

# Cremorne Enterprise Precinct

Review of Planning Controls

Yarra City Council

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October 2020



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## *Review of Planning Controls*

Yarra City Council

**October 2020**

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mesh

Level 2, 299 Clarendon Street South Melbourne VIC 3205  
office. +61 3 9070 1166 | [meshplanning.com.au](http://meshplanning.com.au)

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## EXECUTIVE SUMMARY

Various strategies including the '*Yarra Spatial and Economic Employment Strategy*' (SEES), SGS, August 2018, have recognised the vital role that the City of Yarra plays in the economy of Metropolitan Melbourne<sup>1</sup>.

Cremorne is an important part of a broader diverse and evolving mix of employment, entertainment, mixed use areas and health and education services and facilities that characterise and distinguish the City of Yarra. Within that broader municipal framework, Cremorne has been designated as an 'Enterprise Precinct' in recognition of its recent and on-going success as a premier destination for creative design and other emerging new economy jobs.

Drawing on all of its locational advantages and its industrial past, Cremorne is regarded as having most if not all of the necessary conditions to attract the rapidly diversifying emerging economy in an environment where larger companies are mixed in amongst small to medium sized companies, start-ups and co-working spaces.

Cremorne owes much of its success to the City of Yarra for maintaining its employment focus, enabling it to emerge as an important employment destination and to achieve recognition as an Enterprise Precinct. Prior to and since its designation as an Enterprise Precinct, Cremorne has attracted unprecedented levels of growth and achieving general alignment with the strategic objectives of an Enterprise Precinct in a relatively organic and unconstrained way.

As the larger, higher profile sites are developed and as attention is turned to the smaller more difficult to develop sites and there is time to reflect on the outcomes that have been achieved. However questions are emerging as to whether the current planning controls are providing sufficient guidance to achieve the desired outcomes. Questions are also emerging within the context of a draft Cremorne Place Implementation Plan for Cremorne and review of examples from elsewhere, about ways in which Council can harness the success of the precinct in relation to delivery of diverse objectives such as quality of architecture and place making, contribution to the public realm, retention of start-ups and affordable workspaces and sustainability for example.

These are important questions that are generally related to a fundamental question about how the core attributes of Cremorne can be maintained into the future and what role planning or other controls can play in getting the balance right between supporting and guiding the redevelopment process in a relatively unconstrained way but intervening where necessary to achieve broader beneficial outcomes.

In this context, assessment of whether the current planning controls are 'fit for purpose' is a complex task that requires careful review of the intent and operation of the current controls including their relationship to the policy and strategy framework.

It is the general finding of this review that the current zones, and in particular the Commercial 2 Zone, are generally fit for purpose in providing land use direction but only when viewed in association with the recent rewrite of local policy. The recent rewrite of local policy has confirmed the strategic role of Cremorne as a Major Employment Area and has confirmed the continued preference for employment land uses based on key directions contained within adopted strategies including the *Yarra Spatial and Economic Employment Strategy* and the *Yarra Housing Strategy*.

Notwithstanding the importance of this general finding in relation the current zones, this review has confirmed that there are gaps in the current controls in relation to a range of built form and public realm issues and there is an absence of policy in relation to affordable workspaces.

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<sup>1</sup> The City of Yarra plays a vital role in the economy of Metropolitan Melbourne. It sustains a diverse range of businesses that contributed \$10,085million Gross Value Add (GVA) to Melbourne's economy in 2015, equivalent to 4.3% of its total output. By way of comparison, Yarra represents just 0.2% of Greater Melbourne's land area and hosts 2% of its population.

## Part One: Project Overview

### 1 INTRODUCTION

#### 1.1 Purpose of the Report

Cremorne plays an important role in Melbourne's employment landscape, offering a diverse mix of commercial, mixed use and residential land uses. Cremorne's role as a centre for emerging creative and innovation employment opportunities has been recognised by state government, with the area nominated as an Enterprise Precinct.

In planning for Cremorne's growth as an Enterprise Precinct, the City of Yarra seeks to now analyse the planning conditions of Cremorne in greater detail, as an input into a broader planning, design and investment framework for the area.

As such, the purpose of this report is to:

- > determine if the current planning scheme controls are fit for purpose (definition below);
- > make recommendations about changes or improvements that may be required to ensure that the controls are fit for purpose; and
- > provide an evidence base for the analysis and recommendations.

It is also noted that the draft Cremorne Place Implementation Plan (CPIP) includes a specific action which is to review the current planning policy and controls to better manage development, provide greater planning certainty and address local issues.

#### 1.2 Need for this review

The Yarra City Council acted in a very strategic way approximately 15 years ago by resisting intense pressure to rezone parts of Cremorne to allow residential development. That action, along with pursuit of allied activities that have sought to promote recognition of Cremorne as a specialised employment destination, have been well and truly vindicated by the extent of employment-based redevelopment that has occurred within Cremorne.

Designation of Cremorne as one of a small number of highly specialised technology based Enterprise Precincts has consolidated the role of Cremorne. The success of Cremorne serves as an outstanding example of careful recognition and understanding of underlying strategic advantages and informed decision making based on key policy directions.

Notwithstanding the relative success of Cremorne, the need for review of the current planning controls has been created by preparation of a draft version of the draft Cremorne Place Implementation Plan (CPIP) which includes a specific action to *'Review the current planning policy and controls to better manage development, provide greater planning certainty and address local issues'*;

This recommendation/action is supported by:

- > Recent changes to the structure of planning schemes across the State which raises the question as to whether the current controls are compliant with these directions (see Part 3, section 2);
- > Release of the Commercial 3 Zone and a deliberate assessment as to whether the Commercial 3 Zone (which has been specifically prepared for Enterprise Precincts) should be applied to Cremorne (see Part 3, section 3);
- > Review of existing development and assessment of whether the current controls are contributing to delivery of the desired outcomes or if there any gaps (see Part 3);
- > Review of a number of background reports that have recently been commissioned and assessment as to whether they highlight needs that are not being addressed by the current controls (see Part 2, section 9);

- > The need to review all of the applications that have been subject of VCAT proceedings and the outcomes of the proceedings as they may affect the content and operation of the current planning controls (see Part 2, section 7); and
- > Identification of any zoning anomalies (Part 3, see section 5.2).

## 2 FIT FOR PURPOSE

### 2.1 What is an Enterprise Precinct?

Cremorne has been identified as an Enterprise Precinct (with a focus on technology) by the State Government in *Unlocking Enterprise in a Changing Economy*<sup>2</sup>. Enterprise precincts are typically dense, accessible and amenity-rich urban areas that provide fertile ground for business formation and idea development and innovation. These areas are anticipated to be a source of new job creation in Melbourne, that is responsive to changes in the economy and ways of working.

The *Unlocking Enterprise* document provides a framework to identify and support the factors that drive the success of Enterprise Precincts, which is summarised in a diagram.

Figure 1 Factors driving the success of Enterprise Precincts (Source: *Unlocking Enterprise in a Changing Economy*, September 2018)



While the relevance and appropriateness of this framework is still being tested in broader state and local arenas, what is relevant to note is that only some of the success factors in the diagram (primarily Quality of Place, but also to a lesser extent, affordability, accessibility and infrastructure), are directly influenced by planning frameworks, and even then, planning only plays a limited role.

<sup>2</sup> DELWP, September 2018

As such, assessing fit for purpose planning controls is only one part of the puzzle of setting the conditions for success in Cremorne. We understand that Council is actively working in other spaces to consider the non-planning related aspects identified in the diagram.

## 2.2 What is Fit for Purpose?

This review is framed by an analysis of whether the current planning controls are fit for purpose for Cremorne as an Enterprise Precinct. As such, it is important to first define what fit for purpose means in the context of Cremorne. The definition of fit for purpose has been developed throughout the project, based on initial direction from Council regarding their primary objectives for the precinct, and further refined through the analysis phase of the project.

The fit for purpose definition has been grouped into four categories (Table 1) to support a framework for testing the controls:

- > **Strategy:** How policy and adopted strategy objectives are reflected in the planning controls
- > **Land use:** How preferred land uses are facilitated through planning controls
- > **Detailed outcomes:** How planning controls can assist with achieving positive development outcomes, specifically in relation to built form, public realm and overall community benefit.
- > **Process:** How planning controls can give effect to Council's preferred approach to facilitating appropriate development and assessing proposals.

Table 1 outlines the Council provided 'fit for purpose' definitional elements, grouped into this framework. The intention of this report is to use the analysis in Part 2 and the issues identified in Part 3, to further refine this fit for purpose definition into a clear set of objectives, using the four category framework of **strategy**, **land use**, **detailed outcomes** and **process**.

What is relevant to note is that Council's provided fit for purpose definition did not initially include any process related objectives. However, questions regarding planning processes emerged during the project as relevant matters to consider, and as such, process has been included in the testing framework. Part 3 of this report provides the refined set of objectives.

*Table 1 Fit for Purpose Framework –definition supplied by Council.*

<b>Strategy</b> <ul style="list-style-type: none"> <li>&gt; Implements State, Local and Regional Planning policies</li> <li>&gt; Manages growth in a sustainable, economic, fair and orderly manner;</li> </ul>	<b>Land Use</b> <ul style="list-style-type: none"> <li>&gt; Facilitates development and allows for a diversity of land uses that helps enable business investment, growth and innovation, where appropriate;</li> <li>&gt; Reduces conflict between commercial, industrial and residential activities, and supports employment-generating activity;</li> <li>&gt; Ensures that commercial and industrial activities have regard to their proximity to residential uses</li> </ul>
<b>Detailed Outcomes</b> <ul style="list-style-type: none"> <li>&gt; Provides certainty and consistency of built form outcomes;</li> <li>&gt; Generates good public realm and residential amenity outcomes;</li> <li>&gt; Secures a pleasant, efficient and safe working, living and recreational environment;</li> </ul>	<b>Process</b> <p>(no purpose fit for purpose objectives were identified in the definition of fit for purpose but emerged through the project)</p>



- 
- |  |  |
|--|--|
| > Provides for opportunities for community benefit and affordable workspace options. |  |
|--|--|
- 

### 3 APPROACH TAKEN IN THIS REVIEW

#### 3.1 Study Area

The study area is defined by Punt Road to the west, Swan Street and the railway line (east Richmond railway station) to the north, abutting development on the east side of Church Street to the east and City Link/ Yarra River to the south.

The study area is approximately 72 hectares in area and is a major hub for creative industries, employment and inner urban living. Being located only approximately 2km from the CBD, the study area is highly accessible to the CBD and nearby suburbs via a range of transport options, including public transport, and walking/cycling trails, lanes and paths.

Cremorne comprises two distinct precincts; the areas zoned commercial, and the areas zoned for residential uses<sup>3</sup>. In addition to these areas, Cremorne abuts the Swan Street Major Activity Centre, which comprises the land either side of Swan Street and contains the Richmond Maltings Strategic Development site. Council has also identified a number of Key Development sites, however the preferred future for these sites is not yet clear.

Cremorne's residential areas generally comprise low rise housing (often in the form of historical workers cottages or recent low scale unit developments), while the commercial areas are developing with a more mid-rise (4-8 storeys) form. The Richmond Maltings site will comprise the highest built form in Cremorne at up to 18 storeys.

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<sup>3</sup> While there remain some dwellings within the commercial areas (a legacy from Cremorne's history as a workers neighbourhood), for the purposes of this report, the reference to commercial and residential areas will be a reference to their underlying purpose and zone, not the current land use condition.

Figure 2 Cremorne Study Area

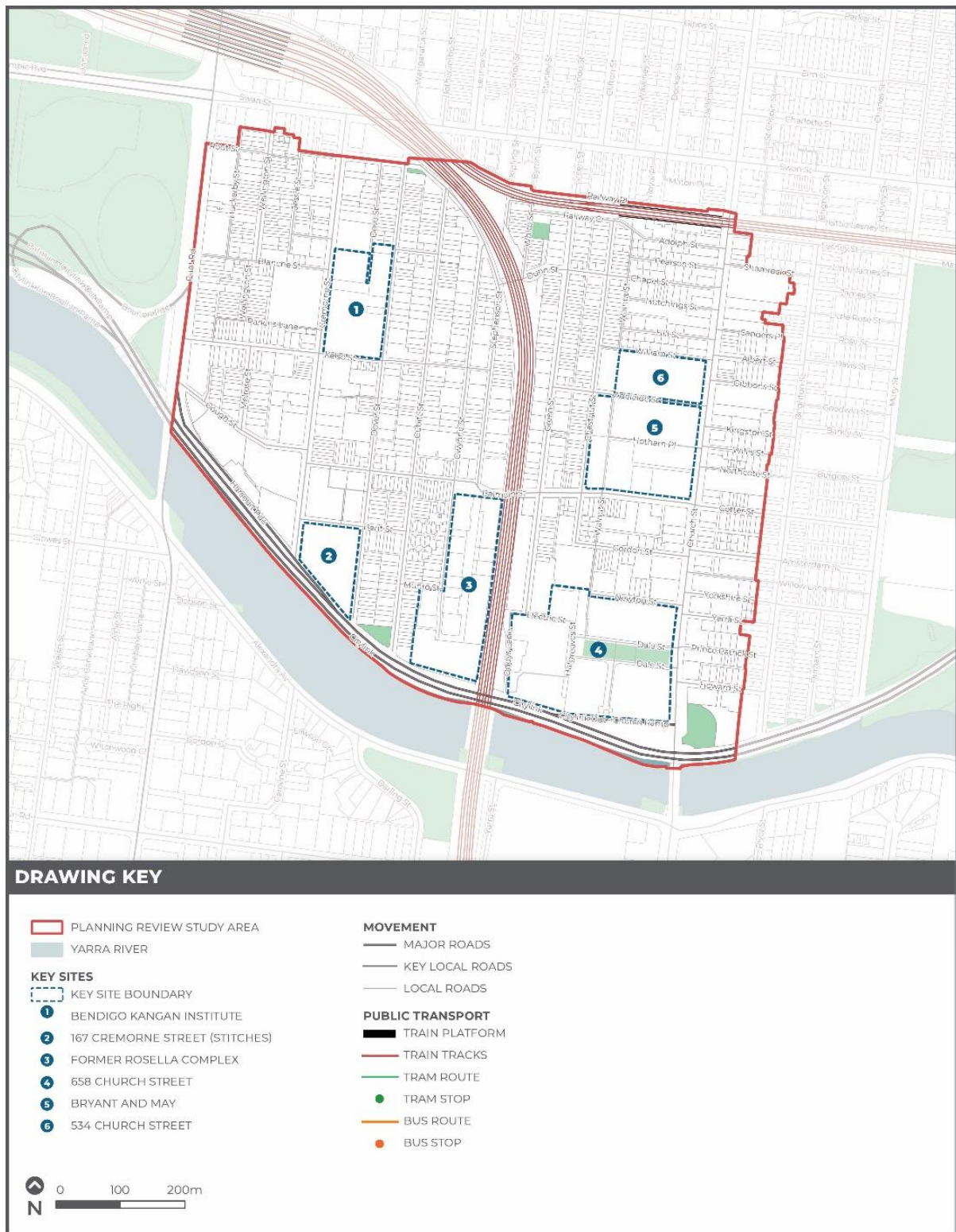
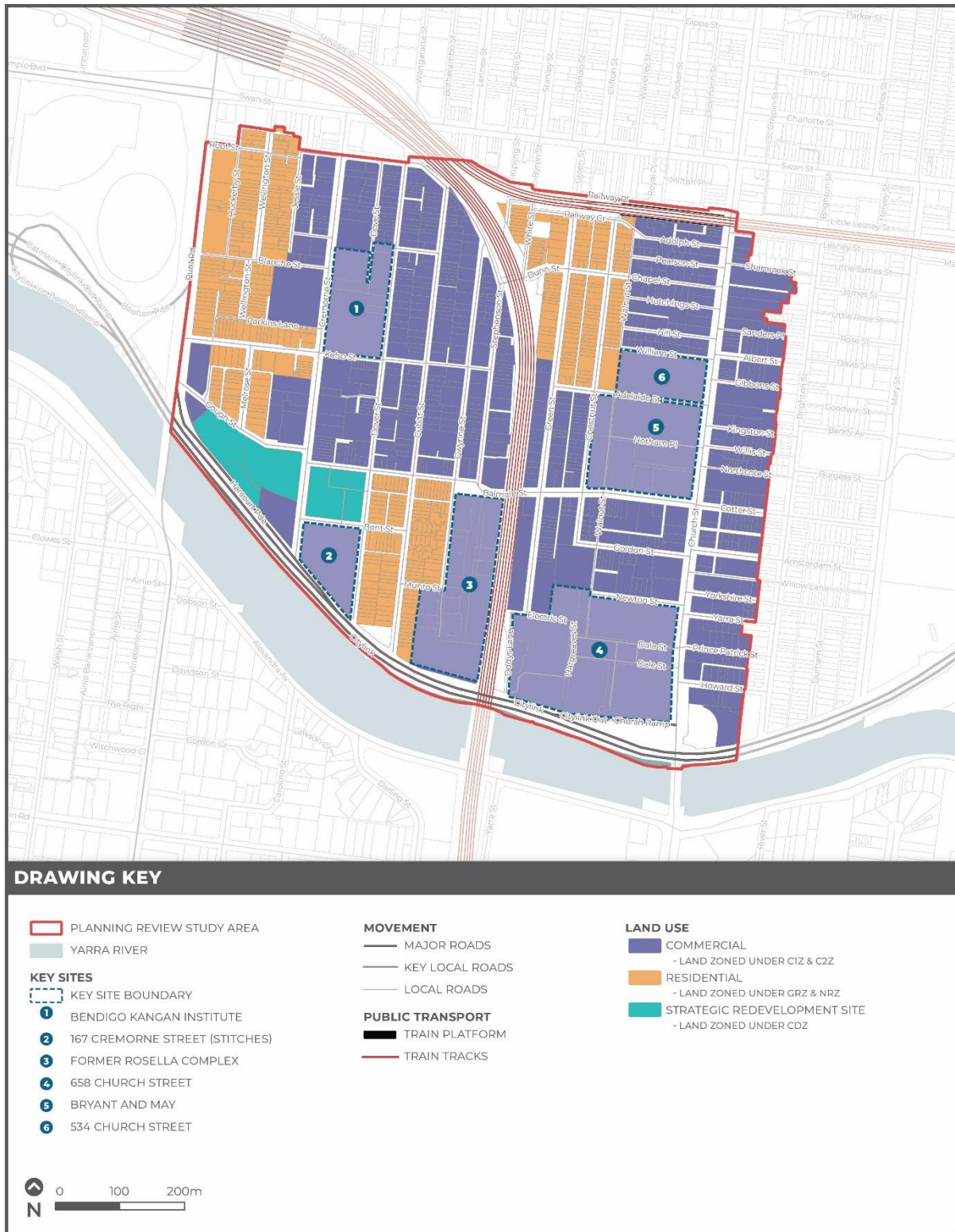


Figure 3 Cremorne precincts



### 3.2 Structure and Methodology

The planning review takes an empirical approach to understating Cremorne, and the planning framework, by reviewing policy, development and decision-making trends, precedent case studies and the findings of related recent investigations. This analysis forms the evidence base to explore a range of planning issues facing Cremorne, to determine how these issues may be addressed.

This report is structured in five parts as follows:

- > **Part One Overview:** An overview of the purpose of the report, and explanation of Fit for Purpose. Fit for Purpose objectives provided by Council at the start of the project, will be refined throughout the report, for testing in Part Three.
- > **Part Two Context and Analysis:** Detailed analysis of policy, trends, decision making and precedent examples. This part of the report forms the evidence basis for the Issues Identification and Findings and Recommendations parts.
- > **Part Three Key Planning Issues and Testing:** Identifies and discusses the key planning issues arising in Cremorne, with reference to the evidence in Part Two. The discussion of these issues results in identification of refined Objectives. The objectives are then tested in a matrix-style, to clearly identify gaps in the planning framework.
- > **Part Four Findings and Recommendations:** Summarises the primary findings from this report and provides a series of recommendations.
- > **Part Five Appendices:** Includes further background detail to support the findings in the report



## Part Two: Context and Analysis

### 1 INTRODUCTION

#### 1.1 Purpose

The purpose of Part Two of the report is to provide the basis for an assessment of the current planning tools that are in place as a basis to identify any gaps or areas that require improvement. To do so, we must first understand the context, the issues, and the key objectives to be 'tested'. As such, this part of the report:

- > Sets out an empirical analysis of Cremorne, such as policy context, current development trends and decision-making outcomes;
- > Examines the experiences of other enterprise precincts (or similar); and
- > Assesses the relevance of any related strategies or investigations by others.

This part of the report forms the evidence-base for the issues discussed in Part Three and the objectives that are tested and the findings and recommendations in Part Four.

### 2 POLICY CONTEXT + ANALYSIS

#### 2.1 Overview

The planning framework that applies to Cremorne consists of a range of state and local policies, plus a range of adopted strategies and policies that are currently in differing stages of implementation by Council.

The key directions of policy relevant to Cremorne can be summarised as follows:

- > Increase supply of housing close to activity centres and employment corridors
- > Improved housing choice, with better use of infrastructure and energy efficiency
- > Deliver 20 minute neighbourhood vision and objectives
- > High quality urban design that reflects the identity of the community
- > Promotion of sustainable transport
- > Retention of the existing urban framework as low-rise with pockets of higher rise development
- > Creation of a safe and engaging public environment, with pedestrian interaction encouraged
- > Fostering an eclectic mix of commercial, industrial and residential land uses

The following sections provide an analysis of State and Local policy relating to Cremorne. A more detailed, itemised analysis of policy is provided in the Appendices.

#### 2.2 State Policy and Strategies

At a state level, policy and strategies identify the importance of improving access to jobs and fostering innovation in economic development. They also emphasise the importance of providing diverse housing choices and design excellence in the built form. These are policy objectives that Yarra Council has sought to further in recent strategic planning work (refer to Chapter 2.3).

Notably, unlike the earlier Plan Melbourne (2014), the current **Plan Melbourne**<sup>4</sup> (and thus the **Planning Policy Framework** (PPF)) does not explicitly refer to Cremorne as an urban renewal area or as an employment area. National Employment and Innovation Clusters (NEICs) are identified as being the focus for knowledge-based businesses close to transport, however Cremorne is not identified as a NEIC.

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<sup>4</sup> Plan Melbourne 2017-2050, DELWP

It is understood that Yarra Council has interpreted in some forums<sup>5</sup> that lack of reference to Cremorne in Plan Melbourne and the PPF has effectively downgraded the extent to which Cremorne is expected to accommodate change.

However, notwithstanding this gap in state policy, Cremorne is considered by State Government to be an important location for innovative and high-quality commercial development. Cremorne is nominated as an Enterprise Precinct in *Unlocking Enterprise in a Changing Economy*<sup>6</sup>. This document is not framed as a planning document, however, does emphasise the importance of local planning of precincts, with the State supplying the appropriate planning tools (including the Commercial 3 Zone (C3Z)).

The C3Z was developed as a zone that had a clear purpose to promote innovative and enterprising mixed-use precincts (which includes some limited residential uses). However, the Enterprise document does not provide clear justification for the role of residential land uses in the success of an Enterprise precinct. Rather, it highlights examples where residential land uses have effectively outcompeted commercial land uses<sup>7</sup>.

At present, the C3Z has not been implemented by any Planning Authority, and the term 'Enterprise Precinct' is not used in any state or local policy in the PPF. However, Council's proposed Planning Scheme rewrite makes use of new terminology to describe Cremorne (Major Employment Precinct), which generally aligns with the objectives of an Enterprise Precinct, except for the intention to permit some residential uses.

In Cremorne, implementation of the Unlocking Enterprise report takes the form of the current Pilot Enterprise Project being led by the Victorian Planning Authority (VPA) and Yarra Council. This project will result in preparation of the *CPIP*. The plan, currently in preparation, is not intended as a land use plan/structure plan, but rather, seeks to set a vision for Cremorne as an Enterprise Precinct, and identify key priority actions to achieve that vision.

A more thorough analysis of State policy and strategies, and how they have been implemented in Yarra, is provided in Table 15 in the Appendices.

## 2.3 Local Policy and Strategies

Yarra's local planning policy framework is recognised as being out of date; it is written in the old format, contains substantial duplication, and relies heavily on use of Local Policies that are long and complex.

At present, local policies identify Yarra as having a low-rise urban form, punctuated by pockets of higher development on Strategic Redevelopment Sites. However, this policy has been used inconsistently, as recent development in Cremorne (outside Strategic Redevelopment Sites) could be characterised as mid-rise. It has been recognised (refer to VCAT reviews) that there are clear policy gaps in terms of localised guidance on preferred built form outcomes, specifically in relation to heights, setbacks and contributions to the public realm.

Existing local planning policy is also ambiguous in relation to the role of residential in Cremorne's commercial areas. Current policy implies and also explicitly states that residential forms part of the mixture of uses, despite the C2 zoning, and as such, existing use rights have been exercised to entrench and intensify residential uses in commercial areas.

A *Planning Scheme rewrite* (Amendment C269) is currently on exhibition which brings the Yarra Planning Scheme into the new format Planning Policy Framework (PPF). In doing so, local policy has been rationalised; repetition, ambiguity and contradictions have been removed, and Local Policies have been restructured.

In addition, there has been clear changes to the focus of policy as it relates to Cremorne, informed by the *Yarra Spatial Economic and Employment Strategy* (SEES) and the *Housing Strategy*.

Previous ambiguity about the role of residential land uses in Cremorne's commercial areas has been removed; Cremorne is no longer referred to as a mixed-use precinct and is now identified as a Major Employment Precinct. The vision for Cremorne is stated as:

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<sup>5</sup> This was noted as Council's position in VCAT hearing for 9-11 Cremorne Street. This position was not supported by VCAT (refer to Chapter 0).

<sup>6</sup> DEWLP, September 2018

<sup>7</sup> The example provided is West Melbourne, where residential was considered the highest and best land use.

*“Cremorne is an enterprise precinct, emerging as Melbourne’s premier destination for creative design, particularly in the tech and digital space. It is home to global companies which sit side by side with small to medium sized firms, start-ups and co-working spaces.”<sup>8</sup>*

As such, it is clear from this rewrite that Council has not accepted residential **within the enterprise precinct** as an important component of its success. Residential uses in Cremorne, under the Planning Scheme rewrite and Housing Strategy, are clearly directed to the Swan Street Activity Centre, and to Major Regeneration Areas (the Richmond Maltings site in Gough Street). Residential pockets within Cremorne are generally nominated as Minimal Change areas, and as such, will not likely accommodate much growth. Policy relating to amenity expectations for existing dwellings in commercial areas has been tightened, particularly in relation to noise impacts and designing dwellings to achieve acceptable noise levels.

A key gap in the Planning Scheme Rewrite is clarity on the role of the other Key Development Sites (i.e. whether they will have a mixed-use or residential function) and clear guidance on built form outcomes (particularly heights and setbacks). While the planning scheme rewrite identifies additional exemptions to the predominant ‘low-rise’ urban form (mid-rise is directed to appropriate locations in employment areas such as Cremorne and major regeneration areas, such as Gough Street), it does not define what is meant by low rise, mid rise and high rise.

The CPIP project (refer above) includes potential actions to update Yarra’s **Urban Design Framework** to better balance commercial space and urban design responses, and to investigate built form planning controls that will fill current policy gaps (such as heights, setbacks, solar access to properties and streets, building separation and street frontage design).

Other policy development, in progress, to address a range of matters, includes:

- > Introduction of open space contributions (via Clause 53.01) for commercial subdivision (proposed to be set at 10.1%.
- > Setting a maximum parking rate (via a Parking Overlay) for office and retail uses, in recognition of the abundant access to sustainable transport options (public transport and cycling), and in order to reduce traffic congestion.
- > Introduces a development contributions levy (via a Development Contributions Plan Overlay) to fund local infrastructure (however, it is noted that the levy is considered interim only for Cremorne, and that further work is required to determine a levy for this unique area.)

Collectively, these policy changes will address some key gaps that are known by Council, and that have been further identified in this report (refer to Part 3 of this report).

A more detailed review of local policy, its relevance to Cremorne, and its status and implementation approach is provided in Table 15 in the Appendices. A more detailed review of relevant changes to the PPF under the Planning Scheme rewrite is provided in Table 16. This table also identifies the implications of the rewrite that are of relevance to this review.

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<sup>8</sup> This vision was developed through the CPIP process.

### 3 ZONES AND OVERLAYS

#### 3.1 Overview

This section provides an overview of the key zones and overlays that apply to Cremorne, and some of the emerging implications for this review. The section has been divided into a discussion of Cremorne's commercial and residential precincts and key redevelopment sites.

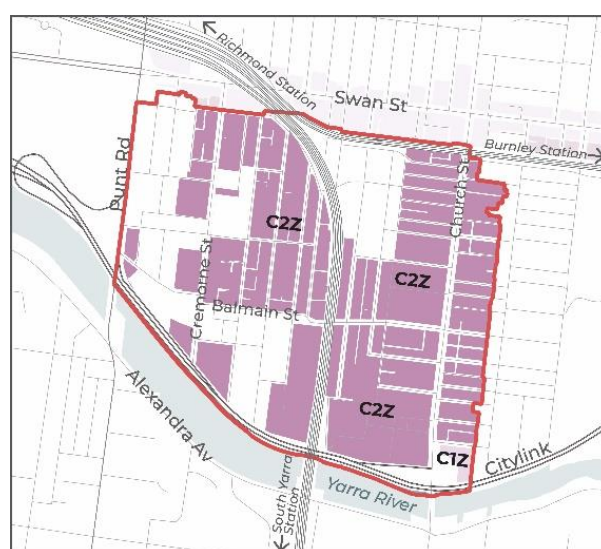
A more thorough review of the current planning controls against the defined 'Objectives' of the review is provided in Part Three5.2 of this report.

#### 3.2 Commercial areas

Cremorne's commercial precinct has been zoned primarily for office and related commercial uses since the new format planning schemes. Originally the Business 3 Zone (B3Z), this zone was translated to the new format Commercial 2 Zone (C2Z) in 2013<sup>9</sup>. Notwithstanding some changes to the purposes and permitted uses in the new format commercial zones (generally related to supermarket uses), the primary intent of the C2Z remains as per the original B3Z; to support office use, and to generally prohibited residential uses (caretaker's houses are an exception).

In general, this zone has been successful in restricting development in Cremorne to office and some limited retail. However, in the Cremorne context, while most accommodation uses are prohibited within the C2Z, many sites benefit from existing use rights. These rights have been exercised in a number of redevelopments, to slightly intensify the residential use, as part of a mixed-use development. Refer to Chapter 0 for discussion of VCAT cases relating to existing use rights. These developments tend to entrench the residential use, raising potential land use conflicts and ongoing amenity issues.

Figure 4 Commercial Zones in Cremorne



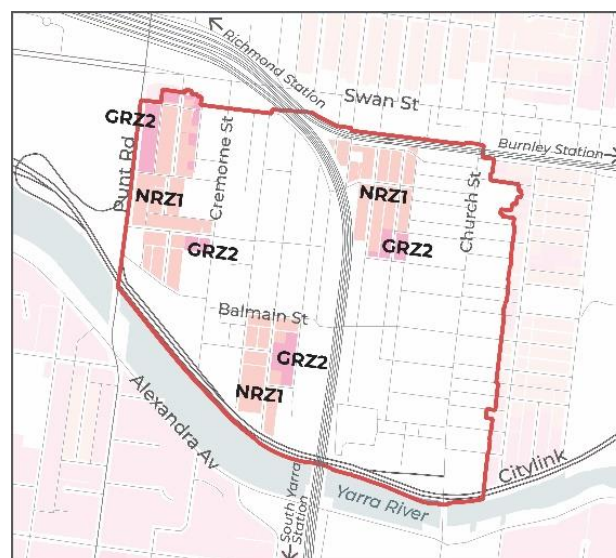
#### 3.3 Residential areas

Cremorne's residential areas are primarily zoned Neighbourhood Residential Schedule 1 (NRZ1). The NRZ1 applies across the municipality to a large proportion of Yarra's residential areas. Much of the NRZ1 area is also affected by the Heritage Overlay. This zone and overlay combination reflects the low-scale, heritage character of much of Yarra.

Select sites (Chestnut Street, Gwynne Street + Jessie St) are zoned General Residential (GRZ) where low-scale apartment development has occurred at interfaces to the commercial area, and along main roads (such as Punt Road).

Design and Development Overlays are used in key locations, along main roads (DDO2) and along the Yarra River (DDO1).

Figure 5 Residential Zones in Cremorne



<sup>9</sup> Amendment VC100



In general, the zones and overlays in Cremorne's residential areas have supported a limited amount of intensification of residential uses, with the majority of residential growth directed to activity centres and strategic redevelopment sites.

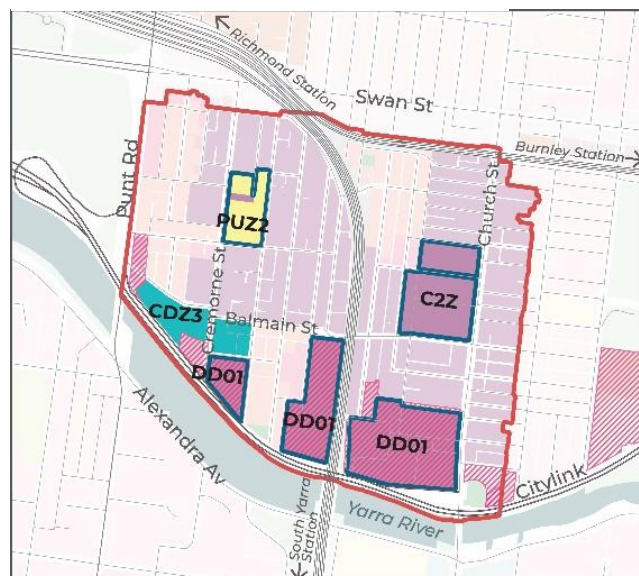
### 3.4 Key Redevelopment Sites

#### 3.4.1 Sites with Redevelopment Potential

There are several Key Redevelopment Sites nominated in Cremorne. These sites have been nominated by Council as having considerable redevelopment potential<sup>10</sup>, despite being currently occupied by existing buildings and uses. In general, these sites are zoned C2Z (except for the Bendigo Kangan Institute which is zoned as a Public Use Zone).

A number of the sites are located along the Yarra River, and are subject to the DDO1. DDO1 was introduced by the Minister GC48 24 Feb 2017 to protect the Yarra River. DDO1 contains a range of mandatory building height and setback controls and controls prohibiting development from casting additional shadows beyond identified Setback Reference Lines at nominated times of the year, depending on a site's location within the corridor.

Figure 6 Key Development Sites in Cremorne



#### 3.4.2 Strategic Redevelopment Sites

In addition to the nominated sites, the Richmond Maltings site in Gough Street, and an adjoining site in Dover Street is also nominated as Strategic Redevelopment Site<sup>11</sup>. These sites are zoned Comprehensive Development Zone Schedule 2 and 3 (CDZ2 and CDZ3) and include a Comprehensive Development Plan as an Incorporated Document.

The Incorporated Document for the Richmond Maltings Site guides land uses and sets out design principles, including guidance on preferred building heights. This document provides for a large amount of discretion to be exercised by the Responsible Authority about how the site can be developed (refer to Part 2, section 7 for a discussion of issues raised at VCAT regarding this site and the controls). The Dover Street Incorporated Document consists of a set of plans and elevations for the development.

Other than the Strategic Redevelopment sites (zoned CDZ), there is currently limited guidance in the Planning Scheme (either in policy or specific zones/overlays) to guide preferred built form outcomes on these sites.

It is noted that the DDO1 does not apply to these sites, as the design principles contained in the CDP are intended to address these matters.

<sup>10</sup> Some sites were nominated as Further Investigation Areas in the Swan Street Structure Plan

<sup>11</sup> Terminology is proposed to be changed to Major Regeneration Area as part of the Planning Scheme Rewrite.

## 4 DEMOGRAPHIC AND MARKET TRENDS

### 4.1 Overview

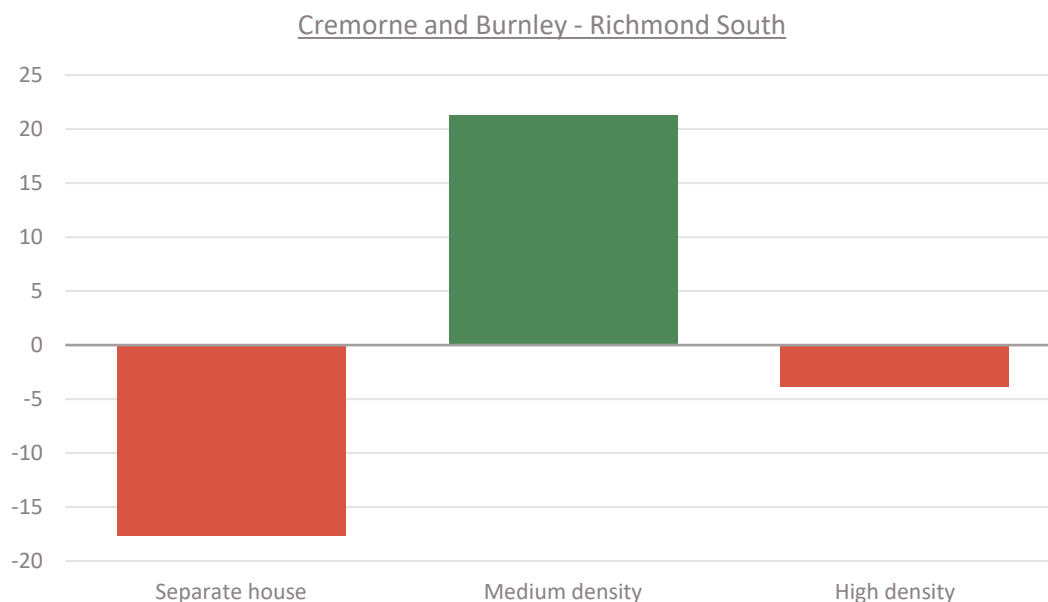
The VPA **Cremorne Issues and opportunities** report provides an overview of some of the key demographic trends in Cremorne. These trends are provided as snapshots<sup>12</sup> of:

- > **People:** those living and working in Cremorne,
- > **Place:** Cremorne's spatial qualities and built features
- > **Economics:** economic context and competitive strengths.

### 4.2 People and Place

This report demonstrates how Cremorne's population has changed over the years. Cremorne has experienced substantial growth, with most growth in highly educated couples, with higher than average incomes. This has resulted in an increase in apartment style development; however, semi-detached row and terrace housing remains the predominate residential built form. From 2011 to 2016, the number of separate houses in Cremorne<sup>13</sup> dropped by 18%, while the number of medium density (apartments, townhouses etc) increased by 21%. Interestingly, the number of high-density dwellings decreased by almost 4% (refer to Table 2).

Table 2 Changes in Dwelling Structure 2011-2016 (Source: ABS)



The residential precincts of Cremorne will remain, and increase, as highly sought-after locations for increased housing development. It will be important to ensure that planning controls are able to actively balance the demand for housing with Cremorne's role as an employment precinct. Part Three<sup>3</sup> of this report outlines key findings with regard to land use distribution.

<sup>12</sup> Refer to Cremorne, Issues and Opportunities Paper – November 2019, VPA for further detail.

<sup>13</sup> The ABS statistical area also includes Burnley.

### 4.3 Economics and Place

Cremorne's industries are changing from traditional manufacturing and other industrial services, to professional services industries. The fastest growing of which include technology, advertising, architectural, engineering and management consulting. While smaller offices played a role in this transition, a number of larger businesses choosing to locate their headquarters in Cremorne have shifted demand in recent years to larger floorspaces.

Additional data that was commissioned as part of this review and provided by Savills Australia clearly demonstrates the following trends (*see attached*):

- > Steady increases in Commercial Site Values/m<sup>2</sup> of cleared site area in Cremorne but with significant differences in value when compared to the CBD between 2010 and 2020;
- > Increasing Capital Improved Values/m<sup>2</sup> of NLA in Cremorne that are comparable to the CBD between 2010 and 2020;
- > Sharp increases in the Commercial Typical Occupancy Size and range per/m<sup>2</sup> by project in prime high value floorspace in Cremorne between 2010 and 2020; and
- > Steady increases in rental value/m<sup>2</sup> per annum of NLA in Cremorne between 2010 and 2020

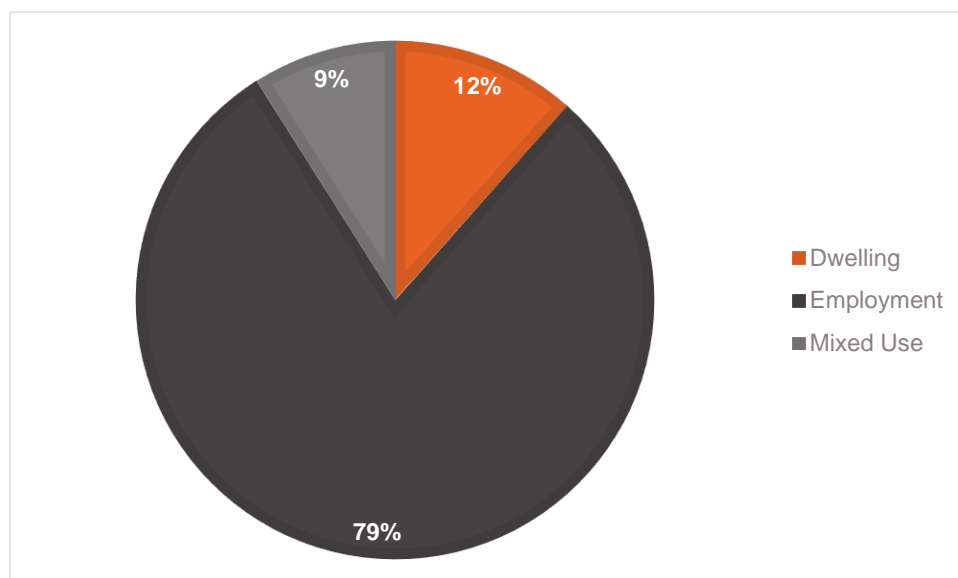
## 5 PLANNING APPROVALS TRENDS

### 5.1 Overview

Major planning permit activity data in Cremorne has been supplied by Council. This data covers the years 2003 to present. Each of the major applications are mapped, identifying whether they are residential, commercial, or mixed use<sup>14</sup> proposals. In addition, Mesh has prepared a 3D model of Cremorne, that can be used interactively to visualise key components of the data<sup>15</sup>.

The majority of the 77 major applications review<sup>16</sup> (79%) were straight commercial applications (office, and or retail or other non-residential uses).

*Figure 7 Application numbers by use type*

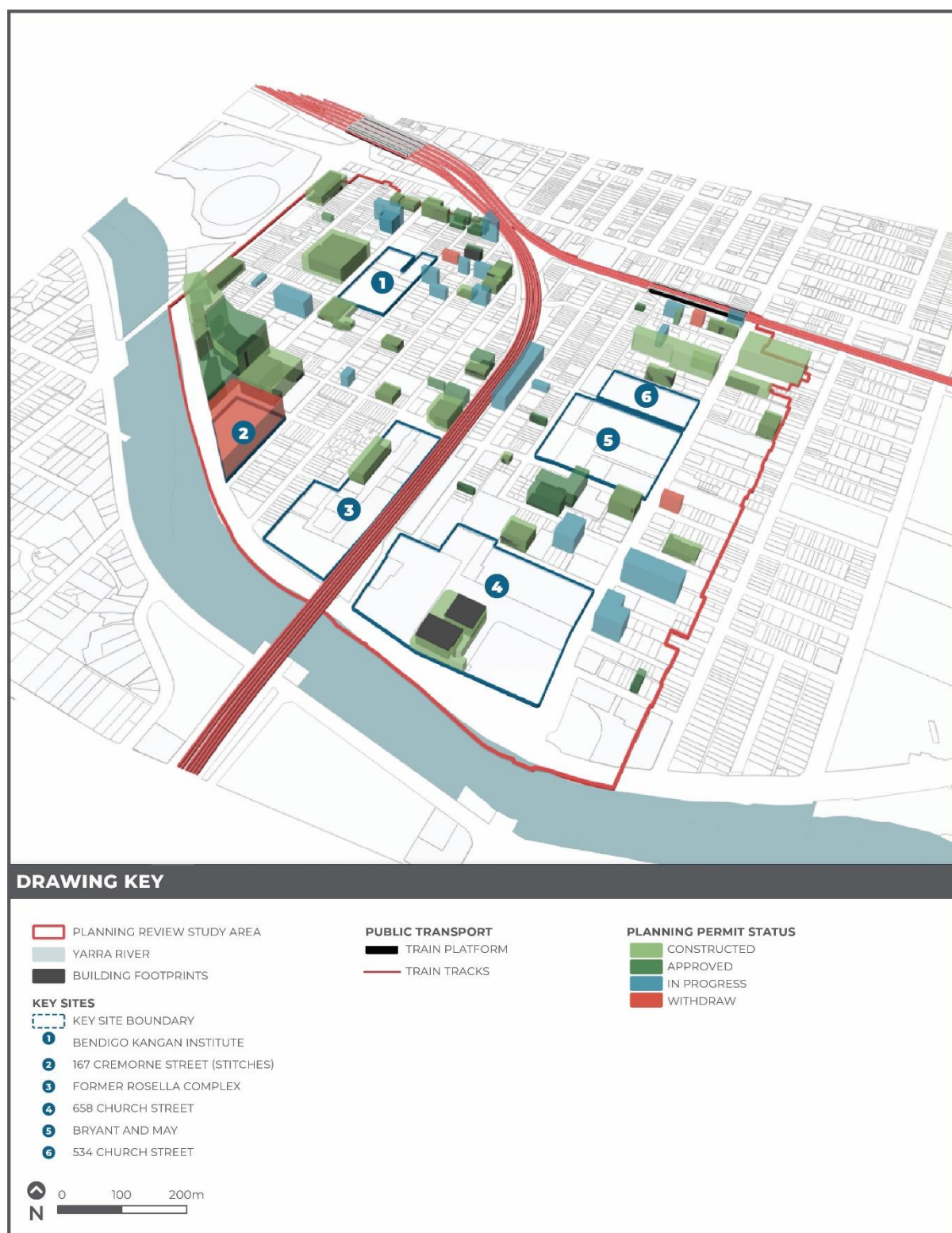


<sup>14</sup> Mixed use for these purposes is defined as including commercial (office and/or retail or other non-residential use) and residential.

<sup>15</sup> The model can be accessed here: [https://renders.meshplanning.com.au/201002\\_Cremorne%20Permit%20Status/](https://renders.meshplanning.com.au/201002_Cremorne%20Permit%20Status/)

<sup>16</sup> It is noted that many applications were subject to additional process (such as secondary consents, Section 72 amendments etc). These separate processes were not individually counted.

Figure 8 Cremorne Enterprise Precinct Permit Status – 3D model and heights



## 5.2 Commercial development

As expected, the vast majority of office floorspace development in Cremorne occurred in the C2Z, however, it is noted that there is a substantial amount of office floor space was delivered in the CDZ (generally as part of the Richmond Maltings development in Gough Street).

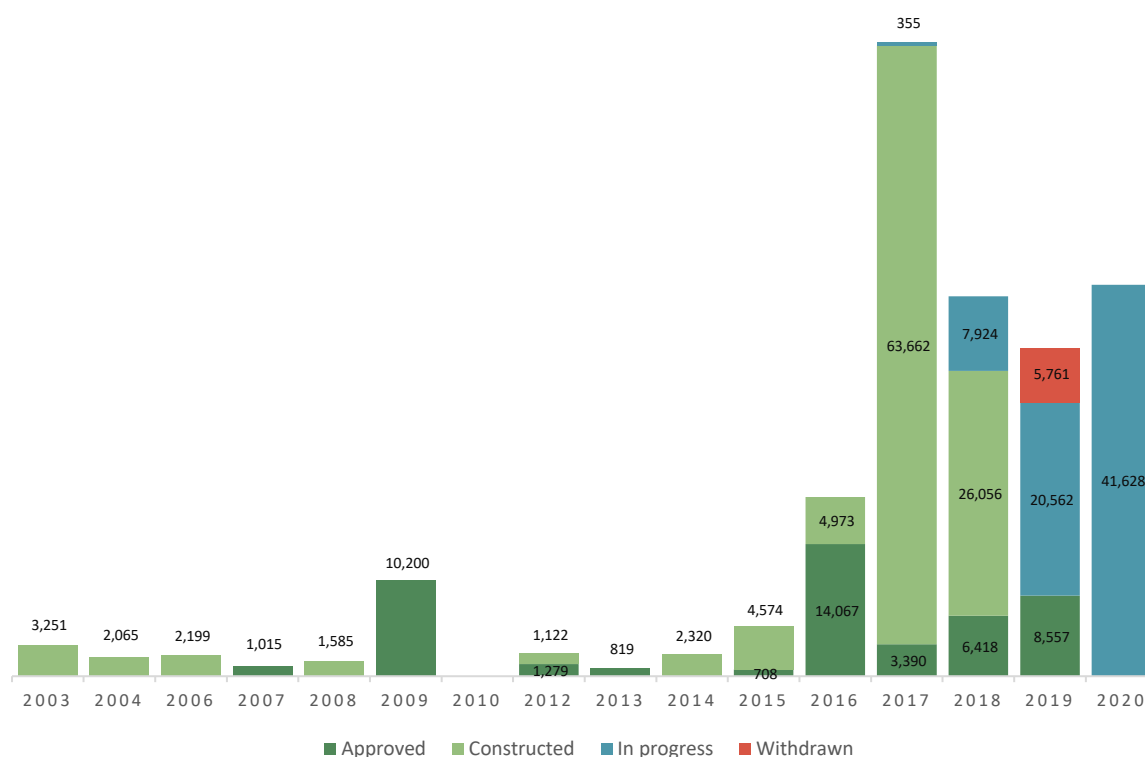
Figure 9 Office floor space in Cremorne approved and constructed by Zone

Zone	Total Office Floorspace (m2) <sup>17</sup>
C1Z	0
C2Z	208,625
CDZ	19,756
GRZ4	348
NRZ1	0
<b>Grand Total</b>	<b>228,729</b>

The data identifies the trend in commercial approvals over the subject timeframe and identifies approvals (not yet constructed) and those that have been constructed. Withdrawn applications make up only a small proportion of applications in 2019.

It is apparent that major commercial development in Cremorne occurred relatively steadily from 2003-2005, with office space approved and then being constructed at a rate of approximately 1,500-4,500m2 a year<sup>18</sup>. This increased substantially in 2017, with approval and construction of several new commercial developments, including two large multi-story developments in Church Street and Cremorne Street.

Figure 10 Total Office Floorspace applications over time



<sup>17</sup> Excludes withdrawn applications

<sup>18</sup> It is acknowledged that a development is unlikely to have been physically constructed in the year of permit issue, however, for the purpose of this analysis, constructed development is marked as at the year the permit was issued.

### 5.3 Residential Development

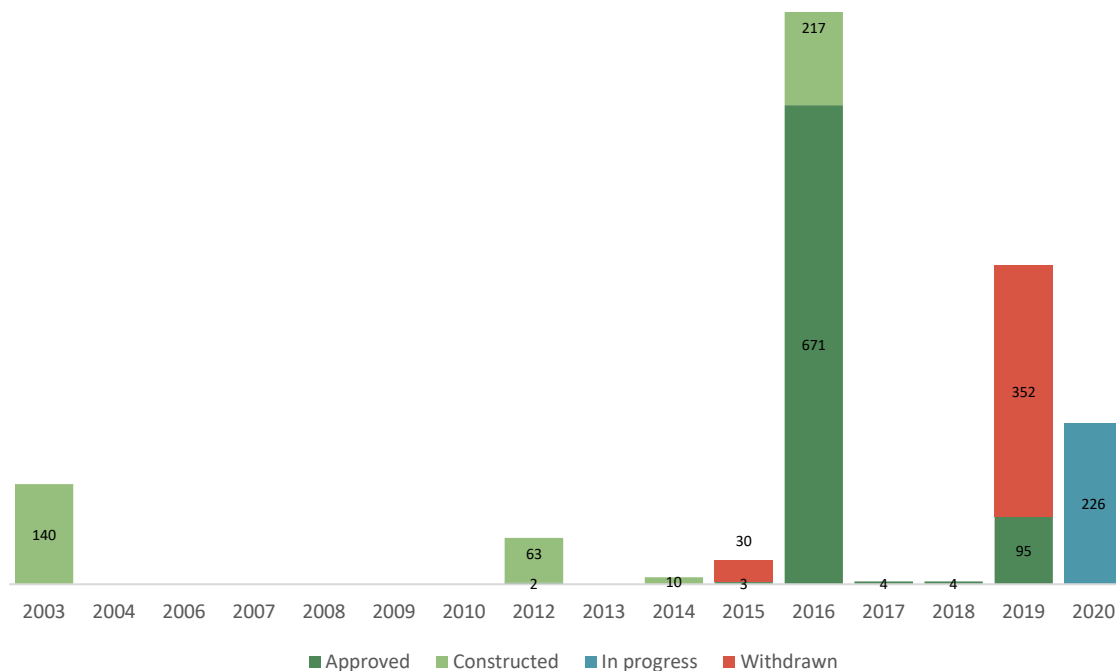
More than half of major residential development in Cremorne has occurred in the CDZ, which is consistent with local policy directions to direct growth to key development sites, such as the Richmond Maltings site. However, over 700 new dwellings have been approved in the C2Z over the subject time period, 318 of which are in a residential hotel (permitted in the CDZ), while the remaining 394 are dwellings that would normally be prohibited in the zone. This indicates that existing use rights for dwellings continue to play a role in entrenching residential uses within Cremorne's commercial areas.

Table 3 Major dwelling approvals in Cremorne between 2003 and 2020

Zones	Total Dwellings	Percentage
C1Z	1	0.06%
C2Z	712 (318 are dwellings in a hotel)	39.19%
CDZ	1023	56.30%
GRZ4	73	4.02%
NRZ1 <sup>19</sup>	8	0.44%
<b>Grand Total</b>	<b>1817</b>	<b>100.00%</b>

Unlike commercial development, dwelling development in Cremorne over time does not appear to follow a clear trend. However, the number of dwelling approved and constructed spiked considerably in 2016, associated with the developments in Gough Street.

Figure 11 major dwelling developments in Cremorne over time



The diversity of housing provided in Cremorne's major development proposals tends to be very low, with a high proportion of single room dwellings (particularly in the C2Z, which may be attributed to the residential hotel proposals), and a very low proportion of 3+ bedroom dwellings. Lack of diversity in dwelling size, and

<sup>19</sup> It is noted that only major applications were reviewed. It is likely that there were many more applications for dwellings within the NRZ that did not meet the test of a major application for the purposes of this report.

lack of accommodation for families, has been recognised in the Housing Strategy as a key issue for Cremorne.

Figure 12 Dwelling diversity (no. of bedrooms) in Cremorne by Zone

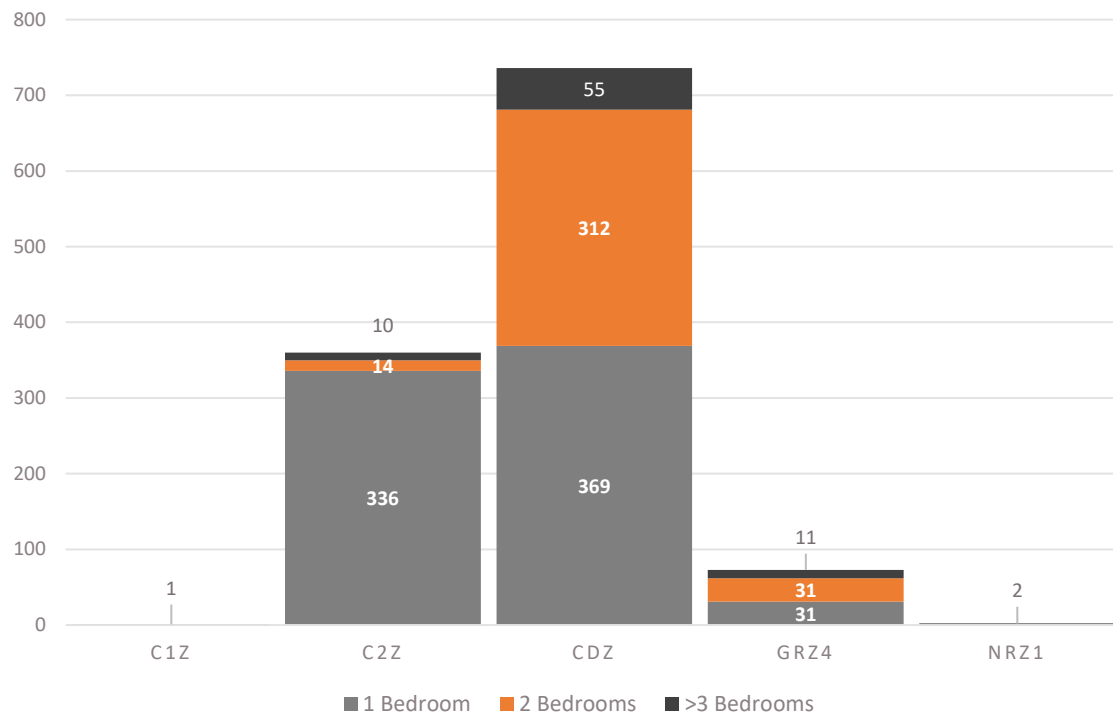
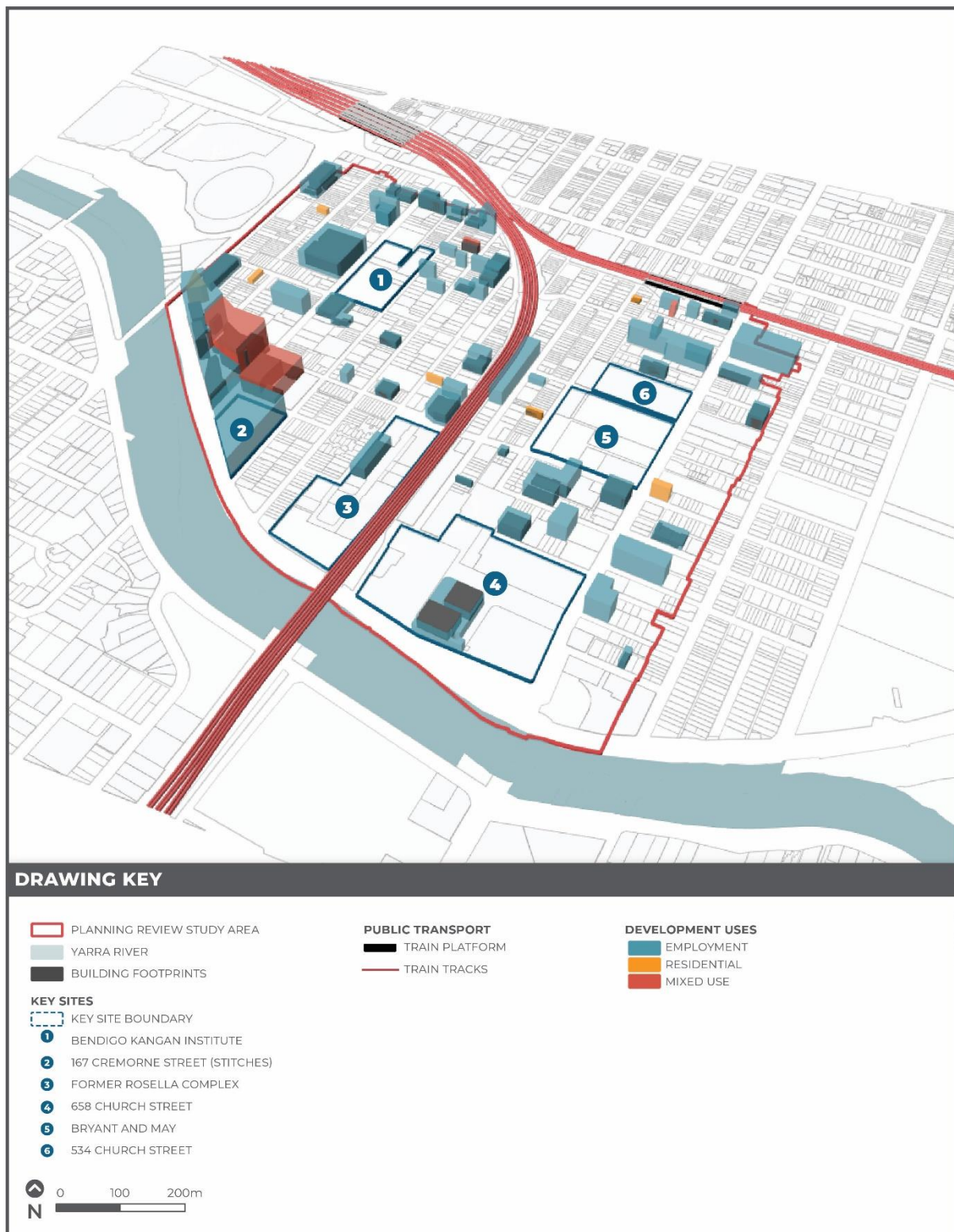




Figure 13 Development Land Use based on permit applications – 3D model and height





## 6 PUBLIC REALM AND BUILT FORM OUTCOMES

In order to gain an understanding of Cremorne as a place and to assess the relationship between the underlying public realm and the redevelopment that has taken place, a review of the public realm was conducted.

### 6.1 General review of the public realm

Review of the character and quality of the public realm within the study area has revealed that Cremorne has very low levels of passive open space that is comprised of five passive open space reserves some of which are poorly located, left over pieces of land (see Figure 14).

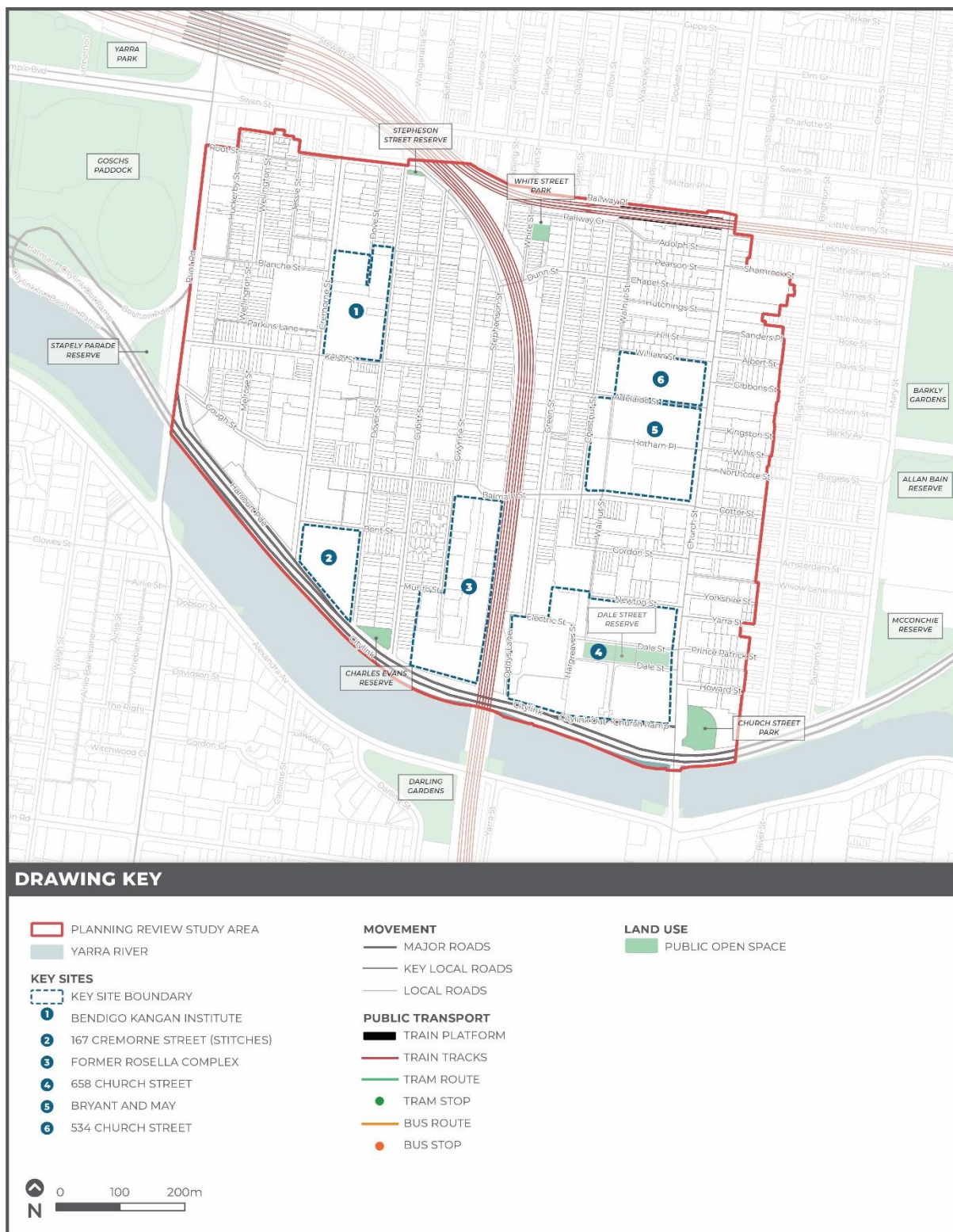
The five reserves include:

- > Stephen Street Reserve
- > White Street Park
- > Charles Evans Reserve
- > Church Street Park
- > Dale Street Reserve.



Source: google street view

Figure 14 Existing Open Spaces



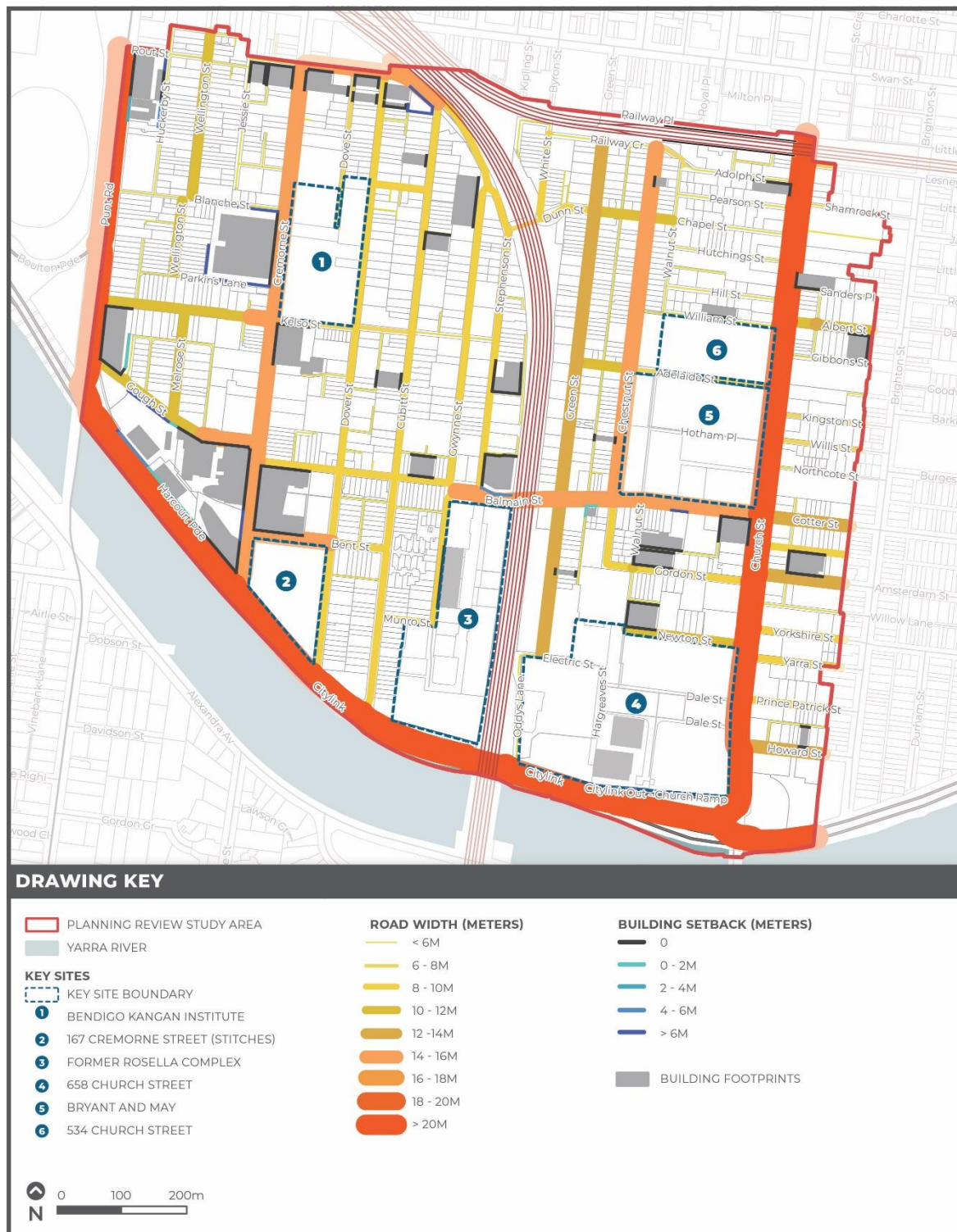
In addition, it can be observed that Cremorne has the following features that define the character and quality of the public realm (see Figure 15 following):

- > Limited street tree continuity and tree canopy cover;
- > Very narrow streets;
- > Very few nature strips/tree outstands;



- > Lack of on street cycle paths;
- > Very narrow/discontinuous footpaths;
- > Inconsistent street cross sections; and
- > Minimal front setbacks.

Figure 15 Road width and building setbacks



A draft document has recently been prepared by Hodyl & Co (Cremorne Built Form Review Part A: Analysis Report, August 2020) that analyses the character and quality of the public realm and built form in Cremorne. The draft report confirms the analysis of the underlying public realm conditions that is contained in this report and in relation to Built Form, the draft report states that *Cremorne is an interesting mix of industrial heritage, institutional buildings, contemporary office buildings, low-scale terrace houses, showrooms and higher density residential apartments. There are also several business parks in the study area which have their own private internal streets and are relatively disconnected from the remainder of Cremorne. The juxtaposition of these different buildings is an important characteristic of Cremorne which is known for its eclectic urban form.*<sup>20</sup>

The Hodyl report identifies that there are some very good examples of architecture and development that is set back from the street, as shown in the photograph below, but that *increasing demand for commercial office space in Cremorne has led to a proliferation of development of varying forms and quality. There is currently minimal guidance on the preferred built form outcomes which has led to poorly designed buildings on some sites as well as buildings which are out of character for the Cremorne area.*<sup>21</sup>



**Image 8. A new development is setback at the ground floor to support outdoor seating which would otherwise not be accommodated on Cremorne's narrow streets.**

Source: Hodyl & Co draft Built Form Review Part A: Analysis Report

Built form design responses that extend the value of the public realm by setting back the building line at ground level can make a significant contribution to the character and quality of the public realm in Cremorne and should be encouraged. As observed by Hodyl & Co however, there are other examples of poor outcomes that have been delivered in the absence of built form controls some of which are set out following.

<sup>20</sup> Hodyl & Co draft Cremorne Built Form Review Part A: Analysis Report, pg14

<sup>21</sup> Hodyl & Co draft Cremorne Built Form Review Part A: Analysis Report, pg14



## 7 ARCHITECTURAL OBSERVATIONS OF RECENT DEVELOPMENT

Issue: higher scale developments on small sites on narrow streets;



17 William Street



- > The street wall is sheer and the rhythm in height is not in keeping with neighbouring buildings
- > The private car park opposite offers some spatial relief but does not provide public amenity or pedestrian access

Issue: Inadequate building separation, visual bulk, and overshadowing of streets;



19 William Street



- > The combined street wall between 17 and 19 William Street without relief in the façade sets a precedent for future developments
- > Tall buildings on the north side of the street mean that potential repurposing of surface level car park opposite not desirable due to significant overshadowing
- > Efforts to break up façade have been made but are not meaningfully discernible

**Issue: dwellings (at the interface between the land uses) being subject to unreasonable visual impacts and appearance and overlooking from neighbouring commercial/industrial uses;**



449 Punt Road

- > The use of semi-opaque screens gives occupants of neighbouring buildings the feeling of being observed without being able to see the observer
- > Negative effect of office space directly overlooking private yards
- > Tall blank walls abutting carpark entry interface increases negative pedestrian experience



44 Gwynne Street



- > The ratio of building height to street width is very high although the true impact may not be noticed until neighbouring development adopt similarly high street to building height ratios
- > A high proportion of the old industrial building fabric is still relatively low rise and so the ratios are well balanced in their current form however significantly increased height upsets the rhythm of the street.



**Issue: Overshadowing of key footpaths and public spaces at particular times of the morning and afternoon;**



600 Church Street (rear)



53 Balmain Street

- > Tall developments with large footprints can reduce potential for open space, public or otherwise, to occur on adjacent sites
- > The compact nature of the streets mean that even moderate height developments could have major impacts to solar access in the few quality open spaces (and the trees within them) within Cremorne (such as in Balmain Street)

**Issue: Car parking and access taking up ground floor space of developments, creating a poor interface with the street;**



100 Cubitt Street



51-55 Stephenson Street

- > Car parking access can appear even more dominant when attempts to 'hide' it within the wider façade treatment
- > Long stretches of screened car parking at street level produces a poor pedestrian experience and may raise pedestrian safety issues.

**Issue: Architecture and materiality not reflecting or building upon the character of the area;**



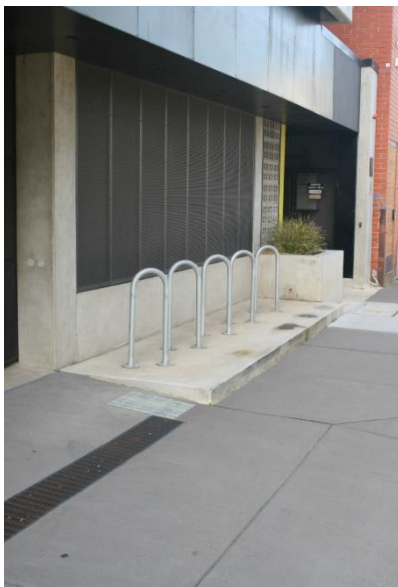
449 Punt Road



101-113 Cremorne Street

- > Buildings with abstract forms and novelty features do not clearly reflect the rich industrial history of Cremorne. They can also diminish the pedestrian experience and relate poorly to the street at ground level
- > 'Glossy' panel finishes, and long stretches of curtain wall facades do not relate well to the raw, fine grained character of the surrounding urban environment

**Issue: Poor public benefit outcomes from developments.**



3-5 Jessie Street



379 Punt Road (rear)

- > Lack of consistency in interface between private development and the public realm.





381 Punt Road

- > Durable materials and quality finishes reflect the raw industrial heritage of buildings within Cremorne and add to the quality of the pedestrian experience



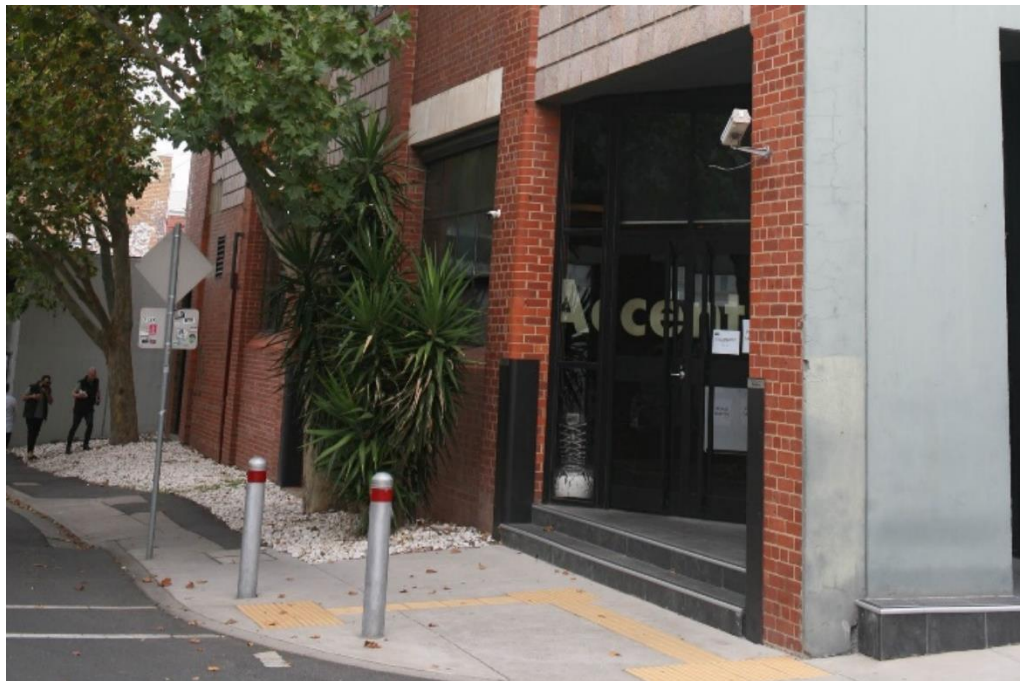
49 William Street

- > Greening a wall at ground level adds positively to the pedestrian experience



14-18 Huckerby Street

- > Negative impacts of ground level car parking access can be reduced by articulating façade elements adding vegetation where feasible



64 Balmain Street

- > Deliberate and practical interventions in the building form can add space, shelter, activation and dynamism to the public realm

## 8 VCAT DECISIONS

A review of VCAT cases has been undertaken to understand what some of the key issues are that have been raised by proponents, and the views that Tribunal members have been taking.



**DRAWING KEY**

- PLANNING REVIEW STUDY AREA
- YARRA RIVER
- BUILDING FOOTPRINTS

**KEY SITES**

- KEY SITE BOUNDARY
- 1 BENDIGO KANGAN INSTITUTE
- 2 167 CREMORNE STREET (STITCHES)
- 3 FORMER ROSELLA COMPLEX
- 4 658 CHURCH STREET
- 5 BRYANT AND MAY
- 6 534 CHURCH STREET

**PUBLIC TRANSPORT**

- TRAIN PLATFORM
- TRAIN TRACKS

**VCAT CASE**

- YES
- NO

0 100 200m

N

The following VCAT cases were reviewed in detail:

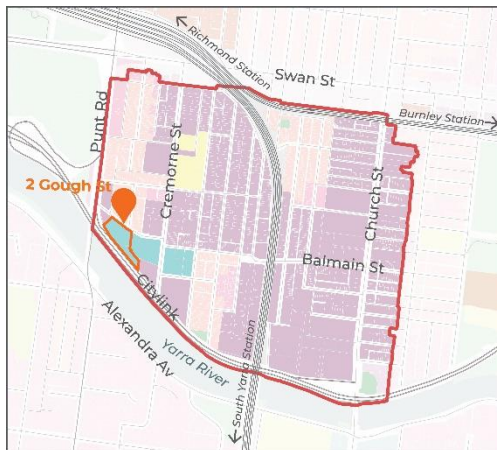
- 2 Gough Street (Richmond Maltings Site) Stages 1 and 2 – Mixed use in the CDZ
- 9-11 Cremorne Street – Office building in C2Z
- 11 and 13 Pearson Street – Mixed use (office and residential) in C2Z.

## 8.1 2 Gough Street, Cremorne

The proposal is for a substantial mixed-use development at the site of the old Richmond Maltings (home of the Victorian Heritage Register listed Nylex sign and silos). The proposal (Stage 1 of a 3 stage development) comprises 13-18 storey residential towers and lower built forms including SOHO offices, supermarket and carparking. The site is considered a Strategic Redevelopment Site in the current Yarra Planning Scheme and located within the CDZ3 (put in place in 2008). The Incorporated Document pursuant to CDZ3 includes a development plan and set of Design Principles, but also provides wide discretion for the Responsible Authority to approve development that varies from that depicted in the Incorporated Document.

Council sought an order from VCAT to remit the application, on the basis that the application was piecemeal (the application was for only part of the site, with later stages under separate application). Council submitted that the application should be considered with the applications for stages 2 and 3 on the site.

Figure 17 2 Gough Street Location and street view (source: Google Street View)



Street View Captured June 2019

**Order Date:** 18 March 2016

**VCAT Decision:** VCAT issued an interim order to submit amended plans as it was found that 18 storeys was too high. Council's request to remit the application was rejected.

Key issues considered and finding of the Tribunal that are of relevance to the review of Cremorne's Planning Controls are outlined in Table 4.

Table 4 - 2 Gough Street VCAT Review: Issues and Relevance to this Review

Issue considered by the Tribunal	Tribunal findings of relevance to this review of Cremorne's Planning Controls
Excessive height	Importance of having a strategic basis for the determination of recommended heights.
Impact on the amenity of the public realm (overshadowing)	There is limited guidance in the Planning Scheme on how to determine an appropriate level of impact of overshadowing by development above 4 storeys, but that recommended heights in Planning Controls can be used as a proxy to determining impact.
Reduction in the carparking rates to encourage sustainable transport options and limit traffic congestion.	Noted there are a wide range of initiative needed to address traffic congestion issues in Cremorne, limiting carparking is one component.



Issue considered by the Tribunal	Tribunal findings of relevance to this review of Cremorne's Planning Controls
	High level policy support to reduce parking but troubled by lack of local policy development (e.g. Parking Overlay), particularly in relation to Cremorne and specific redevelopment sites.
Diversity of housing options	Lack of specificity in the planning scheme about what constitutes an appropriate distribution of apartment sizes.
Discretion in site specific controls	Wide discretion in the CDZ meant that a 'generally in accordance with' assessment against the CDZ was not appropriate. However, the plan and principles provide guidance on matters to consider in the totality of the planning policy framework.

## 8.2 2-6 Gough Street, Cremorne

The proposal is for Stage 2 of the former Richmond Maltings site (refer above for review of Stage 1). The proposal comprises 14 and 15 storey buildings (amended from an initial proposal of 20 storeys), adaptation of silos for a 7-storey hotel, plus other uses across the development including offices, a function centre, an exhibition centre, retail shops, a restaurant and a café. The development also includes restoration of heritage features, and creation of a public plaza. As per the above proposal, the site is subject to the CDZ3.

Council refused the initial application (which comprised up to 20 storeys), but supported the amended plans (subject to conditions) that included a reduction in height and consequential reductions in dwellings, hotel rooms and carparking spaces.

**Order Date:** 22 January 2018

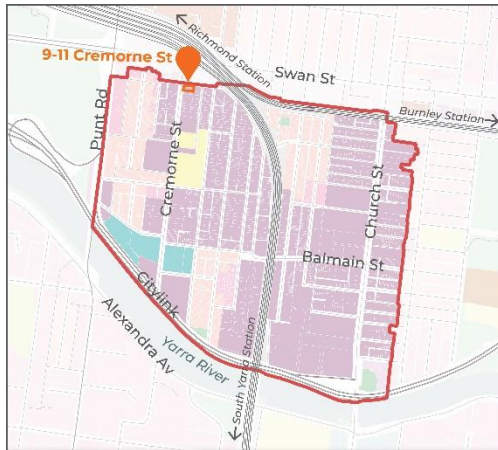
**VCAT Decision:** The decision of the Responsible Authority was set aside, and a permit was granted.

*Table 5 - 2-6 Gough Street VCAT Review: Issues and Relevance to this Review*

Issue considered by the Tribunal	Tribunal findings of relevance to this review of Cremorne's Planning Controls
Protection of landmark sites	Clause 22.03 Landmarks and Tall Structures is able to be balanced with other policy objectives to achieve an acceptable outcome for key landmarks to be protected, while also facilitating development that provides housing and employment opportunities. However, this view was not supported by both Tribunal members.
Transition of heights	The CDZ3 appropriately achieves a transition from the lower scale and fine-grained pattern of development in Cremorne to well-designed, higher built form on the strategic development height, without a fixed height limit (noting wide discretion available). However, this view was not supported by both Tribunal members.
Accessibility and functionality of public space (the public plaza)	Provision of landscaped public space at ground level, fronted by active uses (retail) and with unhindered access from surrounding streets will provide amenity for residents of the development and wider Cremorne area.
Yarra River impact	Overshadowing of the river is an important consideration, broadly addressed by State Policy. The DDO1 provides more locally specific policy about heights and setbacks along the river but does not apply to strategic redevelopment sites.

## 8.3 9-11 Cremorne Street

*Figure 18 9-11 Cremorne Street Location and street view (source: Google Street View)*



Street View Captured June 2019

The proposal is for construction of an 8-storey office building plus basement parking and a ground level café. The site is located within the Commercial 2 Zone (C2Z) and affected by the Heritage overlay (HO463). The previous land use was a single storey heritage building (warehouse), on a corner site, adjacent to the Swan Street precinct (C1Z), and in close proximity to tram services and Richmond train station. The application for review primarily dealt with the height of the building (Council's position is for 6 storeys rather than 8) and other built form outcomes.

**Order Date:** 13 June 2017

**VCAT Decision:** The decision of the Responsible Authority was varied, and a permit was directed to be granted with modifications to conditions.

Table 6 - 9-11 Cremorne Street VCAT Review: Issues and Relevance to this Review

Issue considered by the Tribunal	Tribunal findings of relevance to this review of Cremorne's Planning Controls
Heights	<p>There is no express guidance with regard to the preferred height of development (i.e through local policy of a DDO). Municipal wide policies regarding low-rise heights are not supplemented by specific design guidance for Cremorne.</p> <p>A variety of heights can respect the 'low-rise urban form' depending on the circumstance of the land and the architectural quality of the design.</p> <p>The Tribunal noted an emerging trend of development in the order of 4-6 storeys in the main part of Cremorne (excluding strategic development areas in Gough Street – refer to above decisions).</p> <p>Scale of new development is influenced by:</p> <ul style="list-style-type: none"> <li>• Size and orientation of land</li> <li>• Interface condition, scope for redevelopment of adjacent land</li> <li>• Mid-block versus corner locations</li> <li>• Street widths (proportionality)</li> <li>• Heritage fabric</li> </ul> <p>There is not extensive land consolidation.</p>
Balancing character with intensification of development	<p>The following factors weigh in favour of intensification of development over character considerations:</p> <ul style="list-style-type: none"> <li>• corner locations,</li> <li>• in wider streets,</li> <li>• relatively distant from dwellings</li> <li>• separated from heritage fabric on other land</li> <li>• not impinging on designated landmarks</li> </ul>

Issue considered by the Tribunal	Tribunal findings of relevance to this review of Cremorne's Planning Controls
Heritage	There are various techniques to adapt and add to low-rise industrial buildings with heritage value, including vertical and horizontal separation or setbacks. Clause 22.02 are important considerations.
Contribution to the public domain	Ground floor active uses and interfaces, and avoidance of overshadowing are considered positive contributions to the public domain.
Land uses	Notes office and ground floor retailing are appropriate within the C2Z zone.
Urban renewal expectations	Tribunal disagrees with Council's position that Plan Melbourne (2017) downgrades the expectation of change and renewal in Cremorne.
Weight of adopted policy	Adopted policy is relevant to some extent but cannot be used to control built form.

comment

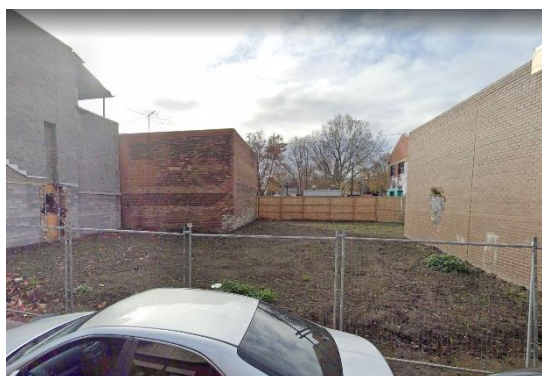
#### 8.4 11 and 13 Pearson Street

The proposal is for a 7-storey mixed use (office and residential) development on land zoned C2Z and subject to controls relating to City Link (DDO and CLPO). The neighbourhood is mixed use in character, with some newly constructed buildings between 3 and 7 storeys, with a number of remnant single storey dwellings (workers cottages). It was acknowledged that the area is in transition, with dwellings slowly being replaced by larger commercial buildings.

The site is not located in a designated activity centre (Swan Street) nor within a Strategic Redevelopment Site.

The VCAT application was lodged following Council's failure to determine the application within 60 days. Council advised that it would have refused the application on the grounds that it entrenches existing use rights (residential) and was inconsistent with policy and the C2Z. Council would have supported (subject to conditions) the amended plans that were circulated prior to the hearing.

Figure 19 11 and 13 Pearson Street Location and street view (source: Google Street View)



Street View Captured June 2019

**Order Date:** 6 April 2018

**VCAT Decision:** A permit was granted.

Table 7 - 11 and 13 Pearson Street VCAT Review: Issues and Relevance to this Review

Issue considered by the Tribunal	Tribunal findings of relevance to this review of Cremorne's Planning Controls
Building heights	Notes that it is 'unfortunate' that Council has not provided greater clarity on preferred heights, via a DDO, particularly in an area where significant built

Issue considered by the Tribunal	Tribunal findings of relevance to this review of Cremorne's Planning Controls
	<p>form change in envisaged. This requires a reliance on consideration of the site's physical and strategic contexts.</p> <p>Rejects assertions that Objective 17 implies all land outside activity centres and strategic redevelopment sites must be low-rise urban forms. Taller buildings can be permitted depending on the specifics of the site and the design.</p>
Setbacks of upper levels	<p>Rejects setbacks on side boundaries to provide 'breathing space' between buildings in areas where strategic policy anticipates a significant level of change, as it does for Cremorne's C2Z areas.</p> <p>Does not find any justification for side setbacks and considers this space will result in an appreciable public benefit.</p>
Built form guidance in policy	<p>Notes that criteria in Strategy 17.2 technically applies only to activity centres or strategic redevelopment sites but provides a useful benchmark for other areas.</p> <p>Tribunal relies on state policy (Clause 15) to support decision on setbacks.</p>
Existing use rights: appropriateness for residential use in C2Z	<p>Agrees that residential uses form part of the mixed use character of Cremorne, as well as the policy 'vision', despite a preference for commercial land uses.</p> <p>Notes that Clause 21.08-2 recognises, despite other policy identifying the area as a commercial and industrial area of Cremorne, that the neighbourhood also provides a range of residential opportunities that "<i>must be fostered</i>". The Tribunal also points to other general local policy that supports aging in place and seeks to manage conflicts between land uses.</p>
Existing use rights: Entrenchment and intensification of residential uses	<p>Tribunal concluded that the development would entrench residential uses in an area where residential uses should be 'phased out', but that this was appropriate on balance given the physical and planning policy context</p> <p>Notes that consideration should be given to the <b>balance</b> of non-conforming uses (residential) and conforming uses (commercial) when determining whether the proposed intensification of non-conforming land uses is appropriate, but no prescriptive guidance on how to balance was provided. .</p> <p>The Tribunal considered that land use conflicts between office and residential uses were manageable when considering the question of an appropriate intensification on residential use.</p>
Amenity impacts on dwellings in C2Z	<p>Council acknowledges that residential uses within the C2 cannot expect a high level of amenity.</p> <p>Residential development in C2Z not subject to ResCode (e.g. overshadowing, overlooking and other offsite amenity impacts) and notes that Clause 2205 only protects adjoining properties, and not adjacent or nearby properties.</p> <p>Impacts of overshadowing and amenity are therefore considered on the basis of what is reasonable in the context of a C2Z, or an inner-city location.</p>
Constraints imposed on future commercial development by residential uses.	Tribunal satisfied that the local policy at 22.05, combined with only a minor intensification of residential use, will ensure dwellings are designed so as not to significantly impede any future commercial development.
Reduction in carparking	Tribunal considers that a reduction in parking for office uses is supported by local policy framework.
Additional bicycle parking	Tribunal did not support council's requirement for additional bicycle spaces and deferred to Clause 52.34 rates.
Loading bays for office uses	Tribunal finds that loading and unloading of goods for offices is likely to be infrequent and can occur in the on-street environment.



## 8.5 VCAT Decision Summary

The review of relevant VCAT decisions has identified the following key matters to consider as part of the planning controls review:

### Strategy:

- > Cremorne is expected to accommodate a large extent of change and renewal, despite not being specifically mentioned in Plan Melbourne as an enterprise or employment precinct.
- > Adopted policy is relevant to some extent, but is given limited weight, and cannot be used to impose controls on built form.

### Land Use:

- > There is conflicting policy on existing residential uses in commercial areas, and their existing use rights. Policy currently supports some entrenchment and intensification of residential uses in commercial areas, where is it 'balanced' with delivery of some office space (the means of determining an appropriate balance are not clarified).

### Detailed Outcomes:

- > **Built form:** The Planning Scheme lacks express guidance on preferred heights and use of setbacks in Cremorne (outside planned Strategic Redevelopment Sites). Guidance in planning tools needs to be informed by a holistic strategic assessment.
- > **Built form:** Existing policy enables requirements for dwellings to include protections from amenity impacts of other land uses.
- > **Built form:** Gap in policy about offsite impacts of overshadowing and amenity on existing dwellings (22.05 only protects adjoining properties, not adjacent or nearby properties).
- > **Public Realm Contributions:** Ground floor activation and interface treatments to encourage public use are important in large scale developments where plaza space is proposed.
- > **Parking:** Parking reductions are supported by local policy, but there is a gap in relation to increases in bicycle parking.
- > **Heritage:** There are a range of design techniques to respect heritage, which are supported by policy.

## 9 PRECEDENT CASE STUDIES

### 9.1 Overview

Mesh has reviewed three case studies of employment precincts to assist with understanding the key issues they are facing, and how they have responded with planning controls. The three case studies reviewed are:

- > Moreland City Council in relation to the Moreland Industrial Land Strategy,
- > Melbourne City Council in relation to the West Melbourne Structure Plan, and
- > City of Charles Sturt in South Australia, in relation to the Bowden renewal area.

The key matters of relevance to Cremorne are outlined in this chapter. The case studies shed light on two different issues:

- > The role of housing in an employment precinct (Moreland and West Melbourne) and selection of appropriate controls to achieve a range of objectives; and
- > The importance of a clear and deliberate design vision (Bowden).

While it is appreciated the situation is different in Cremorne<sup>22</sup>, the lessons from these case studies are instructive for our review of Cremorne.

### 9.2 The Role of Housing in an Employment Precinct

Both the Moreland and West Melbourne case studies tackle the complex issue of the role of housing in an employment precinct. In each of these examples, the areas are intended to play an important employment role in the City's economic development, however a component of allowable residential development (which is considered the highest and best land use by the development industry) is being used to:

- > Incentivise delivery of commercial floorspace, in an area where commercial floorspace is not being delivered as a matter of course; and
- > Incentivise other net community benefits, that might not otherwise be achieved through normal development practices (including provision of affordable housing and retention of 'special character buildings').

Each of the case studies propose different planning tools to achieve the above objectives, whilst also achieving the primary objective of encouraging employment generating land uses (commercial and industrial).

What these case studies show is that there remains a tension with provision of residential land in employment areas.

#### 9.2.1 Moreland Industrial Land Use Strategy

The City of Moreland contains significant areas of industrial land that is comprised of:

- > Category 3 land – transition to residential is supported
- > Category 2 land – transition to employment with residential
- > Category 1 land – core industrial land

While not an exactly comparable example, Category 2 land is the closest in type to Cremorne, and the experiences of Moreland provide useful lessons for Yarra. Moreland typically use the Commercial 1 Zone to zone Category 2 land, however, striking the right balance between residential and commercial land has been difficult, and therefore, commercial floorspace is often underrepresented.

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<sup>22</sup> The primary difference being the C2Z in Cremorne does not permit housing.

Moreland has explored, through its **Moreland Industrial Land Strategy** and several Amendments, a range of planning tools to achieve the correct balance of land uses, and to harness the industry's preference for housing to achieve other aspirations, including delivery of affordable housing.

Numerous panel hearings and VCAT determinations have provided instructive guidance on the appropriateness and effectiveness of these tools.

The approaches considered by Moreland are summarized in Table 8.

*Table 8 Planning approaches explored by Moreland Council for employment areas*

Approach	Moreland's experience and findings of VCAT/Panel
<p><b>Current approach in place:</b></p> <p>Application of the Commercial 1 Zone (C1Z) accompanied by policy regarding prioritization of employment uses. This requires site by site negotiation with proponents about the appropriate mix of uses.</p>	<ul style="list-style-type: none"> <li>&gt; On average 8% of the gross floor area has been provided as commercial floorspace, well under the 16% policy target.</li> <li>&gt; Panel<sup>23</sup> recommended that a policy direction be provided as a description, and not as a metric.</li> <li>&gt; Resource intensive process that is subject to the additional cost and uncertainty of reviews before VCAT.</li> <li>&gt; VCAT has found that the strategy/policy direction was clear, however the Commercial 1 Zone does not provide a basis to require a specific land use mix.</li> </ul>
<p><b>Amendment C192</b></p> <p>Use of <b>rezoning process</b><sup>24</sup> as a lever to establish a Section 173 agreement that 'locks in' a preferred ratio of floorspaces. This approach was also used to achieve housing affordability outcomes.</p>	<ul style="list-style-type: none"> <li>&gt; This amendment is understood to be waiting consideration for approval given that it has already been exhibited</li> <li>&gt; 'Trading' of commercial floorspace to incentivise affordable housing contributions (via voluntary agreement) raises policy questions about land use priorities and longer-term loss of flexibility in employment areas.</li> </ul>
<p><b>Amendment C193</b></p> <p>Application of the Commercial 3 Zone (C3Z) with a cap on residential floorspace of 50%, accompanied by a DDO to provide guidance with regard to preferred heights and other urban design considerations.</p>	<ul style="list-style-type: none"> <li>&gt; Issues raised with DELWP about how to account for circulation space, service spaces, car parking space and any other ancillary spaces. To date no guidance has been provided to deal with these questions.</li> </ul>

### 9.2.2 West Melbourne

The Melbourne City Council (MCC) has prepared a structure plan for West Melbourne and is proposing to rezone extensive areas of land that are currently zoned Mixed Use to the Special Use Zone<sup>25</sup> to implement the West Melbourne Structure Plan.

This Structure Plan sought to encourage a mix of uses (including employment uses), and to achieve targeted aspirations regarding affordable housing, retention of key buildings (special character buildings) and other built form outcomes. It was recognised that these aspirations required a deliberate and tailored set of planning tools, as they were unlikely to be realised by policy guidance only. In particular, it was

<sup>23</sup> C158

<sup>24</sup> The subsequent rezoning would introduce a C1Z and a DDO to address built form matters.

<sup>25</sup> Amendment C309 adoption is currently under consideration.

recognised that residential development would be prioritised if left to the market alone, and that employment aspirations would be unlikely to be achieved<sup>26</sup>.

The SUZ was selected as the preferred zone, as it was considered there was no 'best fit' zone to achieve the genuine mixed-use policy intent. The zone included a tailored Table of Uses, a requirement for a minimum proportion of the floor area to be allocated to a use other than accommodation and sets a minimum affordable housing rate at 6%.

Other tools that were considered included the C1Z, C3Z, CDZ and the Capital City Zone (CCZ)<sup>27</sup>, and the option of vertical zoning.

The tools that may be of relevance to Cremorne are summarised in

*Table 9 Tools considered for West Melbourne to achieve appropriate mix of land uses*

Potential Planning Tool	Considerations and Findings of Panel
<b>Special Use Zone</b> Specially tailored zone for West Melbourne, including: <ul style="list-style-type: none"> <li>• Tailored Table of Uses</li> <li>• Minimum non-accommodation floor areas</li> <li>• Minimum affordable housing requirement</li> </ul> To be used in combination with the DDO.	> 'Last resort' zone when no other zones are suitable. > Panel agreed it is unusual to apply to such a large area, but agrees there is no other 'best fit' zone.
<b>Commercial 3 Zone</b> Allows for a maximum residential floorspace cap to be set.	> C3Z was rejected as an appropriate zone by the panel on the basis that it did not have enough ' <i>finesse</i> ' <sup>28</sup> to achieve the vision.
<b>Vertical zoning</b> Vertical zoning seeks to set the mix and location of residential and commercial floorspace in a building and can be implemented via a special purpose zone such as the Activity Centre Zone or Special Use Zone. The West	> Vertical zoning (similar to the approach taken in Chapel Street in Stonnington) was explored in Background reports to the Amendment and in the Hearing. > Rejected by Council in favour of more flexible non-accommodation floor requirements.

In supporting the SUZ as a 'special case', the panel acknowledged the gap in planning controls for mixed use employment precincts and encouraged DELWP to give consideration to a commercially focused mixed use zone that does not favour residential outcomes.

In addition to the Special Use Zone, the Amendment also proposed to introduce the Design and Development Overlay which includes an objective to 'ensure that new development is adaptable and can accommodate different uses over time', and includes mandatory floor area ratios, a floor area uplift to incentivise retention of special character buildings<sup>29</sup> and requirements for ground floor active uses in key locations.

*Table 10 Tools considered to achieve other aspirations and outcomes*

Planning Tool	Considerations and Findings of Panel
<b>Floor Area Ratios</b> Primary objective to manage density, including excessive site coverage and insufficient building separation. Implemented via DDO to:	Legitimate tool to respond to development pressure, where pressure is leading to non-preferred outcomes. Can encourage more site responsive design, including more opportunities for generous

<sup>26</sup> Melbourne's Built Form Strategy notes that employment levels on West Melbourne have reduced by 25% over the last decade, as industrial sites have been developed for residential purposes.

<sup>27</sup> The CCZ was the zone given closest consideration by the Panel but is not further explored here because it is not a possible zone for use in Yarra.

<sup>28</sup> This was evidence put forward by [REDACTED] of Urbis, which was supported by the Panel. The meaning of *finesse* was not further explored but is assumed to mean not providing the appropriate nuanced balance of uses.

<sup>29</sup> Special character buildings are identified in the Structure Plan



Planning Tool	Considerations and Findings of Panel
<ul style="list-style-type: none"> <li>&gt; Set mandatory maximums calculated on gross floor area<sup>30</sup>,</li> <li>&gt; Deliver a range of different building typologies</li> <li>&gt; Provide certainty about level of growth to determine infrastructure needs</li> </ul>	<p>communal spaces, and responsiveness to heritage character.</p> <p>Should work in combination with other built form controls to encourage diversity of typologies.</p> <p>Supported mandatory FARs combined with discretionary heights.</p>
<p><b>Floor Area Uplift</b></p> <p>Used to incentivise retention of special character buildings. Implemented via the DDO.</p>	<p>The FAR provisions were considered to be too limited in scope, and were recommended to be expanded to incentivise non-accommodation uses and affordable housing.</p>
<p><b>Minimum non-accommodation floor areas</b></p> <p>Used to address decline in employment uses, ranging from 16.6% to 25%. Implemented by the SUZ.</p>	<p>Supported in principle to address decline in employment uses, but was concerned with the mandatory nature of control.</p>
<p><b>Affordable housing</b></p> <p>SUZ sets a 6% contribution rate for affordable housing, with a 'viability test' for applications that seek a waiver to the 6% rate. The control is considered voluntary (a <i>should</i> rather than a <i>must</i>.)</p>	<p>The provision was challenged on its strategic justification, the impact on commercial viability, that it reads as a mandatory control and whether it should be in policy instead of the zone.</p> <p>Panel concluded that it was strategically justified, is voluntary and should be written into the zone to have more weight. Recommended that the viability test be replaced with a decision guideline.</p>

The proposed controls were generally supported by the panel on the basis that they will achieve a net community benefit.

### 9.3 Built form vision and controls

The Bowden case study in South Australia is instructive on the importance of deliberate vision about urban and architectural design to guide the transition of the precinct from its industrial roots to a denser built form, regardless of the land use. Bowden is an example of a precinct that has paid particular attention to how private development can make a valuable contribution to the public realm, despite similar constraints experienced by Cremorne (for example, narrow streets, lack of street tree planting, narrow frontages etc).

#### 9.3.1 Bowden, South Australia

Bowden is former industrial/utility site of approximately 16ha in area comprising two adjacent sites that the State Government acquired in 2008 and 2010. Both sites are within the City of Charles Sturt and are located opposite the Adelaide Parklands. The aim of the project is to transform the combined sites into an inner city, higher intensity, mixed use urban village.

The vision for Bowden places considerable emphasis on the quality of the public realm where it has been recognised that *in order for Bowden to be successful Bowden must have buildings and public realm (public streets, parks and squares) of the highest quality and amenity*<sup>31</sup>.

To implement the vision for Bowden a design review panel has been established and a comprehensive set of urban design guidelines have been prepared<sup>32</sup>. The urban design guidelines focus on 9 key areas of interest, which include:

- > past character,

<sup>30</sup> Includes service, lifts, car stackers and covered balconies. Basements excluded.

<sup>31</sup> Bowden Developer's Handbook and Urban Design Guidelines, January 2016, pg 8

<sup>32</sup> <https://lifemoreinteresting.com.au/wp-content/uploads/Bowden-Developers-Handbook-Urban-Design-Guidelines-Jan-2016.pdf>

- > façade design and sustainability,
- > materials and colours,
- > Street interface: Retail/Mixed Use Areas
- > Internal layout
- > Placemaking
- > Street interface: Residential Areas
- > Solid to void
- > Roofscape

It is important to recognise that preparation of the design guidelines was closely linked to delivery of the vision and that careful regard to implementation of the guidelines was viewed as a non-negotiable part of the future success of Bowden. In that context however the need for and direction contained within the guidelines was not 'imposed' upon Bowden but rather the guidelines were developed as a positive initiative and tool to enable the vision to be progressively delivered.

## 10 RELATED RECENT INVESTIGATIONS

In addition to the three case studies, Mesh has reviewed four related investigations including:

- > Melbourne's Enterprise Areas: Catering for the New Work Order, Echelon Planning, May 2018.
- > Providing Affordable Workspace for Enterprise Investigation Paper, Echelon Planning, February 2020 (unpublished).
- > Analysing Melbourne's Enterprise Precincts, SGS, May 2018.
- > Victoria's Commercial Land Use Zoning, Productivity Reform Case Study, Productivity Commission, July 2020.

The four reports were prepared recently and provide further insight into emerging issues associated with Enterprise Precincts. The related investigation reports have been reviewed to provide further context for this report and as means to identify any additional issues that should be taken into account when assessing whether the current controls in Cremorne are fit for purpose.

The key matters of relevance to Cremorne are outlined in this chapter. The related investigations shed light on the following issues:

- > The changing nature of work and workspace design;
- > Highest and best land use and project viability;
- > Who collaborates and how;
- > Importance of creative spaces and affordable workspaces
- > Importance of public realm/place.

### 10.1 The Changing Nature of Work and Workspace Design

The continued impacts of globalisation are described as having a disruptive influence on the way we work, where we work and what sort of jobs we work in. Whilst these changes are viewed as being complex and disruptive, as they occur, it is anticipated that they will eventually replace past approaches and become established as the norm.

The impacts of globalisation and emerging technology and innovation-based employment<sup>33</sup> are generally described as blurring the lines between where and how we live and work and also the ability to clearly distinguish between defined land uses as has been traditionally associated with the zoning based approach to land use regulation. For example, it has never been more possible and more probable that an individual can generate an idea or new product, develop that product through use of technology and even take the product to-market bypassing the normal manufacturing, supply and delivery chains. Added to this are trends associated with types of employment relationships including knowledge-work being done outside the traditional notions of the company, employee and office.

Notwithstanding the general trend toward more mixed use, flexible but related activities being undertaken, the emerging technology and innovation-based employment is predicted to be accommodated into the future within various workplace models, including:

- Integrated living
- Curated Lifestyle Spaces
- Flexible Office
- Research and Development
- Artisan Manufacturing
- Advanced Manufacturing.

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<sup>33</sup> See data on page 11 of Victoria's Commercial Land Use Zoning, Productivity Reform Case Study, Productivity Commission, July 2020

Emergence of the various workplace models not only challenges the very premise of zoning based approaches to land use regulation but they also provide an indication of the likely land use definition questions that will emerge in Cremorne and other places.

In terms of workspace design, the theme of increased flexibility is also relevant where it is predicted that *the workplace of the future will have the following characteristics*:

- Work can be done anywhere, anytime
- The office is about connecting with others
- Office spaces will be active, social and flexible environments
- Technology is completely embedded into daily working life
- Work and life are blended – workplaces will support flexibility for fitness, health and personal matters.<sup>34</sup>

In terms of the character and quality of the workplace, it is apparent that more emphasis is likely to be spent on overall design and that internal layouts will seek to support collaboration and innovation. The emphasis on the character, quality and functionality of internal spaces however brings into focus two issues:

- Firstly, whether smaller sites in Cremorne have the ability to be developed to meet these expectations, and
- Secondly, the likely need for Council to adopt a co-ordinating role with regard to public realm improvements within and beyond individual development sites.

Returning to potential implications associated with the predicted workplace models, based on recognition of Cremorne's well documented location and other attributes<sup>35</sup> and the findings set out in Table 11 below, it is apparent that Cremorne is very well placed to continue to attract and be capable of accommodating the majority of these workplace models save for integrated living (if the current restriction within the Commercial 2 Zone is retained) without the need for significant changes to zoning controls.

Table 11 Emerging Workplace Model VPP Analysis

Emerging Workplace Model	Relevant VPP definitions	Commercial 2 Zone	
		Special Conditions	Category
Integrated Living	Accommodation (inc. dwelling, group accommodation, residential building)		Prohibited
	Office		As of Right
	Industry (inc. R&D Centre)	must not exceed 250m2	As of Right
	Manufacturing Sales		
	Warehouse		
Curated Lifestyle Spaces	Office		As of Right
	Food and Drink Premises	Must not exceed 100m2	As of Right
	Restricted recreation facility		Discretionary
	Restricted place of assembly		Discretionary
Flexible Office	Office (associated uses likely to be ancillary to this function)		As of Right
	Potential Place of Assembly if the facility is frequently used by members of a social or professional club		Discretionary
	Research and Development Centre		Discretionary

<sup>34</sup> Melbourne's Enterprise Areas: Catering for the new work order, May 2018, pg 20

<sup>35</sup> See Analysing Enterprise Precincts, SGS, May 2018 and Unlocking Enterprise in a Changing Economy, Sept 2018



Emerging Workplace Model	Relevant VPP definitions	Commercial 2 Zone	
		Special Conditions	Category
Research & Development	Research Centre (if only used for scientific research)		Discretionary
Artisan Manufacturing	Industry	Must not be a use with adverse amenity potential	Discretionary
	Manufacturing Sales		Discretionary
Advanced Manufacturing	Industry	Must not be a use with adverse amenity potential	Discretionary
	Manufacturing Sales		Discretionary

Source: Adapted from Melbourne's Enterprise Areas: Catering for the new work order, May 2018, pg 85

## 10.2 Highest and Best Land Use and Project Viability

The related investigations acknowledge the world-wide trend and threats associated with residential land use encroachment into former and existing employment areas and each support a general conclusion that once encroachment occurs (without proper management) that the employment potential of the land is lost. In this context, the general proposition is that residential is the highest and best use and that once encroachment occurs that there are a combination of amenity based conflicts and value of land impacts that push out other uses including employment generating land uses.

In Cremorne alone the potential impacts on job creation potential and gross value added (GVA) to the economy, of residential 'crowding out' employment land have been estimated by SGS Planning and Economics<sup>36</sup>. Table 11 summarises the impact of a crowding out scenario as compared to an increased clustering scenario against a base case.

Table 11 Base Case and Alternative Scenario Employment and Gross Value Add Comparison Cremorne

Precinct	2026		2036		2056	
	Emp	GVA \$M	Emp	GVA \$M	Emp.	GVA \$M
Base Case Cremorne	15,600	\$43.6M	19,000	\$57.3M	22,400	\$72.8M
Crowding Out Scenario Cremorne (-10% on base case)	13,300	-\$6.4M	14,300	-\$14.2M	15,700	-\$21.8M
Increased Clustering Scenario Cremorne (+25% on base case)	19,500	+10.9M	23,800	+\$14.5M	28,000	+\$18.2M

Source: Mesh Planning based on data contained in SGS report Analysing Melbourne, 2018

Notwithstanding the compelling nature of the findings set out in Table 11, it is apparent in the case studies that have been identified, that residential land use is being introduced (in a controlled way) as a means to not only achieve mixed use outcomes, but also to improve project viability such that commercial floorspace is improved and/or to incentivise delivery of affordable housing outcomes.

The relationship between the underlying value of zoned land and the viability of various development scenarios was subject of analysis by Conceptus Property<sup>37</sup> and the recent Productivity Commission report.

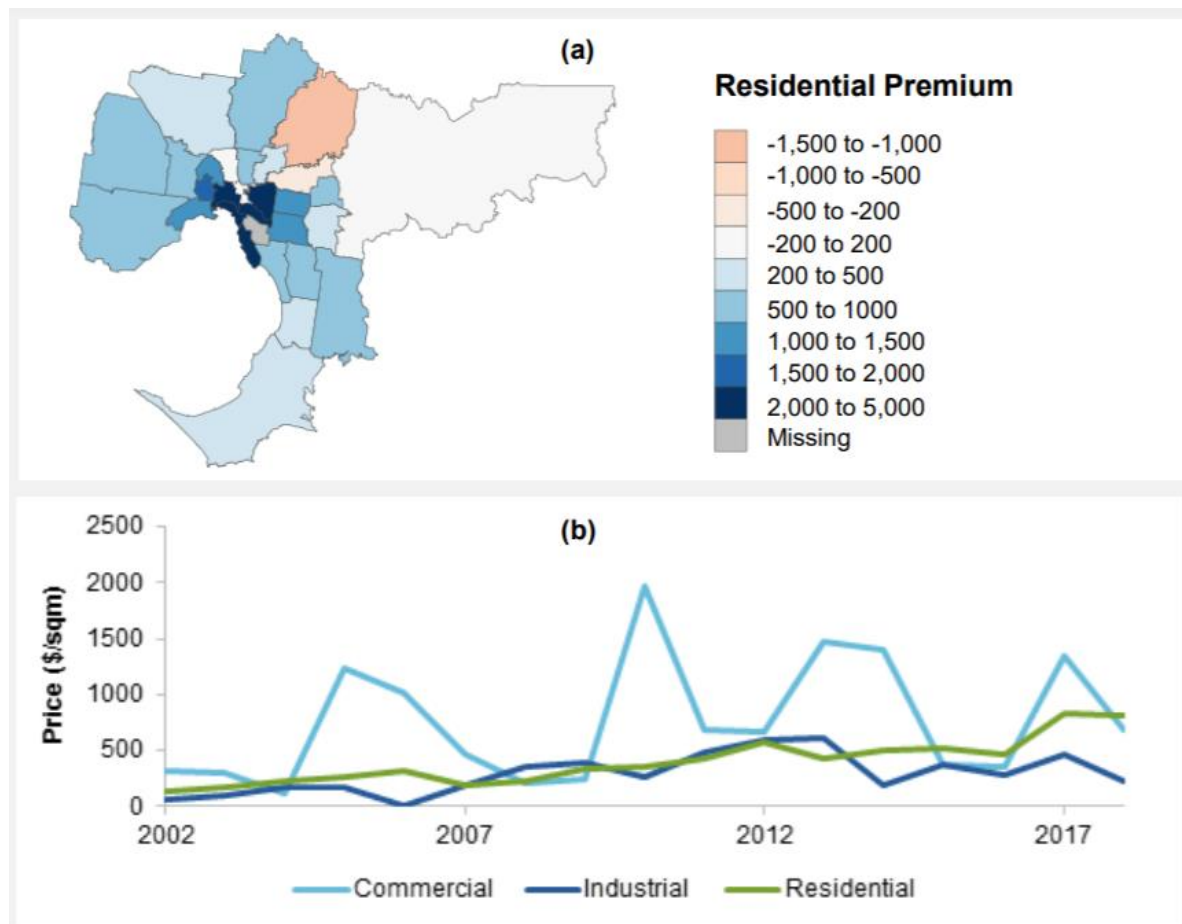
<sup>36</sup> Analysing Melbourne's Enterprise Precincts, SGS, 2008

<sup>37</sup> Melbourne's Enterprise Areas: Catering for the new work order, May 2018

With specific reference to Cremorne as a case study, the analysis by Conceptus Property demonstrates the positive feasibility of mid-rise office development in Cremorne due to relatively high underlying land values (and other attributes) and also the lack of probable impact on feasibility of inclusion of relatively modest amounts of residential floorspace in Cremorne. This is opposed to Brunswick however where a standalone mid-rise office project is not currently viable but where project viability can be improved with the introduction of residential (more than 1 or 2 levels).

Data presented in the Productivity Commission report (reproduced below) seeks to question the premise of whether residential is the highest and best value of land.

Figure 20 Residential land as the highest and best use



Source: Victoria's Commercial Land Use Zoning, Productivity Reform Case Study, Productivity Commission, July 2020, pg 13

In support of the analysis, which clearly demonstrates the impact of underlying land values on project feasibility and the variable impact of inclusion of residential land use on project viability, the Productivity Commission report concludes with the observation that:

*Overall, while caution should be used in interpreting these data, they are consistent with anecdotal evidence from stakeholders that:*

- > Residential and commercial land uses are generally higher value than industrial land use
- > The comparison between residential and commercial land use is more complicated, and depends on the location being considered and on market conditions.<sup>38</sup>

In terms of future implications for Cremorne, the feasibility analysis findings confirm that:

<sup>38</sup> Victoria's Commercial Land Use Zoning, Productivity Reform Case Study, Productivity Commission, July 2020, pg 13

- > Unlike other locations, introduction of residential land use is not required to improve the project viability of mid-rise office projects; and
- > If future rezoning requests are lodged that seek to deliver a proportion of residential development as part of a broader mixed-use proposal (as has occurred on the Comprehensive Development zoned sites), it is likely that such proposals will include significantly increased tower heights to achieve the necessary yields.

In contemplating whether to support such proposals it will be important to carefully consider the role of the residential component as a policy question and also whether such proposals can demonstrate a net community benefit in terms of enhanced public realm or contributions toward affordable housing and/or other objectives.

In terms of the potential policy implications, the rewrite of local policy confirms the general direction to accommodate projected residential demand in other more suitable mixed use locations, such as nearby activity centres, where the benefits of mixed use development can be maximised notably through beneficial relationships between residential, retail and entertainment land uses and without the threat of impacting upon the employment potential of Cremorne both now and into the future. In this context, the City of Yarra has the ability to accommodate multiple policy and strategy objectives in different parts of the City whilst maintaining a highly desirable overall mix of land use activity.

### 10.3 Who collaborates and how

An important underlying condition of Enterprise Precincts is potential for collaboration within and between businesses and/or individuals who are engaged the process of innovation. The emergence and popularity of flexible co-working spaces and other forms of shared use of facilities is seen as an indicator of the desire to collaborate however based on research conducted by Collins in 2018 indicates that:

- *The presence of flexible, co-working spaces does not guarantee that collaboration will occur between multi-national corporations and start ups;*
- *Multi-national companies are seeking flexible workspace, flexibility of lease term, reduction in capex rather than collaboration – only 16% are looking for a creative environment and only 7% seek to access the innovation of the start up community (The Flexible Workspace Report, Collins 2018);*
- *Nearly 90% of co-working spaces occupy second grade commercial building space;*
- *The opportunity to repurpose and occupy older buildings is a key attractor as there is a preference for character over glossy Class A space.*<sup>39</sup>

The positive inferences that can be taken from this for Cremorne are that there is likely to be:

- a continuing interest in delivering flexible, shared use offices and that such offices and other workspaces will include internal opportunities for socialising and collaboration; and
- value placed on the presence of older, character buildings that can accommodate a range of uses and possibly more affordable space.

Notwithstanding these advantages based on the review of development outcomes however, it is unlikely, that there will be provision of external, uncontrolled, shared use spaces to support incidental or informal collaboration particularly on smaller sites without deliberate intervention.

### 10.4 Importance of creative spaces and affordable workspaces

The presence of creative industries and the affordable workspaces that they occupy are as much about the personality of an Enterprise Precinct as they are about the ideas that they generate or the value of what they produce.

Whilst significant effort has been directed toward adoption of a deliberate policy position in Cremorne with regard to the risks associated with uncontrolled residential encroachment, relatively little attention has been directed toward the probability and risks associated with other uses being 'pushed out' of Cremorne due to increasing land values.

<sup>39</sup> See Melbourne's Enterprise Areas: Catering for the new work order, May 2018

Data that was commissioned as part of this review (provided by Savills Australia - see attachments) demonstrates the significant increases in property values in Cremorne between 2010 and 2020.

Analysis of indicators on relation to declining affordability of work spaces and consideration of potential policy responses in relation to loss of creative industries and the associated affordable spaces that they occupy has emerged as a consequence of the success of Cremorne. Whilst it is a relatively new consideration in Cremorne, other jurisdictions such as in London<sup>40</sup> have been seeking to address the problem for some time.

In terms of available options, the London Guide notes that:

*Planning policies that seek the on-site replacement of former industrial floor space with new office space can lead to the provision of offices in unsuitable inaccessible locations resulting in poor take-up. Instead you may consider pooling contributions for off-site affordable workspace provision. Likewise applying percentage based quantum may result in small, inefficient and disconnected workspaces. Pooling contributions could create a critical mass, where different sectors want to be located, for example around high streets or other hubs.*

*Similarly, some planning policies have unintentionally resulted in the production of ground floor units that are too large for small businesses or inefficient for workspace providers. Basic fit-out should be provided to a level beyond shell and core. However over-specifying space to BREAM standards for example, can increase costs for small businesses and workspace providers.*

*Light industrial or maker spaces, which cater for businesses that carry out prototyping and production, have physical needs for greater floor-to-ceiling heights and service access to accommodate larger equipment and deliveries. Planning policy should be more explicit where this space is required as part of new development.<sup>41</sup>*

A local example is the Darebin Creative and Cultural Infrastructure Framework which is a municipal framework that seeks to retain and further support creative activities within the City. Returning to the Cremorne context, it is apparent based on site visits and other observations, that the presence of a diverse range of creative and other industries have been attracted to Cremorne due to the availability of second grade affordable work spaces and that their presence is making a significant contribution to the personality of Cremorne.

In seeking to manage the loss of such uses through the redevelopment process, strategies generally focus on introduction of controls that require replacement of existing spaces within the redevelopment or capture of the uplift value in some way such that a contribution can be directed toward one or more central shared affordable workspaces. In terms of potential mechanisms to secure replacement of existing floorspace include combined use of a suitable zone (SUZ, C3, C2, C1) along with complementary controls such as the DDO, floor area ratios and floor area uplift provisions that can be used to incentivise the intended outcome.

## **10.5 Importance of public realm/sense of place and activity**

Analysis of the underlying structure of Cremorne (streets and other public places) site visits and a review of existing built form outcomes (see sections 6.1 & 6.2) has identified that Cremorne has a relatively 'inflexible' public realm due to a combination of very narrow streets (compared to other inner City examples that are typically wider and can accommodate additional landscaping and other improvements more readily), zero or minimal front setbacks and poorly located open spaces.

In the yet to be redeveloped parts of Cremorne, the result is a gritty, urban character where the low rise industrial built form sits relatively comfortably within the narrow streetscapes allowing details such as

<sup>40</sup> Creating Open Workspaces, Regeneration Guide No. 2, Greater London Authority, July 2015

<sup>41</sup> Creating Open Workspaces, Regeneration Guide No. 2, Greater London Authority, July 2015, pg 12



signage, doors, windows and other industrial built form features to become recognisable as important parts of the character of Cremorne.

On sites that have been developed however the urban design and place related consequences associated with introduction of higher built form and change of use to office can be observed (see sections 6.1 & 6.2). What is most notable is the obvious tendency for redevelopment proposals to be 'site specific' in their design and composition with little evidence of attempt to draw from the industrial heritage of Cremorne or any obvious attention that has been directed toward improving the public realm (within or beyond the subject land). Other issues such as overshadowing and overlooking are also evident as is lack of any consistency in use of materials or architectural styles.

SGS define quality of place and urban amenity as one of nine interrelated innovation precinct criteria<sup>42</sup>. According to SGS quality of place and urban amenity is defined as a *quality urban environment and the presence of places to interact (restaurants and cafes) required to attract knowledge workers*.

A review of the study area has confirmed that there are numerous cafes and other attractors such as the Cherry Tree Hotel and that Swan Street has a range of restaurants, bars and cafes which are important to Cremorne (however there is on-going uncertainty about the return of each of the businesses post easing of Covid-19 restrictions).

Within the context of a planned transition of industrial areas to other forms of employment generating /mixed use activities there is general recognition that retention of parts of the industrial heritage and/or drawing on the heritage of the place is important. The Bowden case study is particularly relevant in that regard where delivery of public spaces of the highest quality along with reinforcement of the built form character *'with dense street tree planting, simple and robust urban street paving palettes, quality furniture and detailing, and local storytelling through public art and interpretation elements'*.<sup>43</sup>

In Bowden, adherence to the vision and other design guidelines is assisted by ownership of the land by Government, where developers are expected to demonstrate compliance before they are allowed to develop, a process that requires approval from the Bowden Design Review Panel.

Aside from the basic difference between Cremorne and Bowden, in terms of land ownership and control, is that in Bowden there is significant emphasis placed on the importance of place in the vision and there is an obvious clarity in guidance that is offered in relation to relationship between the public and private realm, preferred materials, adaptation of past character, street interfaces and façade design and sustainability etc. The clearly expressed vision for Bowden defines a unifying set of objectives and works in combination with the guidelines to achieve preferred outcomes where as in Cremorne the vision, which states that *Cremorne is a global innovation precinct with a vibrant village feel, new sustainable development, quality public spaces, active transport options, set within narrow streets and historic industrial buildings and workers cottages*<sup>44</sup> lacks clarity in relation to preferred built form and other public realm outcomes.

Whilst the vision for Cremorne is somewhat instructive about the preferred outcome in a 'global' sense, it provides little instruction or direction about the important matters that must be taken into account in managing the process of redevelopment and transition. In Bowden this takes the form of site specific allotment control plans that are administered along with other design guidelines (see Figure 21 Example of Bowden Allotment Plan following). In Cremorne however there is general absence of guidance in relation to preferred built form and public realm outcomes.

<sup>42</sup> Analysing Melbourne's Enterprise Precincts, SGS, Feb 2018, pg 26

<sup>43</sup> Bowden Developers Handbook & Urban Design Guidelines Jan 2016, pg 9

<sup>44</sup> Draft Cremorne Place Implementation Plan, April 2020, pg15

Figure 21 Example of Bowden Allotment Plan



Source: Bowden Developers Handbook & Urban Design Guidelines Jan 2016, pg 4

## Part Three Key Planning Issues + Testing

### 1 INTRODUCTION

Prior to this project being commissioned, Council identified a range of current and emerging planning issues. This chapter outlines each of the issues, and draws on the context that is provided in Part Two and the additional analysis undertaken by Mesh, to explore the issue, provide an evidence base, and to distil the issue into a clear outcome objective, by which to test the current planning controls.

The key planning issues have been grouped according to the assessment framework determined in Part One of this report (Fit for Purpose), with questions around key issues refined from the analysis in Part Two of this report.

#### > **Strategy**

- Do the controls adopt modern use of the PPF?
- Do the controls support a clear vision for Cremorne as an Enterprise Precinct?

#### > **Land Use**

- Do the controls support a diverse mix of employment in the commercial areas?
- Do the controls limit the scale and influence of residential use in commercial areas?
- Do the controls direct residential growth to appropriate locations?
- Do the controls support greater diversity of housing?
- Do the controls incentivise affordable and adaptable housing?

#### > **Detailed Outcomes**

- Do the controls encourage positive contributions to the public realm via :
  - Private development contributions to the public realm?
  - Enable collection of development and open space contributions?
- Do the controls provide positive directions regarding built form in relation to:
  - Heights and setbacks?
  - Architectural excellence?
  - Management of amenity conflicts at interfaces between land uses?
- Do the controls offer positive guidance on workplace affordability and diverse scales of commercial development?
- Do the controls provide guidance on strategic approaches to carparking that prioritises sustainable transport use?
- Do the controls offer appropriate protection of heritage features?

#### > **Process**

- Do the controls provide guidance and direction on planning for the future of key development sites
- Where are there zoning anomalies that need to be corrected?

### 2 STRATEGY

#### 2.1.1 Modern Use of PPF

Various strategies and background reports acknowledge the specialised nature of Enterprise Precincts<sup>45</sup> and the general differences between Enterprise Precincts and activity centres, NEICs and other parts of the

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<sup>45</sup> See for example Unlocking Enterprise in a Changing Economy, September 2018

response to the changing nature of employment that is contained within Plan Melbourne. Notwithstanding this general recognition however, it is evident that there was no clear description of the role of Enterprise Precincts anywhere within the strategy or policy framework prior to the recent rewrite of local policy. As a consequence of Enterprise Precincts 'falling between the gaps' of the strategy framework, there was a lack of understanding of their importance and definition of their role both in their local and broader context.

In Cremorne, it is evident through research conducted as part of this preparing this report, that implementation of the C2Z and the preference for employment based land uses and the exclusion of residential that follows has been pursued as a deliberate 'policy' decision by Council. However, expression of the basis for the policy decision (both in terms of favouring employment land uses and exclusion of residential land use) and expression of a vision for the future of Cremorne was nowhere to be found in local policy.

In terms of the role of policy, it is important to recognise that recent reforms to the format and content of planning schemes (the SmartPlanning process) seek to place greater reliance on use of zones and overlays to achieve spatially specific objectives. Notwithstanding this general direction, however, there is an important role for policy in defining a clear vision for the future of Cremorne and in establishing a policy context for future decision making.

#### **2.1.2 Clear vision for Cremorne as an Enterprise Precinct**

Whilst it is correct that there is very limited, if any, policy guidance in the existing Yarra Planning Scheme in relation to the role and function of Cremorne, the detailed review of the rewrite of local policy that has been conducted as part of this project has confirmed that the revised policy is a significant improvement over existing policy in relation to Cremorne. Notably, revised local policy performs the following roles (in summary):

- > Defines a vision and a specific, employment-based role for Cremorne;
- > Confirms the deliberate preference for employment land use based on key strategy directions;

The absence of a clear vision for the future of Cremorne in local policy would have significant implications in terms of uncertainty for the community, for investment decision making, assessment of proposals and review by VCAT if left unattended. However, the recent rewrite of local policy has significantly improved the form and content of local policy and offers substantially improved clarity in relation to Cremorne.

### **3 LAND USE**

#### **3.1.1 Diverse mix of employment in Commercial areas**

In general, the commercial and residential zones applied appear to be achieving intended policy outcomes. The use of the C2Z has successfully achieved a focus on commercial development, however, there is a lack of guidance on preferred built form outcomes (particularly relating to heights), and their remain issues associated with residential existing use rights.

Based on comparisons with other locations, it is clearly apparent that important development outcomes have been achieved in Cremorne in an 'organic', site specific way and without the need to introduce residential land use (other than on Comprehensively zoned land) to facilitate development (as has been required in other areas as identified in the case studies of Moreland and West Melbourne).

The simplicity of a combination of the Commercial 2 Zone with a clear 'policy' preference for delivery of employment outcomes has enabled the market to respond in a relatively unconstrained way (with the guidance that has been provided by Council).

Aside from the significant benefit that Cremorne has achieved however, it is becoming increasingly apparent that the sort of guidance that would ordinarily be provided via a structure plan or related investigations may be required to assist in delivering the more nuanced aspects of the vision for Cremorne into the future.



### 3.1.2 Limit the scale and influence of residential use in Commercial areas

A recognised key issue is the influence of existing residential in commercial areas. As noted above, Cremorne has seen success as an employment precinct, without the need to introduce residential development. As noted in the case study analysis, introduction of any measure of residential development into an employment area raises ambiguity, and results in protracted debates about what is an appropriate rate. The use of the C2Z has clearly avoided this issue in Cremorne.

However, existing use rights of legacy dwellings in the precinct remain a concern. The reviewed VCAT hearings have demonstrated how existing use rights are used to entrench and, in some cases, slightly intensify residential uses.

In upholding existing use rights, and enabling some intensification, VCAT has pointed to the current MSS, which creates a sense of ambiguity about whether residential uses are indeed intended to be 'fostered' in the commercial precincts. VCAT has also sought to strike an appropriate 'balance' between commercial and residential uses when considering intensification of residential existing use rights.

It is considered that the changes proposed in the Planning Scheme Rewrite will address this ambiguity. It is also recognised that there is clear policy in place to ensure that residential uses are aware of, and are responsible for managing potential conflicts. Finally, Council has sought to 'close the loophole' of caretakers dwellings in commercial areas, by setting a very clear policy to guide decision making.

As such, while existing use rights will remain an ongoing issue, it is considered that the rewritten policy will assist with guiding decision making about further intensification of these uses.

### 3.1.3 Direct residential growth to appropriate locations

Existing policy offers little to no formal guidance in relation to preferred locations for residential growth and the strategic basis for exclusion of residential land use in Cremorne (within the Commercial 2 Zoned area). Revised policy has addressed this by picking up the key directions from the *Yarra Housing Strategy* and the *Yarra Spatial Economic and Employment Strategy*. Revised local policy now confirms the preference for employment outcomes in Cremorne and the suitability of nearby activity centres for housing.

### 3.1.4 Greater diversity of housing

The *Yarra Housing Strategy* and the revised local policy support delivery of greater housing diversity. Where the term 'diversity' is used some housing strategies refer to diverse housing types, tenure, size and number of bedrooms however in the Yarra context more emphasis appears to be directed toward diversity in terms of number of bedrooms. Notwithstanding this emphasis, the review of development outcomes reveals that the majority of new dwellings that have been delivered in Cremorne are 1 and 2 bedroom apartments and that little attention appears to have been directed toward diversity of ownership or tenure.

### 3.1.5 Incentivise affordable and adaptable housing

Current policy is generally silent on affordable housing. The case studies set out in this report explore the use of various tools to incentivise affordable housing in mixed-use and employment precincts. This report supports use of the C2Z, and as such, does not necessarily consider that it is necessary to explore use of these tools for the majority of Cremorne. However, Council has nominated a number of Key Development Sites in Cremorne. While the future of these sites is currently unclear, if affordable housing in Cremorne is an aspiration, then these sites may be opportunities to consider some of the tools outline in this report, to achieve these outcomes as part of the rezoning process (see below).

## 4 DETAILED OUTCOMES

### 4.1 Public Realm Contribution

#### 4.1.1 Private development contribution to the public realm

In terms of the built form contribution to the public realm, a review of recently completed built form outcomes indicates that whilst there are examples of very high quality architecture that make a positive contribution toward the character and quality of Cremorne as an employment destination, it is typically the case that there is very little or no provision for tree planting or other forms of landscaping, nor is there any obvious regard that has been given to the street conditions beyond the frontage of the site in question. It is noted, however, that where such smaller spaces have been provided historically, such as in Balmain Street, that they make a very significant contribution to the quality of the streetscape and clearly act as informal gathering spaces and a catalyst for establishment of uses other than offices.

Various strategies and related investigations, including the draft CPIP, have recognised the value of improved public realm and the value of 'place'. The value of place and improved public realm is considered to have three very important purposes:

- > creation of inviting places for informal meeting and gathering to promote social interaction and collaboration;
- > responding to heat island effect and other 'sustainability' challenges; and
- > adding to the personality of Cremorne in a way that can not only promote and distinguishes
- > creating an environment that supports walking and cycling.

With regard to the third and fourth purposes, tree planting and other forms of landscaping are important but other more urban initiatives such as public art and sculpture could also make a significant contribution if supported and co-ordinated through a public realm improvement strategy or plan.

Whilst all three of the case studies include use of DDO's<sup>46</sup> to specify preferred building height, adaptability and other design objectives and requirements, due to the lack of existing public open space and the generally very narrow and typically straight streets and lanes in Cremorne (see section 6.1 and 6.2), intervention will be required in order to secure additional open space. Recent adoption of the *Yarra Open Space Strategy* will offer the strategic basis to seek contributions from development toward acquisition of land for open space purposes that will ultimately assist in meeting Cremorne's open space needs.

Due to the high underlying land values and complexities associated with acquisition of land for open space purposes, it is likely that it will take quite some time for land to be secured (with or without forward funding assistance from Council). The more pressing issue is what contribution developments can make to the character, quality and functionality of the public realm and whether there is a role or need for planning controls to define preferred outcomes.

Given the absence of wider streets and lanes as can be found in other inner locations such as South Melbourne, Carlton and Collingwood for example, where street widths are commonly 20-30m and with significant variation in pavement width and parking configurations, Cremorne could benefit from an approach where part of the private realm must be designed with a deliberate intention of making a contribution to the public realm.

This has been achieved in the Bowden case study where deliberate attention has been directed toward street interfaces for mixed use and residential areas. In Bowden, specific front setbacks have been defined as a key component of delivery of preferred streetscapes where the line between the public realm and the private realm is blurred (see *following*).

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<sup>46</sup> Or similar in the case of Bowden

#### Setback Types:

##### • No Setback - Build to Development Parcel Boundary

Purpose: Street edge alignment is required to strongly enclose the street or open space, facilitate active retail and/or commercial edges and reinforce the street grid pattern and existing built form character where relevant (such as Gasworks and the Warehouse Precincts).

##### Specific Requirements:

- Buildings are to align with the development parcel boundary line, and to form a hard edge to the street.
- Projection of sun shading devices into the street reserve on upper levels, recessed balcony voids and recessed windows can provide visual depth to the facade while maintaining a strong architectural presence.

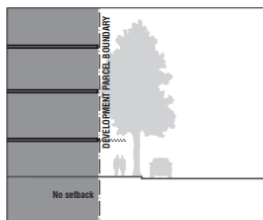


FIGURE 19: No Setback Section

##### • No Setback or 1.5m Setback

Purpose: Street edge or near edge alignment is required to strongly enclose the key 'backbone' streets which have a good width embedded in the public street corridor (15m+).

##### Specific Requirements:

- Buildings are to align with the street edge, defined by the development parcel boundary line and form either a hard edge to the street through no setback or have a setback of 1.5m (precisely 1.5m consistently rather than any setback between 0 and 1.5m). The 1.5m setback zone may be used for private open space, terracing or gardens.
- First floors and above may continue the 1.5m setback or may return to no setback.
- Balconies may extend over public space at the discretion of the statutory assessment authority.

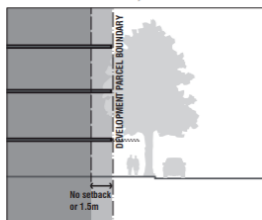


FIGURE 19: No or 1.5m Setback Section

##### • Minimum 1.5m Setback up to Maximum 3m Setback

Purpose: Buildings are setback to respond to lengths of street that are quieter, narrower and of a more residential character.

##### Specific Requirements:

- Buildings are to be setback from the development parcel boundary between a minimum of 1.5m up to a maximum of 3m. Any setback between the minimum and maximum is acceptable. The maximum 3m setback is established to maintain a degree of enclosure to the street.

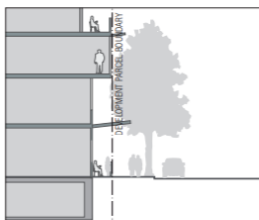


FIGURE 20: Example of No or 1.5m Setback Outcome

- This setback range provides a transition space between the public street and private building where landscaping, courtyards, terraces, balconies and entry porches can be located.
- To north-facing street sides, a 3m ground floor setback is desirable for a sunny private open space.

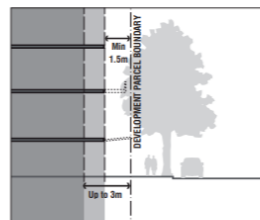


FIGURE 21: Min 1.5m up to Max 3m Street Setback Section

UDG V3.0

Source: Bowden Developer's Handbook & Urban Design Guidelines, pg 34

Incorporation of a setback of 1-3m at the ground floor only could produce significant public realm benefits in Cremorne without detracting from the individuality of site-specific design responses. Where no such guidance currently exists, introduction of such a control would complement improved emphasis on quality of the public realm that is now contained within revised local policy whilst ensuring that the control is specific to Cremorne. The refresh of the Urban Design Framework that is currently underway would be a key input as would other investigations that are currently being completed<sup>47</sup>.

#### 4.1.2 Collecting development and open space contributions to contribute to the public realm

Returning to the prospect of introduction of a requirement for development to make an open space contribution, it is also noted that Council has adopted a Municipal Development Contributions Plan (Amendment C238). The adopted Development Contributions Plan includes proposed contributions for a range of local projects within each of the suburbs within Yarra. It is understood that during the course of the Panel Hearing process it was identified and agreed that Cremorne was a special case and that more work needed to be done to identify additional projects that could be included within the DCP. In this context, the adopted DCP rates for Cremorne<sup>48</sup> are regarded as interim until such time as further work is done to identify any additional projects and the associated costs.

Some caution must be expressed about the potential implications of moving from a relatively unconstrained situation where site specific approvals could be gained without the need for any open space or development contributions to the situation where there is likely to be a requirement for payment of open space and development contributions. Care will need to be taken to ensure that the combined contributions do not act as a disincentive to development.

Whilst this general caution is relevant in terms of potential impact on project viability, it is considered that there is an important role that the City of Yarra could perform in bringing the objectives of the 'place' based strategies into a document such as the **Urban Design Framework Refresh (UDFR)**.

The UDFR could bring together key strategies such as the Open Space Strategy, the Development Contributions Plan, the Urban Design Framework Refresh, public art guidelines and any specific development guidelines in such a way as to not only explain the relationship between the various strategies but also to demonstrate their role in implementing the vision for Cremorne. If the UDFR was prepared in a

<sup>47</sup> See draft Cremorne Place Implementation Plan

<sup>48</sup> \$1,675/dwelling, \$12.10/m2 of retail floorspace, \$8.38/m2 of commercial floorspace

collaborative way, the 'creative' 'urban' identity of Cremorne could be emphasised such that the required contributions and design guidelines are appropriately viewed as important, positive implementation tools rather than unfounded, restrictive, imposed obligations.

The UDFR could also offer an appropriate place to provide explanation of Council's objectives in relation to improved public realm to be achieved in association with rezoning of land. Revised local policy makes reference to the objective to achieve improvements in public realm as an outcome of any supported rezonings however little other guidance is provided elsewhere about the circumstances under which rezonings may be entertained and what public realm or other benefits are being sought.

## **4.2 Built form**

### **4.2.1 Overview**

As set out in section 4 of this report, evidence has been provided to demonstrate that the problems that have been identified by Council are apparent on the sites that have been developed to date. As a consequence, precedent is being progressively established on a site by site basis rather than being guided by any key objectives or design requirements that are specific to Cremorne. When reflecting on the case studies within the context of the revised local policy framework (and taking into account the findings in the previous section in relation to contribution to the public realm) it is evident that the most significant gaps in guidance are in relation to building heights and setbacks and off site amenity impacts (noise and overshadowing etc) taking into account impacts beyond the adjoining land.

### **4.2.2 Heights and setbacks**

In relation to height, Yarra is variously described as being of low-rise character with punctuated mid-rise in some locations and Cremorne is described as mid-rise and punctuated by high-rise in some locations. Notwithstanding that the Swan Street Structure Plan defines preferred heights by location, the recommended heights do not appear to have been picked up and implemented by a combination of policy/strategy direction and by way of a specific control.

The lack of spatial direction is further complicated by the absence of clear definitions of low rise, mid rise and high rise other than within the Yarra Housing Strategy which loosely defines mid rise as being up to 13 levels which does not accord with comparable international examples in cities such as Berlin of mid-rise that would typically be in the range of 4-8 levels. Whilst it is anticipated that Council may wish to retain some discretion in relation to preferred heights and the circumstances under which preferred heights may be exceeded, the absence of any clear direction is evident.

### **4.2.3 Architectural excellence**

The observation that the architecture and materiality do not reflect or build upon the character of the area has been confirmed to the extent that the existing examples incorporate use of a range of materials and styles of architecture. A conclusive assessment as to whether they are individually and collectively building upon a 'preferred' character of Cremorne however is not possible as a statement of preferred character does not exist. Expression of preferred built form character and preferred types of architecture and materials etc would be an important first step in identifying and composing design guidelines and introduction of specific controls or other mechanisms that seek to give effect to preferred character outcomes and reduced visual and amenity based conflicts in addition to preferred heights as discussed previously. It is assumed that such a statement and/or guidelines could properly take into account Cremorne from a holistic place perspective as discussed in the previous section and that maintenance of individuality and the 'personality' of Cremorne would be important considerations.

### **4.2.4 Amenity Conflicts at interfaces between land uses**

With regard to off-site amenity impacts, revised policy has addressed the issue of noise impacts however it is apparent that there is no specific guidance in relation to overshadowing and overlooking other than an established position that residential amenity expectations of residential land use in a commercial development setting should be less than what could be expected in a residential area. Once again further



guidance could be established via introduction of a suitable control, with or without associated incentives, that may apply where other positive outcomes are achieved such as reduced impact or public realm improvements for example.

### **4.3 Workspace affordability**

#### **4.3.1 Affordable and diverse scale of commercial floorspace**

Each of the related investigations<sup>49</sup> refer to the importance of the presence of start-up industries and/or creative industries as being very important in maintaining the entrepreneurial and creative presence in Enterprise Precincts. Other than their value in potential identification of development of new ideas and new employment generating activities, the presence of start-ups and/or creative industries also contribute to the personality of enterprise precincts being somewhat 'urban' and 'edgy' as opposed to the more corporate CBD environments.

Loss of entrepreneurs, start-ups and creative industries as a result of increasing land and associated rental values and competition from higher yielding land uses such as offices has been well recognised as a direct threat to the on-going success of enterprise precincts. In this context, there is a sense that some enterprise precincts may become a victim of their own success to the extent that some employment and/or mixed-use objectives are achieved but that the essence of the place is lost.

Data regarding land values and yields in section 4 of this report clearly demonstrates the escalation in values relative to the CBD as an indication of likely current and future decreasing affordability.

In Cremorne, careful attention and deliberate policy based decision making has been directed toward avoiding issues associated with residential encroachment at the expense of employment but 'employment' has been generally categorised as one objective or class of land use that has taken the form of new offices and/or mixed use development rather than a series of activities that have different needs but which collectively contribute to the personality and composition of Cremorne.

The obvious focus on avoiding residential encroachment has resulted in an absence of any deliberate strategy or policy position in relation to live-work opportunities and it is evident that there is also an absence strategy or policy position in relation to affordable workspaces. The absence of a considered strategy position with regard to affordable workspaces is not surprising however, as while the risks associated with the loss of such spaces have been relatively recently been documented, the process of managing land use change in Cremorne has been a significant challenge considering the amount of development activity.

The issue that arises with regard to the absence of a policy and strategy position with regard to affordable workspaces (assuming live work is not a key objective based on direction that is provided in the Yarra Housing strategy), is firstly whether Council wish to develop a position and, if so, whether there is a desire to require that individual development proposals are required to set aside a proportion of such space within the project and whether this outcome is incentivised in some way. The alternative being a potential contribution toward delivery of a centralised, shared space such as at the Kangan Institute or another location for example.

### **4.4 Parking**

#### **4.4.1 Strategic approach to carparking that prioritises sustainable transport use**

In response to on-going concerns regarding management of car parking demand and transport more generally with Cremorne Council commissioned a parking controls review<sup>50</sup>. The review describes the various transport and parking challenges in Cremorne and within the context of the various constraints and opportunities in relation to transport and car parking.

The review recommends introduction of a Parking Overlay to specify maximum car parking requirements that are designed to achieve a range of benefits.<sup>51</sup>

<sup>49</sup> See for example Providing Affordable Workspace for Enterprise Investigation Paper, Feb 2020

<sup>50</sup> Parking Controls Review, Cremorne Enterprise Precinct, Traffix Group, July 2020

<sup>51</sup> See Parking Controls Review, Cremorne Enterprise Precinct, Traffix Group, July 2020, Executive Summary

Implementation of the recommendations of the parking review is consistent with existing and revised local policy and will address an existing gap in guidance in relation to car parking rates that have been subject of debate and review at VCAT.

In terms of relevance more broadly to this review, it is noted that the parking controls review has identified limitations associated with the public realm including:

- *There is high quality bicycle infrastructure in the area around Cremorne, however the connections to this infrastructure are not at the same high level.*
- *Cremorne is highly walkable from a geographic standpoint. However, the quality of the pedestrian infrastructure within the local road network is generally poor, with key issues being narrow footpaths/verges, variable surface quality, infrastructure obstructing footpaths and generally poor pedestrian amenity<sup>52</sup>.*

These observations are consistent with those that are set out in section 4 of this review and indicate that the lack of guidance and/or requirements in relation to improved public realm would, if introduced, support delivery of multiple policy objectives.

## 4.5 Heritage

### 4.5.1 Protection of heritage features

Yarra City Council has just completed an extensive and lengthy program to identify gaps in the HO in Yarra. The following relevant amendments implemented recommendations from these studies:

#### **Amendment C173 (2) – Heritage Gap Study**

The approved amendment applied the Heritage Overlay to several precincts and places in Richmond, Cremorne, Fitzroy and Collingwood and implemented the recommendations of the Heritage Gap Study: Review of 17 precincts, Stage 2 Report, August 2014.

#### **C183 - Central Richmond Gap Study**

The approved amendment applied the Heritage Overlay to several precincts and individual places across Richmond and implemented the recommendations Heritage Gap Study: Review of Central Richmond, Stage 2 Final Report, November 2014.

#### **Amendment C245 – Heritage Overlay Anomalies and Errors**

The proposed amendment corrects identified Heritage Overlay anomalies and errors in the Yarra Planning Scheme, via Amendment C245. The following corrections are relevant to the study area:

- > 1-3 & 5-9 Gordon Street (HO519) – not in schedule to 43.01
- > 85 Cremorne Street (HO518) – not in schedule to 43.01

Council does not anticipate there are further gaps in heritage protection in Cremorne and the study area. Mesh did not undertake a review of the extent of heritage protection in Cremorne.

## 5 PROCESS

### 5.1 Future of Key Development Sites

#### 5.1.1 Direction for Key Development Sites

Should the key development sites seek to redevelop, there may be questions raised about their preferred future use (i.e. whether a mixed-use development comprising some residential may be suitable. The acceptance of this (and the subsequent rezoning) should have regard to other objectives to be achieved,

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<sup>52</sup> Parking Controls Review executive summary

particularly in relation to preferred built form outcomes and contribution to community benefit (e.g. open space, affordable housing, affordable workspace etc).

Whilst the location of the key development sites have been defined (by the Swan Street Structure Plan) there is little guidance about the conditions under which rezoning may be entertained (or if rezoning will not be entertained if it seeks to include a residential component) or what the expectation is for development of the key redevelopment sites that would not otherwise apply to any site within the Commercial 2 Zone.

Revised policy suggests that rezoning should be a discretionary matter and that, if supported, that key objectives such as improved public realm should be delivered as an outcome. In this context there is a suggestion that net community benefit is associated with delivery of enhanced public realm benefits presumably along with other objectives.

Lack of guidance about expectations for key development sites (with or without potential to be considered for rezoning) is a gap in current policy that has the potential to cause uncertainty in relation to investment decisions and the ability to demonstrate delivery of improved outcomes.

## **5.2 Zone Boundary Anomalies**

A review of the study area was undertaken to identify and make recommendations about potential zoning anomalies. The zoning anomalies were identified through a series of desktop activities and on-site investigations including:

- > Review of zoning mapping to determine the current zone applicable to the parcel(s);
- > Review planning permit activity to determine whether there are any recent changes to land use or development, such as development of residential development within C2Z;
- > Desktop review of up to date aerial imagery (NearMap) and utilising Google Street View to determine whether redevelopment has occurred;
- > Site visit to check the current use of the site and view the surrounding context; and
- > Web search of addresses to check listed businesses at the location.

The review found a number of potential zoning anomalies, but also identified that several previously nominated anomalies perhaps do not require zoning changes.

The findings of the analysis are set out in the Appendices.

# Part Four Findings & Recommendations

## 1 OVERVIEW

Part Four seeks to test the controls, having regard to the issues identified in Part Three, and to set out the findings of this report.

### 1.1 Testing the Current and Proposed Controls

The issues identified in Part Three of this report provide a framework of objectives for testing the current and proposed Planning Scheme controls in Cremorne.

Table 13 provide a quick matrix assessment of each of the relevant planning controls. Table 14 then provides a summary response to each control.

Table 12 How to read the Matrix





 CONTROL IS <b>FIT FOR PURPOSE</b>	 CONTROL <b>PARTIALLY ACHIEVES THE OBJECTIVE</b> OR is not the preferred / best tool for this purpose.
 CONTROL IS <b>NOT FIT FOR PURPOSE</b> OR There are issues with its use.	 CONTROL IS <b>NOT APPLICABLE TO</b> OR appropriate for the objective.



Table 13 Fit for Purpose Summary Matrix (note objectives are summarised from the Objectives questions outlined in Part Three of this report)

	OBJECTIVES	POLICY		ZONES			OVERLAYS		OTHER TOOLS		
		CURRENT	REWRITE	COMMERCIAL	RESIDENTIAL	SDS	DDO	HO	DCP	PO	CLAUSE 53.01
					Out format zones						
STRATEGY	MODERN USE OF PPF	✗	✓	✓	→	✓	✓	✓	✓	✓	✓
	CLEAR VISION FOR THE FUTURE OF THE CREMORNE PRECINCT AS AN ENTERPRISE PRECINCT.	✗	✓	✓	→	✓	—	—	—	—	—
LAND USE	DIVERSE MIX OF EMPLOYMENT	→	✓	✓	—	✓	—	—	—	—	—
	LIMIT SCALE AND INFLUENCE OF RESIDENTIAL IN COMMERCIAL AREAS	✗	✓	✓	—	—	—	—	—	—	—
	RESIDENTIAL SUPPORTED IN APPROPRIATE LOCATIONS	✗	✓	✓	✓	✓	—	—	—	—	—
	GREATER DIVERSITY OF HOUSING	✗	✓	—	✓	→	—	—	—	—	—
	INCENTIVISES AFFORDABLE HOUSING	✗	→	✗	✗	✗	—	—	—	—	—
DETAILED OUTCOMES	PUBLIC REALM - PRIVATE DEVELOPMENT CONTRIBUTION	→	→	—	—	✓	✗	✓	—	—	—
	PUBLIC REALM - DEVELOPMENT AND OPEN SPACE CONTRIBUTIONS	→	✓	—	—	✓	—	—	✓	—	✓
	BUILT FORM - HEIGHTS AND SETBACKS	✗	→	—	✓	✓	✗	—	—	—	—
	BUILT FORM - ARCHITECTURAL EXCELLENCE	✗	✗	—	✗	✓	✗	—	—	—	—
	BUILT FORM - AMENITY CONFLICTS	✓	✓	✓	✓	✓	✗	—	—	—	—
	WORKSPACE AFFORDABILITY	✗	✗	→	—	✗	—	—	—	—	—
	PARKING	✗	✓	→	→	✓	✗	—	—	—	—
	HERITAGE	✓	✓	→	→	✓	→	✓	—	—	—
	PROCESS - REZONING APPROACH TO KEY DEVELOPMENT SITES	✗	→	→	—	→	→	→	→	→	→

A summary of the key findings are provided below.

Table 14 Testing Current and Proposed Planning Tools

Planning Tool	Summary Analysis
<b>MSS/Local Policy</b>	The LPPF is outdated and lacks local specificity. In some cases policy is ambiguous or contradictory, particularly in relation to land uses and heights within Cremorne.
<b>Neighbourhood Residential Zone (NRZ) - Schedule 1 (Yarra Residential Areas)</b>	A more locally specific NRZ, which makes full use of the Neighbourhood Character Objectives, would be of benefit in achieving Cremorne's vision, particularly in relation to directing residential growth away from NRZ areas to CDZ and activity centre.
<b>General Residential Zone (GRZ) - Schedule 2 (Residential Areas)</b>	A more locally specific GRZ, which makes full use of the Neighbourhood Character Objectives, would be of benefit in achieving Cremorne's vision, particularly in relation to heights and diversity. Note current conflict in height cap (between parent zone and Schedule).
<b>General Residential Zone (GRZ) - Schedule 3 (Office of Housing Sites over 2500sqm + Selected Main Road Sites)</b>	A more locally specific GRZ, which makes full use of the Neighbourhood Character Objectives, would be of benefit in achieving Cremorne's vision, particularly in relation to heights and diversity.
<b>General Residential Zone (GRZ) - Schedule 4 (Main Road Sites)</b>	A more locally specific GRZ, which makes full use of the Neighbourhood Character Objectives, would be of benefit in achieving Cremorne's vision, particularly in relation to heights and diversity.
<b>Commercial 1 Zone (C1Z)</b>	Only limited applicability in Cremorne precinct (study area). More relevant to the Swan Street Activity Centre (outside project scope).
<b>Commercial 2 Zone (C2Z)</b>	C2Z achieves most relevant objectives. It is recommended that improvements could be made by introducing complementary overlays or other tools to express the vision for Cremorne, and to better guide design outcomes.  The prohibition of residential development ensures that employment uses are prioritised, but may limit the ability to encourage smaller-scale, creative and innovative businesses, that may be attracted to live-work opportunities."
<b>Comprehensive Development Zone (CDZ) - Schedule 2</b>	Appropriate use of a Special Purpose Zone for a key redevelopment site. Format of CDP could be improved, but generally redundant now that approvals have been issued. Recommend that land is rezoned to an appropriate zone (possibly Mixed Use Zone) in future once development complete.
<b>Design and Development Overlay (DDO) - Schedule 1</b>	DDO1 Schedule is confusing, and it is unclear what the specific height and setback requirements are for Cremorne sites. Recommend that the DDO is reviewed to consider whether the controls remain relevant for the nominated Cremorne sites.
<b>PPF (Planning Scheme Rewrite)</b>	The PPF rewrite addresses many of the issues of ambiguity, and contradiction in the LPPF. It provides greater clarity and focus for Cremorne as a mid-rise Employment precinct. Further use of zones and overlays to provide greater local specificity and guidance would be useful, to support the policy directions in the new PPF.
<b>Amendment to Clause 53.01</b>	The open space contribution will provide a source of funds for upgrading and adding to the open space network in Cremorne. The application to commercial land uses fill a previous gap, whereby only residential subdivision was levied.
<b>Amendment to introduce Parking Overlay</b>	The new PO provides strength to a long-standing policy position of Yarra's. However, encouraging sustainable transport options will need to be coupled with enhancements to the public realm to provide a supportive environment for walking and cycling.
<b>Development Contributions Overlays (DCPO)</b>	A DCP across Yarra will shortly be applied. It is understood that the Panel recommended an interim DCP for Cremorne only, and that further work be undertaken to justify more specific needs and contribution levels. There is ability to broaden the scope of the DCP to include streetscape improvements and potentially open space but will require additional strategic justification.

## 2 FINDINGS

### 2.1 Strategy

#### Primary Finding No. 1 – Revised Policy

This report has found that current policy in the Yarra Planning Scheme in relation to Cremorne is at times ambiguous and conflicting, particularly in relation to residential land use and heights.

The revised policy in the Planning Scheme Rewrite is a significant improvement on existing policy as it relates specifically to Cremorne, and as such is generally fit for purpose. Notably, revised local policy is expressed in a form that is in accordance with the preferred form and content directions contained in the Smart Planning program. The revised policy performs the following roles (in summary):

- > Defines a vision and a specific, employment-based role for Cremorne;
- > Confirms the deliberate preference for employment land use based on key strategy directions;
- > Directs housing to alternative preferred locations based on key strategy directions;
- > Provides clearer guidance in relation to expectations regarding amenity for residential uses in commercial areas;
- > Supports development that improves the public realm and requires public realm improvements when rezoning land;
- > Provides general guidance on setbacks and other built form issues; and
- > Seeks to increase the quantity and quality of open space.

This finding is supported by:

- > Review of revised local policy;
- > Review of smart planning form and content guidance.

### 2.2 Land Use

#### Primary Finding No. 2 – Commercial 2 Zone

The primary finding of the review in relation to land use direction is that the Commercial 2 Zone is 'fit for purpose' in defining the preferred role of Cremorne as an Enterprise Precinct where there is a deliberate and well-founded emphasis on creation of employment opportunities as the overriding strategy objective.

This finding is supported by:

- > Adopted strategy (*Yarra Spatial Economic and Employment Strategy*) which confirms the value of employment land and jobs to the City of Yarra and the broader 'brand' of Melbourne as a generator of knowledge based jobs;
- > Adopted strategy (*Yarra Housing Strategy*) which confirms that the City of Yarra has more than enough land in other locations in close proximity to Cremorne to support projected housing demand;
- > Absence of need to introduce the Mixed Use Zone, Commercial 1 Zone or Commercial 3 Zone to 'facilitate' introduction of a proportion of residential development to facilitate strategy objectives or to improve development feasibility as is the situation in other locations<sup>53</sup>;
- > Conclusive assessment that the Commercial 2 Zone can accommodate (with or without the need for a planning permit) the majority of the projected workplace models including:
  - Curated Lifestyle Spaces
  - Flexible Office
  - Research and Development

<sup>53</sup> See West Melbourne and Moreland case study examples

- Artisan Manufacturing
- Advanced Manufacturing
- > Recognition within Plan Melbourne and various other strategies<sup>54</sup> that encroachment of residential land use into employment areas can compromise the on-going viability of employment uses and restrict the potential for employment land to diversify into the future; and
- > The obvious success of Cremorne to date in attracting a significant amount of development for employment purposes.

An alternative to retention of the Commercial 2 Zone would be introduction of the Commercial 3 Zone with a zero percentage of residential floorspace. Rezoning of the current Commercial 2 Zoned land would have the benefit of application of a zone with a specific purpose that is more aligned with the vision for Cremorne (rather than the generic purpose of the Commercial 2 Zone). Rezoning of the land to the Commercial 3 Zone is **not recommended** however for the following reasons:

- > The rewrite of local policy confirms the strategic role of Cremorne and as such provides guidance to application of the purpose of the Commercial 2 Zone;
- > In many instances a planning permit is not required for use within the Commercial 2 Zone therefore the focus will be on built form considerations in which case the purpose of the zone may be of lesser importance;
- > There are no obvious or significant benefits associated with a comparison between the table of uses between the Commercial 2 Zone and the Commercial 3 Zone that would free up permit requirements;
- > Introduction of the Commercial 3 Zone may be seen as an opportunity to challenge deliberate exclusion of residential land use which may lead to a protracted hearing and approval process; and
- > There is no apparent need to introduce mixed use development potential to 'activate' other development or policy objectives.

### Primary Finding No. 3 – Residential Zones

The primary finding of the review in relation to land use direction is that the existing residential zones (General Residential and Neighbourhood Residential Zone) and the associated Heritage Overlays are fit for purpose in defining the current extent of existing residential development and the significance of the housing from a heritage perspective. Revised local policy based on the *Yarra Housing Strategy* directions confirms the secondary role of housing within Cremorne. Notwithstanding, the schedules to the respective residential zones could be revised and improved to be more specific to Cremorne. In particular, there is an opportunity to use the new format residential zones to articulate clear objectives for Cremorne's neighbourhoods. It is also noted that GRZ2 currently applies a height limit that conflicts with the mandatory controls of the GRZ.

This finding is supported by:

- > Adopted strategy (*Yarra Housing Strategy*) which confirms that the City of Yarra has more than enough land in other locations in close proximity to Cremorne to support projected housing demand;
- > Review of VCAT cases;
- > The existing extent and form of residential development; and
- > Existing heritage studies.

## 2.3 Detailed Outcomes

### 2.3.1 Public Realm Contribution

#### Primary Finding No. 4 – Public Realm Contribution (see also primary finding No. 5)

<sup>54</sup> See Melbourne's new Enterprise Areas: Catering for the new work order and Productivity Commission report regarding reform of Victoria's Commercial Zones



The primary finding of the review in relation to the existing built form overlays (Design and Development Overlay) is that the schedules to the Overlay are not fit for purpose having regard to the extent to which they apply and the specific direction that they provide.

A specific area where further direction is required is in relation to public realm improvements that can be delivered on individual development sites. Introduction of a specific schedule to the DDO has been identified as a potential method to improve the character and quality of the public realm that could be introduced as an implementation tool based on the recommendations of the Urban Design Framework Refresh (UDFR).

The UDFR could also perform an important role in bringing together key strategies such as the Open Space Strategy, the Development Contributions Plan, , public art guidelines and any specific place based development guidelines in such a way as to not only explain the relationship between the various strategies but also to demonstrate their role in implementing the vision for Cremorne and the importance of the relationship between the private and public realm.

Preparation of the UDFR could also offer an appropriate place to provide explanation of Council's objectives in relation to improved public realm to be achieved in association with rezoning of land. Revised local policy makes reference to the objective to achieve improvements in public realm as an outcome of any supported rezonings however little other guidance is provided elsewhere about the circumstances under which rezonings may be entertained and what public realm benefits are being sought.

This finding is supported by:

- > Review of existing development conditions and built form precedents;
- > Review of VCAT cases;
- > Case study findings; and
- > Review of specific schedules.

### 2.3.2 Built form

#### Primary Finding No. 5 - Built Form

The primary finding in relation to the specific built form issues is that the revised local policy has addressed a number of built form issues but that the most significant gaps in guidance are in relation to building heights and setbacks and off site amenity impacts. It is also apparent that there is a gap and lack of guidance in relation to preferred materials, architecture and preferred character.

Accordingly, the current controls in relation to built form are not considered to be fit for purpose in that there is insufficient guidance or specified requirements in relation to preferred building heights and setbacks, off site amenity impacts and preferred materials, architecture and character. Preparation of a document such as the CPRIP as described in the previous key finding could offer a place to express preferred built form objectives and requirements however such direction would need to be implemented by a statutory control such as a DDO.

This finding is supported by:

- > Review of policy framework;
- > Review of development outcomes;
- > Case study analysis; and
- > Review of VCAT cases.

### 2.3.3 Workspace Affordability

#### Primary Finding No. 6 – Workspace Affordability

The primary finding in relation to workspace affordability is that there is clear evidence to suggest that loss of workspace affordability and associated employment diversity is an important strategic issue that is evident but that there is a gap in policy with regard to workspace affordability. Aside from needing to carefully consider whether there is a desire to intervene in retaining and/or creating affordable workspaces, there is an associated question about whether all projects can or should be able to make a site specific contribution or whether only specific sites (such as the key redevelopment sites) should be required to provide a proportion of affordable workspace. Another option is to consider establishment of a centralised affordable workspace site such as on the Kangan Institute site or another location.

Prior to introduction of any such requirement through a specific mechanism such as a DDO in combination with a specified site coverage and floor area ratios, with or without use of floor area uplift provisions, it would be necessary to identify a policy position with regard to workspace affordability and its role in the future of Cremorne as an Enterprise Precinct. The process of identifying a policy position and potential implementation mechanisms may benefit from a more in-depth review of the potential benefits relative to feasibility implications and relationship to public open space and development contributions. This process would also benefit from guidance from the State as an emerging area of policy that is likely to be experienced in other locations.

This finding is supported by:

- > Review of development trends and land values; and
- > Review of related investigations.

### 2.3.4 Parking

#### Primary Finding No.7 – Parking

The primary finding in relation to parking is that the recent adoption and pending implementation of the recommendation of the parking controls review will address a current gap in relation to car parking rates and strategies to support increased use of active transport. Relevant to this review more broadly, the parking controls review has identified constraints to increased use of active transport (cycling and walking) in Cremorne that is associated with poor pedestrian amenity and continuity of cycle ways etc. This finding confirms that the identified gap in relation to public realm guidance and requirements, if addressed, could produce benefits in relation to multiple policy objectives including public realm quality and active transport.

This finding is supported by:

- > Review of the parking controls review; and
- > Review of VCAT cases.

### 2.3.5 Heritage

#### Primary Finding No.8 – Heritage

The primary finding in relation to heritage is that the current controls and guidance are fit for purpose. It is noted that the value of heritage buildings and places will assume increased importance where such places are able to converted for use for employment purposes. Where such places are retained and converted for alternative employment purposes their benefits will include potentially lower rentals and the value that they add to the character of Cremorne.

## 2.4 Process

### 2.4.1 Future of Key Development sites

### **Primary Finding No.9 – Key Development Sites**

The primary finding in relation to key development sites is that, whilst key development sites have been identified there is little other guidance about preferred development outcomes for such sites. The lack of direction regarding preferred outcomes is a gap in strategy and as such is not fit for purpose taking into consideration the likelihood that such sites will be subject of developer interest in the short to medium term.

Rezoning provides an appropriate lever to consider whether other aspirations that are difficult to achieve through standard planning tools, such as housing and workplace affordability, may be 'built in' via an agreement.

#### **2.4.1 Zoning Anomalies**

### **Primary Finding No.10 – Zoning Anomalies**

The primary finding in relation to zoning anomalies is that there are a number of anomalies that require further consideration however the anomalies do not appear to be causing any unreasonable impact on landowners or uncertainty that needs to be corrected with urgency.

### 3 RECOMMENDATIONS

In response to the key findings, it is recommended that the Yarra City Council consider implementation of the following recommendations.

No.	Recommendation
<b>STRATEGY</b>	
1.	Proceed with implementation of revised local policy and consider further use of zones and overlays to provide greater local specificity and guidance to support the policy directions in the new PPF.
<b>LAND USE</b>	
2.	Retain the Commercial 1 Zone (limited application) with no changes.
3.	Retain the <b>Commercial 2 Zone</b> with no changes.
4.	Retain the <b>Comprehensive Development Zone</b> in the short term but consider rezoning to an appropriate zone (possibly Mixed Use Zone) once development is complete.
5.	Retain the current <b>Neighbourhood Residential Zone (NRZ)</b> – Schedule 1 (Yarra Residential Areas) but consider introduction of new specific schedule in association with implementation of revised local policy. A more locally specific NRZ, which makes full use of the Neighbourhood Character Objectives, would be of benefit in achieving Cremorne's vision, particularly in relation to directing residential growth away from NRZ areas to CDZ and activity centres.
6.	Retain the current <b>General Residential Zone (GRZ)</b> – <b>Schedule 2</b> (Residential Areas) but consider introduction of new specific schedule in association with implementation of revised local policy. A more locally specific GRZ, which makes full use of the Neighbourhood Character Objectives, would be of benefit in achieving Cremorne's vision, particularly in relation to heights and diversity. Note current conflict in height cap (between parent zone and current Schedule).
	Retain the current <b>General Residential Zone (GRZ)</b> – <b>Schedule 3</b> (Office of Housing Sites over 2500sqm + Selected Main Road Sites) but consider introduction of new specific schedule in association with implementation of revised local policy. A more locally specific GRZ, which makes full use of the Neighbourhood Character Objectives, would be of benefit in achieving Cremorne's vision, particularly in relation to heights and diversity.
	Retain the current <b>General Residential Zone (GRZ)</b> – <b>Schedule 4</b> (Main Road sites) but consider introduction of new specific schedule in association with implementation of revised local policy. A more locally specific GRZ, which makes full use of the Neighbourhood Character Objectives, would be of benefit in achieving Cremorne's vision, particularly in relation to heights and diversity.
7.	Consider identification of key objectives for redevelopment sites within Urban Design Framework Refresh or amended local policy.
<b>DETAILED OUTCOMES</b>	
8.	Review current <b>Design and Development Overlay (DDO)</b> - <b>Schedule 1</b> - review to remove ambiguity and to assess whether the controls remain relevant in relation to height and setbacks for specified sites.
9.	Provide further explanation and guidance in relation to low-rise, mid-rise and high-rise and identify preferred outcomes for Cremorne including introduction of a <b>Design and Development Overlay</b> over the Commercial 2 land or other controls in combination such as floor area ratios and floor area uplift noting the requirement for significant inputs to determine the operation of such controls with confidence.
10.	Consider introduction of a <b>Development Plan Overlay and/or a Design and Development Overlay</b> over important Strategic Redevelopment Sites based on the findings and recommendations of the Urban Design Framework Refresh.
11.	Advance preparation of the <b>Urban Design Framework Refresh</b> as a priority. Ensure that the Urban Design Framework Refresh expresses an overall objective and preferred outcomes in relation to built form and public realm improvements. The Urban Design Framework refresh could also be used to bring together key strategies such as the Open Space Strategy, the Development Contributions Plan, public art guidelines and any other specific development guidelines in such a way as to not only explain the relationship between the various strategies but also to demonstrate their role in implementing the vision for Cremorne.



No.	Recommendation
12.	Given the relative importance of 'place' and the character and identity of Cremorne and the absence of specific guidance it is recommended that specific additional guidance is provided in relation to heights, setbacks, private contribution to public realm improvements, amenity concerns including overshadowing and overlooking and that such guidance is implemented by way of introduction of a specific control such as the <b>Design and Development Overlay</b> .
13.	Seek to include further recognition within the <b>Urban Design Framework Refresh</b> of the specific challenges associated with management of the transition of Cremorne including the need for the redevelopment of land to make a contribution to the public realm, the importance of efforts to interpret the industrial heritage of Cremorne and the importance of urban design guidelines.
14.	Implement the <b>Yarra Open Space Strategy</b> but review the contribution triggers (to be included in clause 53.01) to ensure that they are appropriate to the type of development that will take place in Cremorne which may or may not include subdivision of land.
15.	Implement the <b>Municipal Development Contributions Plan</b> and if the Cremorne precinct is subject of review consider inclusion of potential public realm improvement projects, public art, improved pedestrian and cyclist amenity and wayfinding projects but also have regard to overall affordability implications.
16.	Implement the <b>Parking Review Report</b> recommendations.
17.	Seek direction from the State Government regarding retention of affordable workspaces and creative industries and thereafter consider development of a policy position with regard to affordable workspaces and retention/attraction of start-ups and creative industries. Review options including site specific provision of affordable spaces or contributions toward a centralised affordable workspace. Consider affordability and other implications having regard to open space and development contributions and design requirements.
<b>PROCESS</b>	
18.	Undertake a review of each of the key redevelopment sites and determine preferred development outcomes, whether rezoning would be entertained and if so under what circumstances and what community benefit outcomes will be sought with or without rezoning potential.
19.	Review and progressively implement the recommendations from the review of potential zoning anomalies.

## Part Five Appendices

### 1 CURRENT POLICIES AND STRATEGIES ANALYSIS

Table 15 Policy Framework Analysis

Policy	Relevance	Status and Implementation Approach
<b>STATE POLICY</b>		
<b>Plan Melbourne 2017-2050</b>	<p>The overarching strategic document that sets the preferred direction of development in metropolitan Melbourne.</p> <p>Identifies:</p> <ul style="list-style-type: none"> <li>• Swan Street as a Major Activity Centre</li> <li>• Emphasises improving access to jobs and locating jobs closer to where people live</li> <li>• Improved access to housing choices close to jobs, service and public transport</li> <li>• Design excellence encouraged, with the creation of communities that contribute to healthy lifestyle.</li> </ul> <p>Unlike the earlier Plan Melbourne (2014), the current Plan Melbourne does not explicitly refer to Cremorne as an urban renewal area. National Employment and Innovation Clusters (NEICs) are identified as being the focus for knowledge-based businesses close to transport. Cremorne is not identified as a NEIC.</p>	<p>Implemented into the Yarra Planning Scheme in 2017<sup>55</sup> (Clause 11). Structure Planning for Swan Street MAC completed, and implementation in Planning Scheme currently in progress (Panel).</p> <p>Council has interpreted lack of reference to Cremorne as effectively downgrading the extent to which Cremorne is expected to accommodate change in VCAT hearings. It is noted that this position was not supported by VCAT (refer to Chapter 0).</p> <p>While not nominated as a NEIC, other government strategies nominate Cremorne as an Enterprise Precinct (not reflected in Planning Scheme).</p>
<b>Planning Policy Framework</b>		
Settlement	Clause 11 refers to focusing investment and growth in places of state significance, supported by major activity centres (Swan Street in a MAC).	Locally specific policy being finalised for implementation in relation to Swan Street MAC (refer below).
Environmental and Landscape Values	Clause 12 seeks to protect the Yarra as a significant economic, environmental and cultural asset. Specific policy about minimising visual intrusion of development when viewed from the public realm, limits on height (below tree canopy) and setbacks (min. 30m).	Additional local controls implemented via a DDO along the river (excluding Strategic Development Sites covered by the CDZ).
Environmental Risks and Amenity	<p>Clause 13 seeks to control amenity impacts, with the following most relevant to Cremorne:</p> <ul style="list-style-type: none"> <li>• managing impacts of noise on sensitive land uses,</li> <li>• improving air quality (particularly by encouraging public transport and active transport use), and</li> <li>• managing land use compatibility (including protecting commercial land uses from encroachment by other sensitive land uses).</li> </ul>	<p>Clause 22.05 provides guidance on amenity expectations for dwellings in commercial areas. Noise one consideration, but not explicit guidance on acceptable levels. Planning Scheme rewrite addresses this.</p> <p>Local policy development in progress prioritising sustainable transport.</p> <p>Land use compatibility matters addressed through zoning (particularly use of C2Z).</p>

<sup>55</sup> Amendment VC134 on 31 March 2017

Policy	Relevance	Status and Implementation Approach
Natural Resource Management	Clause 14 seeks to protect catchment and water quality through design, siting, and appropriate treatment measures.	Local policy at 21.07-3 generally duplicates state policy.
Built Environment and Heritage	<p>Clause 15 promotes excellence in the design of the built environment to deliver liveable and sustainable places, through:</p> <ul style="list-style-type: none"> <li>high quality built and urban design that reflects the identity of the place and community, including its heritage, and</li> <li>is energy and resource efficiency, including performance of buildings, low energy forms of transport and greening of urban areas.</li> </ul>	<p>Built form design controlled by limited use of DDOs and municipal wide policy. Limited locally specific design guidance (key gap identified in VCAT reviews).</p> <p>Local neighbourhood character reflected in use of residential zones (old format)</p> <p>Heritage features protected by application of the Heritage Overlay and local policies relating to heritage sites and landmark features.</p> <p>Local policy at 22.17 Environmentally Sustainable Design provides guidance on expectations. Requires submission of Sustainable Design Assessment and Green Travel Plan.</p>
Housing	Clause 16 seeks to locate higher density housing close to jobs, services and transport (including MACs like Swan Street) and to provide a diversity of housing, including more affordable options.	<p>Local implementation of zones was undertaken in 2013 (using old format residential zones).</p> <p>Housing Strategy 2018 informs clearer local policy (refer to Planning Scheme Rewrite), but does not propose to update zones to new format.</p>
Economic Development	Clause 17 seeks to provide for a strong and innovative economy, via development of business clusters that are accessible, well-connected, affordable (to support not-for-profit and start-up enterprises) and have high amenity. While Major Urban Renewal Precincts and NEICS are mentioned, enterprise precincts are not referenced.	<p>Strategy documents released relating to Enterprise Precincts at a state level (refer to Part 2 Chapter 13Part Two2).</p> <p>Local use of C2Z in Cremorne has supported economic development, particularly office development.</p>
Transport	Clause 18 promotes integrated and sustainable transport systems by focusing development in proximity to public transport, and supporting and protecting safe pedestrian and cyclist access to reduce environmental impacts. Adequate carparking provisions should be balanced with a desire to encourage public and active transport and protection of residential precincts from road congestion and on-street parking.	Local policy development in progress prioritising sustainable transport by setting maximum parking provision rates.
Infrastructure	Clause 19 seeks to ensure that infrastructure is planned to support development. Provision of sufficient open space is a key gap for Cremorne. This clause also supports use of	Open Space Strategy and Development Contributions Plan amendments will support this policy. See Table 15.

Policy	Relevance	Status and Implementation Approach
	development/infrastructure contributions plans to assist with funding and delivery of infrastructure.	
<b>Other Strategies</b>		
Unlocking Enterprise in a Changing Economy	<p>Cremorne is identified this document as an Enterprise Precinct with a focus on technology. The document is not framed as a planning document (it identifies 9 success factors for enterprise precincts, which only a few directly influenced by planning).</p> <p>The report emphasises the importance of local planning of precincts, with the State supplying the appropriate planning tools (including the Commercial 3 Zone).</p>	<p>Document is not directly implemented in the PPF (Enterprise Precincts not mentioned in state policy).</p> <p>Commercial 3 Zone has been made available for use, but not yet applied by any Planning Authority.</p> <p>Informs the VPA/Yarra Cremorne Place Implementation Plan project (see below)</p> <p>Language of Enterprise Precinct has been replaced by Major Employment Precinct in Yarra's Planning Scheme Rewrite (in reference to Cremorne).</p>
Cremorne Place Implementation Plan (CPIP)	<p>Joint project between Victorian Planning Authority (VPA) and Council. Cremorne identified as a Pilot Enterprise Precinct. The plan is not intended as a land use plan/structure plan, but rather, seeks to set a vision for Cremorne as an Enterprise Precinct, and identify key priority actions to achieve that vision.</p>	<p>Phase 1 of project complete: Issues and Opportunities Paper released in November 2019.</p> <p>Phase 2 community engagement on hold due to Covid 19.</p>
<b>LOCAL POLICY (Planning Scheme)</b>		
<b>Municipal Strategic Statement</b>		
Vision	<p>Clause 21.03 sets out the vision for Yarra. Cremorne is not explicitly noted (no local areas are). The Strategic Framework Plan identifies the majority of Cremorne as a Commercial and Industrial Area, bordering Swan Street as a Major Activity Centre.</p>	
Land Use	<p>Clause 21.04 seeks to ensure that Yarra can accommodate increases in population and to reduce amenity conflicts between residential and other uses. It is policy to apply the Interface Use policy at Clause 22.05 (Objective 3) and increase the number and diversity of local employment opportunities (Objective 8).</p>	<p>Implemented via use of zones. C2Z in Cremorne is generally consistent with designation of Cremorne as primarily a Commercial and Industrial Area.</p>
Built form	<p>Clause 21.05 has a focus on the low-rise urban form (Objective 17) punctuated by pockets of higher development on Strategic Redevelopment sites.</p> <p>Identifies and seeks to strengthen built form types and character (Objective 23). Cremorne's commercial areas are considered 'non-residential areas'.</p>	<p>Built form objectives not implemented by more specific design guidance for particular areas (i.e. through DDOs).</p> <p>Identified as a key gap in review of VCAT decisions.</p>
Transport	<p>Clause 21.06 acknowledges that Yarra needs to reduce car dependence by promoting walking, cycling and public transport use as viable and preferable alternatives. Management of carparking to support sustainable transport is</p>	<p>Local policy development in progress prioritising sustainable transport (Planning Scheme Rewrite C269) and by setting maximum</p>

Policy	Relevance	Status and Implementation Approach
	raised as an issue in the preamble but policy does not explicitly seek to limit carparking rates (Objective 32 refers to integrated transport plans).	parking provision rates (Parking Overlay). See Table 15.
Environmental Sustainability	Clause 21.07 seeks to promote environmentally sustainable development, by encouraging new development to incorporate environmentally sustainable design	Implemented by reference to Local Policy at 22.17 Environmentally Sustainable Design.
Neighbourhoods	<p>Clause 21.08 provides neighbourhood specific objectives and strategies. Burnley, Cremorne and South Richmond are grouped as a neighbourhood. Cremorne is identified as having “a mix of uses that must be fostered.” Strategies include:</p> <ul style="list-style-type: none"> <li>• supporting mixed use nature of development</li> <li>• seeking monetary contributions for open space</li> <li>• redevelopment of key strategic redevelopment sites (2 Gough Street in Cremorne)</li> </ul>	<p>C2Z does not support a genuine mix of uses (other than through existing use rights for residential).</p> <p>DCP in preparation with specific requirements for Cremorne- see Table 15.</p> <p>Gough Street Strategic Redevelopment site subject to CDZ.</p>
<b>Local Policies</b>		
Development Guidelines for Sites Subject to the Heritage Overlay	Clause 22.02 provide guidance for the protection and enhancement of Yarra identified places. There are number of sites in Cremorne subject to the HO.	Planning Scheme Rewrite (C269) proposes to simplify policy.
Landmarks and Tall Structures	Clause 22.03 seeks to maintain the prominence of valued landmarks and landmark signs. The Nylex sign and the Ball Tower of Dimmeys are relevant to Cremorne.	Planning Scheme Rewrite (C269) proposes to simplify policy.
Interface Use Policy	Clause 22.05 recognises that in order to maintain the viability of industrial and business areas there is a need to ensure that new residents do not have unrealistic expectations of the level of amenity that can be achieved. New dwellings must be constructed to protect residents as much as reasonably possible from inherent conflicts.	Planning Scheme Rewrite (C269) proposes to simplify policy.
Caretakers' House	Clause 22.06 applies to Commercial zoned land, and provide guidance on how caretakers can be accommodated without compromising the commercial intent of the zone. Sets a 10% limit on total floor area or 100m2, whichever is lesser.	Planning Scheme Rewrite (C269) proposes to simplify policy.
Development Abutting laneways	Clause 22.07 seeks to minimise vehicle crossovers in street by encouraging use of laneways for vehicle access.	Planning Scheme Rewrite (C269) proposes to simplify policy.
Built form and Design	Clause 22.10 seeks to ensure that new development positively responds to the context of the site, and respects the scale and form of surrounding development where this is a valued feature of the neighbourhood character. It also seeks to ensure that new development makes a positive contribution to the streetscape, and limits the impact of new development on the amenity of surrounding land.	<p>New format residential zones provide more mandatory guidance on heights.</p> <p>No locally specific guidance provided via zones/overlays (e.g. DDO) in Cremorne's commercial areas.</p> <p>CDZ provides some flexible guidance on heights for Strategic</p>



Policy	Relevance	Status and Implementation Approach
	<p>There is no explicit guidance on building height and setbacks for areas like Cremorne that are undergoing significant change. Guidance on heights is limited to areas where there is a prevailing pattern. Guidance on setbacks refers to the 'visual impact and off-site amenity impacts on surrounding properties'.</p> <p>The policy is lengthy and appears to duplicate and/or contradict other policies elsewhere in the scheme (e.g. parking requirements).</p>	Redevelopment Site - wide discretion available.
Public Open Space Contribution	Clause 22.12 identifies that cash contributions are preferred over land contributions in Cremorne. Current contribution rates is 4.5% and applies to residential subdivision only.	<p>Revised Open Space Strategy has been adopted by Council.</p> <p>Planning Scheme Amendment to introduce new contribution rate pending Ministerial Authorisation.</p>
Environmentally Sustainable Design	Clause 22.17 sets objectives for energy, water, indoor environmental quality, stormwater management, transport, waste management and urban ecology and requires submission of Sustainable Design Assessment/Sustainability Management and Green Travel Plan (depending on type of development).	<p>This policy is implemented across a number of municipalities and seeks to fill a gap in state policy.</p> <p>Planning Scheme Rewrite (C269) proposes to simplify policy.</p>
<b>LOCAL STRATEGIES/POLICIES (Not in planning Scheme)</b>		
Swan Street Structure Plan, 2014	<p>This document provides an analysis of Swan Street and surrounding precincts (the Cremorne study area), and provides a series of urban design principles, including guidance on preferred heights across Cremorne.</p> <p>The document also identifies Further Investigation Areas that may have development potential (some of which nominated in this report as Key Development Sites) and provides a strategic analysis of traffic congestion and sets a policy position on sustainable transport options.</p>	<p>Adopted by Council on 17 December 2013.</p> <p>Implementation in 2 stages:</p> <p>Stage 1: Only Precincts 1-4 are to be implemented via Amendment C191 (panel recently concluded)</p> <p>C191 relies on subsequently prepared documents: <i>Swan Street Built Form Framework</i> and <i>Swan Street Built Form Heritage Assessment and Analysis</i>.</p> <p>Stage 2: Implementation of the Further Investigation Areas (subject to further work).</p>
The Housing Strategy, 2018	<p>Provides guidance to:</p> <ul style="list-style-type: none"> <li>&gt; direct housing growth to appropriate locations);</li> <li>&gt; plan for more housing choice to support Yarra's diverse community; and</li> <li>&gt; facilitate the provision of more affordable housing in Yarra.</li> </ul> <p>Cremorne's residential areas are largely identified as a Minimal change areas, with Swan Street a Moderate Change area and the Gough Street CDZ a high change area.</p>	<p>Adopted by Council on 4 September 2018</p> <p>Use as an input into the Planning Scheme Rewrite (Amendment C269 on exhibition).</p> <p>No changes to the residential zones proposed.</p>

Policy	Relevance	Status and Implementation Approach
Yarra Spatial Economic and Employment Strategy (SEES)	<p>Builds on the diverse economic strengths in the municipality and allows Council to respond to future changes. The SEES:</p> <ul style="list-style-type: none"> <li>&gt; clearly establishes the relative importance of Yarra from an employment perspective;</li> <li>&gt; identifies the task for Yarra in managing its employment land;</li> <li>&gt; identifies the drivers of change;</li> <li>&gt; identifies 6 strategies for the management of Yarra's employment lands including: <ul style="list-style-type: none"> <li>– support employment growth in Activity Centres;</li> <li>– retain and grow Yarra's major employment areas;</li> <li>– identify preferred locations for housing growth;</li> <li>– support the expansion of Yarra's health precincts;</li> <li>– retain Commercial 2 zone precincts, and</li> <li>– retain existing industrial precincts for manufacturing and urban services</li> </ul> </li> <li>&gt; operates in conjunction with the housing strategy in opposing conversion to residential;</li> <li>&gt; suggests that rezoning should not be contemplated until such time as definitive strategic planning work has been completed relating to preferred built form outcomes and infrastructure needs.</li> </ul>	<p>Adopted by Council on 4 September 2018</p> <p>Use as an input into the Planning Scheme Rewrite (Amendment C269 on exhibition).</p> <p>No changes to the C2Z in Cremorne proposed.</p>
Open Space Strategy	<p>Identifies opportunities for new open space (general sub-precincts for open space nominated) and upgrades to existing open space to support an increasing residential and worker population. Settles on a 10.1% open space contribution (cash for Cremorne) to be applied to both residential and industrial/commercial subdivision.</p>	<p>Adopted by Council 1 September 2020.</p> <p>The strategy will guide open space capital works program.</p> <p>Council resolved to seek authorisation from the Minister to amend the Planning Scheme to introduce the 10.1% open space contribution rate.</p>
Development Contributions Plan	<p>The Development Contributions Plan includes proposed contributions for a range of local projects within each of the suburbs within Yarra. During the course of the Panel Hearing process it was identified and agreed that Cremorne was a special case and that more work needed to be done to identify additional projects that could be included within the DCP. The adopted DCP rates</p>	<p>Planning Scheme Amendment C238 is currently awaiting Ministerial approval.</p> <p>Adopted rates for Cremorne to be considered interim until further work completed.</p>

Policy	Relevance	Status and Implementation Approach
	for Cremorne are regarded as interim until such time as further work is done to identify any additional projects and the associated costs. Adopted rates are as follows: \$1,675/dwelling, \$12.10/m <sup>2</sup> of retail floorspace, \$8.38/m <sup>2</sup> of commercial floorspace	
Planning Scheme Rewrite	<p>Amendment C269 proposes to rewrite the local planning policy framework to translate into the Planning Policy Framework (PPF), consistent with DELWP's SmartPlanning program.</p> <p>The rewrite changes the structure of local policies and removes repetition, ambiguity and contradiction. A more detailed review of the changes and their implications for Cremorne are provided in Table 16.</p>	Amendment C269 on public exhibition (refer to Table 16 for details).
New Cremorne Parking Provisions	<p>Recognises that the default parking rates in the Planning Scheme are not reflective of the inner city context of Cremorne, and the abundant access to public transport and cycling networks. Seeks to introduce a Parking Overlay that places a maximum limit on provision of carparking for office and retail development.</p>	Council resolved 1 September 2020 to seek Ministerial Authorisation for Amendment C281 (authorisation pending).

## 2 COMMERCIAL DATA

This appendix provides charts based on data supplied by Savills.

Figure 22 Commercial Site Values/m2 of cleared site area high and lows – Cremorne and CBD 2010-2020 (note axis \$ values do not match)



Figure 23 Commercial Capital Improved Values/m2 of NLA – Cremorne and CBD 2010-2020





Figure 24 Commercial Typical Occupancy size and range/m2 by project Cremorne and CBD 2010 – 2020

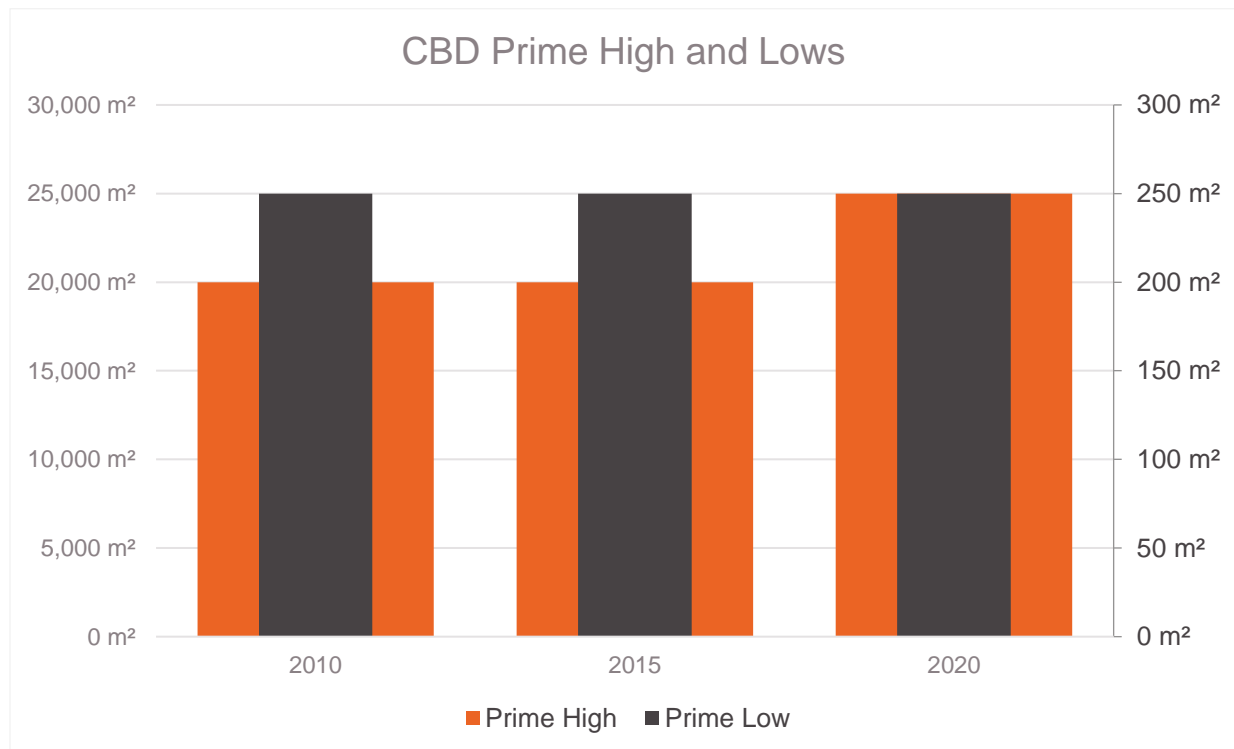
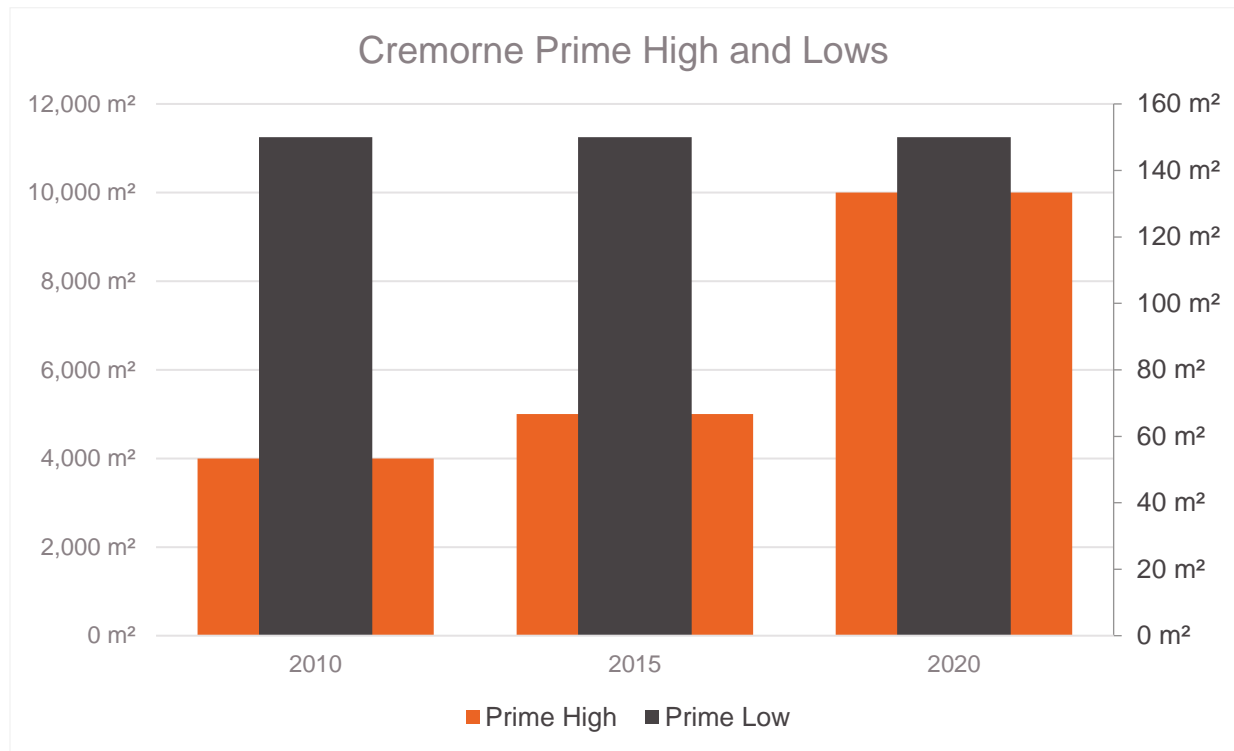
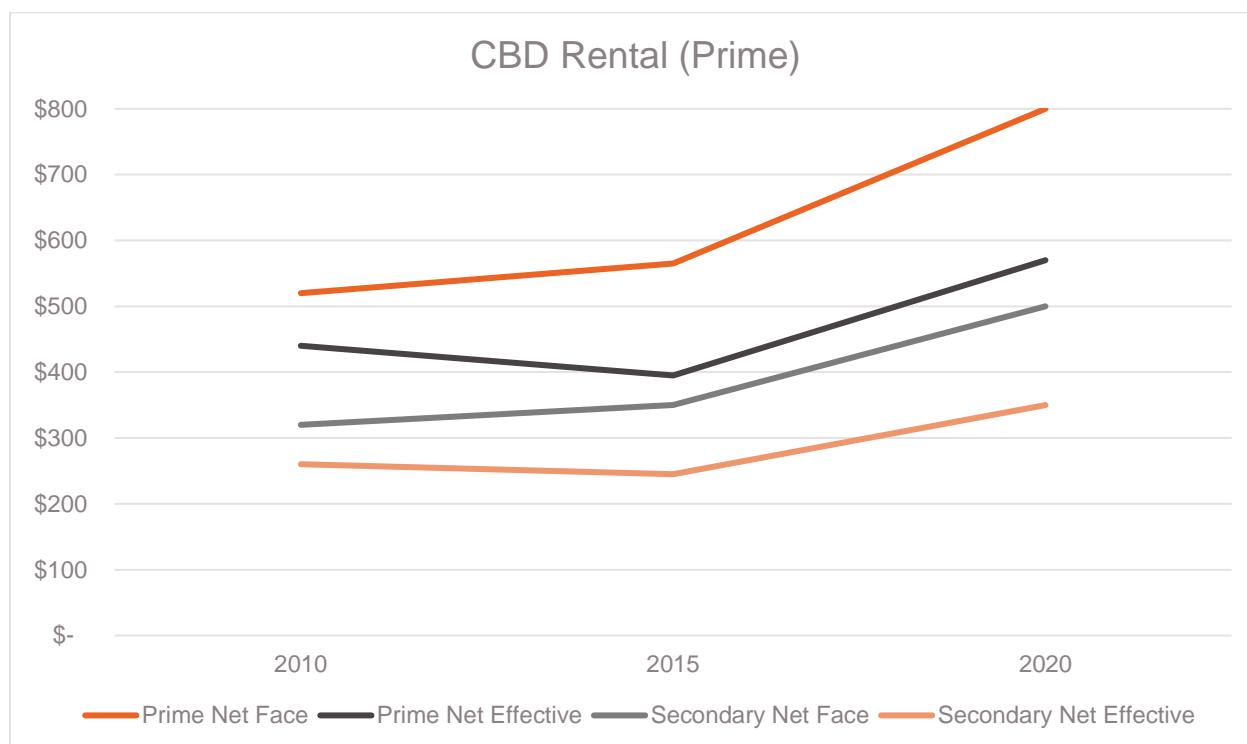
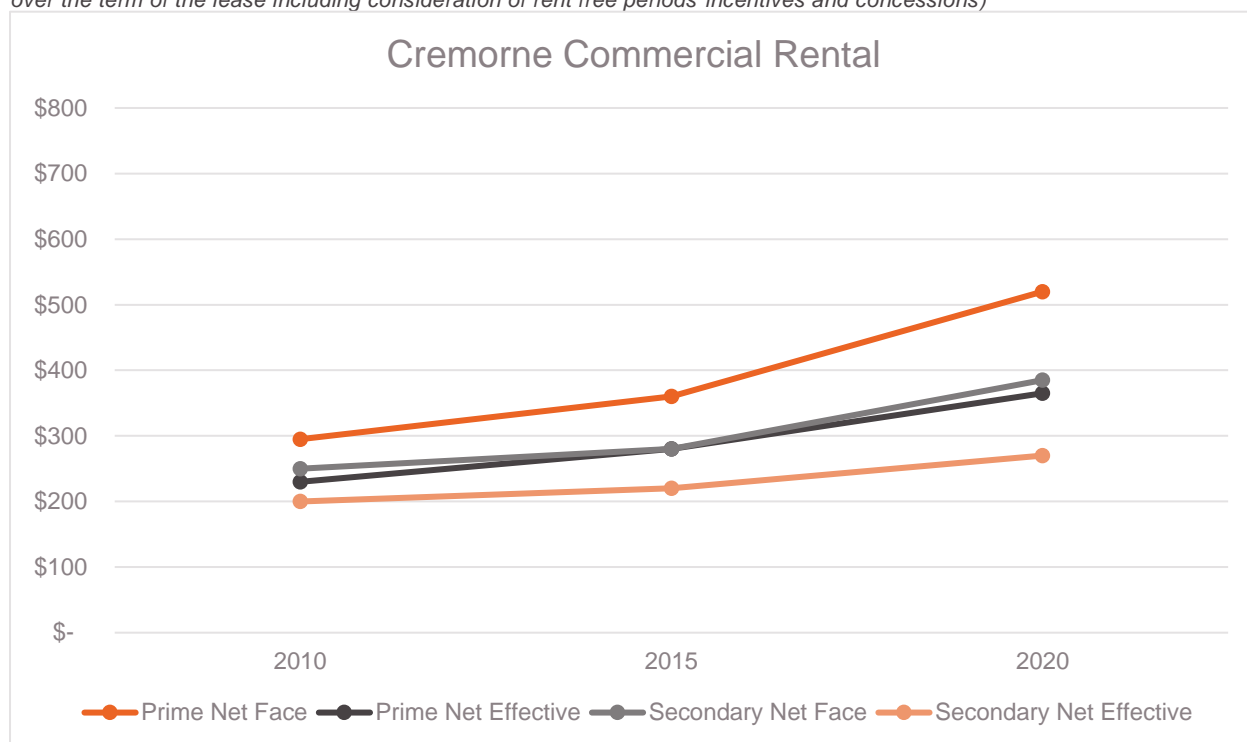


Figure 25 Rental Values/\$/m2 per annum of NLA – Cremorne and CBD 2010-2020 (Face rent refers to quoted base rental before taking into account any rent increases or incentives and Effective rent refers to the rental rate averaged out over the term of the lease including consideration of rent free periods incentives and concessions)



### 3 PLANNING SCHEME REWRITE ANALYSIS

Table 16 Planning Scheme Rewrite - summary and implications of key changes of relevance to Cremorne

Planning Scheme Rewrite	Key changes of relevance to Cremorne	Implications of relevance to review
Clause 2		
Municipal Planning Strategy	<p>Clause 2.01 identifies Cremorne as a <b>Major Employment Precinct</b>, with reference to a diverse mix of offices, creative industries and specialised manufacturing.</p> <p><i>Cremorne is an enterprise precinct, emerging as Melbourne's premier destination for creative design, particularly in the tech and digital space. It is home to global companies which sit side by side with small to medium sized firms, start-ups and co-working spaces.</i></p>	Residential uses are <b>no longer</b> noted as part of the mix of preferred uses, providing greater certainty about the focus on employment uses.
Strategic Directions	Clause 2.03 identifies Swan Street as a Major Activity Centre, Gough Street as a major regeneration area (for housing growth), Cremorne as a major employment precinct (with a focus on economic growth having primacy and minimising residential conversion).	There is no reference to smaller scale redevelopment sites (identified in this review as Key Development Sites).
Strategic Framework Plan	Identifies areas as per 2.03, but also nominates residential areas of Cremorne as low scale residential.	
Clause 11		
Activity Centres	Supports high quality mid-rise buildings, protection of heritage and landmarks, and development that makes a contribution to night time economies. Seeks a transition to low-rise residential neighbourhoods.	<p>Relevant to areas south of Swan Street.</p> <p>Identifies 4 precincts along Swan Street, but has policy relevant to precincts 3 and 4 only.</p>
Clause 13		
Yarra River, Darebin and Merri Creek Corridors	Converts and adds to existing policy seeking to minimise visual intrusion of development when viewed from river corridor and public realm and seeks to enhance public access to the Yarra River.	Does not include changes to DDO along river.
Caretaker's House	Converts the existing local policy, retains the 10%/100 sqm test for caretaker dwelling.	No substantial change to policy.
Interfaces and amenity	Provides clearer policy on expectations of amenity for residential uses in commercial areas. Formalises requirement for acoustic report and sets specific requirements for the development to implement protections from noise sources.	Previous policy was clear about amenity expectations of residential uses in commercial areas, but policy was very long and complex.
Clause 15		
Public realm	Clause 15.01 supports development that improves the quality of the public realm including provision of public art) and requires public realm improvements when rezoning land.	Sets a strategic basis for securing public benefits as part of rezoning processes.
Building design	Exempts employment areas (such as Cremorne) and major regeneration areas (such as Gough	Does not define low, mid and high rise. Does not define where

Planning Scheme Rewrite	Key changes of relevance to Cremorne	Implications of relevance to review
	<p>Street) from the need to reflect a predominate low-rise character. Directs mid-rise developments to appropriate locations in these areas. Seeks to avoid high rise development across the municipality except where specified in a DDO.</p> <p>Simplifies former built form policies, including:</p> <ul style="list-style-type: none"> <li>• General guidance on setbacks.</li> <li>• Sets a preferred maximum site coverage of 80%.</li> <li>• Encourages planting of canopy trees</li> <li>• Seeks to avoid carparking/garages and service infrastructure form dominating frontages</li> <li>• Supports zero carbon development</li> </ul>	<p>appropriate locations are in employment precincts for mid-rise. Does not articulate expectations for other parts of employment areas (implies low-rise).</p>
Clause 16		
Location of residential development	<p>Explicitly directs majority of new housing to within activity centres (Swan Street) and major regeneration areas (Gough Street). Majority of Cremorne's residential areas are nominated as Minimal Change areas. Some select sites (key redevelopment sites and along the river) are nominated as Incremental Change Areas.</p> <p>Define minimal change as one or two dwellings, and incremental change as townhouse or smaller scale apartments.</p>	<p>Does not identify expectations for Key Development sites.</p>
Housing diversity	<p>Requires housing diversity to be demonstrating when rezoning land for major residential developments (50 or more dwellings).</p>	<p>Diversity appears to refer to diversity in scale of apartments/number of bedrooms. Does not refer to alternative forms of housing such as live/work housing etc.</p> <p>Key opportunities for achieving policy outcome in Cremorne are in Key Development Sites (if rezoning is entertained)</p>
Housing affordability	<p>Seeks to increase the provision of affordable housing, including social housing and housing for key workers (police, health, emergency or education workers). Identifies 10% (potentially more for larger developments) as a minimum to consider.</p>	<p>Is not written as a particularly forceful policy, contribution is voluntary/consideration.</p> <p>Policy would have most effect when rezoning sites such as Key Development Sites).</p>
Clause 17		
Employment	<p>Reinforces Cremorne as a location for employment growth, with high quality built form and improved pedestrian environments.</p>	<p>No reference to residential, providing greater certainty about employment focus.</p>
Clause 18		
Sustainable transport	<p>Emphasises a transport hierarchy that priorities walking, cycling and public transport, to minimise impact of private vehicle. Requires submission of Green Travel plans for major non-residential and apartment developments.</p>	<p>Supported by proposed changes to Parking Overlay, to limit carparking rates for offices and retail.</p>

Planning Scheme Rewrite	Key changes of relevance to Cremorne	Implications of relevance to review
Road system	Seeks to avoid disruption to pedestrian and cyclist by vehicle cross-overs. Limits one vehicle crossing per site frontage where rear laneway access not available.	One per crossing per site doesn't address the cumulative impact of development of narrow frontages.
Car parking	Supports reduction in car parking spaces provided in development.	Supported by maximum parking limits in PO.
Clause 19		
Open Space	General policy that seeks to increase quantity and quality of open space.	Provides no specific guidance on how this will be achieved.
Public Open space contribution	Preferences a cash contribution for the majority of Cremorne (as per previously policy). Provides guidance on minimum dimensions (300sqm, width of 10m).	Supported by proposes changes to Clause 53.01 to introduce a contribution for commercial subdivision, and to increase rate to 10.1%



## 4 ZONING ANOMALIES

Figure 26 Potential Zoning Anomalies



Table 17 Zoning Anomalies Analysis & Recommendations

Map Ref	Location	Current Zoning	Description of Potential Anomaly	Recommendations
A	11-15 White Street, Cremorne	NRZ1 & PPRZ	<p>The northern section of the open space is within the NRZ1 – whilst the large southern portion is within the PPRZ. The site contains a shaded playground and seating with table.</p> <p>Being on a corner site, it provides good surveillance to the street and surrounding residences.</p>	Consider re-zoning the open space to be entirely PPRZ

			Under the NRZ1, the northern portion could be redeveloped, and this open space would be reduced both in size and function. Passive surveillance would also be negatively impacted.	
<b>B</b>	Stephenson Street Reserve	C2Z	<p>This pocket park is one of the only readily accessible open spaces for office workers to sit and rest within Cremorne. The amenity of the open space is reasonably poor as a result of its outlook onto a busy street (Stephenson Street) and the railway.</p> <p>Future development of the site or surrounding built form should provide ground level activation and contribute to provide wide pedestrian access along Stephenson Street.</p>	<p>No change.</p> <p>Consider how any future built form controls may provide ground level activation, and provision of pedestrian paths along Stephenson Street.</p>
<b>C</b>	51-71 Chestnut Street, Cremorne	GRZ2	<p>This parcel is currently occupied by a multi-level carpark and is zoned as GRZ2.</p> <p>Chestnut Street is intimate in scale and mostly consists of fine grain residential uses.</p> <p>Considering the size of the site, it would be a suitable development for future residential development which would be consistent with the role of Chestnut Street (between Adelaide Street and Adolph Street).</p> <p>Future redevelopment of the site should provide for frontage to Chestnut and be of a scale that provides suitable transition from the C2Z.</p> <p>The site is not considered to be an anomaly and is suited to being retained under the GRZ.</p> <p>Any rezoning of the site that would seek to align with the uses to the east (under C2Z), may lead to land use conflict along this sensitive interface. This is generally inconsistent with what is occurring elsewhere in Cremorne (such as Brighton Street) – where C2Z interfaces with residential areas.</p>	No change.
<b>D</b>	69-71 Cremorne Street, Cremorne	C2Z	<p>The site is zoned under the C2Z and is currently used as an office &amp; small warehouse. It is situated amongst the Kangan Institute (PUZ2).</p> <p>Logically, a rezoning of this isolated C2Z parcel to the PUZ2 could facilitate a more efficient use of the land for the institute, including arrangement of new built form and expansion potential (subject to protection of heritage place).</p>	Consider re-zoning to PUZ2 to align with the role of the Kangan Institute.
<b>E</b>	8-10 Yorkshire Street & 15-17 Yarra Street, Richmond	C2Z	<p>There are 6 parcels zoned as C2Z, with 3 fronting Yorkshire Street and 3 fronting Yarra Street.</p> <p>This area has appeared to have undergone recent redevelopment works in the form of residential dwellings (townhouses).</p>	No change.

			Both Yorkshire and Yarra Street have an industrial/commercial character.	
			To be consistent with zoning pattern within this area of Cremorne, future commercial uses should be supported.	
<b>F</b>	11-27 Howard Street, Richmond	C2Z	<p>Howard Street has a mostly residential character, consisting of a number of workers cottages.</p> <p>This character appears to be an extension of the types of residential development that has occurred along Brighton Street.</p> <p>It would be warranted to consider preserving Howard Street as having a function as residential, but as a transition zone that provides for residential development – such as the C1Z.</p> <p>This approach would be consistent to what is occurring to the south of Howard Street.</p>	Consider re-zoning to C1Z.
<b>G</b>	Cotter Street, Richmond	C2Z	<p>This area is situated within the Barkly Gardens Precinct (HO308) and contributes to the significance of the precinct.</p> <p>The majority of the parcels contain an existing residential dwelling, with the exception of 15-21 Cotter - which is a later period commercial building.</p> <p>The retention of these dwellings under the HO limits repurposing for issues under the C2Z. Rezoning this area as an extension to the NRZ1 should be considered to retain the significance this area makes to the Barkly Gardens precinct.</p>	Consider re-zoning to NRZ1
<b>H</b>	549-555 Church Street, Richmond	C2Z & GRZ1	<p>This large parcel contains two zones, with the eastern portion being zoned GRZ1 (warehouse sites). The site is also subject to a recent planning permit and has commenced works on the site.</p> <p>Although not best practice to rezone parts of parcels, in this instance the development of the site under a full C2Z zone would unreasonably impact on the residential character of Brighton Street, with the site also interfacing with the Barkley Gardens precinct.</p>	No change.
<b>I</b>	14 Kingston Street, Richmond	C2Z	<p>This parcel is used for a residential dwelling with no heritage significance (no protection through a Heritage Overlay).</p> <p>Kingston Street has predominantly commercial role, with this parcel zoned under the C2Z.</p> <p>It is noted that the parcel to the west at 16 Kingston (outside of the study area) would also warrant commercial zoning on the same basis. Residential properties within the adjacent GRZ all have frontage to Brighton Street – this is consistent with zoning pattern for majority of Brighton Street for this purpose.</p>	<p>No change to 14 Kingston parcel.</p> <p>Consider re-zoning 16 Kingston to C2Z.</p>

<b>J</b>	20-26 Brighton Street Richmond	C2Z & GRZ2	<p>This parcel is zoned predominantly under the GRZ2. The parcel contains a small portion of C2Z in the north-west corner. It is currently being redeveloped as part of a broader large scale commercial building.</p> <p>On review of the relevant plans endorsed following a VCAT review, this parcel wholly contains a childcare facility (multi level). A child care is a section 2 use under the GRZ, and it is proposed to face towards Brighton Street.</p> <p>A minor rezoning should occur to ensure the parcel is wholly located within the GRZ2, which will reflect proposed development of the land.</p>	Consider re-zoning whole parcel to GRZ2
<b>K</b>	Pearson and Chapel Street, Cremorne	C2Z	<p>This area contains a number of residential dwellings within the C2Z.</p> <p>It is not considered an anomaly in this instance as the future role of this area should be for commercial purposes, and is consistent with the zoning pattern to the east of Walnut Street.</p> <p>The dwellings along the western side of Walnut Street have rear access from Walnut Street, with the primary frontage being along Chestnut Street. This forms Walnut Street as the logical transition between residential and commercial zones.</p>	No change.
<b>L</b>	White Street	NRZ1 & PUZ4	<p>This parcel contains 2 zones – the NRZ1 and the PUZ4.</p> <p>This parcel is currently used as a road that provides rear access to dwellings fronting White Street. The zone boundary of the PUZ4 generally follows the fencing line separating the rail corridor from the road.</p> <p>Any changes to the zoning boundary is unlikely to result in any changes to on ground outcomes.</p> <p>In any event, further consultation with VicTrack would be required to undertake any changes to the zoning within this parcel.</p>	No change.