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Subject: Amendment C258 Melbourne Planning Scheme [RCL-Documents.FID1184059]

Date: Tuesday, 5 February 2019 12:14:41 PM

Attachments: image001.png

image002.png image003.ipg image004.ipg

Letter to Planning Panels Re Witness Reports.pdf

Statement of evidence Rhys Quick.pdf Statement of Evidence Marco Negri.pdf Statement of evidence Bryce Raworth.pdf

Dear Panel Coordinator

Please see attached correspondence and enclosures in relation to the above matter.

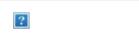
Kind regards

Donna

Donna Bilke

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4 February 2019

Planning Panels Victoria Level 5, 1 Spring Street **MELBOURNE VIC 3000**

By Courier:

By Email: planning.panels@delwp.vic.gov.au

Dear Panel Coordinator

Amendment C258 Melbourne Planning Scheme

We continue to act on behalf of Bennett's Lane Custodians in this matter.

We file the following Witness Reports that we will be relying on at the Panel Hearing commencing on 11 February 2019:

- Expert evidence statement of Bryce Raworth (Heritage);
- Expert evidence statement of Marco Negri (Planning); and
- Expert evidence statement of Rhys Quick (Economic).

We are also proposing to call Mr Roger Poole to present evidence on architectural matters. Mr Poole has a medical issue and as such has not finalised his evidence statement. We will keep the panel informed on the likely timing for filing of this statement.

Yours faithfully

Rigby Cooke Lawyers

Enc.

RIGBY COOKE LAWYERS

Our ref: REA:20181738 Letter to: The Panel Coordinator

Your ref: Page: 2/2

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17, 19, 21, 23 Bennetts Lane and 134-148 Little Lonsdale Street, Melbourne

Expert Witness Statement to Panel Amendment C258 to the Melbourne Planning Scheme

Bryce Raworth

Conservation Consultant and Architectural Historian

Prepared under instruction from Rigby Cooke Lawyers

February 2019

17, 19, 21, 23 Bennetts Lane and 134-148 Little Lonsdale Street, Melbourne

Expert Witness Statement to Panel Amendment C258 to the Melbourne Planning Scheme

February 2019

1.0 Introduction

- This statement was prepared under instructions from Rigby Cooke Lawyers on behalf of the owners of the subject site at 17, 19, 21, 23 Bennetts Lane and 134-148 Little Lonsdale Street, Melbourne (also referred to as 17-23 Bennetts Lane and 134-148 Little Lonsdale Street).
- 2. I have been asked to provide comment on a letter of submission prepared by Rigby Cooke Lawyers (dated 26 October 2018) in relation to the impacts on the subject site of the proposed *Amendment C258* to the *Melbourne Planning Scheme*, which proposes, amongst other changes, to apply new heritage gradings to the subject site and update the heritage policy at *Clause 22.04*.
- 3. By way of background, an application has been made for demolition of all existing built form on the subject site and the redevelopment of the land with a multi-storey building. The application has not been advertised or determined at this point in time.
- 4. This statement has been prepared with assistance from Guy Murphy and Martin Turnor of my office. The views expressed are my own.

2.0 Sources of Information

- 5. The analysis below draws upon multiple inspections of the site and its surrounds and reference to the following documents. A review of the relevant *Amendment C258* documentation has also been undertaken, including local heritage policies revised by Council in the post-exhibition phase. Reference has been made to the *Hoddle Grid Heritage Review* (June 2018) and the current Heritage Overlay provisions in the *Melbourne Planning Scheme* (Clauses 43.01 and 22.04). Key items reviewed include:
 - Exhibited Amendment C258 documentation;
 - Amendment C327 & 328 documentation, including the Hoddle Grid Heritage Review prepared by Context Pty Ltd (June 2018);

- Letter of submission prepared by Rigby Cooke Lawyers (dated 26 October 2018) in relation to the impacts on the subject site of the proposed *Amendment C258*:
- Council Amendment C258 Part A Submission, dated 23 July 2018;
- Sophie Jordon Consulting, Amendment C258 to the Melbourne Planning Scheme Planning Evidence Statement, dated 30 July 2018;
- Central City Heritage Study Review (1993);
- Central Activities District Conservation Study (1985);
- i-Heritage Database;
- Victorian Heritage Database;
- Encylopedia of Melbourne, http://www.emelbourne.net.au;
- Historic MMBW Plans.

3.0 Author Qualifications

6. A statement of my qualifications and experience with respect to urban conservation issues is appended to this report. Note that I have provided expert witness evidence on similar matters before the VCAT, Heritage Council, Planning Panels Victoria and the Building Appeals Board on numerous occasions in the past, and have been retained in such matters variously by municipal councils, developers and objectors to planning proposals.

4.0 Declaration

7. I declare that I have made all the inquiries that I believe are desirable and appropriate, and that no matters of significance which I regard as relevant have to my knowledge been withheld from the Panel.

BRYCE RAWORTH

5.0 History and Description

8. The subject site comprises 7 portions of land with frontages onto Little Lonsdale Street to the south, Bennetts Lane to the east and Dawsons Place to the west. The site and surroundings are flat in topography.

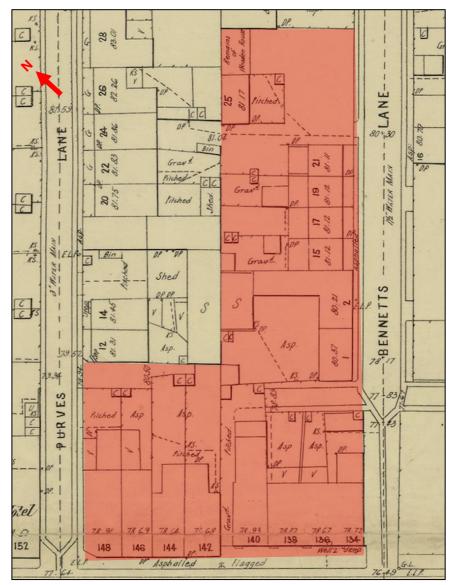


Figure 1 1895 MMBW plan showing development on the subject site (shaded pink). Source: State Library of Victoria.

9. The 1895 MMBW plan for this part of the CBD (Figure 1) shows the land and its surroundings had been closely developed by this time, reflecting the area's central city location. The site then contained a series of narrow fronted shops and dwellings. Most of these buildings were replaced with industrial structures during the first half of the twentieth century, with only the Victorian shop at the corner with Purves Lane (now Davisons Place) surviving. A summary of the buildings now on the subject land is provided as follows.

Address	Date	Description
134 Little Lonsdale Street	Interwar	1 storey interwar gabled brick factory/warehouse. Modifications include sandblasting of brickwork, insertion of modern door and window fittings and a visible upper level addition.
142-144 Little Lonsdale Street	Interwar	l storey interwar brick factory/warehouse, exterior brickwork sandblasted.
146-148 Little Lonsdale Street	Victorian	2-storey brick shop/residence of a simple character. At ground floor the original configuration of openings are modified and modern door & window fittings, exterior brickwork sandblasted.
17-23 Bennetts Lane	c.1920s	Row of 4 originally single storey interwar gabled brick factory/warehouses, with modern door/window fittings, highly visible upper level addition. 23 Bennetts Lane has been rendered and painted, with an oculus inserted into the gable.

- 10. As noted above, these buildings have typically been sandblasted, which has resulted in destruction of the face of the brickwork and mortar joints in each instance, an impact that is unsympathetic in effect and not reversible.
- 11. Little Lonsdale Street in the vicinity of the subject site is a relatively narrow one-way street, with parallel parking along the south side. It is edged with modern basalt gutters, kerbing, and footpaths, which on the south side are inset with plantings of small street trees.
- 12. Bennetts Lane is one of Melbourne's earlier laneways, having been laid out by the 1860s. The *Encyclopedia of Melbourne* provides the following brief history.

Bennetts Lane, or Bennett Lane as it was originally called, runs north off Little Lonsdale Street between Russell and Exhibition streets. It was probably named for Robert Bennett MLA, Mayor of Melbourne 1861-2. As early as 1860, the lane contained the premises of John Brenssell, baker and pastry cook, although the lane was soon filled with manufacturing and processing workshops, stables, and a glass foundry. Some of the early buildings that housed these industries remain in the alley today. At the start of the twentieth century, Bennetts Lane was sordid and poorly lit. Police reports document complaints about drunken vagrant men and women in the alleys of the vicinity, and the Chinese residents of Exploration Lane reported frequent robberies and disturbances. In 1928, Bennetts Lane also contained a Salvation Army soup kitchen. In 2008, Bennetts Lane still offers little to look at, but at its far end a popular jazz club has been named in its honour.¹

¹ http://www.emelbourne.net.au/biogs/EM01707b.htm

- 13. Bennett's Lane has a narrow single lane width entry point from Little Lonsdale Street, which widens north of the side elevation to 134 Little Lonsdale Street, with 17-23 Bennett's Lane being at a relative setback. The lane is asphalted, with concrete gutters and kerbing. It branches a short distance east and west at its northern end to form a T-shaped plan. Overall, it does not read as a heritage environment, with no Victorian fabric remaining and a combination of modified interwar buildings and modern development along each side. A five storey modern building is located at the north end of the lane, occupying the termination point in views from further south.
- 14. Davisons Place along the west side of 144-146 Bennett's Lane is a narrow single vehicle width laneway with an asphalt surface and bluestone gutters and kerbing. It is bordered by low rise modern building stock.
- 15. The subject site is located in a mixed context comprising low rise heritage buildings along the north side of Little Lonsdale Street to Exploration Lane. 152 Little Lonsdale Street to the west across Davison's Place contains a 3 storey modern brick commercial building at a setback. To the south west is the large Wesley Church Complex containing a substantial area of open space around the historic church complex, with a highrise office building under construction along the east side of that site. An 88 metre high development has been approved for the northern portion of 150 Lonsdale Street facing Little Lonsdale, and a 135 metre high development has been approved for the land to the north of 23 Bennetts Lane fronting La Trobe Street. The wider context is a panorama of modern highrise development that typifies and dominates the Melbourne Central Business District.



Figure 2 Overhead view of subject site (outlined in red) from the south.



Figure 3 The original doors and fenestration to 134-142 Little Lonsdale Street have been replaced with modern fittings and glazing.



Figure 4 142-144 Little Lonsdale Street.



Figure 5 146-148 Little Lonsdale Street, Melbourne.



Figure 6 To the west of 146-148 Little Lonsdale Street is Davison's Place (centre right), with the adjacent modern building at 152 Little Lonsdale Street at centre left.



Figure 7 The eastern Bennett's Lane elevation to 134-140 Little Lonsdale Street.



Figure 8 The buildings at 19-23 Bennett's Lane feature essentially identical facades, with the modern first floor additions readily visible and rising immediately above the retained gables. Windows and doors have been replaced with modern elements.



Figure 9 23 Bennetts Lane has a rendered facade, a prominent upper level addition and a different suite of modern window fittings to those of its neighbours. It adjoins a development site.



Figure 10 View south along Bennett's Lane from its northern end, with the subject land at 17-23 Bennett's Lane at right.

6.0 Heritage Status

Heritage Victoria

16. The subject site is not included on the Victorian Heritage Register.

National Trust of Australia (Victoria)

17. The subject site is not included on the Register of the National Trust of Australia.

City of Melbourne

- 18. 17-23 Bennetts Lane and 134-148 Little Lonsdale Street, Melbourne are currently subject to an interim Heritage Overlay, HO1297, introduced as part of Amendment C327 (Hoddle Street Grid Interim Controls). This is due to expire on 29 May 2020. Permanent Heritage Overlay controls for the site are proposed under Amendment C328.
- 19. The HO1297 areas contribute to an expansion of the existing Little Lonsdale Precinct (HO984) that is proposed in the *Hoddle Grid Heritage Review*.
- 20. No external paint controls or internal controls apply under the provisions of this overlay. This includes the *Hoddle Grid Heritage Review* as an Incorporated Plan and for its Statements of Significance, September 2018.
- 21. The subject site is also located in the vicinity of number of site specific Heritage Overlays, the most relevant and notable of which is the Wesley Church Complex (HO702), which is also a registered site [H12].

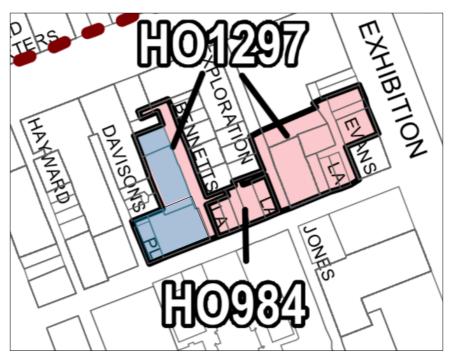


Figure 11 City of Melbourne Heritage Overlay Map showing the subject site (shaded blue), the existing Little Lonsdale Precinct, HO984 and the extension to the precinct HO1297, over which interim controls have been placed.

7.0 Significance

22. As noted, it is proposed that the subject site be included in the Little Lonsdale Precinct. A revised Statement of Significance for the enlarged Little Lonsdale Precinct has been prepared as follows:

WHAT IS SIGNIFICANT

The Little Lonsdale Precinct including 100-148 Little Lonsdale Street, 11-25 Bennetts Lane, 1-3 Evans Lane, 295-307 Exhibition Street, 2-14 Exploration Lane, Bennetts Lane, Exploration Lane and Evans Lane is significant. The building group, which epitomises the much publicised and interpreted Little Lon district and its colourful past, represents three key development phases in the City's history, the immediate post golden era boom of the late 1850s and early 1860s, the development boom of the 1880s leading to the great Depression of the 1890s. and the Edwardian-era recovery with development of local manufacturing that also saw the establishment of Chinese manufacturing.

HOW IT IS SIGNIFICANT

The Little Lonsdale Street Precinct is of local historical, associational, representative and aesthetic significance to the City of Melbourne. Some elements within the precinct have research value.

WHY IT IS SIGNIFICANT

The Little Lonsdale Street precinct is within an area of the Hoddle Grid where small and medium scale residential, commercial and manufacturing was traditionally located, outside of the retail core of the Hoddle Grid. The precinct is historically significant for its demonstration of less salubrious 'fringe' areas and where a working class residential precinct, of mostly Irish immigrants, had emerged by the late 1840s and early 1850s in an area referred to as 'Little Lon' (Little Lonsdale Street bounded by Spring Street, Exhibition Street, La Trobe Street and Lonsdale Street).

The Little Lonsdale Street precinct is historically significant for its association with the phases of migration, firstly by the Irish and later by the Chinese, Germans, Jews, Lebanese and Italians who were part of the post 1890s depression recovery, working as hawkers, small traders, or in the case of the Chinese, cabinetmakers and laundrymen, particularly in Bennetts Lane. The Little Lonsdale Street precinct demonstrates the change from residential to manufacturing and commercial uses through its workshops, small factories and commercial shops. Following the razing of the area east of Exhibition Street the Little Lonsdale Street precinct is significant as a remnant of the vibrant and complex community that evolved in the area from the 1840s, and of which limited physical evidence remains. The buildings exhibit distinct styles that mark the main phases in the city's development extending into the Victorian and Edwardian and interwar development eras. (Criterion A)

The precinct is part of the archaeological resources of the central city and has research value for its sixteen inventoried archaeological sites. These sites have the potential to contain relics and archaeological deposits. It is assumed that such deposits have the potential to yield knowledge not available from other sources, and that may contribute meaningfully to our understanding of the occupation and settlement of Melbourne. Evidence on other archaeological sites has shown that there is also potential for Aboriginal sites to exist in relatively undisturbed areas such as the Little Lonsdale Street precinct. (Criterion C)

The Little Lonsdale Street precinct is significant for its representation of several phases of development in building typologies and architectural styles including;

- Two-storey Victorian residential or combined residential and commercial buildings at 102, 116,120 and 146-148 Little Lonsdale Street and the three storey Leitrim Notel at 128 Little Lonsdale Street designed by Henry E Tolhurst.
- Edwardian factories and warehouses at 11-21,23 and 25 Bennetts Lane, 1 Evans Lane, 132 and 134 and the rear of no. 146-148 Little Lonsdale Street.
- Altered but still legible two storey interwar commercial buildings at 100, 106, 124
 Little Lonsdale Street
- The dense network of laneways with commercial frontages (Criterion D)

The Little Lonsdale Street precinct is aesthetically significant for the combination of low scale two to three storey buildings in traditional materials of brick and stucco. The precinct demonstrates a high level of integrity, particularly in the group of buildings currently within the Little Lon precinct (N0984, 116 to 132 Little Lonsdale Street). These are supported by the other buildings of similar scale and materials that contribute to their setting and enhance the precinct as a whole. Evans Lane is aesthetically significant for the highly intact 1 Evans Lane and the rear of the properties between 295 and 311 Exhibition Street that border it. Bennetts Lane is significance for its south facing view of the Wesley church spire that is almost directly opposite. The highly decorative Leitrim Hotel with intact stucco facade is individually aesthetically significant. (Criterion E)

25 Bennetts Lane and 1 Evans Lane are associated with King O'Malley (1858-1953), a North American politician who rose through the Australian Labor Party ranks to become minister for home affairs, a prominent advocate against conscription and supporter of women's rights. (Criterion H)

23. The existing and proposed gradings for the buildings on the subject site are cited below.

Address	Current Grading	Proposed
134-140 Little Lonsdale Street	-	Contributory
142-144 Little Lonsdale Street	C [No 144]	Contributory
146-148 Little Lonsdale Street	C [No 148]	Contributory
17 Bennetts Lane	-	Contributory
19 Bennetts Lane	-	Contributory
21 Bennetts Lane	-	Contributory
23 Bennetts Lane	-	Contributory

24. C graded places are currently defined in the incorporated document *The Heritage Places Inventory* as follows:

'C' buildings. Demonstrate the historical or social development of the local area and /or make an important aesthetic or scientific contribution. These buildings comprise a variety of styles and building types. Architecturally they are substantially intact, but where altered, it is reversible. In some instances, buildings of high individual historic, scientific or social significance may have a greater degree of alteration.

25. The gradings proposed as part of *Amendment C258* to the *Melbourne Planning Scheme* will replace the existing alphabetical gradings with a simpler grading system of

'Significant', 'Contributory' and 'Non-contributory' for buildings, and 'significant' or 'not significant' for streetscapes. Contributory places would be defined thus:

A 'contributory' heritage place is important for its contribution to a heritage precinct. It is of historic, aesthetic, scientific, social or spiritual significance to the heritage precinct. A 'contributory' heritage place may be valued by the community; a representative example of a place type, period or style; and/or combines with other visually or stylistically related places to demonstrate the historic development of a heritage precinct. 'Contributory' places are typically externally intact, but may have visible changes which do not detract from the contribution to the heritage precinct.

8.0 Analysis

26. I have been instructed to comment on issues raised in the letter of submission prepared by Rigby Cooke Lawyers (dated 26 October 2018) in relation to the impacts of Amendment C258 on the subject site, as follows:

Amendment C258

Based on our review of Amendment C258, it is understood that the Amendment proposes to: replace the current A-D grading system with a system that utilises 'significant', 'contributory' and 'non-contributory' gradings; modify local planning policies Clauses 22.04 (Heritage Places within the Capital City Zone) and 22.05 (Heritage Places Outside the Capital City Zone) (Heritage Policies); modify the schedules to Clauses 43.01 and 81.01 and amend the various Heritage Overlay maps.

As the Land now has an interim heritage overlay control and may potentially be subject to a permanent heritage overlay in the future, the Heritage Policies will apply to the Land.

It is our submission that until such time that the heritage gradings of the Land are properly tested through formal submissions to Amendment C328, that the Heritage Policies sought via Amendment C258 should not apply to the Land. This is on the basis that:

- 1. At no time has the Land been previously identified as warranting heritage controls;
- 2. The application of a permanent broad precinct heritage overlay to the Land must be properly tested through a notification period and if necessary via a planning panel;
- The application of the Heritage Policies to the Land without the basis for the heritage overlay being tested will result in a poor planning outcome, when balanced against other planning objectives for the Capital City Zone.

On this basis, our client submits that the Heritage Policies in Amendment C258 should not be applied to the Land until such time as Amendment C328 is resolved.

27. In relation to point 1 of the submission, 17, 19, 21 and 23 Bennetts Lane and 134-140 Little Lonsdale Street were not listed in the schedule of buildings in either the *Melbourne CAD Conservation Study* (1985) or the later *Central City Heritage Review* (1993). 142-144 and 146-148 Little Lonsdale Street were identified as D3 grade places in the 1985 schedule and both were regraded C in the 1993 review (the lowest grading in the system proposed under the 1993 review). Within the terms of the 1993 review, the retention of C graded buildings outside of precincts was 'encouraged'. That is to say, retention of a C graded building was not seen to be important enough

to be enforced through planning scheme protection – noting also that precinct controls were not recommended for the subject site in past heritage studies.

- 28. In relation to point 2 of the submission, it is recognised that the significance of the buildings on the subject site, per se, is not a matter for consideration under the terms of Amendment C258, but will be considered in more detail within the context of Amendment C327.
- 29. In terms of point 3 of the submission, and in the event that a Heritage Overlay is applied to all or part of the subject site, the heritage policy as proposed by Amendment C258 has the potential to be prejudicial to future development of the site, including the development proposal that is currently being considered by Council.
- 30. Of particular relevance to the future redevelopment of the subject site, the Amendment gives rises to concerns in respect to heritage policies relating to the extent of demolition, building over the air space of a heritage building, and facadism. These issues are discussed below.

Demolition

31. Noting that the buildings on the subject site are all proposed to be graded contributory, Clause 22.04, as adopted post-exhibition in the *Report to the Future Melbourne (Planning) Committee* (20 February 2018) is very firmly directed towards the retention of contributory places:

Full demolition of significant or contributory buildings will not normally be permitted. would only be permitted in exceptional circumstances.

32. The proposed Clause 22.04 also seeks the retention of at least the 'front or principal part' of a contributory building. The 'front or principal part of a building' is defined thus:

The front or principal part of a building is generally considered to be the front two rooms in depth, complete with the structure and cladding to the roof; or that part of the building associated with the primary roof form, whichever is the greater. For residential buildings this is generally 8 metres in depth.

For most non-residential buildings, the front part is generally considered to be one full structural bay in depth complete with the structure and cladding to the roof. This is generally 8-10 metres in depth.

For corner sites, the front or principal part of a building includes side and rear elevations.

For sites with more than one frontages, the front or principal part of a building relates to each frontage.

33. Given that all the existing buildings on the subject site are small scale, two occupying corner sites and with some (within Bennetts Lane) having been developed with upper storey additions at essentially no setback from the facade, the proposed policy direction seeking the retention of the 'front or principal part of a building' could severely curtail the development potential of the site. It also has little

- relevance to buildings that have already been developed in the manner seen in the subject buildings to Bennetts Lane.
- 34. Furthermore, the means of delineating the 'front or principal part' of a non-residential building as 'one full structural bay in depth' is somewhat imprecise having regard for the fact that the depths of structural bays might vary considerably from building to building according to the method of construction, and these depths would not necessarily fall within the 8-10 metres range of setbacks that are otherwise generally referred to under the proposed policy.

Building Over the Air Space of a Heritage Building

35. The exhibited Amendment C258 Clause 22.04 Heritage Policy for places in the Capital City Zone includes the following provision:

Additions should not build over or extend into the air space above the front or principal part of a significant or contributory building.

- 36. This aspect of the policy was deleted from the proposed Clause 22.04, as adopted post-exhibition in the *Report to the Future Melbourne (Planning) Committee* (20 February 2018). The City of Melbourne have since advised that this 'air space' policy was struck out in error. Regardless, in my opinion, the proposed policy is not necessary or appropriate for reasons set out below.
- 37. While the construction of new built form directly above the front or principal part of a heritage building has the potential to create detrimental impacts in some circumstances and some configurations, there are well established precedents for this form of development to be successfully archived. Examples of positive outcomes include industrial heritage buildings that are demonstrably of greater significance than the modest red-brick industrial buildings on the subject site.
- 38. As shown in figure 13 below, a commonly adopted approach for multi-storey additions to heritage buildings in Melbourne's CBD has been to introduce a recessed element or 'shadow line' at the intermediate level above the heritage façade so that the tower can be viewed as dissociated from the heritage fabric.
- 39. The introduction of heritage policy that would prevent building in the air space above a heritage building is difficult to justify when there are a number of precedents in the CBD and elsewhere to demonstrate that this is can be an acceptable heritage outcome.



Figure 12 Rooftop extension, RMIT Building 9. Note that this addition to a registered historic building (VHR H1506) has no setbacks from the building line. It was the recipient of the 2010 AIA (Victorian chapter) John George Knight Award for Heritage Architecture.





Figure 13 (left) Illustration of approved multi-storey tower above the retained interwar façade of a former printing works, Wills Place, Melbourne (HO850).

Figure 14 (right) Illustration of the approved Victoria University development on Little Lonsdale Street, above former Women's Venereal Disease Clinic (marked by arrow) (HO1061).



Figure 15 Rooftop additions at minimal setback from the façade of a former Foy & Gibson boiler house, Collingwood. The building is listed on the Victorian Heritage Register (VHR H755).



Figure 16 Part of the redeveloped former Yorkshire Brewery showing modern upper storey additions with a modest front setback and no setback to the side elevation of the retained heritage façade. The former Yorkshire Brewery is included on the Victorian Heritage Register (VHR H807).



Figure 17 Former Irving Street Brewery, Sydney. It was converted into a power plant with modern cooling tower additions built directly above the retained heritage façade. This project won the 2015 AIA (National) Lachlan Macquarie Award for Heritage, the 2015 AIA (NSW) Heritage Award (Creative Adaptation), and 2016 UNESCO Heritage Award for New Design in Heritage Contexts.



Figure 18 Former WD & HO Wills warehouse, Perth. Three additional levels were built above the heritage façade at minimal setback. The project was the recipient of the 2009 WA Heritage Council Award for Excellence in Adaptive Reuse.

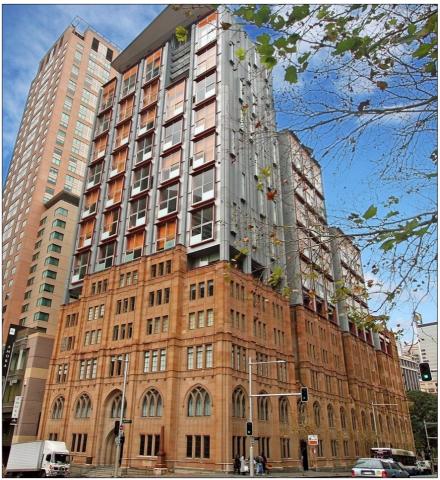


Figure 19 Rooftop additions, Scot's Church, Sydney. The building is identified as being of state significance and is protected under the Sydney Local Environmental Plan (LEP) 2012. This project won the City of Sydney Design Excellence Award.

Facadism

40. The proposed C258 Clause 22.05, as adopted post-exhibition, introduces a new emphasis against facadism. A definition of facadism is provided in the definitions at Clause 22.04-18, and policy objectives discouraging facadism is included in the Policy Objectives at Clause 22.04-2:

Term & Definition

Facadism: The retention of the exterior face/faces of a building without the three-dimensional built form providing for its/their structural support, and, without retention of an understanding of the function of the three-dimensional building form.

Policy Objective

- Retention of the three dimensional fabric and form of a building and to discourage façadism.
- 41. Facadism is also discouraged at Clause 22.04-5, in relation to demolition:

Retention of the three dimensional form is encouraged; facadism is discouraged.

- 42. The provisions in relation to facadism were introduced subsequent to the exhibition of Amendment C258, in response to submissions that raised concerns about the lack of guidelines and direction in the policy in respect to this issue.
- 43. The introduction of policy seeking to prevent facadism in a broad and prescriptive manner would restrict the redevelopment potential of the subject site in a manner that would be inconsistent with the present condition of a number of its buildings and also with well-established precedent for the redevelopment of heritage places in Melbourne's CBD. Examples include the former T&G Building, Collins Street and the Myer Emporium, Lonsdale Street, constructed behind the retained facade of a building listed on the Victorian Heritage Register (VHR 2100).
- 44. In the case of commercial/retail buildings, which typically have side elevations hidden by adjoining premise and roofs concealed by parapets, the impacts of facadism can be managed with minimal impact on streetscape character. Facadism is an approach that has also been found appropriate for industrial heritage places where architectural interest is often limited to the façade and where internal alterations controls do not apply (noting that such controls are not recommended for the buildings on the subject site).



Figure 20 A 2012 photograph showing the demolition of the Myer Emporium in progress with only the Lonsdale Street facade retained.



Figure 21 Former T&G Building, 141-153 Collins Street (HO579).

45. A useful discussion on the issue of facadism by Jim Gard'ner (director of GJM Heritage) was published in the June 2016 VPELA Review (pp. 33-35):

The simplistic proposition that 'facadism' is inherently bad is not, in my view, helpful, and like all good heritage decision making the starting point should come down to cultural heritage significance. If the significant fabric of the building is limited only to its façade then that is all we should be concerned about and therefore all we should seek to retain, albeit in a respectful manner ...

Facadism should not be treated as a taboo never to be spoken of but neither should it be a commonplace response to proposals for change to a heritage building. As an option in our collective heritage toolbox it should be used sparingly and should be driven — as by all good heritage practice — by an understanding of cultural heritage significance.

46. I concur with Mr Gard'ner's fundamental proposition that facadism should not be ruled out as an outcome in all circumstances. A similar comment was made by the VCAT in relation to the redevelopment of a factory at 160-164 Argyle Street, Fitzroy: 'facadism is not always an inappropriate response to heritage policy' (VCAT Ref. No. P1279/2012).

9.0 Conclusion

47. In conclusion, in the event that Heritage Overlay controls were made permanent for all or part of the subject site, the heritage policy changes as proposed by Amendment C258 have the potential to be prejudicial to the redevelopment of the site as currently proposed.

- 48. It is recognised that the merits of including the subject site on the Heritage Overlay is not a matter for consideration under the terms of Amendment C258, but will be considered in more detail within the context of Amendment C328.
- 49. It would nonetheless be appropriate for the proposed heritage policy to be amended to allow for a less prescriptive, more analytical and discretionary approach to the policy regarding demolition, facadism and new built form above heritage buildings. This would better recognise evolving approaches to heritage planning and also provide a degree of consistency with built form outcomes that have been approved for CBD heritage sites in the recent past.

BRYCE RAWORTH
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BRYCE RAWORTH
M. ARCH., B. A. (HONS), ICCROM (ARCH)

Bryce Raworth has worked with issues relating to heritage and conservation since the mid-1980s, and has specialised in this area since establishing his own consultant practice in 1991. **Bryce Raworth Pty Ltd, Conservation•Urban Design**, provides a range of heritage services, including the assessment of the significance of particular sites, preparation of conservation analyses and management plans, design and/or restoration advice for interventions into significant buildings, and detailed advice regarding the resolution of technical problems relating to deteriorating or damaged building fabric.

From 2004-2011 Raworth was a member of the Official Establishments Trust, which advises on the conservation and improvement of Admiralty House and Kirribilli House in Sydney and Government House and The Lodge in Canberra. As a member of the former Historic Buildings Council in Victoria, sitting on the Council's permit, planning and community relations committees, Raworth has been involved with the registration and permit processes for many registered historic buildings. In 1996 he was appointed an alternate member of the new Heritage Council, the successor the Historic Buildings Council, and in 1998 was made a full member. At present he provides regular advice to architects and private owners on technical, architectural and planning issues relative to the conservation and adaptation of historic buildings, and is occasionally called upon to provide expert advice before the VCAT. He is currently the conservation consultant for the cities of Kingston, Frankston and Stonnington.

Bryce Raworth Pty Ltd has prepared conservation plans for a number of registered historic buildings, including Walter Burley Griffin's Essendon Incinerator. The company's experience with institutional buildings has led to preparation of conservation plans for the Mac.Robertson Girls' High School, Castlemaine Gaol, J Ward, Ararat, the former Russell Street Police Headquarters, Ballarat State Offices, Camberwell Court House, Shepparton Court House and the Mont Park asylum precinct.

With respect to historic precincts, the company has provided detailed advice towards the resolution of heritage issues along the Upfield railway line. The company is currently contributing to redevelopment plans for the former Coburg Prisons Complex (comprising Pentridge Prison and the Metropolitan Prison) and the former Albion Explosives Factory, Maribyrnong. In 1993 Bryce Raworth led a consultant team which reviewed the City of Melbourne's conservation data and controls for the CBD, and in 1997 Bryce Raworth Pty Ltd revised the former City of South Melbourne Conservation Study with respect to the area within the present City of Melbourne.

In recent years Bryce Raworth Pty Ltd has also provided documentation and advice during construction on the restoration of a number of key registered and heritage overlay buildings, including the Ebenezer Mission church and outbuildings, Antwerp; the former MMTB Building, Bourke Street West, Melbourne; the former Martin & Pleasance Building, 178 Collins Street, Melbourne; the former Uniting Church, Howe Crescent, South Melbourne; Heide I & II, Heide Museum of Modern Art, Bulleen; Melbourne Grammar School, South Yarra; various guard towers and other buildings, Pentridge Prison, Coburg; and Coriyule Homestead, Curlewis.

BRYCE RAWORTH

Professional Status: Conservation Consultant and Architectural Historian

Current Positions: Conservation consultant to the cities of Kingston, Frankston and

Stonnington

Organisation Membership: Australian Institute of Architects

Professional Experience: independent practice as conservation consultant and architectural

historian from January 1991 (ongoing). Services include: identification and assessment of the significance of sites and complexes; preparation of guidelines regarding the safeguarding of significant sites; provision of technical, design and planning advice to architects, owners and government on issues relating to the conservation of sites of cultural significance; expert witness advice on conservation issues before the

VCAT

member, Historic Buildings Council (architectural historian's chair) 1993-1996; member, Heritage Council (architect's chair) 1998-2002

conservation consultant to the cities of Brighton, Northcote and Sandringham (1989 only), Essendon, Hawthorn and Kew (1989-1994), Melbourne (1992-2009) and Prahran (1992-1994)

established the Metropolitan Heritage Advisory Service on behalf of the Ministry for Planning & Environment - this service was offered to the cities of Brighton, Essendon, Hawthorn, Kew, Northcote and Sandringham in 1989-90

Certificate of Architectural Conservation, ICCROM (International Centre for the Study of the Preservation and the Restoration of Cultural Property at Rome), 1994

Master of Architecture by thesis, University of Melbourne, 1993 (thesis: A Question of Style: Domestic Architecture in Melbourne, 1919-1942)

B. Architecture (First Class Honours), University of Melbourne, 1986

B. Arts (Second Class Honours, Division A), University of Melbourne, 1986

Twentieth Century Buildings Committee, National Trust of Australia (Victoria), 1990-1994 (Chairman 1992-1993)

RAIA Jury, Conservation Category, 1995, 1996, 1998 and 2001 Awards (Chairman 1996 & 1998)

Henry and Rachel Ackman Travelling Scholarship in Architecture, 1987-88

JG Knight Award, conservation of Heide 1, Royal Australian Institute of Architects, Victorian Chapter, 2003

Lachlan Macquarie Award for heritage (commendation), conservation of Heide 1, Royal Australian Institute of Architects National Award program, 2003

Award for Heritage Architecture, conservation of Coriyule Homestead, Australian Institute of Architects, Victorian Chapter, 2015

Studies:

Committee Membership:

Awarded:



Planning Panels Victoria





Planning Panels Victoria 17-23 Bennetts Lane and 134 – 148 Little Lonsdale Street, Melbourne

Amendment C258 to the Melbourne Planning Scheme

Date of Inspection: 21 January 2019 Date of Report: **January 2019** Report prepared by **Marco Negri**

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Expert Witness Declaration

1 Introduction

- 1 I have been requested by Rigby Cooke Lawyers, on behalf of the owner (*Bennett's Lane Custodian*)¹ of properties at 17 23 Bennetts Lane and 134 148 Little Lonsdale Street (the Subject Properties), to prepare a statement of evidence that considers the town planning implications of Amendment C258 to the Melbourne Planning Scheme.
- 2 Contour Consultants Australia Pty Ltd assisted the owners of the properties with the preparation and lodgement of Planning Application No. TP-2018-1112 for the demolition of buildings and the construction of a new building on the subject properties. The application was lodged on 11 December 2018 and is yet to be determined.
- 3 Andrew Biacsi, also a Director at Contour Consultants Australia Pty Ltd, prepared expert evidence (dated 27 July 2017) considering aspect of Amendment C258 relevant to other properties (the Melbourne Business School).
- 4 Attachment 1 provides a summary of my professional qualifications and experience in response to the Guide to the Expert Evidence.
- 5 Among other matters, Amendment C258 implements the findings of the 'Heritage Policies Review 2016'through:
 - Revisions to Clause 22.04 (Heritages Places within the Capital City Zone) and Clause 22.05 (Heritage Places Outside the Capital City Zone); and
 - Replacing the existing Incorporated Document with a new Incorporated Document entitled 'Melbourne Planning Scheme, Heritage Places Inventory 2017 which applies a Significant/Contributory/Non-contributory grading system to heritage places.
- 6 The amendment also includes new Heritage Places in the Heritage Overlay. This aspect of the Amendment does not affect the subject properties.
- 7 In preparing this report, I have:
 - Inspected the subject properties and surrounds;
 - Reviewed provisions of the Melbourne Planning Scheme (Planning Scheme):
 - Reviewed the exhibited amendment documents;
 - Read the submission lodged on behalf of Bennett's Lane Custodian Pty Ltd;



¹ Bennett's Lane Custodian Pty Ltd, Bennett's Lane Custodian 2 Pty Ltd, Bennett's Lane Custodian 3 Pty Ltd, Bennett's Lane Custodian 4 Pty Ltd, Bennett's Lane Custodian 5 Pty Ltd, Bennett's Lane Custodian 6 Pty Ltd, and Bennett's Lane Custodian 7 Pty Ltd

1 Introduction

- Read the Part A Submission of the Council dated 23 July 2018;
- Read the Part B Submission of the Council dated 14 August 2018;
- Read the Statement of Evidence of Sophie Jordan dated 30 July 2018;
- Reviewed the Panel's Document List for Amendment C258;
- Read various Council Officer Report relevant to the Planning Scheme Amendment; and
- Reviewed Planning Practice Note No 1 (Applying the Heritage Overlay), Planning Practice Note No 8 (Writing a Local Planning Policy), Planning Practice Note No 13 (Incorporated and Reference Documents), Planning Practice Note No 46 (Strategic Assessment Guidelines), the General Practice Note – Ministerial Powers of Intervention in Planning and Heritage Matters and the Ministerial Direction on the Form and Content of Planning Schemes.

2 The Subject Properties

- 8 Bennett's Lane Custodian is the owner of properties at 17, 19, 21 and 23 Bennetts Lane and 134 148 Little Lonsdale Street, Melbourne. (refer to Figure 2.1)
- 9 The properties are located in the north-eastern section of the central city.
- 10 These contiguous allotments form an irregular parcel on the north site of Little Lonsdale Street between Bennetts Lane and Davidson Place.
- 11 The property at 134 140 Little Lonsdale Street is occupied by an initially single storey brick interwar industrial building that has been modified through the addition of a visible upper level.
- 12 The property at 142 –144 Little Lonsdale Street is occupied by a narrow fronted interwar brick industrial building.
- 13 The property at 146-148 Little Lonsdale Street is located on the Davidson Place corner and is developed with a Victorian 2 storey building.
- 14 The properties at 17-23 Bennetts Lane are occupied by a row of 4 originally interwar industrial buildings with gabled ends. The buildings have been modified through the addition of a visible upper level that is built to the site frontage.







2 The Subject Properties

Figure 2.2 The Subject Properties



Figure 2.3 Aerial Photo



2 The Subject Properties

Figure 2.4 146-148 Little Lonsdale Street



Figure 2.5 132-142 Little Lonsdale Street



Figure 2.6 View north along Bennetts Lane



Figure 2.7 View of Bennetts Lane Properties looking south



3 The Amendment

- 16 Among other matters, Amendment C258 to the Melbourne Planning Scheme proposes:
 - Revisions to the content of two local heritage policies (Clause 22.04 and Clause 22.05);
 - Modifications to the Schedule to the Heritage Overlay to introduce 20 new heritage places and revision of the description of five of the existing heritage places, in West Melbourne;
 - Replacement of the existing Incorporated Document ('Heritage Places Inventory June 2016') which grades heritage places using an A to D heritage grading system with a new Incorporated Document ('Melbourne Planning Scheme, Heritage Places Inventory 2017') which grades all heritage places within a Heritage Overlay using the Significant/Contributory/Non-Contributory grading system;
 - Amendments of the Schedule to Clause 81.01 (Incorporated Documents) to introduce two new Incorporated Documents; and
 - Amendment of Planning Scheme maps as relevant to West Melbourne.



4 Relevant Planning Scheme Amendments Post Exhibition

- 17 Since the commencement of the exhibition of Amendment C258 there have been a number of Planning Scheme Amendments gazetted including:
 - Amendment VC134 (gazetted 31 March 2017) introduces a new Metropolitan Planning Strategy and updates the State Planning Policy Framework;
 - Amendment C273 (gazetted 4 May 2017) applies the Heritage Overlay to properties in West Melbourne on an interim basis;
 - Amendment C303 (gazetted 15 June 2017) modifies the schedule to the Heritage Overlay to extend the expiry date for particular heritage overlays;
 - Amendment C321 (gazetted on 23 February 2018), among other matters, extends interim West Melbourne Heritage controls with amendment C258 is in progress;
 - Amendment VC148 (gazetted 31 July 2018) made a variety of modifications including alterations to the structure of the planning scheme. Relevantly, it amended Clause 43.01 (Heritage Overlay) to require the schedule to the overlay to specify a statement of significance for each heritage place. It also renumbered the clause relating to Incorporated Documents from Clause 81.01 to 72.04;
 - Amendment C234 (gazetted 24 May 2018) among other matters, replaces the Heritage Inventory 2016 with the Heritage Inventory 2018;
 - Amendment C327 (gazetted 18 October 2018) among other matters applied the Heritage Overlays to various properties (including the subject land) on an interim basis and incorporates the Hoddle Grid Heritage Review: Statements of Significance, September 2018 into the Planning Scheme; and
 - Amendment VC155 (gazetted 26 October 2018), among other matters, amends Clause 15.03-15 (heritage conservation).
- 18 As a result of these various amendments there is a need to consider the drafting of Amendment C258 to ensure that it fits the structure of the current Planning Scheme.
- 19 The Council's Web Page indicates that Amendment C328, seeks to apply the Heritage Overlay introduced to properties in the Hoddle Grid on an Interim Basis through Amendment C327 (including the subject land). This Amendment will be formally exhibited during 2019.
- 20 Practice Note No. 1 Applying the Heritage Overlay, was also updated during August 2018.



4 Relevant Planning Scheme Amendments Post Exhibition

- 21 There are also a number of relevant amendments to the Melbourne Planning Scheme that are yet to be finalised including:
 - Amendment C278 Sunlight to Parks
 - Amendment C308- Central City and Southbank Urban Design

5 Effect of Amendment C258 on the Subject Properties

- 22 Amendment C327 included the properties in the Heritage Overlay, on an interim basis.
- 23 As a result, and given that the land is included in the Capital City Zone Schedule 1, Clause 22.04 (Heritage inside the Capital City Zone) became relevant to the assessment of an application on the Subject Properties.
- 24 The question of whether the properties ought to be included in the Heritage Overlay will be examined as part of Amendment C328 and is not directly relevant to Amendment C258. The extent to which policy at Clause 22.04 is applied to properties included in an Interim Heritage Overlay requires some thought.
- 25 The changes to the Incorporated Document that apply the Significant/Contributory/Non-Contributory grading system to heritage places are said to align with current best practice and are consistent with the language applied in some of the recent documents incorporated into the Melbourne Planning Scheme. There continues to be a need to consider how the new grading system is applied through policy to guide decision making based on the different gradings.
- 26 My enquiry is focussed on the drafting of the Local Planning Policies, in particularly proposed Clause 22.04 (Heritage Inside the Capital City Zone).
- 27 I have reviewed three versions of the policy being:
 - The versions that were exhibited:
 - The amended versions that were adopted by the Council at its meeting on 20 February 2018 following consideration of submissions; and
 - The consolidated version appended to the evidence of Sophie Jordan.
- 28 I note that the Part B Submissions indicates that Council does not oppose condensing the two heritage policies into one in the form recommended by Sophie Jordan.



Contour Consultants Aust Pty Ltd 12

6 Planning Scheme **Provisions**

29 Clause 71.02-3 of the Melbourne Planning Scheme provides that:

Planning and responsible authorities should endeavour to integrate the range of planning policies relevant to the issues to be determined and balance conflicting objectives in favour of net community benefit and sustainable development for the benefit of present and future generations...

- 30 The amendment applies to all land within the Melbourne municipal area and proposed changes to heritage provisions and policies.
- 31 The Melbourne municipal area comprises a diverse range of local areas each with a different strategic ambition. In this regard the Municipal Strategic Statement identifies five types of areas being:
 - The Hoddle Grid:
 - Urban renewal areas;
 - Proposed urban renewal areas;
 - Potential urban renewal areas; and
 - Stable residential areas.
- 32 My enquiry relates to properties within the Hoddle Grid.
- 33 In respect of the Hoddle Grid, the Growth Area framework in the Municipal Strategic Statement provides that:

Central City functions will be located in the Hoddle Grid. This area will be managed to facilitate continued growth where appropriate and limit change or the scale of development in identified locations to preserve valued characteristics. A strong emphasis will be placed on a quality public realm and good pedestrian amenity and connectivity.

- 34 Amendment C258 is focussed on changes to heritage provisions and policies. An assessment of these provisions and policies requires the integration of the vast range of planning policies and to balance the conflicting objectives in accordance with the guidance at Clause 71.02-3.
- 35 Without being exhaustive, the remainder of this section of my report describes policy and strategy relevant to the subject properties.



6.1 Plan Melbourne

- 36 The subject properties are located in the Central Business District of the Central City in Plan Melbourne.
- 37 The Central City is a place of State Significance under Plan Melbourne.
- 38 It is a place that will be the focus for investment and growth.
- 39 It has the purpose:

To provide for the continued growth of knowledge intensive and high-skilled firms in the central city while continuing to be a major area for tourism, retail, residential, entertainment, sporting and cultural activities (includes St Kilda Road corridor).

40 Direction 1.1 of Plan Melbourne is to:

Create a city structure that strengthens Melbourne's competitiveness for jobs and investment.

41 Policy 1.1.1 seeks to:

Support the central city to become Australia's largest commercial and residential centre by 2050.

42 Direction 2.2 of Plan Melbourne is to:

Deliver more housing closer to jobs and public transport

43 It observes that:

There are significant opportunities for housing development in and around the central city...

44 Policy 2.2.1seeks to:

Facilitate well-designed, high-density residential developments that support a vibrant public realm in Melbourne's central city.

45 Direction 4.4 of Plan Melbourne is to:

Respect Melbourne's heritage as we build for the future.

46 Policy at 4.4.1 seeks to:

Recognise the value of heritage when managing growth and change.

47 Policy 4.4.3 seeks to:

Stimulate economic growth through heritage conservation

6.2 Planning Policy Framework

- 48 The following clauses within the Planning Policy Framework are relevant to Amendment C258 to the Melbourne Planning Scheme:
 - Clause 11 Settlement
 - Clause 11.01 1R Settlement Metropolitan Melbourne
 - Clause 11.02 -1S Supply of Urban Land
 - Clause 11.03 Planning for Places
 - Clause 15 Built Environment & Heritage
 - Clause 15.01-1S Urban Design
 - Clause 15.01-1R Urban Design Metropolitan Melbourne
 - Clause 15.01-2S Building Design
 - Clause 15.03 Heritage
 - Clause 15.03-1S Heritage conservation
 - Clause 16 Housing
 - Clause 17 Economic Development
 - Clause 18 Transport
 - Clause 19 Infrastructure

6.3 Local Planning Policy Framework

- 49 The following clauses within the Local Planning Policy Framework are relevant to Amendment C258 to the Melbourne Planning Scheme:
 - Clause 21 Municipal Strategic Statement
 - Clause 21.02 Municipal Profile
 - Clause 21.03 Vision
 - Clause 21.04 Settlement
 - Clause 21.06 Built Environment and Heritage
 - Clause 21.07 Housing
 - Clause 21.08 Economic Development
 - Clause 21.11 Local Areas
 - Clause 21.12 Hoddle Grid

- Clause 21.17 Reference Documents
- Clause 22 Local Planning Policies
 - Clause 22.01 Urban Design with the Capital City Zone
 - Clause 22.02 Sunlight to Public Spaces
 - Clause 22.03 Floor Area Uplift and Delivery of Public Benefits
 - Clause 22.04 Heritage Places within the Capital City Zone
 - Clause 22.20 CBD Lanes
- Clause 23.02 Operation of the Municipal Strategic Statement
- Clause 23.03 Operation of the Local Planning Policies
- 50 Clause 21.03 Vision, identifies a number of key issues, including:

To accommodate the municipality's growth over the coming 20 to 30 years the footprint of intensive growth areas will need to expand beyond Central City (Hoddle Grid, Docklands and Southbank) into designated new urban renewal areas.

. . .

Protecting existing built form character and heritage, in addition to providing an attractive and liveable built environment in parts of the City where development will intensify is essential. Also important is minimizing the ecological footprint of the City and managing the City so that it is responsive to climate change.

. . .

The City of Melbourne makes an important contribution to the economic prosperity of the state through the provision of its local, corporate and global businesses, its strong retail, major cultural, sporting and tourism industry, and its significant industrial uses.

- 51 Clause 21.04 Settlement includes a growth area framework. It has the focus of *promoting areas of growth and protecting areas of stability.*
- 52 The subject properties are identified as forming part of the Hoddle Grid.
- 53 The outcome sought for this area is:

Central City functions will be located in the Hoddle Grid. This area will be managed to facilitate continued growth where appropriate and limit change or the scale of development in identified locations to preserve valued characteristics. A strong

emphasis will be placed on a quality public realm and good pedestrian amenity and connectivity.

54 Objective 1 at Clause 21.04-2 - Growth is:

To provide for the anticipated growth in the municipality over the next 20 years.

55 Strategy relevant to this objective includes:

Strategy 1.1 Retain the Hoddle Grid area as the core of the Central City and plan for its ongoing change and growth.

56 Objective 2 at Clause 21.04-2 is:

To direct growth to identified areas.

57 Strategy relevant to this objective includes:

Support the ongoing development of the Strategy 2.1 Hoddle Grid.

58 Clause 21.06 – Built Environment and Heritage includes the preamble that:

> Melbourne's character is defined by its distinctive urban structure, historic street pattern, boulevards and parks, heritage precincts, and individually significant heritage buildings. Heritage buildings, precincts and streetscapes are a large part of Melbourne's attraction and the conservation of identified heritage places from the impact of development is crucial.

59 Objective 1 at Clause 21.06 – Urban Design is:

To reinforce the City's overall urban structure.

60 Strategies relevant to this objective include:

Protect Melbourne's distinctive physical Strategy 1.1 character and in particular, maintain the importance of:

> identified places and precincts of heritage significance

• the Hoddle Grid

. . .

- the network of parks and gardens
- the Hoddle Grid's retail core
- the network of lanes and arcades

. . .

- the sense of place and identity in different areas of Melbourne
- Strategy 1.2 Ensure a strong distinction between the built form scale of the Central City with that of development in surrounding areas.

..

61 Objective 4 at Clause 21.06 is:

To ensure that the height and scale of development is appropriate to the identified preferred built form character of an area.

62 Strategy relevant to this objective includes:

Strategy 4.5 In the Hoddle Grid and Urban Renewal areas ensure occupancies in new tower buildings are well spaced and offset to provide good access to an outlook, daylight, sunlight and to minimise direct overlooking between habitable room windows.

63 Objective 1 at Clause 21.06 – 2 Heritage is:

To conserve and enhance places and precincts of identified cultural heritage significance.

64 The strategies relevant to this objective are:

- Strategy 1.1 Conserve, protect and enhance the fabric of identified heritage places and precincts.
- Strategy 1.2 Support the restoration of heritage buildings and places.
- Strategy 1.3 Maintain the visual prominence of heritage buildings and landmarks.

Strategy 1.4	In heritage precincts protect heritage buildings,
	subdivision patterns, boulevards and public
	open space.

- Strategy 1.5 Protect the significant landscape and cultural heritage features of the City's parks, gardens, waterways and other open spaces.
- Strategy 1.6 Within heritage precincts and from adjoining areas protect buildings, streetscapes and precincts of cultural heritage significance from the visual intrusion of new built form both.
- Strategy 1.7 Protect the scale and visual prominence of important heritage buildings, landmarks and heritage places, including the Shrine of Remembrance, Parliament House and the World Heritage Listed Royal Exhibition Building and Carlton Gardens.
- Strategy 1.8 Maintain cultural heritage character as a key distinctive feature of the City and ensure new development does not damage this character.

65 Clause 21.07 includes the preamble that:

The City of Melbourne supports the growth of the municipality's residential population, which is forecast to reach 177,000 people by 2030 (ID Consulting 2011, Population Forecasts). Most of this increased population is planned to be accommodated in the City's areas of urban renewal, planned urban renewal and the Hoddle Grid.

66 Objective 1 of Clause 21.07 – 1 - Residential development is

To provide for new housing while preserving the valued characteristics of the existing neighbourhoods

67 Strategy relevant to this objective includes:

Encourage the most significant housing and Strategy 1.2 population growth in the Central City and Urban Renewal areas.

68 Objective 1 of Clause 21.08-1 Retail is

To support the Central City and local retail uses.

69 Strategy relevant to this objective includes:

Maintain and enhance the Retail Core as a Strategy 1.1 world class retail offer, by supporting land uses and a built form which sustains this.

70 Objective 1 of Clause 21.06-2 Business is:

To reinforce the City's role as Victoria's principal centre for commerce.

- 71 Strategy relevant to this objective includes:
 - Strategy 1.1 Support the Central City as metropolitan Melbourne's principal centre for commerce, professional, business and financial services, and encourage new and innovative business that takes advantage of the Capital City location.
 - Strategy 1.2 Support the development of Docklands and Southbank as a vibrant business and retail areas along with the Hoddle Grid.

- 72 Clause 21.12 Hoddle Grid sets out strategy relevant to this Local Area under the headings:
 - Housing
 - **Economic Development**
 - Built Environment and Heritage
 - Transport

6.4 Zone

73 The subject properties are included in the Capital City Zone Schedule 1.

- 74 The purpose of the Capital City Zone is:
 - To implement the Municipal Planning Strategy and the Planning Policy Framework.
 - To enhance the role of Melbourne's central city as the capital of Victoria and as an area of national and international importance.
 - To recognise or provide for the use and development of land for specific purposes as identified in a schedule to this zone.
 - To create through good urban design an attractive, pleasurable, safe and stimulating environment.

75 The purpose of Schedule 1to the Capital City Zone is:

• To provide for a range of financial, legal, administrative, cultural, recreational, tourist, entertainment and other uses that complement the capital city function of the locality.

6.5 Overlays

76 The subject properties are affected by:

- The Design & Development Overlay Schedule 10
- The Heritage Overlay Schedule 1297
- The Parking Overlay Schedule 1

Design & Development Overlay Schedule 10

- 77 The Design Objectives of Schedule 10 to the Design & Development Overlay are:
 - To ensure development achieves a high quality of pedestrian amenity in the public realm in relation to human scale and microclimate conditions such as acceptable levels of sunlight access and wind.
 - To ensure that development respects and responds to the built form outcomes sought for the Central City.
 - To encourage a level of development that maintains and contributes to the valued public realm attributes of the Central City.
 - To ensure that new buildings provide equitable development rights for adjoining sites and allow reasonable access to privacy, sunlight, daylight and outlook for habitable rooms.
 - To provide a high level of internal amenity for building occupants.

- To ensure the design of public spaces and buildings is of a high quality.
- To encourage intensive developments in the Central City to adopt a podium and tower format.
- 78 The schedule to the overlay includes requirements in relation built form, wing effects and overshadowing. .
- 79 The built form requirements are set out in Table 3 to the schedule and describe a preferred requirement, a modified requirement and a design outcome against the following design elements:
 - Street wall height.
 - Building setback(s) above street wall.
 - Building setbacks from side boundaries and rear boundaries (or from the centre line of an adjoining laneway) and tower separation within a site.
 - Tower floorplate.

Heritage Overlay - Schedule 1297

80 The subject properties were included in the Heritage Overlay on an interim basis by Amendment C327 to the Melbourne Planning scheme.

Parking Overlay - Schedule 1

81 Clause 3.0 of the Schedule 1 to the Parking Overlay sets out the number of required car parking spaces. A permit is required to exceed the rates set out in Clause 3.0.

7.1 Preamble

- 82 The explanatory report to the amendment indicates that consultation with the community in respect of heritage policy identified a need to update the current heritage policies. It also indicated that the phasing out of the A-D heritage grading system was necessary to comply with Planning Practice Note No. 1.
- 83 I support a review of the heritage policies.
- 84 The shift from the A-D grading system to the Significant/Contributory/Non-contributory grading system is also supported subject to it being complementary to a robust and supportable policy.
- 85 I also support the application of individual policies to provide guidance in relation to heritage:
 - Inside the Capital City Zone; and
 - Outside the Capital City Zone.
- 86 I regard this separation as being important in acknowledging the strategic differences between the two areas and the complexity of the Capital City context.
- 87 The local planning policy framework of the Melbourne Planning Scheme has successfully articulated strategy based on local areas (Clause 21.11—Clause 21.16) acknowledging the different strategic ambitions for each local area.
- 88 The distinction between land inside the Capital City Zone and outside the Capital City Zone has also been acknowledged through separate urban design policies (Clause 22.01, Clause 22.17, Clause 22.18 & Clause 22.27) and separate Heritage Policies (Clause 22.04 and Clause 22.05).
- 89 I do not support the consolidation of the two heritage policies into one condensed policy in the form recommended by Sophie Jordan. In my view, this fails to acknowledge and address the very different considerations that apply inside and outside the Capital City Zone.
- 90 In my view a separate policy is required to address the complexities of the Capital City context.
- 91 The version of the proposed Clause 22.04 adopted by the Council on 20 February 2018 includes quite prescriptive performance standards to be applied to the assessment of an application. Such a level of prescription is not warranted in the Capital City Zone context. A more flexible approach is required in order to integrate the range of planning policies that apply to the state significant Central City.
- 92 The policy should also be drafted in a form that complements the new grading system (Significant/Contributory/Non-contributory) by providing guidance that clearly distinguishes between the different



levels of significance. This is not achieved in the policy as drafted (and adopted by the Council on 20 February 2018).

- 93 In this regard, the policy objectives do not express how the difference in grading is to be applied in the assessment of an application.
- 94 There is also some blurring of the distinction between significant places and contributory places. As an example, the guidance in respect of Additions (proposed Clause 22.04-7), New Buildings (Clause 22.04-8), Subdivision (Clause 22.04-9), Vehicle Accommodation and Access (Clause 22.04-12), Fences and Gates (Clause 22.04-12), Services and Ancillaries (Clause 22.04-14), Street Fabric and Infrastructure (Clause 22.04-15) and Signage (Clause 22.04-16) does not provide any distinction between significant or contributory places. There is only minor distinction in relation to Demolition (22.04-5), Alterations (22.04-6). Restoration and reconstruction (clause 22.04-9)

7.2 The Proposed Heritage Policies

- 95 During July 2014 Melbourne City Council released a discussion paper entitled 'A Review of the Local Heritage Planning Policies in the Melbourne Planning Scheme July 2014'.
- 96 This discussion paper observed that the Clause 22.04 is heavily reliant upon discretion in applying the principles of the Burra Charter (p. 13)
- 97 It commented that:

The guidance provided is necessarily very general and does not specifically address heritage in the Capital City context. Heritage Victoria uses the Burra Charter and acknowledges the benefit it offers for exercise of discretion in decision making. The current policy reflects this approach and supports the flexibility within the Capital City development context in decision making. (p. 13)

- 98 Targeted consultation in respect of the discussion document elicited criticism on the reliance on the Burra Charter on the basis of some emerging development trends in the Capital City Zone including:
 - properties adjacent to heritage places purchasing air rights from the heritage property;
 - the emerging acceptance of new additions being highly visible and not being recessive to the heritage place and in particular rooftop additions which are dominant and highly visible; and
 - the increasing approval of 'facadism' to heritage places in the Central City.
- 99 Based on these criticisms it was said that a revised policy may be required to provide guidance on the preferred approach to alterations.

100 In the alternative, the Discussion Paper noted:

...However there is acceptance that the Burra Charter as the adopted charter for heritage conservation in Australia is the most comprehensive and effective policy position for protecting heritage places in the Capital City. The heritage policy is not intended as a built form control. There are other tools within the planning scheme which are more effective in regulating building heights, bulk and setbacks.

- 101 The City of Melbourne Heritage Review: Local Heritage Policies and Precinct Statements of Significance Methodology Report (May 2016) indicated that the review was intended to address perceived policy issues and deficiencies, while also bringing the policies into line with the contemporary heritage policies of other municipalities.
- 102 This Report provided a description of proposed revisions to the policies. It described performance standards intended to address various issues including facadisim and the cantilevering and building into the air space over buildings.
- 103 The Panel in respect of Amendment C270 to the Melbourne Planning Scheme considered the potential tension between development aspirations under the proposed DD010 and land in the Heritage Overlay. It shared similar concerns to those identified in the policy review in respect of facadisim and observed that:

The Panel is unable to find an immediate answer to the tension between the two sets of built form controls—the Heritage Overlay and the FAR of 18:1—which will occur across scores of Central City sites under this Amendment. Development outcomes which involve preservation of heritage building facades only, as have occurred all too often, should not be the way forward. The Panel considers that this matter warrants serious attention if the identity of the Central City is not to be lost.

104 In discussing proposed Clause 22.04 the Council's Part B Submission indicated that:

In particular, policies regarding facadism and development into the air rights of heritage places specifically seek to address problematic and undesirable built form outcomes that have been experienced within the CCZ as a result of the current lack of policy guidance.

105 The submission argued that:

In the absence of explicit policy against which proposals of this kind can be tested, the acceptability of the heritage outcome is left to judgements of various heritage consultants by reference to subjective terminology such as 'respectful', 'dominant' or

'prominent' and to inadequate tests of 'three dimensionality' and legilibility...

106 The concern expressed in respect of the concept of facadism is addressed in the adopted version of the proposed Clause 22.04 through a variety policy provisions including the policy objective:

To encourage retention of the three dimensional fabric and form of a building and to discourage facadism.

- 107 The concern expressed in relation to building into the air space over heritage buildings appears to be addressed through a variety of provisions including a requirement for additions to:
 - Maintain the prominence of the building by setting back the addition behind the front or principal part of the building, and from other visible parts.
- 108 The principal part of the building is defined. For non-residential buildings it is said to be the front 10m of the building.
- 109 The concerns expressed in relation to 'facadism' and the cantilevering of additions over heritage buildings in the Capital City zone is overstated.
- 110 The mechanism proposed through the amendment to address the concern is an overreach that is unnecessary in the Capital City context.
- 111 Applying the proposed requirement to the subject properties would render them practically undevelopable given the site proportions.
- 112 Given the strategic ambition for the Central City, the built form context of the subject properties and the fact that a number of these buildings have already been modified in a form that is inconsistent with this requirement (i.e. the introduction of upper levels built to front boundaries), this outcome is absurd.
- 113 Rather than establishing a prescriptive mechanism to address heritage considerations for properties within the Capital City Zone a more sophisticated and flexible approach is required.
- 114 The last design objective of Schedule 10 to the Design & development Overlay seeks:
 - To encourage intensive development in the Central City to adopt a podium tower format.
- 115 This objective and the Central City context supports a design approach where heritage buildings are retained to form a podium for towers.

 Such an approach allows for intensive development in the Capital City to occur in a form that retains heritage fabric.
- 116 Such an approach will not always be appropriate and will depend upon

the significance and form of the heritage building. This is a matter best examined by heritage experts informed by Statements of Significance rather than prescribing the outcome to be applied.

- 117 In the event that the heritage policy were to be adopted in the quite prescriptive form currently proposed, it would necessarily lift the bar for entry into the Heritage Overlay in the Capital City Zone because, as is evident from the implications the provisions have on the subject properties, it would preclude development in an area where the Planning Scheme promotes ongoing growth.
- 118 The overall content of the proposed policy at Clause 22.04 is overly detailed and highly prescriptive. It includes very specific definitions of terms that when applied to the performance standards establish highly prescriptive policy requirements. The proposed use of the word 'must' in the preamble to the standards further reinforces the level of prescription.
- 119 The Capital City context requires a more flexible approach. An approach guided by the Statement of Significance and informed by the expert analysis of heritage architects.

8 Conclusion

- 120 A review of the heritage policies is supported. The phasing out of the current grading system in favour the Significant/Contributory/Noncontributory grading system. is also supported subject to it being complementary to a robust and supportable policy.
- 121 A separate heritage policy should be provided to guide decision making on heritage matters in the Capital City Zones. The combination of the heritage policies into one, condensed policy fails to adequately acknowledge and respond to the distinct differences, complexities and challenges relevant to the Capital City context.
- 122 The prescriptive approach for the Capital City Zone in the proposed Clause 22.04 is unnecessary.
- 123 The complexities of the Capital City development context require greater flexibility with the exercise of discretion informed by expert heritage input based on Statements of Significance rather than the application of prescribed requirements.

MARCO C NEGRI **DIRECTOR** CONTOUR CONSULTANTS AUST PTY LTD



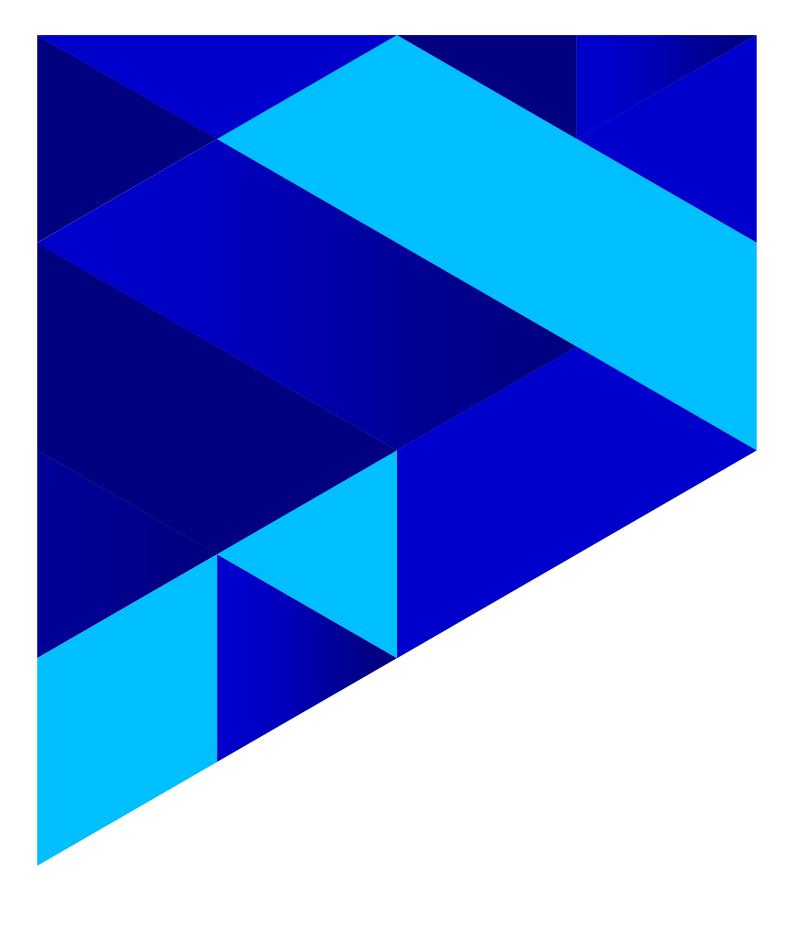
Attachment 1 Expert Witness Declaration



Attachment 1 - Expert Witness Declaration

Name and Address	Marco Cristofero Negri is a Director of Contour Consultants Australia Pty Ltd, Town Planners and Practices from Level 1, 283 Drummond Street, Carlton, in Victoria. Bachelor of Applied Science (Planning) Graduate Diploma of Planning & Design Member of the Planning Institute of Australia		
Professional Qualifications			
Professional Experience	1986-1995: Town Planner in Local Government 1995-2002: Senior Town Planning Management in Local Government 2002-Present: Town Planning Consultant		
Areas of Expertise	Strategic and Statutory Planning. Planning assessment of land use and development applications including major retail, residential and commercial developments. Expert advice to local government on a variety of statutory and strategic planning projects including policy development in relation to housing, retail, environmental and heritage issues. Advice to commercial clients covering the management of urban development.		
Expertise to Prepare this Report	Professional training and experience in town planning and specialist experience in both residential and commercial development.		
Instructions which Defined the Scope this Report	of I received instructions from Rigby Cooke Lawyers dated 14 January 2019 on behalf of the Bennetts Lane Custodian Pty Ltd to consider the planning implications of Amendment C258 to the Melbourne Planning Scheme and to provide expert evidence before the Panel.		
– Facts, Matters and Assumptions Relie Upon	ad Refer to Section 1 of my report		
Documents Taken Into Account	Refer to Section 1 of my Report		
Identity of Persons Undertaking the Work	I prepared this report.		
elationship with Submitter I have no private or business relationship with the submitter, ot engaged to prepare this report. Contour Consultants Aust Pty L engaged to assist in the preparation, lodgement and managem planning application relating to the subject properties.			
Summary of Opinion	Refer to my report.		
	I have made all the inquiries that I believe are desirable and appropriate and that no matters of significance which I regard as relevant have to my knowledge been withheld from the Panel.		
	MARCO C NEGRI DIRECTOR		

CONTOUR CONSULTANTS AUST PTY LTD



CITY OF MELBOURNE PLANNING SCHEME AMENDMENT C258 ECONOMIC EXPERT WITNESS STATEMENT



URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

Director Rhys Quick
Consultant Lily Havers

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Appendix A Curriculum Vitae

INTRODUCTION

PLANNING PANELS EXPERT WITNESS STATEMENT

- 1. This report has been prepared by Rhys Matthew Quick, Director, Property Economics & Research, Urbis Pty Ltd, 12th Floor, 120 Collins Street, Melbourne.
- 2. My qualifications and experience include a Bachelor of Economics (Honours) from Monash University, together with more than 20 years' experience in Property Economics and Research consulting, with my specialisation being the preparation of Economic Impact and Supply and Demand Assessments relating to the development of property. My Curriculum Vitae is attached as Appendix A.
- Assistance in undertaking some of the analysis in this report has been provided by Lily Havers, Consultant at Urbis.
- 4. I was engaged by Bennett's Custodians (owners of the land located at 17, 19, 21 and 23 Bennetts Lane and 134-148 Little Lonsdale Street, Melbourne) in January 2019.
- 5. I received formal written instructions in this matter from Ms Rhodie Anderson (Partner) of Rigby Cooke Lawyers, detailed in a letter dated 14 January 2019 as follows:

We understand that you were recently involved in Urbis' report presented to the Property Council, entitled 'Unlocking Melbourne's CBD'. You are instructed to prepare a letter of advice or short report commenting on the impact of the proposed Amendment C258 on development opportunities in the CBD. You will not be required to present evidence.

We have instructed a town planning expert. It is proposed that your advice will be annexed and served as part of the town planner's expert evidence statement.

- 6. It has subsequently been requested that I appear as an expert witness on behalf of Bennett's Custodians at the Panel Hearing. As such, the advice provided to the client now forms the basis for this statement.
- 7. In preparing this report, I have had reference to all documents provided to the Panel to this time relating to the preparation of the Amendment and the Council's expert evidence. I have also reviewed elements of Amendments C327 and C328 relating to the Hoddle Grid Heritage Review which directly references the properties of Bennett's Custodians. I understand the implementation of Amendment C258 will make permanent the interim controls introduced under C327.
- 8. I, Rhys Matthew Quick, hereby adopt this Expert Witness report as my evidence and state as follows:
 - the factual matters stated in this report are, as far as I know, true;

Kly Orich

- I have made all the inquiries that I believe are desirable and appropriate and no matters of significance which I regard as relevant have to my knowledge been withheld from the Panel;
- the opinions stated in this statement of evidence are genuinely held by me;
- the statement of evidence contains reference to all matters that I consider significant; and
- I understand the expert's duty to the Panel and have complied with that duty.

Rhys Quick Signed:

Director, Property Economics & Research Urbis Pty Ltd Dated: 4 February 2019

SUMMARY OF OPINIONS

- 9. Based on the analysis presented in this statement, the following points represent the summary of my opinions in this matter:
 - While I acknowledge the social and economic imperative of protecting places of true heritage significance, the full economic impact of changes to a policy that impacts on the ability to develop sites within the City of Melbourne appears not to have been addressed in the formulation of the Amendment.
 - Melbourne's Hoddle Grid also offers one of the strongest concentrations of high-value employment in the country. This needs to be protected, but I believe the proposed policy changes will have a detrimental effect in this regard by restricting development in the Hoddle Grid, particularly for employment purposes.
 - Population and employment growth for Melbourne has been profound and sustained over a long period. The City of Melbourne predicts this trend to continue, which in turn requires a significant expansion of the amount of floorspace provided in all areas of the City, including the Hoddle Grid. The projected floorspace increase required is an increase from 11.3 million sq.m in 2017 to 16,9 million sq.m by 2036.
 - Due to a range of potential constraints on the development potential of a site, there is only a
 finite capacity for floorspace growth. Urbis' research suggests that if projected floorspace growth
 is to occur, full capacity of the Hoddle Grid will be reached within 20 years. The effects of this
 will be felt much earlier through rising land prices, rents and a lack of sites available to
 accommodate growth.
 - Constraints on development, and in turn restrictions on employment growth in the Hoddle Grid, are estimated to result in potential lost economic value to the State of \$4 billion annually.
 - Any further policy changes that limit development potential of sites within the Hoddle Grid has the potential to exacerbate the identified problems associated with the physical capacity constraints. Amendment C258, combined with the further range of sites listed as heritage places under Amendments C327 and C328, increases the number of sites affected and, in some cases, upgrades the level of heritage significance and proposes setback policies and other policies to prevent development above heritage buildings in certain circumstances. Under the Amendment, these sites would require stricter consideration of site development factors such as setbacks, height, and the constraints of facadism and airspace policy proposed which in turn is expected to make development of more sites unfeasible, particularly for commercial office development.

SOURCES OF INFORMATION

- 10. This statement draws on a variety of information and sources available to this office, the most important of which are:
 - City of Melbourne, Hoddle Grid Heritage Review, June 2018
 - City of Melbourne, Census of Land Use and Employment
 - City of Melbourne, Employment and Floorspace Forecasts by Small Area
 - City of Melbourne, Daily Population Estimates
 - Forecast.id, City of Melbourne Population Forecasts
 - Statistical information provided by the ABS, including the 2006, 2011 and 2016 Censuses of Population and Housing.
 - Urbis, Unlocking Melbourne's CBD, 31 October 2018

ABBREVIATIONS

ABS Australian Bureau of Statistics
CBD Central Business District

CCZ Capital City Zone

CLUE Census of Land Use and Employment

1. AMENDMENT C258

- 11. Amendment C258 proposes to make the following changes to the Planning Scheme:
 - Revises the content of the two local heritage policies, Clause 22.04 (Heritage Places within the Capital City Zone) and Clause 22.05 (Heritage Places Outside the Capital City Zone).
 Both new policies have permit application requirements, and provisions relating to demolition, alterations, new buildings, additions, restoration and reconstruction, subdivision, vehicle accommodation, and services and ancillaries
 - Modifies the Schedule to Clause 43.01 Heritage Overlay to introduce 20 new heritage places and revise the descriptions of five existing heritage places, in West Melbourne
 - Replaces an existing incorporated document: 'Heritage Places Inventory June 2016' which
 grades heritage places using the A to D heritage grading system with a new incorporated
 document 'Melbourne Planning Scheme, Heritage Places Inventory 2017' which grades all
 heritage places within a heritage overlay using the Significant/Contributory/Non-Contributory
 grading system
 - Amends the Schedule to Clause 81.01 (Incorporated Documents) to introduce two new incorporated documents:
 - 'Melbourne Planning Scheme Amendment C258: Heritage Precinct Statements of Significance 2017' which comprises the statements of significance currently included within Clause 22.04 (Heritage Places Within the Capital City Zone) and additional statements of significance for the six largest existing heritage precincts outside the Capital City Zone
 - West Melbourne Heritage Review 2016: Statements of Significance'. The heritage gradings assessed under the 'West Melbourne Heritage Review 2016' are included in the proposed 'Melbourne Planning Scheme, Heritage Places Inventory 2017'
 - Amends planning scheme maps 5HO,7HO and 8HO to introduce 20 new Heritage Overlays and revise the boundaries of eight existing Heritage Overlays, in West Melbourne.

Source: Melbourne Planning Scheme, Amendment C258, Explanatory Report

- 12. Although Amendment C258 was exhibited in early 2017, in August 2018 some land owners in the Hoddle Grid (including Bennett's Custodians) were notified their land was recommended for inclusion in the Schedule to a Heritage Overlay within the Melbourne Planning Scheme under Amendment C327 (Hoddle Grid Heritage Interim Controls) and Amendment C328 (Hoddle Grid Heritage Permanent Controls) to the Planning Scheme (Overlay Amendments). Amendment C327 was gazetted in October 2018. As the new land included in Heritage Overlay schedules through C327 now has an interim heritage control in place, the changes to Clause 22.04 introduced through C258 will also apply to that land.
- 13. The focus of this document is the impact of amendments to Clause 22.04 (Heritage Places within the Capital City Zone) relating to the demolition and alteration of heritage buildings within the Hoddle Grid¹.
- 14. Analysis of the sites that are proposed to be classified as "Significant" or "Contributory" within the CBD, relative to those previously given an A to D heritage grading (as provided in the Council's evidence in support of C258), indicates that the amount of land that will be impacted by heritage controls should the amendment be approved will increase. I note however, the change in land under

¹ The area from Flinders Street to Queen Victoria Market and from Spencer Street to Spring Street, plus the area between Victoria and Latrobe Streets.

heritage controls under the originally exhibited C258 is relatively minor due to the direct conversion of previous gradings to new gradings for many sites.

15. The more significant change in terms of development potential of sites being influenced by heritage controls is the extent of new land under heritage overlay introduced by C327. A report to the City of Melbourne's Future Melbourne (Planning) Committee by Council officers and provided as part of the Amendment C327 documentation suggests the land subject to the interim overlays, while in some cases having a heritage grading, was not previously protected under the Planning Scheme:

> The Review recommends that 64 individual places and six precincts are included in heritage overlays (Attachments 3 and 4). The majority of the heritage places identified in the Review were graded under previous heritage studies from 1985 and 1993 but never protected through the Melbourne Planning Scheme.

- 16. While I do not consider here in detail the extent to which the controls relating to the new grading categories may influence the potential for future redevelopment of any individual site, any increase in land covered by a heritage control is likely to impact on the ability of the CBD to accommodate the increase in building floorspace needed to support continued growth of the State's most valuable economic precinct. The introduction of such controls must give due consideration of economic effects.
- 17. I note the C258 Explanatory Report considers the Amendment addresses economic effects in the following way:

Improving protection for the City's heritage places is expected to have positive economic effects by reinforcing the City's identity and its role as a destination for tourists. It is also expected to have further positive economic effects by facilitating decision making and minimising time delays.

18. The Policy Basis for Clause 22.04 (22.04-1) references the need to allow the evolution and continued investment in the central city:

> The policy recognises that heritage places are living and working places; and that the CCZ will continue to attract business and investment with related development subject to the heritage policy objectives.

- 19. While I acknowledge the social and economic imperative of protecting places of true heritage significance, the full economic impact of changes to a policy that impacts on the ability to develop sites within the City of Melbourne appears not to have been addressed in the formulation of the Amendment.
- 20. The proposed Clause 22.04 provides guidance on conserving and enhancing heritage places in the Capital City Zone. A series of performance standards for assessing planning applications are referred to for demolition, additions and alterations and new buildings on sites designated as heritage places. The standards refer to the need for these changes to be respectful of and in keeping with a variety of key characteristics including building heights, massing and form, style and architectural expression, details, materials, front and side setbacks and orientation.
- 21. As discussed through my statement, the application of strict standards relating to heights, massing and setbacks is likely to severely limit the potential for development on sites. Development of the large number of smaller sites within the Hoddle Grid can become unfeasible when the proposed setbacks and facadism and airspace policies are applied. Commercial office development, the primary driver of economic activity in the Hoddle Grid, is most problematic in these circumstances.
- 22. The analysis below provides some context to the challenge of accommodating growth in resident, worker, tourist, student and other visitor numbers to the City of Melbourne, when the implementation of the Amendment is expected to further constrain opportunities for development.

HODDLE GRID GROWTH & LAND USE IMPACTS 2.

2.1. **ECONOMIC CONTRIBUTION OF THE HODDLE GRID**

- 23. Population and employment growth for Melbourne has been profound and sustained over a long period - so great that Melbourne has been the fastest growing capital city in Australia for over a decade.
- 24. Metropolitan Melbourne's growth patterns are being influenced by the macroeconomic phenomenon of urban concentration and agglomeration economies² which are driving the clustering of high value knowledge-based employment into the Hoddle Grid and surrounds.
- 25. The Hoddle Grid now also offers the principal concentrations of retail, tourism infrastructure, and entertainment opportunities in the State, with easy access to sporting, educational and cultural facilities and high-quality parks and gardens. The combination of the commercial centre with these factors makes the Hoddle Grid the prime destination for visitors and locals alike to stay, play, study, work and increasingly, live.
- 26. There is good reason for this concentration of growth and activity, which complements the broader macroeconomic context highlighted earlier. The Hoddle Grid has certain enabling factors, such as the greatest concentration and focus of transport infrastructure (both legacy and planned investment), a planning framework that prioritises density, development sites of scale, demand for high rise development and a diverse mix of higher order uses and amenity.
- 27. Melbourne's Hoddle Grid also offers one of the strongest concentrations of high-value employment in the country. Many businesses provide knowledge-intensive and specialised services such as funds management, insurance, design, engineering and international education. These businesses and institutions depend on the most skilled workers, and by locating in the heart of Melbourne it enables employers to access the largest possible supply of labour. Proximity to suppliers, customers and partners also helps businesses to work efficiently, to generate opportunities and to come up with new ideas and ways of working.
- 28. The clustering of high-value businesses boosts the economic contribution of the Hoddle Grid, partly because of the sheer concentration of employment, but also because these businesses tend to be much more productive (i.e. dollar value of goods/services produced is higher) on average than those in other areas. The confluence of these factors makes Melbourne's Hoddle Grid the second most important economic location in the country. In 2016, it produced \$45 billion towards the state and national economies.
- 29. The sizeable economic contribution of the Hoddle Grid is not merely driven by the sheer number of workers. Rather, the Hoddle Grid attracts higher-value jobs, even within an industry. For example, the economic value generated by a job in finance and insurance in the Hoddle Grid is estimated at almost \$391,500, compared to \$380,200 for a job in the same industry across Victoria on average.

6 HODDLE GRID GROWTH & LAND USE IMPACTS

² Economies of agglomeration refers to the productivity benefits that firms within some industries (typically those in service or knowledge-based industries) receive by locating near each other. The benefits are associated with generation of economies of scale and network effects from increased (and shared pool) of suppliers and customers.

2.2. HISTORIC POPULATION & EMPLOYMENT GROWTH

- 30. While the Hoddle Grid has always played an important role as a principal activity centre, historical growth trends were characterised by a greater percentage of population and employment locating outside the Hoddle Grid. However, recently a large and increasing proportion of that growth is now locating inside the precinct.
- 31. Over the last 50 years or so, the Hoddle Grid has evolved from a predominantly commercial and cultural centre to true mixed-use precinct serving residents, workers, students, tourists and other visitors. Chart 2.1 illustrates the significant growth in the number of people accessing the City of Melbourne daily, the majority of whom visit the Hoddle Grid.

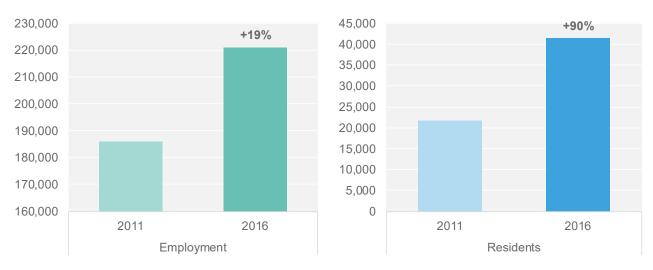
Change in Daily Population by User Group

City of Melbourne, 2004-2016 Chart 2.1 8.0% 450.000 ■ 2004 Population (LHS) ■2016 Population (LHS) Annual Growth (%) (RHS) 7.0% 400.000 6.0% 350,000 5.0% 300,000 4.0% 250,000 3.0% 200,000 2.0% 150,000 1.0% 100,000 0.0% 50,000 -1.0% 0 -2.0% Students 1 Metropolitan Workers 1 Residents International Under 15 Regional Interstate Visitors Visitors Visitors Visitors

¹Does not include those who live in the city because they are categorised as residents. Source: City of Melbourne; Urbis

- 32. As Melbourne's primary employment destination, employment in the Hoddle Grid has continued to grow. As shown in Chart 2.2, over the past five years to 2016, employment grew by 35,000 jobs (+19%).
- 33. The Hoddle Grid has consistently experienced strong population growth since the mid-1990s. The population in the Hoddle Grid has skyrocketed from just 7,600 in 2001 to 41,500 in 2016. Since 2016, the Hoddle Grid's population has grown even further, increasing by 4,600 residents between 2016-2017.

2011-2016 Chart 2.2



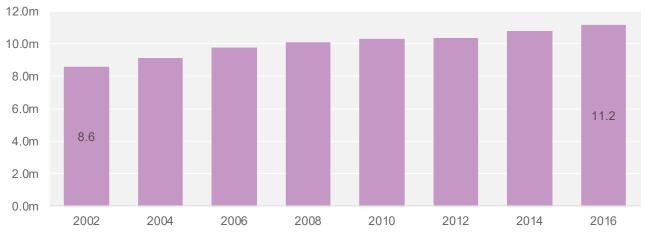
Source: ABS; Urbis

34. The need to accommodate the influx of residents, workers, tourists, shoppers, students and other city user groups has created a greater demand for new development and a substantial increase in overall floorspace. Total floorspace across the Hoddle Grid was recorded at around 8.6 million sq.m in 2002. By 2016, this increased by 30% to 11.2 million sq.m (see Chart 2.3).

Total Floorspace Growth

Hoddle Grid, 2002-2016 (Million sq.m)

Chart 2.3



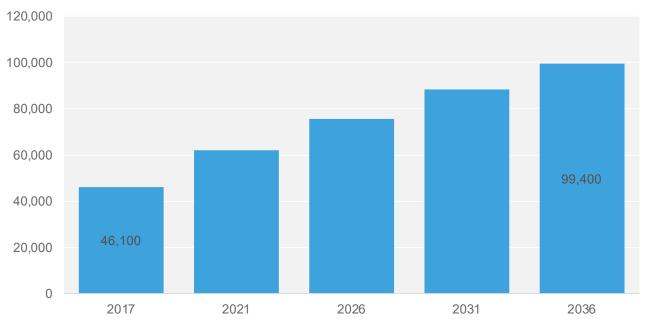
Source: City of Melbourne, Census of Land Use and Employment; Urbis

2.3. PROJECTED POPULATION & EMPLOYMENT GROWTH

- 35. Chart 2.4 shows the projected resident population based on ABS population estimates at 2017 and forecast.id projections prepared on behalf the City of Melbourne to 2036.
- 36. The population in the Hoddle Grid is forecast to more than double from 46,100 in 2017 to 99,400 by 2036.

Projected Population Growth

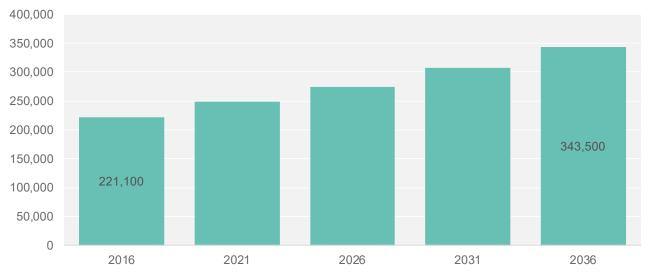
Hoddle Grid, 2017-2036 Chart 2.4



Source: ABS; forecast.id; Urbis

- 37. Going forward, the Hoddle Grid is expected to remain the commercial heart of Melbourne. Factors driving employment growth will be:
 - A continued structural shift towards knowledge-intensive, service-based employment industries, driven by and underpinning Melbourne's growth strategy;
 - Increasing efficiency of office floorspace and the ability to provide higher-density spaces (i.e. more workers per sq.m of space);
 - Co-location and proximity to similar industries which will continue to make the Hoddle Grid a focus for employment growth.
- Chart 2.5 illustrates the City of Melbourne's employment projections to 2036. The Hoddle Grid is 38. forecast to grow from 221,100 to 343,500 workers from 2016-2036. This reflects an average annual growth rate of 2.2% per annum.

Hoddle Grid, 2016-2036



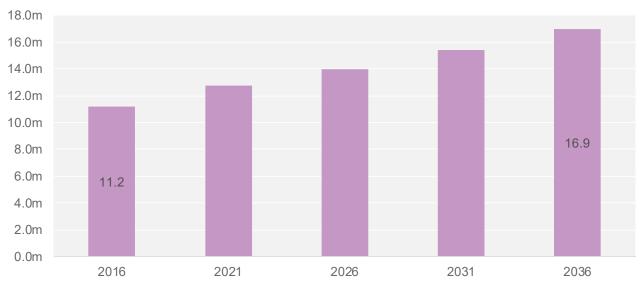
Source: ABS; City of Melbourne; Urbis

- 39. Strong projected population and employment growth, along with growth in tourism, study and other visitation in the Hoddle Grid will generate a requirement for additional floorspace to accommodate city users.
- 40. Using City of Melbourne projections of employment floorspace growth, supplemented by Urbis' estimates of the development floorspace to accommodate the influx of residents and other users, we estimate that by 2036, the Hoddle Grid will need an additional 5.8 million sq.m of floorspace – a 52% increase from the current 11.2 million sq.m provided (Chart 2.6).

Total Future Floorspace Requirement to 2036



Chart 2.6



Source: City of Melbourne; forecast.id; Urbis

CONSTRAINTS ON DELIVERING HODDLE GRID 3. FLOORSPACE GROWTH

41. As seen through the analysis presented above, if the Hoddle Grid is to accommodate the City of Melbourne's projected increase in city users, the physical requirement to deliver more floorspace is substantial. However, the Hoddle Grid has a finite capacity to accommodate growth.

MODELLING HODDLE GRID CAPACITY 3.1.

- 42 Over recent years, Urbis has developed a detailed methodology for determining the capacity of a site to be developed, and in turn, the overall physical capacity of Melbourne's Hoddle Grid. Factors that influence the nature and scale of future development on a particular site include:
 - Site size small sites are more difficult to develop given planning controls relating to factors such as setbacks or plot ratios.
 - Current land use the presence of some uses on a site may mean that site is unlikely to be developed intensively (e.g. existing open space, certain public buildings).
 - Current level of floorspace some sites have been developed to an extent that would not be possible if redevelopment was to be considered under current planning controls and therefore there is no potential for additional floorspace on those sites.
 - Age of the building Recently developed buildings of any scale are unlikely to be demolished in the short-term.
 - Number of owners If a building is strata-titled, the chances of gaining agreement of all owners to redevelop is significantly reduced.
 - **Development controls** The existence of any planning controls may restrict development (including heritage controls or other development-limiting measures).
 - Any other factor that may render that property otherwise undevelopable (e.g. it sits under a freeway overpass)
- 43. Against each of these factors, we have made an assumption or set of assumptions that will determine if a site is developable or not, applying this methodology to every property in the Hoddle Grid. For example:
 - Significant buildings of less than 15-20 years old are unlikely to be developed over the next 30 years or so. New developments undergoing construction or have since commenced construction and are expected to be completed soon are also excluded as recent development.
 - Properties that are already developed at or above their maximum floorspace potential as determined by the current planning context are unlikely to be redeveloped. Even if they were, it would not add to the overall floorspace capacity of the Hoddle Grid as the replacement buildings would have less floorspace.
 - If a building is strata-titled, we have assumed if a building has more than 15 owners, it is undevelopable.
 - If a site has a heritage control over it, it is less likely to be developable (although this is considered on a case-by-case basis as some heritage designations only apply to part of a site such as one building or part of a building).
 - If land is used currently as open space, it is assumed this will remain in order to maintain at least the current level of open space.

44. In total, around 42% of all sites in the Hoddle Grid, or 829,300 sq.m (52%) of land area is constrained and unlikely to deliver any material increase in floorspace (Chart 3.1). As shown in Chart 3.2, the most common reason for a site to be constrained for development is the heritage overlay applicable to that site. More than 300,000 sq.m of land area in the Hoddle Grid is likely to be excluded from development due to heritage controls, which is 36% of total undevelopable land area. A further 27% of undevelopable sites are impacted by multiple constraints, with heritage controls often one of those constraints.

Development Opportunities & Constraints

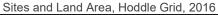
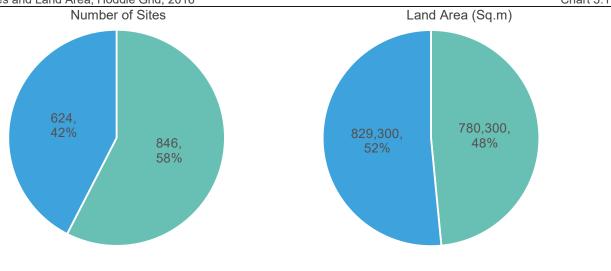


Chart 3.1

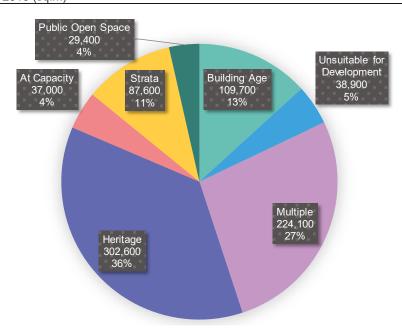


- Development Constraint
- Development Opportunity

Source: City of Melbourne, Census of Land Use and Employment; Urbis

Land Area Constrained for Development

Hoddle Grid, 2016 (sq.m) Chart 3.2

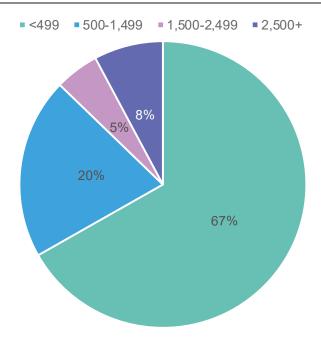


Source: City of Melbourne, Census of Land Use and Employment; Urbis

- 45. Having determined which sites will be available for development. Urbis then estimated the floorspace yield that can be generated on each site. Again, a range of factors have been applied to determine this yield, including existing planning controls such as height limits, set-backs, plot ratios and the like.
- The result of this process combined with the existing floorspace gives an estimate of the total 46. floorspace capacity.
- Urbis applied the assumptions and development rules to every site in the Hoddle Grid, reviewing 47. each carefully to ensure they are appropriately defined as "developable" or "undevelopable". The controls applicable to each site have then been considered to arrive at a capacity floorspace which is summed across sites and then compared here existing floorspace levels.
- 48. Through this process, Urbis identified that the Hoddle Grid has an overall capacity under current controls of around 17 million sq.m. This capacity needs to accommodate all future development, including commercial office space, residential, retail, community uses etc.
- 49. As outlined earlier, Urbis' research identified that the total increase in floorspace required across the Hoddle Grid will be 5.8 million sq.m to accommodate the projected population and employment out to just 2036. As such, the Hoddle Grid will reach physical capacity at 2036. Its capacity is 17 million sq.m, against a calculated floorspace requirement of 16.9 million sq.m.

3.2. HODDLE GRID TO EXPERIENCE SHORT-TERM CAPACITY CONSTRAINTS

- 50. Urbis' research leads to the conclusion that the ability of the Hoddle Grid to accommodate projected future floorspace growth will be heavily constrained well prior to 2036. There are a few key reasons for this conclusion:
 - Firstly, this analysis only considers whether the forecast population and employment can be accommodated out to 2036. What happens after that point and the Hoddle Grid can no longer accommodate any growth?
 - Secondly, experience in Australia and overseas points to the fact that constraints on a city's ability to grow and change start to appear before full build-out is reached. As cities approach their floorspace capacity, the market responds to the level of scarcity. Sites available for development become few and far between. This forces up land prices, discouraging development, while rents on existing stock increase causing tenants to look elsewhere for accommodation. Our research indicated the ability to accommodate an increasing population and worker base becomes constrained when around 20% of developable capacity remains. The Hoddle Grid is approaching this point now.
 - Thirdly, a further constraint on development is the fact that while some sites have a theoretical capacity to accommodate more floorspace, not all sites are likely to be fully developed.
 - Fourthly, Urbis' research found that other parts of central Melbourne are heavily constrained and will not be able to accommodate forecast growth in floorspace. As the highest order precinct within the City of Melbourne, if there is any capacity within the Hoddle Grid, market forces will be such that growth unable to be accommodated elsewhere will shift back to the Hoddle Grid, effectively eliminating any capacity that might have existed.
 - Finally, not all uses can be developed on all sites. For example, office space has a requirement for a minimum land area to enable development of the size of floorplate that tenants demand to allow flexibility and open work environments. Urbis' research has found there is a need for sites of at least 2,500 sq.m to deliver major office developments given requirements to setback buildings from all site edges. Consequently, there are very few developable sites of sufficient size left in the Hoddle Grid. Only 8% of developable land area in the CBD is in sites of over 2,500 sq.m, with more than two thirds of the developable land being sites of less than 500 sq.m where the capacity to develop is more constrained by setbacks and the like (Chart 3.3).



Source: City of Melbourne, Census of Land Use and Employment, Urbis

51. It should be noted that within the Hoddle Grid, Urbis' modelling assumed that even smaller sites have some development potential. As alluded to by the final point above though, when setbacks, facadism and airspace policies are applied, the developable floorplate on upper levels of smaller sites is severely constrained or even eliminated and makes development unviable in many instances. Simply, the financial return from each level above a podium level isn't sufficient to warrant the cost to developing upwards, even if the policies allow at all for the development of such "airspace". With setbacks, facadism and airspace policies applied to more sites nominated as heritage places in the Hoddle Grid through Amendment C258, the ability to continue to develop the CBD, and in turn continue to attract business and investment as envisaged in policy 22.04, is further restricted.

3.3. ECONOMIC IMPACT OF CONSTRAINING HODDLE GRID GROWTH

- 52. It could be argued that a constrained Hoddle Grid simply creates opportunities for growth in population and particularly employment in other areas. Perhaps as the Hoddle Grid approaches full build out, opportunities for development to shift to new urban regeneration areas such as Arden and Fisherman's Bend may be created? Maybe the Hoddle Grid's capacity constraints might be the impetus for expansion of suburban employment hubs?
- 53. These outcomes may occur and potentially be beneficial to the City and State. However, ultimately any constriction of the Hoddle Grid's ability to grow and respond to demand will have an economic impact on Victoria.
- A job in the Hoddle Grid generates a greater level of economic value than jobs located outside the grid. The agglomeration benefits of the Hoddle Grid mean that, even within the same industry, the economic value of a job is greater in the grid than elsewhere. Therefore, even if the total number of jobs at the metropolitan level is maintained, with unrealised Hoddle Grid jobs shifting to other areas, the economic value to the metropolitan region and State is reduced.
- 55. Assuming the number of jobs in the Hoddle Grid is constrained to the level forecast by the City of Melbourne in 2036 (343,500), relative to a situation where job growth continues at a consistent rate

out to 2051, the lost economic value to the State could be in the order of \$4 billion. This is the equivalent to around 1% of the current Gross State Product. The value of the loss will increase for every subsequent year job numbers cannot increase.

Indicative Economic Value Lost Due to Constrained Hoddle Grid at 2051

Annual Economic Loss if Forecast Employment Not Achieved

Table 3.1

Measure	Row/Calculation	Value
Unconstrained Hoddle Grid Jobs (2051)	1	482,600
Constrained Hoddle Grid Jobs (2036)	2	343,500
Economic Value of a Hoddle Grid Job¹ (\$2017)	3	\$237,200
Economic Value of a Job¹ in Victoria (\$2017)	4	\$207,400
Potential Hoddle Grid Economic Value	5 = 1 x 3	\$114 billion
Constrained Hoddle Grid Economic Value	6 = 2 x 3	\$81 billion
Value of Unrealised jobs located outside Hoddle Grid	7 = 4 x (2 -1)	\$29 billion
Lost Economic Value	8 = 5 - 6 - 7	\$4 billion

¹ In finance and insurance services; professional, scientific and technical services industries Source: REMPLAN; ABS; Urbis

LAND IMPACTED BY HODDLE GRID HERITAGE REVIEW 4_

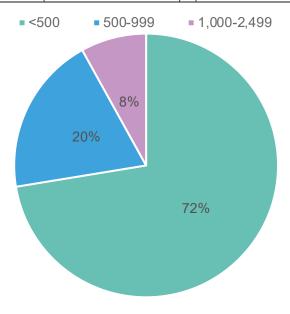
- I have reviewed the number of sites within the Hoddle Grid Heritage Review and the new grading of 56. each property (as per pgs. 1669-1675 of Council documentation relating to Amendment C3273).
- 57. In addition to considering the number of sites with a particular grading, I have also been through a process of attaching the land area to each site. This enables comparison of the total land area in the Hoddle Grid on sites specifically considered within the Hoddle Grid Heritage Review.
- 58. The net results of the recommended changes in the Heritage Review are summarised in Table 2.
- 59. Under C328, a further 87 sites have been assessed and graded as 'significant'. These sites occupy a land area of 39,600 sq.m. As shown in Chart 4.1 overleaf, the majority of these sites are less than 500 sq.m.
- A further 64 sites, occupying 16,000 sq.m are now to be classified as 'contributory' and 11 sites 60. covering almost 8,300 sq.m are now to be included in nominated heritage precincts although buildings on them are classified as 'non-contributory'.
- 61. The majority of these sites are additional to the heritage sites assessed by Urbis under the originally exhibited C258 described in Section 3. Inclusion of these additional sites as 'significant' or 'contributory' could increase the amount of land in the Hoddle Grid that his constrained for development due to heritage policies by up to 20%.

Table 2 - Sites Affected by Amendment C328

Building Grading	Number of Sites	Land Area (sq.m)
Significant	87	39,600
Contributory	64	16,000
Total	151	55,600
Non-Contributory	11	8,300

Source: City of Melbourne, Hoddle Grid Heritage Review; Urbis

³ https://www.melbourne.vic.gov.au/about-council/committees-meetings/meetingarchive/MeetingAgendaltemAttachments/826/14768/AUG18%20FMC2%20AGENDA%20ITEM%206.1%20reduced.pdf



Source: City of Melbourne, Hoddle Grid Heritage Review; Urbis

- 62. As detailed in this statement, the Hoddle Grid will be facing capacity constraints within the next few years. Any policy changes that further impact on the ability of sites to be redeveloped to enable growth to be accommodated will exacerbate the effects of the Hoddle Grid's capacity limitation.
- 63. Amendment C258, combined with the introduction of more sites with heritage overlays through Amendments C327/328, will render further land in the Hoddle Grid undevelopable. With so many smaller sites in the Hoddle Grid, the application of setbacks and other physical controls on heritage places due to the new Clause 22.04 of the Melbourne Planning Scheme will mean further development of these sites will be severely restricted. Commercial office development in particular will be very hard to deliver, impacting on the ability of the Hoddle Grid to accommodate the required increase in employment. This has the potential for a major impact on State productivity levels and output that has not been addressed by the Council in formulating these policy changes.

APPENDIX A CURRICULUM VITAE



RHYS QUICK

DIRECTOR

"I find it exciting being involved from the early stages in significant property projects, watching as they develop and are finally delivered, ultimately changing the way people live, work and play."

SERVICES

Economics

Research

SECTORS

Mixed Use

Retail

Tourism and Leisure

QUALIFICATIONS

Bachelor Economics, Hons (Monash University)

AFFILIATIONS

Past Committee Member, Property Council of Australia Retail Committee.

Member, Victorian Planning and Environmental Law Association.

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Rhys Quick is an economic property consultant specialising in economic supply and demand analyses in the retail, entertainment and leisure, and mixed use sectors.

He has consulted for many of the major property groups in Australia and New Zealand, including shopping centre owners, retailers, entertainment providers and property developers in all sectors. He also has experience working with various government authorities in delivering significant infrastructure projects and community outcomes. He is expert at undertaking market demand studies, forecasting inputs to development feasibility, and assessing the economic impact of new developments.

Since he joined Urbis in 1999, Rhys has been a key consultant on the development of the Chadstone Shopping Centre; this work is a longterm highlight of his career. Other achievements include advising on the 10-year, \$11 billion Melbourne Metro Rail Project and delivering the industry standard Urbis Shopping Centre Benchmarks on an annual basis. Rhys also regularly acts as economic expert witness before Victorian planning tribunals and panels, and the Victorian Commission for Gambling and Liquor Regulation.

PROJECTS

Chadstone Shopping Centre Development Potential – Retail, Hotel & Office

Concordia – a proposed residential & leisure-oriented development near the Barossa Valley

Coronet Bay Resort Economic Benefits Assessment

Economic Impact
Assessments for numerous hotels and clubs.

Melbourne Metro Rail Project Business Case Development & Retail Strategy

Old Royal Adelaide Hospital Mixed Use Redevelopment

The Future of the Central Melbourne – a review of land use and community facility requirements

Urbis Shopping Centre
Benchmarks – annual review
of performance of shopping
centres and the uses within
them.





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