Activities and Uses Objective 1:

Facilitate the future growth of South Melbourne as an integrated Major Activity Centre, Enterprise Precinct and Mixed Use Precinct

Ensuring that future use and development of land within the Major Activity Centre, Enterprise Precinct and Kings Way Mixed Use Corridor maintain their distinctive but complementary role is crucial in supporting South Melbourne's future growth.

South Melbourne is distinctive from both an economic and land use perspective due to the proximity and integration of its Major Activity Centre, its Enterprise Precinct and the Kings Way Mixed Use Corridor within walking distance of each other. The relationship between them is shown in Figure 8 and is described below:

- Land along Clarendon Street, Coventry Street and the South Melbourne Market collectively comprise the South Melbourne Major Activity Centre (MAC), with a focus for business, employment, shopping, working, leisure, community facilities and higher density housing[1].
- Land on either side of the South Melbourne MAC forms part of the Enterprise Precinct, which supports a diverse array of employment generating uses, including offices, innovation and creative industries. This precinct is recognised within State Planning policy as being of regional significance which should be protected for employment and creative industries via appropriate land use zoning[2].
- Land along Kings Way forms part of a mixed use corridor which supports a mix of residential, commercial and large-format retail uses.

The proximity and complimentary nature of activities within each precinct ensures that South Melbourne Centre can continue to deliver a wide range of outcomes, including:

- Retaining a unique urban village character and street life, providing a high amenity setting for the future growth in residents, workers and visitors
- Retaining growth of existing industry clusters, so that the area can continue to develop its already strong reputation as a location for employment and creative industries
- Providing a wide mix of activities in proximity to each other, in turn enabling a wide range of social, cultural, economic and environmental outcomes
- Providing a mix of housing types and affordability
- Strengthening the physical and economic links between the Activity Centre, creative clusters in South Melbourne and Montague, and the Southbank Arts Precinct.

The future success of South Melbourne as an attractive place for residents, workers and visitors relies upon a considered and curated delineation between the separate roles and functions of the MAC, Enterprise Precinct and Kings Way Mixed Use corridor.

This Structure Plan will inform new policies in the Port Phillip Planning Scheme that recognise the distinctive but complementary roles that the MAC, Enterprise and Kings Way Mixed Use Corridor each play in supporting the future growth of South Melbourne.



1 Consistent with State Planning Policy for activity centres (Clause 11.03-1S).
2 Consistent with State Planning Policy for a diversified economy (Clause 17.01-1R & 17.01-2S).

Spatial definition of the Major Activity Centre, Enterprise Precinct, Kings Way Mixed Use Corridor and residential precincts.

This Structure Plan spatially defines the MAC, Enterprise Precinct and Kings Way Mixed Use Corridor based on consideration of present day land uses, together with relevant state and local land use policy directions for all land within the South Melbourne Structure Plan Area.

The South Melbourne Major Activity Centre boundary

State planning policy identifies that the South Melbourne Major Activity Centre (MAC) is ideally placed to provide for growth in a wide range of uses, including housing, commercial, retailing, community, employment, transport, leisure, open space, entertainment and other services[3].

Planning Practice Note 58: Structure Planning for Activity Centres (PPN58) provides criteria for determining the spatial extent of activity centres, namely their boundaries.

The current MAC boundary contained within the Port Phillip Planning Scheme has been assessed against these criteria. This assessment has identified a number of proposed additions to the current MAC boundary, as shown in Figure 10.

The South Melbourne Activity Centre Boundary Report (City of Port Phillip, June

3 *Plan Melbourne 2017-2050: Metropolitan Planning Strategy.*

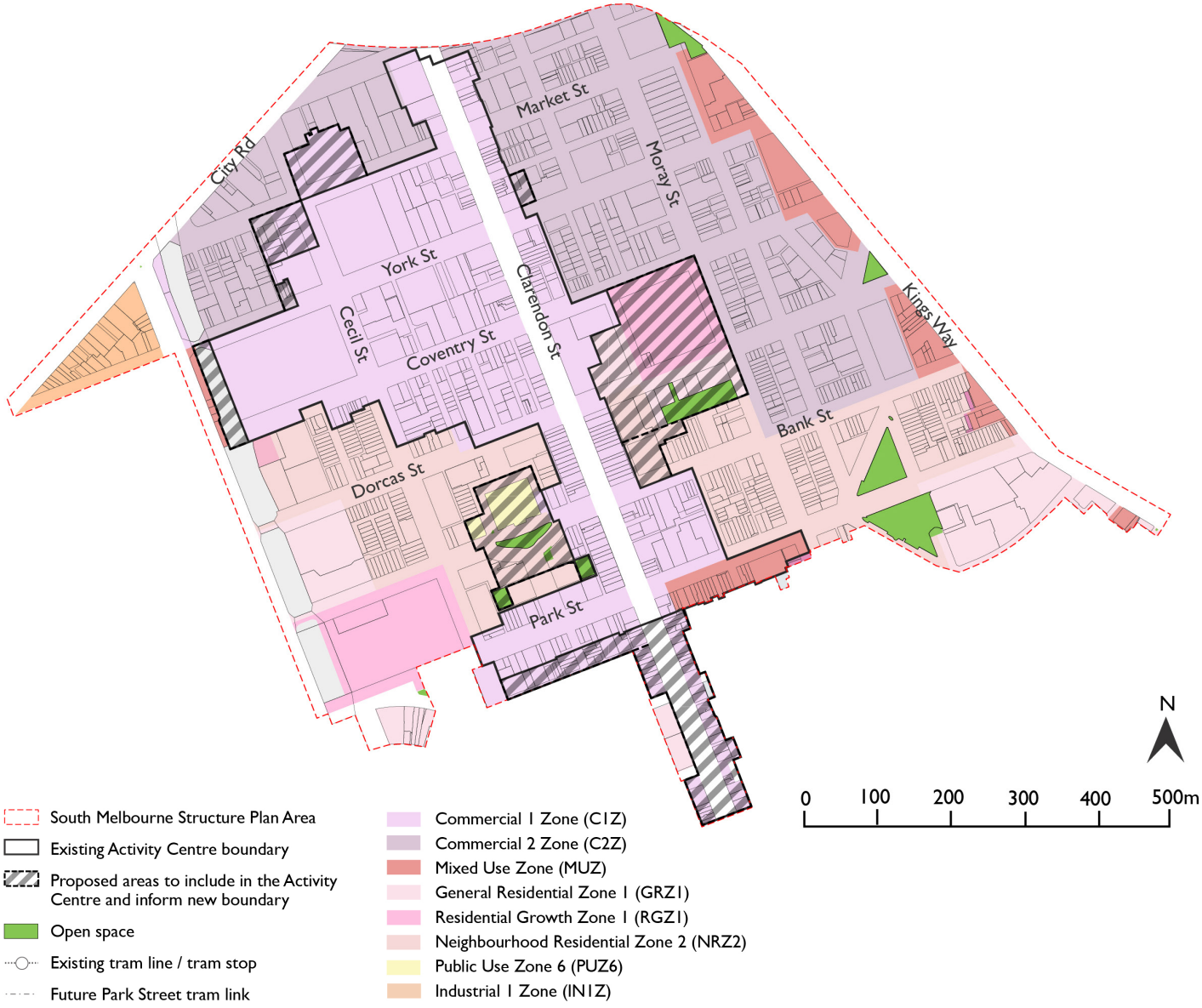

Figure 10 - Proposed South Melbourne Activity Centre Boundary.

2024) contains a detailed assessment of the MAC boundary against PPN58.

These proposed changes will include additional land within the MAC boundary, based on either the existing land use being functionally related to the activity centre, or the potential for the area to play such a role in the future.

These additions to the MAC boundary will also contribute towards achievement of the 20-minute neighbourhood concept, as defined in Plan Melbourne.

Reconciling the role of land within the MAC in catering for forecast retail, commercial and residential needs has been a major factor in determining the revised MAC boundary[4].

The role of the MAC in catering for forecast growth in different land uses has been considered in the wider context of the activity centre.

This Structure Plan seeks to cater for growth in retail, commercial and residential needs within the MAC boundary, but it does not propose any substantial land areas within the adjacent Enterprise Precinct be included within the MAC boundary, for the following reasons:

- Land within the Enterprise Precinct is of strategic economic important to the region, and it will be required to support future growth in employment and commercial floorspace
- The zoning of land within the Enterprise Precinct (Commercial 2 Zone) provides flexibility to accommodate a range of retail uses which are complementary to both the MAC and the Enterprise Precinct.
- While land within the MAC boundary will contribute towards accommodating future housing growth, there are also a number of areas identified for substantial housing growth in nearby locations that are well connected to the MAC by public transport, walking and cycling routes.

The Enterprise Precinct boundary

The Enterprise Precinct boundary includes all land within the Commercial 2 Zone and Industrial 1 Zone across South Melbourne, as shown in Figure 13 (other than a small number of instances where some zoning anomalies exist).

Both State and local policy identify land within these zones as being of regional significance and that they should be protected for such purposes.

The Mixed Use Corridor boundary

The Mixed Use Corridor boundary includes all land within the Mixed Use Zone (MUZ) along Kings Way, as shown in Figure 13. Land within this precinct is currently used for a mix of commercial, residential and large-format retail purposes.

The precinct is located close to Anzac Station and the economic analysis that has informed this Structure Plan identifies that this facility is expected to result in increased attractiveness for including residential, commercial and institutional uses[5].

4 The anticipated land use forecasts and capacity within South Melbourne Major Activity Centre, Enterprise Precinct and Kings Way Mixed Use Corridor is described on page 35.

5 Urban Enterprise (2023).



Residential precincts

South Melbourne comprises two residential areas east and west of Clarendon Street comprising low rise houses often interspersed by mid-rise apartment and townhouse developments. Most of these areas are in the Heritage Overlay. These residential areas are mostly in the Neighbourhood Residential Zone, which has a height limit of 9 metres or two storeys, however some sites are in the General Residential Zone, which has a height limit of 11 metres or three storeys. Park Towers is in the Residential Growth Zone.

Detailed planning and building requirements for these areas are already in the Port Phillip Planning Scheme. Including these areas in the Structure Plan Area seeks to protect their established streetscape character, an attribute highly valued by the community. Importantly, the South Melbourne Structure Plan seeks to ensure that the fine grain character and heritage values of the residential areas are respected by building scale and design in larger adjoining commercial development.

Addressing zoning anomalies

The zoning of all land within the proposed MAC boundary has been reviewed in the context of its activity centre function.

There are five locations within the recommended MAC boundary where changes to zoning is proposed (refer Figures 11 and 12).

In three instances, multiple zones apply to a single site, and it is proposed to rezone the entirety of these sites to Commercial 1 Zone to provide clear alignment between the designation of these sites as part of the MAC.

In the third instance (176-188 Bank Street), land is currently in the Neighbourhood Residential Zone but the land is currently used for commercial purposes. It is proposed to rezone this site to Commercial 1 Zone to reflect its current use and to provided clear alignment between the designation of the site as part of the MAC.

A further two anomalies have been identified near the corner of Park Street and Kings Way. In the first instance (number 6 in Figure 11), two zones apply to the site, and it is proposed to rezone the entirety of these sites to Mixed Use Zone to clearly designate these sites as part of the Kings Way Mixed Use Corridor. In the second instance (number 7 in Figure 11), it is proposed to rezone this site to Mixed Use Zone, to better recognise its existing function and facilitate an integrated mixed use development outcome. Both sites accommodate small-scale commercial uses.

Other than these proposed rezonings, no other sites have been identified as warranting a change in zoning within the South Melbourne Structure Plan Area.

The proposed zoning framework for South Melbourne is shown in Figure 13. Further justification about each rezoning is in *South Melbourne Structure Plan: Zoning Anomalies Report* (City of Port Phillip, June 2024).







Address	Current Zone	Recommended Zone
① The block of land bound by York, Cecil, Market and Northumberland streets, South Melbourne	Part Commercial 1 Zone, part Commercial 2 Zone	Commercial 1 Zone
② 176-188 Bank Street, South Melbourne (former South Melbourne Butter Factory)	Neighbourhood Residential Zone – Schedule 2	Commercial 1 Zone
③ 383-385 Clarendon Street, South Melbourne	Part Commercial 1 Zone, part Neighbourhood Residential Zone Schedule 2	Commercial 1 Zone
④ 68-72 York Street, 191-199 Clarendon Street and 31 Ross Street, South Melbourne	Part Commercial 1 Zone, part Commercial 2 Zone	Commercial 1 Zone
⑤ 120-142 Clarendon Street, Southbank	Part Commercial 1 Zone, part Commercial 2 Zone	Commercial 1 Zone
⑥ 102-106 Park Street, South Melbourne	Part Mixed Use Zone, part Neighbourhood Residential Zone Schedule 1	Mixed Use Zone
⑦ 77 Park Street and 286-294 Kings Way, South Melbourne	General Residential Zone Schedule 1	Mixed Use Zone

Figure 11 - Sites identified as zoning anomalies and recommended new zone.



Figure 12 - Location of sites identified as zoning anomalies and recommended new zone.

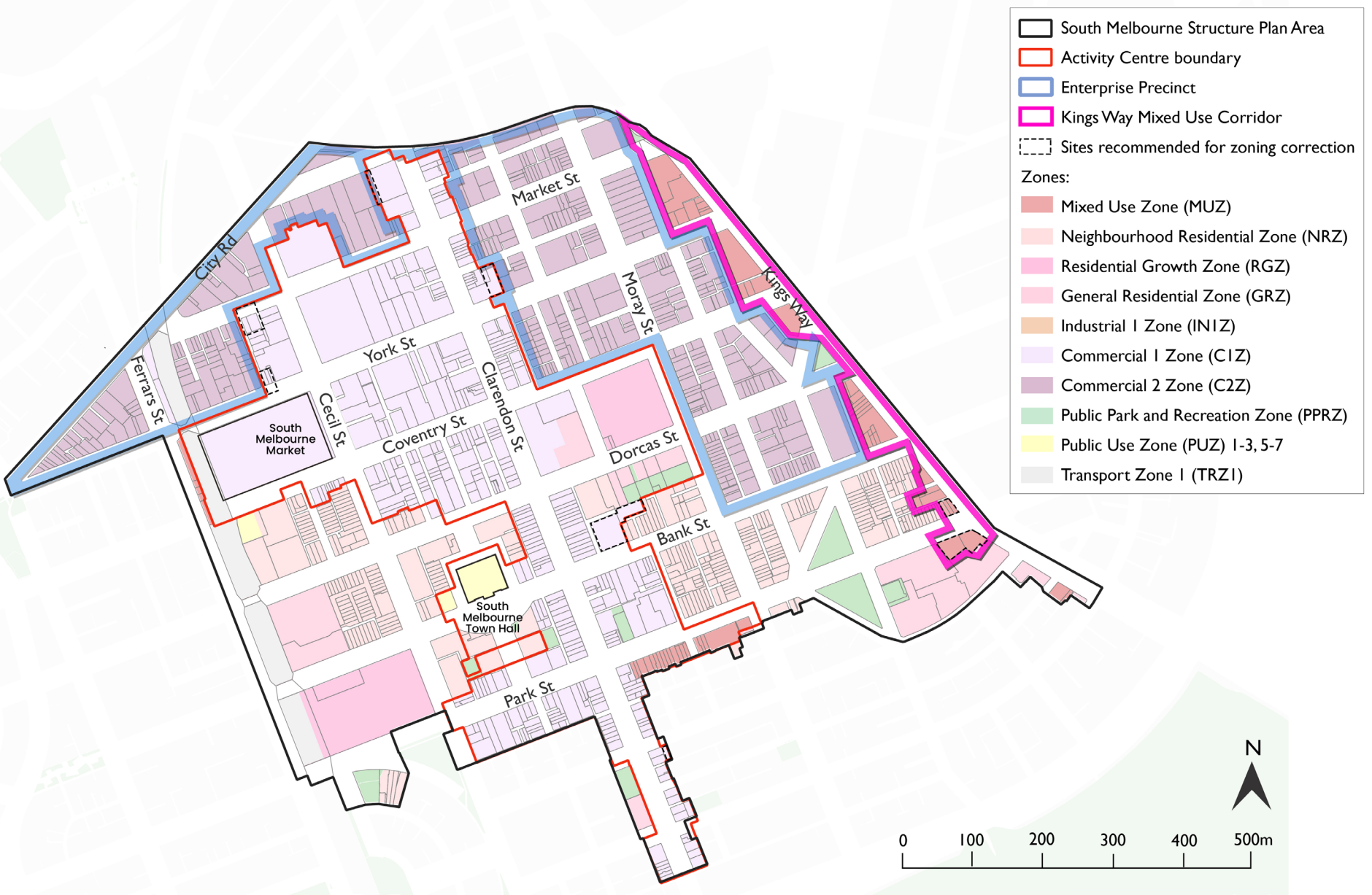

Figure 13 - Proposed zoning framework for South Melbourne.

Retaining the Commercial 2 Zone in South Melbourne's Enterprise Precinct

State planning policy directs that land within the South Melbourne Enterprise Precinct should be protected for such purposes via appropriate land use zoning.

The economic analysis that has informed this Structure Plan included an assessment of which land use zoning would best support the economic diversity and vitality of land uses within the Enterprise Precinct.

The assessment considered the advantages and disadvantages of a range of zones for the Enterprise Precinct (Commercial 2, Commercial 3, Industrial 1 and Mixed Use zones) and it concluded the following:

- The Commercial 2 Zone (C2Z) is an appropriate zone to support a wider range of 'enterprise' and amenity-related land uses within the precinct, and this zone should be retained over land within the Enterprise Precinct.
- The C2Z (combined with the precinct's adjacency to the core part of the South Melbourne MAC) provides sufficient capacity for an appropriate range of land uses to establish within and adjacent to the precinct to support its intended 'enterprise' function.
- The land currently in the Industrial 1 Zone (the 'City Road Industrial Triangle' bound by City Road, Ferrars Street and York Street) should be rezoned to C2Z[6].

South Melbourne's C2Z has supported South Melbourne's success as an Enterprise Precinct, anchored by its specialisations in creative industries and professionals services for many years now. Retaining the C2Z over land within this precinct will continue to protect the Enterprise Precinct's future employment growth. In turn, this will strengthen South Melbourne's specialisations, while also providing opportunities for new industries to establish in South Melbourne and contribute to its vitality.

Rezoning the 'City Road Industrial Triangle' to the C2Z will accurately reflect the land uses already established in this area (Figure 14). The nature of these land uses aligns with those within the broader Enterprise Precinct, and applying the C2Z to this area will provide greater certainty around the desired development outcomes for this area.

The C2Z would allow for various new sensitive uses to establish on this land, and it is therefore proposed to apply an Environmental Audit Overlay (EAO) to the land to ensure land is suitable for any future sensitive uses such as child care centres.

Applying the EAO to the entire area reflects the approach taken in the abutting Fishermans Bend, where the EAO has been applied to all precincts where residential development and other sensitive uses are envisaged. Studies undertaken to inform the Fishermans Bend Framework (Victorian Government, 2018) suggest that heavy metals and solvents may be widespread across Fishermans Bend and confirm issues with ground water contamination due to past land use activities. Further, a portion



Figure 14 - South Melbourne's Enterprise Precinct with City Road triangle rezoned to Commercial 2 Zone.

6 SMEELUS, Chapter 8 (Urban Enterprise, 2023).

of Ferrars Street abutting the area is identified as a Groundwater Restricted Use.

Catering for forecast floorspace growth within South Melbourne

Planning Practice Note 58: Structure planning for activity centres (PPN58) notes that Structure Plans should demonstrate that an activity centre can accommodate projected future requirements for a wide range of uses such as housing, office, social and community infrastructure, business mix, retail, entertainment and employment uses.

PPN58 does not set any specific benchmark for the provision of housing in activity centres (other than stating that Structure Plans should provide for housing choice and diversity taking into account housing development data and housing capacity).

However, PPN58 states notes that the boundary for an activity centre should include sufficient land to provide for the commercial (retailing, office, fringe retailing and support activities such as entertainment) activities needed over a 15 to 20 year time frame and then *'into the 30-year horizon'.*

The Structure Plan has been informed by the supply and capacity assessment contained within the economic analysis that has informed this Structure Plan[7], together with the calculation of the total floorspace capacity within the proposed built form framework set out within the South Melbourne Built Form Review[8].

The economic analysis forecasts the following floorspace growth in South Melbourne over the period 2023-2040:

- Between 145,000 and 187,000 square metres of office space
- Between 16,000 square metres and 21,000 square metres of retail floorspace
- Up to 968 dwellings (equivalent to 96,800 square metres gross floorspace (@80sqm/apartment net).

The combined total floorspace (at the upper end of the forecast range) equates to approximately 304,000 square metres (net) over the period to 2040[9].

These projections need to be monitored and may vary over time. However, the have been used as a guide to assessing whether or not the land use and built form framework proposed for South Melbourne is likely to have sufficient capacity to cater for the above mentioned demand forecasts.

The economic analysis identified a potential development capacity under the existing planning framework of approximately 360,000 square metres (net)[10].

The built form review has identified that the total floorspace capacity associated with the proposed revised planning framework is approximately 525,000 square metres (net).

The combined total floorspace (at the upper end of the forecast range) of 304,000 square metres (net) would require approximately 57% of the development capacity available under the proposed revised built form framework to be realised over the period to 2040.

The economic analysis has also identified that:

- There will be strong competition between retail, commercial and residential uses within the MAC boundary (namely between land in the C1Z and MUZ) for development sites within these zones over the period to 2040.
- Land within the existing C2Z and IN1Z will play a critical role in catering for future commercial floorspace needs in South Melbourne over this time horizon.
- There is no need to rezone land within the C2Z or IN1Z to the C1Z in order to create a 'contingent' floorspace capacity for residential or retail uses within the study area over the forecast period, as there are other options available to achieve this which should be considered.

Implementing the outcomes of the built form review would substantially increase the floorspace capacity across South Melbourne, albeit that a substantial proportion of this increase would be available on land within the Enterprise Precinct rather than the MAC.

This overall increase in floorspace capacity will ensure that South Melbourne can accommodate forecast commercial floorspace demand over the period to 2040, even in the context of land fragmentation. While a substantial proportion of this growth is expected to occur within the Enterprise Precinct (C2Z), this is appropriate given its adjacency the South Melbourne MAC and the land use, economic and spatial synergies between each area.

In relation to retail uses, specific forms of complementary retail uses (for example, food and beverage) will be encouraged within the Enterprise Precinct (C2Z), and new policies will be introduced into the planning scheme to provide flexibility for certain types of 'core retail' (shop) uses in locations within the Enterprise Precinct that are adjacent to the MAC boundary.

In relation to residential uses, the Structure Plan provides for housing growth within the MAC boundary, and broader housing policies, as set out in the City of Port Phillip Housing Strategy (August 2024) and Port Phillip Planning Scheme, identify a number of other locations close to South Melbourne that have the potential to cater for significant housing growth. These areas have the potential to absorb any potential future unmet residential demand in the study area, should this need arise.

7 Urban Enterprise (2023).

8 Hodyl & Co (2024), pp.122-123.
9 Hodyl & Co (2024), pp.122-123.
10 Urban Enterprise (2023), page 90.

Actions

Planning Scheme Amendment - Policy

1.1 Prepare a planning scheme amendment based on the content in this South Melbourne Structure Plan to:

- Introduce a new place-based policy and replace the existing Design and Development Overlay Schedule 8 in the Port Phillip Planning Scheme that supports South Melbourne as a vibrant, diverse, accessible and high amenity place comprising a Major Activity Centre, Enterprise Precinct and Mixed Use Corridor.
- Includes specific policy directions for each precinct within South Melbourne that recognises their distinctive but complementary role in supporting the future growth of South Melbourne and provides direction on economic development, land use, built form and heritage, access and movement and the public realm.
- Ensure planning policy and controls encourage a wide range of land uses in the Major Activity Centre and position the Enterprise Precinct as the last remaining 'business only' land area in the southern city fringe, where residential uses are prohibited and range of building types are retained and/or created to cater for diverse businesses.

1.2 Ensure built form controls for South Melbourne differentiate the area from neighbouring areas so that different business settings are available to a range of business types over the medium to long term.

1.3 Ensure local policy in the Port Phillip Planning Scheme continues to recognise South Melbourne as a Major Activity Centre that encourages a range of commercial, retail, residential, community and public uses.

1.4 Use the *South Melbourne Structure Plan: Activity Centre Boundary Report* (City of Port Phillip, June 2024) to define the spatial extent of the South Melbourne Major Activity Centre as shown in Figure 10, extending its spatial extent to include:

- Site 1: 100 Market Street (existing Aldi centre site)
- Site 2: 80-94 Cecil Street, 166-180 York and 80-94 Market Streets
- Site 3: South Melbourne Station Route 96 light rail tram stop
- Site 4: Area comprising Homes Victoria public housing site at 166 Moray Street and 209 Dorcas Street, Skinners Adventure Playground at 179 Dorcas Street, St Lukes Anglican Church at 210 Dorcas Street, the Greek Orthodox Archdiocese of Australia at 221-229 Dorcas Street and Apple Blossoms Early Learning Centre at 219 Dorcas Street South Melbourne
- Site 5: 176-188 Bank Street South Melbourne (Former South Melbourne Butter factory
- Site 6: Emerald Hill 'civic heart': Area comprising South Melbourne Town Hall, Emerald Hill Library and Heritage Centre, 222 Bank Street (currently occupied by Access Arts Victoria), Foundry Site Park and Edythe McCallum Reserve and the current South Melbourne Police Station at 211 Bank Street
- Site 7: Land already in the Commercial 1 Zone bound by Park, Clarendon, Dow and Cecil streets
- Site 8: Land along Clarendon Street between Park and Thomson Streets already in the Commercial 1 Zone
- Site 9: 31 Ross Street and rear of 68-72 York Street.

Planning Scheme Amendment - Rezoning

1.5 Correct zoning anomalies shown in Figures 11 and 12 at the following addresses:

- The block of land bound by York, Cecil, Market and Northumberland streets, South Melbourne
- 176-188 Bank Street, South Melbourne (former South Melbourne Butter Factory)
- 383-385 Clarendon Street, South Melbourne
- 68-72 York Street, 191-199 Clarendon Street and 31 Ross Street, South Melbourne
- 120-142 Clarendon Street, Southbank
- 102-106 Park Street, South Melbourne
- 77 Park Street and 286-294 Kings Way, South Melbourne

1.6 Rezone land currently in the Industrial 1 Zone to the Commercial 2 Zone and apply the Environmental Audit Overlay to support this area's future growth and evolution as part of the broader South Melbourne Enterprise Precinct.

1.7 Retain the Commercial 2 Zone in the South Melbourne Enterprise Precinct.