, the potential to extend its application to include Residential Growth Zone should be explored. Additionally, extending the policy to capture Section 3 uses benefitting from existing use rights that seek to expand in some way may have merit.

In delivering one of the key strategies of the policy; to discourage non-residential uses in residential zones unless there is a net benefit to the local community, there is a lack of clarity around the meaning of “net community benefit”. What has resulted is an ambiguous term which is often debated at VCAT about what is the intended benefit because different uses have different community benefit and to which local community the net benefit is to be delivered – for example is “local” relative to the type of use or location?

Other elements of the policy that require review include:

- Whether the policy should differentiate strategies for the Neighbourhood and General Residential Zones given the zones having different purposes
- Clarification around the interchangeable use of the terms ‘discretionary uses’, ‘Section 2’ uses and ‘non-residential’ uses which creates some confusion,
- Clarification of the “vehicle access from corner site” policy requirement which uses the term “direct access to a Road Zone” (now Transport Zone) which differs from residential zone requirement (i.e. “adjoin, or have access to, a road in a Transport Zone”);
- Whether it is appropriate have an application requirement for the management of amenity impacts to sit in the policy which is usually addressed as permit condition.

Floor area uplift and delivery of public benefits policy

The floor area uplift and delivery of public benefit policy at Clause 15.01-2L -02 guides the delivery of a commensurate public benefit from developments proposals (within Schedules 1, 2 and 3 of the Capital City Zone that is also subject to Schedule 10 to the Design and Development Overlay) that exceeds a floor area ration of 18:1.

The policy references the document titled “*How to Calculate Floor Area Uplifts and Public Benefits (Department of Environment, Land, Water and Planning, 2016)*” to calculate the value of the public benefit and includes gross realisation values for retail, hospitality, commercial and residential uses across a number of precincts. This publicly available document is required to be reviewed by the Minister for Planning in consultation with Melbourne City Council annually but has not been reviewed since January 2016 resulting in out of date Gross Realisation Values and public benefit category valuation figures.

A review and update to the document titled “*How to Calculate Floor Area Uplifts and Public Benefits (Department of Environment, Land, Water and Planning, 2016)*” is needed to ensure

that a development delivers a commensurate public benefit when Floor Area Uplift (the part of the building(s) containing the uppermost floor area of the building, without which the building(s) would not exceed a floor area ratio of 18:1).

Licensed Premises

On 30 June 2023 the Victorian Government removed the existing 'freeze' on granting new liquor licence applications to trade after 1am.

Clause 13.07-1L-04 Licensed premises policy was introduced into the Melbourne Planning Scheme in 2010 through Amendment C141. At the time, it was introduced to manage licensed premises to ensure that they added to the vitality of the City and to minimise any potential negative impacts. The policy was drafted to include the parameters of how licensed premises are assessed, what information is required from an applicant, the appropriateness of location and hours of operation, and how amenity impacts on surrounding uses will be managed.

Clause 13.07-1L-04 has resulted in licensed premises in the City of Melbourne positively contributing to the activity and character of the City without unreasonable impacts on amenity. However, with the lifting of the 'freeze' and changes to the Melbourne Planning Scheme through various amendments since 2010, it is considered necessary that the refinements be made to the policy (and corresponding sections of the scheme) in order to continue to ensure that licenced premises support the entertainment offer of the City while minimising any negative impacts. These changes will provide immediate improvements in implementing the current scheme provisions without seeking to change Council's policy position.

Council has sought approval of the above changes via Amendment C451.

Recommendations for local policy changes

- *Progress local policy changes relating to sustainability, signage, urban design and discretionary uses within residential zones*
- *Partner with the Victorian Government to review and update to the document titled "How to Calculate Floor Area Uplifts and Public Benefits" (Department of Environment, Land, Water and Planning, 2016).*

7.3 Zones

Zones are the principal tool in the planning scheme to control the types of uses on land. The planning scheme includes tailored schedules that have been prepared to guide outcomes relevant to Melbourne's role as a capital city and to its localised role.

Since the 2018 planning scheme review, the following tailored schedules have been introduced into the scheme to achieve particular land use outcomes where a combination of "off the shelf" zones and schedules would not give effect to the desired outcomes:

- Special Use Zone Schedule 6 (West Melbourne)
- Special Use Zone Schedule 7 (Arden Precinct)
- Capital City Zone Schedules 6 (Carlton Connect)
- Capital City Zone Schedule 7 (Melbourne Arts Precinct)

The current suite of zones and local schedules are effectively guiding land use across the municipality consistent with Council's land use vision with the exception of land uses within Macaulay and the Melbourne Innovation District (MID).

Council is proposing to introduce a tailored schedule to the Special Use Zone across the Macaulay Urban Renewal Area to deliver a mix of uses across the precinct. Amendment C417 is currently with the Minister for Planning awaiting authorisation to commence exhibition.

Achieving innovation uses in the innovation district is an ongoing challenge given the constraints on land available for the expansion of innovation and enterprise uses and that accommodation and other employment uses are competing with innovation and enterprise uses. The current zonings of the innovation district being the Capital City Zone 5 (CCZ5) and the Mixed Use Zone have proven to be ineffective in achieving innovation uses particularly on the lower levels of developments. What is being delivered in the area is a dominance of accommodation.

Without intervention, the vision of innovation uses in the MID will not be achieved. To address this, an appropriate mechanism is being explored to deliver innovation land uses, particularly on the lower floors of buildings to encourage street activation and good interface with the public realm.

Recommendation:

Continue to progress Amendment C417 to deliver a true mix of uses in the Macaulay Precinct utilising tailored zone schedule to the Special Use Zone (SUZ8).

Continue to progress the review of the zone controls covering the Melbourne Innovation District to deliver innovation uses across the precinct.

7.4 Overlays

Planning overlays provide more specialised controls for specific land features such as vegetation, heritage protection or built form.

Built Form Overlays

The inclusion of Schedule 1 to the Design and Development Overlay through the approval of Amendment C308 has been the most significant DDO schedule change since the 2018 review. Based on current best practice, Schedule 1 includes requirements to guide high quality urban design outcomes in developments in the Central City and Southbank, in particular the interface of buildings with the street, architectural quality and the impact on the public realm.

The opportunity to extend the application of this schedule beyond the Central City and Southbank should be explored to provide best practice urban design guidance to areas not covered by Design and Development Overlay 1 but where greater density and higher built form is encouraged.

Additionally, given the time that has elapsed since introducing many of the built form overlays into the scheme, which in many cases is over 10 years, the scheme would benefit from a review of the built form overlays across the municipality

Recommendation:

Explore as a future project a review built form controls across the municipality.

Development Contributions Plan Overlay

A Development Contributions Plan Overlay Schedule (DCPO) sets contribution rates (payments or in-kind works) and outlines how future residents, visitors and workers will be provided with timely access to the services and infrastructure they need. The purpose of the Development Contributions Plan is to ensure the cost of providing local infrastructure includes a fair and reasonable contribution from land developers. Collected contributions help to fund the local infrastructure that services the needs of a growing population. Development contributions requirements have been introduced via schedules to Clause 45.06 to the Arden and Macaulay area (interims) and via a schedule to Clause 45.11 for Infrastructure Contributions for Fishermans Bend precinct.

Melbourne is currently the fastest-growing capital city in the country. As such, there is a critical and urgent need to fund and provide the infrastructure required to cater for the growing population of the municipality and the subsequent increased demand on infrastructure. A municipal wide Development Contributions Plan Overlay(s) is needed to implement a funding mechanism to secure funding for a range of infrastructure throughout the municipality. The future DCP will provide an avenue for new development to contribute to the infrastructure it requires, unlocking capacity and facilitating development.

Recommendation:

Progress a municipal wide Development Contributions Plan to implement a funding mechanism for infrastructure.

7.5 Building height definition

A number of zone and overlay schedules include contrasting definitions of building heights resulting in a conflict where different building height calculations under the zone and DDO may apply to the same land. Examples of such differences include:

- provisions of the residential zones which allow an extra metre of height for sloping sites – DDOs do not,
- provisions of the residential zones allows height measurement to be taken from the flood datum (where applicable) – DDOs do not,
- the zone schedules apply building height as per the scheme definition “at any point” above NGL, whereas the DDOs routinely take it from the centre of the footpath at the front of the site; and
- the DDOs generally provide an exemption for building services and architectural features whereas the GRZ5 and GRZ6 are examples of those that don’t.

The definition of “building height” in the various zone and overlay schedules should be reviewed to ensure consistent language and to ensure a consistent interpretation of building height defining where the height is measured from, what elements can extend beyond the height limits (especially architectural features), and measuring building heights on sloping land.

Recommendation:

Review zone schedules and DDO schedules to ensure a standardised definition to ensure a consistent interpretation of building height.

7.6 Detailed analysis to inform the next review

Controls should be reviewed to test for currency, relevance, consistency in format, language, structure and application requirements. This is a detailed and comprehensive process which should commence through undertaking an in-depth analysis of all local zones/overlays ahead of the next planning scheme review to inform an implementation approach.

Such a process should address inconsistencies in built form expression, simplify and standardise controls, reduce complexity, remove unnecessary permit triggers and make other tidy-up adjustments and corrections. Some specific examples include the expired DDO56, redundant documents such as the Kensington Banks Development Plan (Subdivisions) in the Schedule to Clause 51.01 *Specific Site Exclusions*, and DDO20, DDO21 which are more than 10 years old.

The Melbourne Planning Scheme also still retains some anomalies whereby parts of the General Residential Zone previously without built form controls (i.e. where building envelopes were largely guided by policy), but now with mandatory height limits following the Minister's 2017 reforms, have experienced an unacceptable reduction in development potential. The clearest example of this is Flemington Road, North Melbourne, where significant developments on a major thoroughfare of the type supported by policy (such as the 11 storey Vincent Care accommodation at 191 Flemington Road) would now be prohibited unless pursued through a site-specific planning scheme amendment.

Recommendation:

Review the planning scheme's local controls (zone and overlay schedules) to inform the next planning scheme review that:

- *removes out of date references, inconsistent definitions formatting and language, and application requirements;*
- *address inconsistencies in built form expression across individual schedules*
- *simplify and standardise the scheme provisions*
- *reduce the complexity of processes,*
- *remove unnecessary permit requirements,*
- *remedy redundant land use terms and controls, incorrect references and clause numbers, non-standardise application requirements and incorrect mapping anomalies*

8 Summary

Council is required to review the Melbourne Planning Scheme every four years as part of the monitoring, auditing and reporting requirements under Section 12B of the *Planning and Environment Act 1987*.

Overall, the planning scheme successfully reflects State and Council planning objectives in the planning scheme and in doing so provides the framework for planning the use, development and protection of land in the present and in the long term.

Significant progress has been made in responding to the emerging development challenges through individual planning scheme amendments –strengthening strategic policy and introducing outcome focussed planning provisions.

Delays in the planning scheme amendments process and misalignments between Council and State expectations on amendment priorities remain the foremost barriers to efficient planning scheme administration.

9 Future works program options and advocacy

The recommendations of future work for Council arising from this review of the Melbourne Planning Scheme are summarised in the table below:

Local Planning Policies
<i>Continue to progress Planning Scheme Amendment C432 to update the Municipal Planning Strategy (MPS) to include greater emphasis on promoting sustainable development, promoting housing diversity and affordable housing, mitigating climate change, promoting employment, innovation and creative industries and elevating high quality design outcomes and design excellence.</i>
<i>Continue to progress the review and update of the Signs policy at Clause 15.01-1L-02 to reflect the emergence of electronic signs and new technology.</i>
<i>Consider a review of the Discretionary Uses in Neighbourhood and General Residential Zones Policy to extend its application beyond the Neighbourhood and General Residential Zones and provide a clear position on the net community benefit of non-residential uses.</i>
Zones and Overlay Schedules
<i>Continue to progress a Municipal wide Development Contributions Plan Overlay as a mechanisms to fund infrastructure required to cater for an increasing population</i>
<i>Continue to progress Amendment C376 (Sustainable Building Design) to achieve detailed policy guidance and specific zone and schedule provisions to ensure future development is designed to mitigate and adapt to the effects of climate change.</i>
<i>Continue to progress Amendment C384 (Inundation) with the application of the “Good Design Guide for buildings in Flood Affected Areas in Fishermans Bend, Arden and Macaulay”</i>
<i>Continue to progress Amendment C417 (Macaulay) to deliver a mix of uses and built form controls in the Macaulay Precinct utilising tailored zone schedules and overlays.</i>
<i>Commence a review of built form controls including Urban Design Outside the Capital City Zone Policy to ensure best practice</i>
<i>Review the planning scheme’s local controls (zone and overlay schedules) to inform the next planning scheme review that:</i> <ul style="list-style-type: none"> • <i>removes out of date references, inconsistent definitions formatting and language, and application requirements;</i> • <i>address inconsistencies in built form expression across individual schedules</i> • <i>simplify and standardise the scheme provisions</i> • <i>reduce the complexity of processes,</i> • <i>remove unnecessary permit requirements,</i>

-
- *remedy redundant land use terms and controls, incorrect references and clause numbers, non-standardise application requirements and incorrect mapping anomalies*

Council resolutions and Strategy to action

Social and Affordable Housing (Action from Housing Strategy)

- *Facilitate more affordable rental housing through the planning system.*

Off-Street Bicycle and Motorcycle Parking

- *Introduce increased motorcycle parking rates within the Melbourne Planning Scheme,*
- *Advocate the Victorian Government for an increase to the State-wide bicycle parking rates a new definition for motorcycle parking in the local overlay*

In the Arden Precinct, advocate for a pathway and mechanisms to resolve the outstanding matters in relation to affordable housing, sustainability targets achieving the zero net emissions, employment generating uses, integrated storm-water management open space, building design contributing to high quality streets and open spaces and the delivery of community infrastructure.

State Planning Advocacy

Advocate for the delivery of affordable housing via various planning scheme mechanisms including a state planning policy with a more concise affordable housing definition and a corresponding mandatory planning scheme tool to provide certainty in the delivery of more affordable housing

Advocate for a State-wide policy and updated state standards to improve the sustainability of buildings with regard to energy, water, waste and recycling, greening and cooling, transport and air and noise pollution and exposure. The standards should also allow the insertion of local content applicable to the City of Melbourne in line with the standards proposed in Amendment C376.

Advocate and partner to update the Docklands Precinct planning controls to ensure they are current and align with contemporary urban design and built form standards and make them consistent with the current controls in the central city and urban renewal areas.

Advocate for a resolution to the outstanding matters raised by Council in relation to affordable housing, sustainability targets achieving the zero net emissions, employment generating uses, integrated storm-water management open space, building design contributing to high quality streets and open spaces and the delivery of community infrastructure in the Arden Precinct.

Advocate for the introduction of state wide controls that manage vulnerable land uses in flood prone areas.

Partner with Department of Transport and Planning to update the calculated value of a floor area uplift and the equivalent public benefit required to be provided to satisfy Schedules 1, 2 and 3 to the Capital City Zone currently specified the document titled

“How to Calculate Floor Area Uplifts and Public Benefits (Department of Environment, Land, Water and Planning, 2016)”

Request an increase to the gross floor area measurement (or an equivalent measure) which triggers the Minister for Planning as the responsible authority for projects over 25,000 square metres.

Advocate for an increase to the State-wide bicycle parking rates and a new definition for motorcycle parking in the local overlay

Potential Future Projects

Consider the inclusion of an Aboriginal Cultural Recognition/Designing with Country Policy to elevate and achieve tangible recognition of Aboriginal culture in new developments.

Consider the inclusion of an Industrial Land Supply Policy to provide a policy position on the type and amount of industry is needed in close proximity to the City

#17155141