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Submission: Amendment C376: Sustainable Building Design

UDIA Victoria

The Urban Development Institute of Australia, Victoria (UDIA Victoria) welcomes the opportunity to write to the City of Melbourne regarding its proposed Planning Scheme Amendment C376: Sustainable Building Design.

UDIA Victoria is the peak-body representing the urban development industry. UDIA Victoria is a not-for-profit advocacy, research and educational organisation supported by a membership of land-use and property development organisations, across the private sector and Victoria's public service.

We are committed to working with both industry and government to deliver sustainable housing, infrastructure, and liveable communities for all Victorians.

UDIA Victoria commends the City of Melbourne on their mission to improve the sustainability and liveability of its municipality. We recognise the continuing need to integrate sustainability principles in all facets of building design to deliver better environmental, economic and social outcomes.

We are also working towards achieving a genuinely embedded approach to sustainable design, across the sector. By adopting sustainable building practices, we can mitigate the environmental impact of the built environment and support a more sustainable future.

Sustainable design also delivers important social benefits; creating more liveable spaces, and improves the health and wellbeing of building occupants and the community. Incorporating sustainable practices in building design improves the quality-of-life for residents and workers alike, contributing to a healthier, happier, and more vibrant city.

Unfortunately, we are concerned that the proposed amendment to the Melbourne Planning Scheme is not consistent with the objectives for planning outlined in *Section 4* of the *Planning and Environment Act*, which aims to enable fair, orderly, economic, and sustainable use and development throughout Victoria.

We are also concerned that the amendment, if adopted, would detrimentally impact the delivery of residential development within Melbourne at a time when

housing supply in the city is already well below demand.

In 2022-23, Melbourne saw both vacancy and rental rates return to pre-pandemic levels, and they are continuing to rise. However, there has been a significant decline in the future apartment supply pipeline. 2016-21 saw the creation of an average of 4,400 apartments annually. Meanwhile forecasts for 2022-27 will see an average of just 2,000. This dramatic reduction in supply, coupled with the return of international migration, will exacerbate the existing housing shortage, and push more Victorians into mortgage and rental stress.

We also expect that many of the proposed controls will add significant cost and complexity to project delivery at a time the development and construction sectors are face significant and well-documented challenges.

In this context, we would like to raise the following issues – noting that this is not an exhaustive list:

- The amendment seeks to add zoning and policy provisions, and a new municipal-wide Design Development Overlay (DDO). This is an unconventional approach, and a number of the incorporated documents are outdated and have not benefited from appropriate levels of community consultation. These include but are not limited to:
 - The Greening our City Action Plan (GOCAP) Feasibility Testing was completed more than a year ago, under vastly different conditions. The report does not reflect current or long-term economic conditions. Despite the conditions modelled being vastly different when testing was conducted, the report demonstrates that the proposed requirements are expected to have an impact on project viability.

Across the five scenarios modelled, the report relies on a 5-8 per cent increase to sale price to achieve project feasibility. This would have a material impact on dwelling price in Melbourne, during a growing housing affordability crisis.
 - The Growing Green Guide was released almost ten years ago and is arguably no longer an appropriate guide for contemporary application.
 - The Greening Our City Strategic Action Plan was published in 2017 and its focus has a time horizon of 2021. The Action Plan also indicates that a review will be conducted at the end of the four year timeframe, which does not appear to have been undertaken, or its findings have not been published.
- Planning Practice Note 59 states that “mandatory provisions in the VPP are the exception. The VPP process is primarily based on the principle that there should be discretion for most developments and that applications are to be tested against objectives and performance outcomes rather

than merely prescriptive mandatory requirements.”

The use of mandatory provisions proposed by the Amendment are not consistent with this instruction and effectively disallow discretion, without explanation.

- The National Construction Code (NCC) and The Nationwide House Energy Rating Scheme (NatHERS) are in the process of being updated and will include more rigorous requirements for environmentally sustainable design. The updated regulations are currently proposed to be implemented in October 2023, however UDIA Victoria have advocated extensively for this date to be revisited, due to the expected impacts on the development industry and housing affordability. We strongly encourage the City of Melbourne to evaluate the specifics, coordination, and effects of these regulations before imposing further planning requirements at a municipal level.

Regulating environmental sustainability across local, state and federal planning and building controls, as well as ensuring compliance with other authority prerequisites (such as the EPA), is becoming increasingly complicated, costly and inefficient.

- It is not clear how the proposed application of City of Melbourne’s bespoke Green Factor Tool will work in practice, or how it will be employed alongside existing mechanisms for measuring environmental performance. In addition to this, it is not a widely recognised, standard or industry-wide tool (like NatHERS, BESS, Green Star) and there is no evidence provided regarding its appropriateness.
- Mandating requirements for the provision of electric vehicle (EV) charging infrastructure echoes growing market demand and the increasing popularity of electronic vehicles. However, there are significant challenges in the delivery of integrated charging infrastructure, especially in multi-level and basement carparking. The Amendment does not presently demonstrate adequate consideration of the challenges inherent in delivering safe and cost-effective charging infrastructure.
- The proposed requirement for shared parking facilities is a significant departure from current market expectation and may not be viable in practice. While we support the principle of incorporating long-term adaptability into building design—especially as the demand for parking declines—these measures are not feasible.

There is also no assurance that this would ensure future adaptive use as there are still a number of complex challenges to overcome, including owner’s corporation approvals and necessary agreement between multiple owners.

Additionally, there are foreseeable safety issues with public access to off-parking facilities which are not addressed in this Amendment.

- The Amendment has not sufficiently considered the impacts on existing

projects or projects currently in planning. Any proposed amendment, where adopted, should include appropriate transitional provisions. Particularly as it relates to land with existing planning permits; where there are applications for amendments to endorsed plans; other amendments; and extensions of time.

- The requirements for green cover, green roofs and green walls incur a major capital cost and the maintenance burden for owners and residents is significant. These design elements are often susceptible to water ingress and their upkeep is limited by access which is often challenging due to their location. There is limited and questionable evidence regarding their ecological benefit and this should be weighed against their significant cost.
- The DDO and guiding policies appear to discourage innovation or site-specific and use-specific, responsive outcomes. There is also inadequate consideration of contextual and site characteristics that may make outcomes undesirable or unfeasible, i.e.. heritage buildings, and social and affordable housing where maintenance costs are a key consideration.

UDIA Victoria acknowledges and supports the City of Melbourne's efforts to make Melbourne more sustainable. However, we encourage sustainability measures to be designed and implemented with due consideration for development feasibility, so that we can continue to deliver the projects that contribute to Melbourne's reputation as one of the world's most liveable cities.

We thank you for considering our submission and would appreciate the opportunity to be involved in further consultation regarding the Amendment.

UDIA Victoria looks forward to working with the City of Melbourne to meet our shared sustainability objectives.

Should you wish to discuss any of the matters raised in this response, please contact me at matthew@udiavic.com.au.

Yours faithfully

Matthew Kandelaars
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