

CENTRAL CITY PLANNING: THE NEED FOR DISCRETION

MELBOURNE'S SUCCESS IS BUILT ON ITS REPUTATION FOR LIVEABILITY AND GREAT DESIGN

Recent [analysis from Melbourne City Council](#) has found that the Melbourne local government area generates economic activity in excess of \$100 billion per annum, a figure that is greater than Hobart, the Northern Territory and ACT combined. This finding corresponds with the central city's role as an economic powerhouse and its reputation as a highly liveable and desirable place to live, work and play.

Melbourne's attractiveness and reputation is in part based on the quality of its public realm and the amenity available to residents and workers. The combination of Melbourne's liveability factors is vital to attracting and retaining talent in a globally competitive landscape. It is also a principal driver of business investment decisions.

Therefore, it makes economic sense to create great streets and interesting buildings that enliven the public realm and provide amenity. A focus on design quality will be essential for the city's ongoing success.

GREAT DESIGN THRIVES ON DISCRETION

Victoria's planning system has largely evolved to favour the application of discretionary rather than mandatory controls. This is in part a response to the belief that design excellence cannot be codified and a 'one-size-fits-all' set of rules will not lead to the best place outcomes.

Giving planners the ability to apply discretion in their decision-making offers designers the opportunity to pursue nuanced, site-responsive solutions instead of resorting to unsophisticated, formulaic approaches. This is especially important in Melbourne's complex central city environment.

'TWEAKS' TO THE CONTROLS: C270 UNDER REVIEW

Introduced in November 2016, Amendment C270 was a direct response to the perceived proliferation of poorly designed buildings that were contributing to amenity issues in Melbourne's central city (e.g. adverse wind conditions, lack of light and sunlight, and overshadowing of valued public spaces).

Since the gazettal of the controls, there has been a substantial decrease in the number of new permit applications over 25,000 sqm approved in Melbourne's central city¹. It is recognised that this major shift in central city planning controls has reduced the commercial viability of Hoddle Grid development by constraining typical floorplate areas and overall yields. It also coincided with broader shifts in CBD development markets, such as regulatory constraints on residential lending and the delivery of projects approved prior to the introduction of Amendment C270.

Through this period, the temperature of the Melbourne office market has continued to rise:

- Low vacancy rates are driving rental growth above long-term averages
- High demand for floorspace persists, with new CBD developments able to command high levels of tenant pre-commitments
- Beyond buildings in construction and recent approvals, there are few options for new stock to meet future demand.

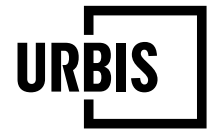
As outlined in a [2018 report prepared by Urbis for the Property Council of Australia](#), these indicators point to a looming shortfall of premium and A-grade office space in Melbourne's CBD, which will harm Melbourne's global competitiveness in the medium to long-term.

Responding to the report and industry's concerns that the new controls were significantly reducing the viability of projects, the Minister for Planning announced a review of the C270 controls in December 2018. From the outset, the Minister noted that this would not be a wide-ranging review, but instead a '[tweaking of C270](#)' to improve the operation and interpretation of the controls.

While changes to the controls to clarify the intent of some elements would be beneficial, this clarification should not be at the expense of the limited amount of discretion currently allowed within the controls. In fact, Urbis has previously argued for increased discretion to favour new office development and facilitate the great design for which Melbourne is renowned.

1. A review of the planning department's register of ministerial permit applications found that since the beginning of 2018, only 20 projects over 25,000 sqm have been approved, with half of these projects lodged in 2016 or earlier. Only six of these projects have been approved in 2019 – <https://www.planning.vic.gov.au/permits-and-applications/ministerial-permits/browse-ministerial-permits>

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The review process has been underway for almost a year and although the Premier confirmed it would be finalised by the end of the year, no formal update on its status has been provided to industry. It is unclear whether Urbis' recommendations to improve the controls have been accepted.

In the meantime, project teams are working hard to develop schemes that comply with the stringent controls.

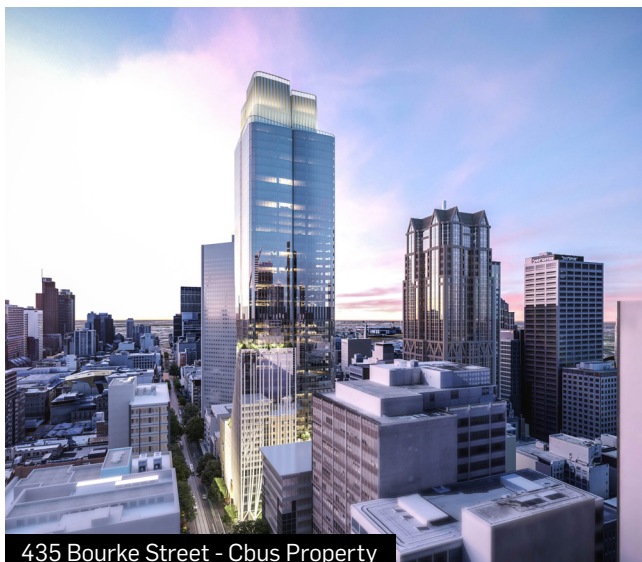
DISCRETION IS NEEDED AND IT WORKS

Urbis has undertaken a review of recent central city projects that are over 25,000 sqm, which have been approved or are under assessment. As well as the C270 controls area, we also looked at recent applications in the City North Precinct - another important area for growth.

The review upholds the view that discretionary planning controls are essential for achieving high quality design outcomes, which respond to site-specific demands.

- Cbus Property's office tower at 435 Bourke Street responded to a complex and constrained site in Melbourne's Hoddle Grid to deliver a development that provides over \$44 million in public benefit through much needed office floorspace and a publicly accessible sports and recreation space. The current tower design relies on the discretionary nature of the setback and shadowing requirements applying to the site.
- PDG's Elizabeth North mixed use project will accommodate the Melbourne City Toyota Flagship Centre, Melbourne University's Trinity College vertical city campus, and CSL Limited's headquarters and laboratories. The carefully designed scheme improves the public realm through enhanced street activation and permeability, and its program of land uses will help drive the growth of the Parkville Biomedical Precinct. Although the proposal exceeded the planning scheme's preferred height and setback requirements, officers were able to exercise discretion in their assessment, as on balance the proposal achieved a substantial net community benefit.

- Currently under assessment, 600 Lonsdale Street is proposed to accommodate a 42-level mixed use (hotel, commercial office and retail) development on a busy corner of the Hoddle Grid. The proposal seeks to improve the public realm through the delivery of an expanded ground plane that will help activate this important intersection and improve the pedestrian experience. Discretionary elements of the planning controls, such as street wall and setback distances, have been relied upon to deliver the project vision.
- The final example is Beulah International's prominent Southbank project, currently under assessment. This truly mixed-use proposal will provide more than \$307,800,000 in public benefit to the city through the provision of open space, public art and community events spaces, strategic land uses (childcare centre and office), and a contribution to the upgrade of Southbank Boulevard. The proposal responds creatively to its context, delivering urban interventions that provide amenity and interconnect the community. Once again, the design team has sought to harness the limited flexibility of the controls to achieve these significant architectural and public realm outcomes.



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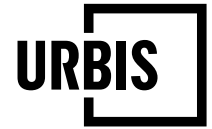


Table 1 provides further detail on a range of recent Urbis planning projects. All these projects are delivering design quality, and through their program, will improve worker and resident amenity and add to the vitality of their surroundings.

Importantly, without the ability for planners to apply their discretion when assessing certain design elements (e.g. setback distances), it is questionable whether these projects would remain viable. As such, an ongoing level of discretion in planning controls will be essential moving forwards.

TABLE 1: REVIEW OF RECENT CENTRAL CITY PROJECTS (OVER 25,000 SQM, APPROVED OR UNDER CONSIDERATION)

Project	Developer	Program & floor area	Key planning controls	Description of public benefit and value	Planning control discretion relied upon
435 Bourke Street	Cbus Property	Office, retail and recreation facility 98,200 sqm	Central City Zone 1 (CCZ1) and Design and Development Overlay 10 (DDO10)	Provision of strategic land use (office) \$44,070,000 The project will also deliver a publicly accessible sport and recreation facility	While the proposal's setbacks and street wall height did not meet the preferred requirements, the built form response was considered acceptable in its context (meeting the modified requirement). The discretionary nature of the public space overshadowing controls was also relied upon. The proposal exceeded the 18:1 floor area ratio (FAR), but provided ample public benefit in response.
600 Collins Street <i>The Residences at Mandarin Oriental</i>	Landream	Residential, retail and office 70,900 sqm	CCZ1 and DDO10	Provision of through block link, open space and public art space \$8,200,000	At a ratio of 29:1, the proposal exceeded the 24:1 FAR. Public benefits were provided in recognition of this uplift.
611-681 Elizabeth Street <i>Elizabeth North</i>	PDG Corporation	Education, research and development, retail 70,000 sqm	CCZ5 and DDO61	Supports the Government's Parkville Biomedical Precinct agenda to drive healthcare advances, economic growth and job creation in the medical technologies, pharmaceuticals and international education sectors Value calculation not required under this control	Although the proposal exceeded the preferred building height, street wall height and setback controls, it was determined that it was consistent with policy seeking to transform the City North urban renewal area into an educational, research and medical hub. In this instance, planning officers were able to exercise discretion in their assessment, as on balance the proposal achieved a substantial net community benefit.
13-23 Spring Street <i>17 Spring Street</i>	Cbus Property	Residential, retail 28,100 sqm	CCZ1 and DDO10	The project's FAR is less than 18:1 and therefore does not trigger the public benefit requirement	While the proposal did not achieve strict compliance with all apartment design standards, it was deemed to meet the overall design objectives by planning officers. The proposal also relied upon the discretion afforded by the setback, street wall height and tower floorplate area controls.

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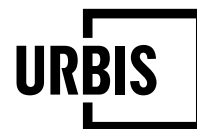


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118 City Road <i>Southbank by Beulah</i> Under assessment	Beulah International	Residential, office, residential hotel, retail, food & drink premises, supermarket, community conference centre, childcare 266,900 sqm	CCZ3 and DD010	Provision of strategic land uses (office), public open space, contribution to the upgrade of Southbank Boulevard (\$181,300,000) Further contribution of public art space, childcare centre, enclosed public spaces, community conference centre (\$126,500,000) Overall value of \$307,800,000	The proposal relies on the discretion provided within DD010's street wall height, setback, and tower floorplate requirements (achievement of modified, rather than preferred requirement). The development proposes an overall plot ratio of 39:1, exceeding the 18:1 FAR. The value of public benefit proposed by the scheme significantly exceeds that required by the planning controls.
600 Lonsdale Street Under assessment	V-Leader and Argo Group (joint venture)	Hotel, office and retail 47,800 sqm	CCZ1 and DD010	Provision of strategic land use (office) \$19,098,000 The proposal will also deliver an expanded public realm at ground level, opening up this CBD corner and improving the pedestrian experience	The proposal will rely on DD010's discretionary elements, with elements of the building designed to meet the modified requirements of the control (street wall, setback and tower floorplate). At 24.7:1, the building will exceed the 18:1 FAR, but proposes to deliver generous public benefit in response.

FINAL THOUGHTS

Good design is a critical component of Melbourne's ongoing liveability and economic success.



Planning in Melbourne's central city is a complex and multifaceted undertaking. Nuance in design is required, as is an ability for decision-makers to look at the bigger picture when assessing projects.



Overall, Melbourne is a city of great design and we are blessed with talented architects that make a positive contribution to our public realm. Government should recognise this fact by providing a planning framework that truly enables site responsive outcomes and rewards innovation.



While calls to tighten planning controls or make them more 'black and white' are popular, the examples listed prove that the current system's allowance for discretion is working and should be expanded, rather than further diminished.



For further information on Central City Planning and the current review, please contact:



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