

City of Melbourne Open Space Strategy

Open Space Contributions Framework

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Prepared for the City of Melbourne



Environment & Land Management Pty Ltd
28 Royle Court, Woodend VIC 3142
(03) 5427 1770
kay.elm@bigpond.com

in association with



Thompson Berrill Landscape Design Pty Ltd

Table of Contents

1.	Open Space Contributions Framework	1
2.	Open Space Strategy	2
3.	Basis for contributions	3
3.1.	Purpose and principles to be followed	3
4.	Contribution percentage rates to be adopted for the City of Melbourne.....	5
4.1	Rationale for using two percentage rates	6
4.2	What projects are included in the rate	7
4.3	Apportionment between existing and new population for the rate calculation	8
4.4	How the percentage rate is calculated.....	9
5.	How the City of Melbourne can acquire land and establish new open space to deliver the Strategy	10
5.1	Land area.....	10
5.1.1	Capital City open space	10
5.1.2	Municipal open space	11
5.1.3	Neighbourhood, Local and Small Local open space.....	13
5.2	Establishment of new open space	15
6.	Benchmarking other Councils' contribution rates	16
7.	Administration of the program	19
7.1	Assessment of contributions	19
7.2	Data collection and reporting	19

APPENDIX A. Principles for the Open Space Contribution Program

APPENDIX B. Criteria for land contributions

APPENDIX C. Technical data

1. Open Space Contributions Framework

The Open Space Contributions Framework has been prepared as a component of the Open Space Strategy. The Framework relies on a combination of the City of Melbourne, Victorian government and development industry to deliver the Strategy outcomes and anticipates the type of contribution each will make to achieve this goal.

The Framework contemplates that there will be different ways in which the Strategy is funded:

- Land contributions by the Victorian government to create new Capital City open space to protect and enhance Melbourne's liveability as the population grows. The expectation is that the Victorian government will convert part of its land holdings to open space as part of future redevelopment plans.
- Municipal open space for new communities to be funded by the Victorian government, City of Melbourne and developers. Municipal open space is proposed on public land owned by the Victorian government. It is proposed that this land be converted to open space by the Victorian government, also as part of future redevelopment plans.
- Open space contributions by developers to provide for the demand created by forecast residents and workers. This includes land contributions from developers to create new Neighbourhood, Local and Small Local open space, and cash contributions for land purchase, open space establishment and upgrades.
- Allocations by the City of Melbourne including land conversion or purchase to expand the open space network, and annual budget expenditure for open space establishment and upgrades.

This paper also provides an overview of open space contributions that are currently charged to developers under the *Subdivision Act 1988* and includes the rates to be included in the Melbourne Planning Scheme.

The paper also provides a summary of the Open Space Strategy and an overview of how land for new open space and capital works in open space can be delivered within an Open Space Contributions Framework, so that the City of Melbourne can achieve the successful implementation of the Strategy.

2. Open Space Strategy

The Open Space Strategy will provide the overarching framework and strategic direction for open space planning in the City of Melbourne for the next 15 years.

The Strategy addresses the publicly owned land that is set aside primarily for recreation, nature conservation, passive outdoor enjoyment and public gatherings. This includes public parks, gardens, reserves, waterways, publicly owned forecourts and squares. Public open space also includes the publicly owned major sporting venues and gardens that are managed by or on behalf of the State of Victoria.

The Strategy provides recommendations for maintaining Melbourne's liveability by adding to the open space in the municipality and improving existing open space. The key challenges addressed in the Strategy include significant population growth, the physical and mental health and wellbeing of the population, protecting and enhancing environmental values, climate change and increasing urban temperatures.

The Strategy provides the strategic basis for determining a schedule of open space contribution rates for inclusion in the Melbourne Planning Scheme. Open space contributions are a necessary component of the Open Space Contributions Framework, to ensure there is sufficient quantity, quality and distribution of open space to serve the future population of the City of Melbourne.

3. Basis for contributions

The City of Melbourne currently collects open space contributions under the *Subdivision Act 1988*. The contribution is collected at the time of subdivision as a percentage rate on the value of undeveloped land. The contribution is assessed by Council at up to 5 per cent unless there is a higher rate included in the planning scheme. As Council does not have a rate in the planning scheme, each contribution must be justified on an individual basis.

The Council will use clause 52.01 of the Melbourne Planning Scheme to specify the rate that will apply when an open space contribution is required. In addition to the schedule to clause 52.01, Council is proposing to include a new local policy in the Melbourne Planning Scheme (Public Open Space Contributions) which will make reference to the City of Melbourne Open Space Strategy and identify areas where land contributions may be sought over a cash contribution for open space.

The contribution can be taken as land area or the equivalent value in cash, at the discretion of the Council. The Open Space Strategy indicates where land contributions will be needed and its Technical Report sets out the criteria the land should meet (refer Appendix 2). Land is only needed in specific locations and therefore most developers will pay a cash contribution instead towards land purchase and/or capital works upgrades.

3.1. Purpose and principles to be followed

The *Subdivision Act 1988* provides Council the ability to make an open space contribution on the following basis:

- (1A) The Council may only make a public open space requirement if it considers that, as a result of the subdivision, there will be a need for more open space, having regard to—
- (a) the existing and proposed use or development of the land;
 - (b) any likelihood that existing open space will be more intensively used after than before the subdivision;
 - (c) any existing or likely population density in the area of the subdivision and the effect of the subdivision on this;
 - (d) whether there are existing places of public resort or recreation in the neighbourhood of the subdivision, and the adequacy of these;
 - (e) how much of the land in the subdivision is likely to be used for places of resort and recreation for lot owners;
 - (f) any policies of the Council concerning the provision of places of public resort and recreation.

The purpose of the contribution is to provide for the open space needs of those who will occupy the development from which the contribution is collected. A key principle is that any funds collected must be spent on open space land acquisition and capital works (open space establishment) within the City of Melbourne, for open space that is accessible and designed for the needs of the new residents and workers who will be located in the municipality.

There should be a relationship established between:

- The location of the development from which the contributions are collected and for whom.
- The location of the open space and the purpose of the expenditure of funds.
- Who will benefit from the projects.

The outcome anticipated is that the open space funded by open space contributions must be accessible and useful for the forecast new residents and workers who will be located in the City of Melbourne.

The open space contribution rate is based on the principles of equity and cost apportionment. A proportion of each open space project intended primarily for City of Melbourne residents and workers is to be paid from contributions. The remaining proportion is to be paid by other City of Melbourne income. This is because all projects will be used to some degree by existing City of Melbourne residents, workers, etc. The funding mix between contributions and other sources of income will vary taking into account:

- The open space need that is being met by the project.
- The location and timeliness of the project in relation to development.
- The level of use by the forecast additional population compared to the existing population.

4. Contribution percentage rates to be adopted for the City of Melbourne

A key purpose of the Open Space Strategy is to provide a basis for a rate that is aligned both to delivering its vision and directions and to the location and rate of population growth anticipated in the municipality. The Open Space Strategy plans for the open space needs for this longer term growth. The dollar values referred to in this paper refer to the next 15 year planning period. The value of these projects will form the basis for determining the contribution rate.

The contribution rate must be aligned to the open space needs of the forecast additional population. Given the level of planned urban change and the consequent forecast population growth, there is a substantial amount of new open space needed to maintain a liveable Melbourne. It is therefore reasonable that the rate will be greater than the current maximum of 5 per cent in those parts of the city that will experience major growth.

The rate can vary between locations in the municipality provided there is a sound basis for adopting this approach and the basic principles of need, nexus (relationship), equity and accountability are met.

The rate schedule that Council proposes to use is shown in the following table:

Open space contribution precinct	Contribution rate
<ul style="list-style-type: none"> • City North Structure Plan area • Docklands • Kensington and North Melbourne Arden Macaulay Structure Plan area • Melbourne 3000 • Racecourse Rail Corridor • Southbank South Wharf • West Melbourne E-Gate • West Melbourne Dynon Rail Corridor 	8 per cent of land or land value
<ul style="list-style-type: none"> • Carlton Carlton North • East Melbourne • Flemington Ascot Vale • Kensington • Melbourne 3004 • North Melbourne • Parkville • Port Melbourne • South Yarra • West Melbourne 	5 per cent of land or land value

Note: A precedent has been set to allow for a higher negotiated rate for subdivisions of 10 lots of more as part of a negotiated site layout and design. The option is indicated in the rate schedule in the planning scheme.

4.1 Rationale for using two percentage rates

The two rates of 8 per cent and 5 per cent distinguish between the levels of forecast growth in different parts of the municipality.

There are suburbs and structure planning areas in the City of Melbourne that will experience significant population increases over the coming decades resulting from substantial redevelopment and intensification of built form. This growth will be created through reinvestment in sites with buildings that are no longer functional or making best use of land, attractiveness to investors given continuing market demand for central city locations, structure planning for change, and government actions such as land sales and rezoning that will provide new development opportunities.

Open space in some of these high growth suburbs and structure planning areas has not been well provided for, especially where there is a history of industrial land use, and in others the significant amount of change will result in the need for more open space. The investment in open space that is needed to create the viable, attractive and liveable communities of the future is substantial as outlined in the Strategy, including the more detailed analysis in the Strategy Technical Report. In these locations a contribution rate of 8 per cent will apply to ensure adequate open space is provided in the future.

The high growth suburbs and structure planning areas include:

- City North Structure Plan. Urban change is planned for this location centred on the University of Melbourne precinct and the northern end of the Melbourne 3000 suburb, with substantial increases forecast in the residential and worker population.
- Docklands. This former port area has recently completed its first decade of urban renewal and is forecast for continuing high density residential and commercial building development and consequent population growth.
- Arden Macaulay Structure Plan. Urban change is planned for this location in what has traditionally been a predominantly industrial part of the municipality. Significant redevelopment and population increases are anticipated due to the age of the building stock and planned rezonings.
- Melbourne 3000. The heart of the city has increased its residential and worker population significantly over preceding decades. There is ongoing redevelopment of underutilised and redundant sites resulting in significant growth in resident and employee numbers.
- Racecourse Rail Corridor. Located primarily in Flemington, this location is expected to become available for private development within the medium to longer term.
- Southbank | South Wharf (including the Southbank Structure Plan). This location south of the Yarra River has been transformed from its industrial past with significant high density redevelopment and population growth ongoing.
- West Melbourne E-Gate and Dynon Rail Corridor. These parcels of government owned land are planned to be released to the market in the future for private development.

The remaining suburbs are protected from significant change, for example by heritage controls, or will experience more limited redevelopment. Some of the locations will experience moderate growth, but because there is already a network of open space serving these suburbs, the investment in open space will be primarily to upgrade existing open space or add smaller areas of new open space to the network, and this will be supported by a contribution rate of 5 per cent.

The spatial distribution of the rates to different areas is shown in the following figure:

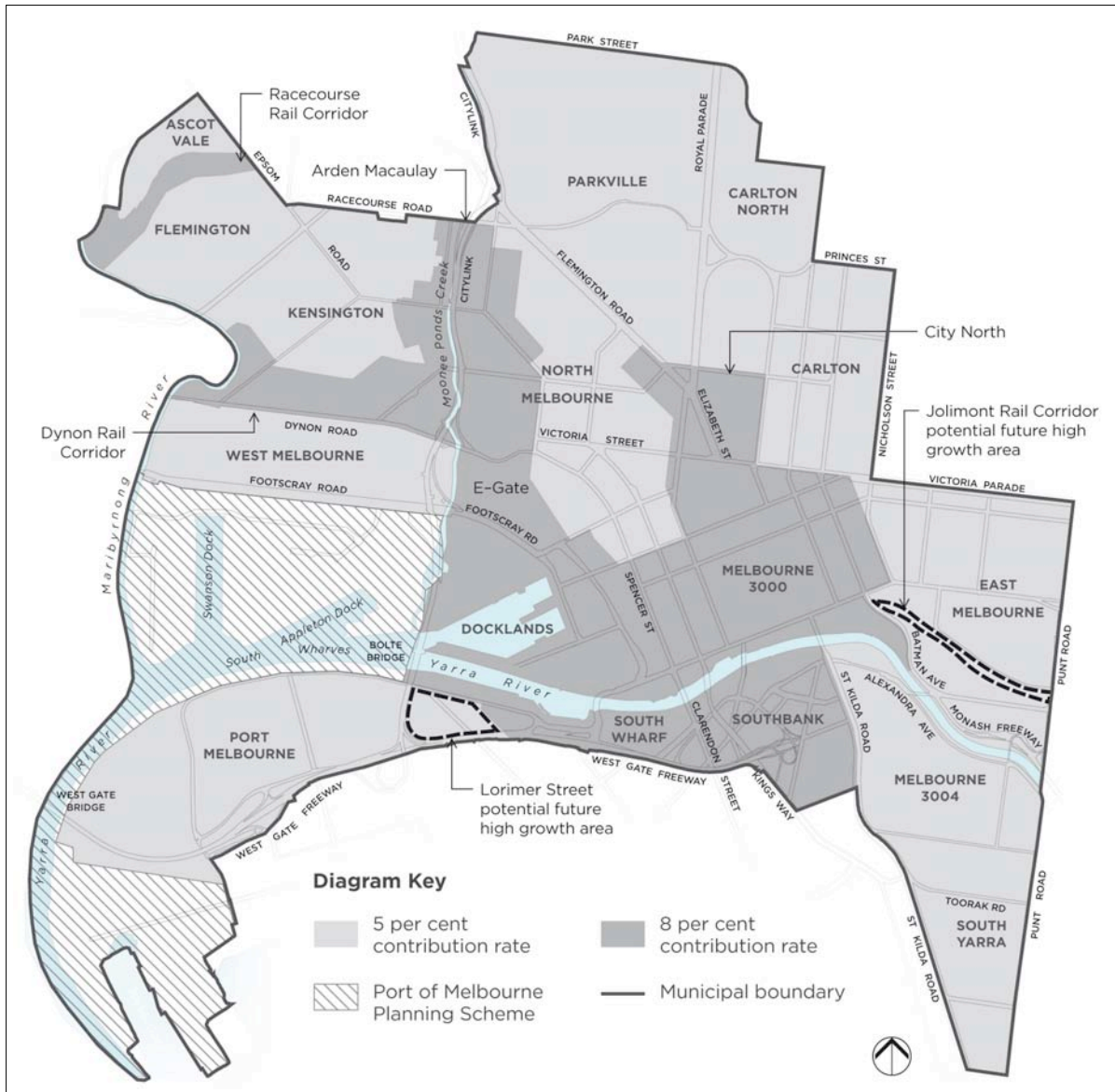


Figure 1 Open space contribution precincts

4.2 What projects are included in the rate

The contribution rate includes the following classes of open space projects as included in the Open Space Strategy:

- Acquisition of land for additional Neighbourhood, Local and Small Local open space.
- Unstructured recreation and informal facilities designed for the City of Melbourne population that will be constructed within new and existing Capital City, State, Regional, Municipal, Neighbourhood, Local and Small Local open space.

The rate does not include the value of the land for new Municipal open space. This is because the land needed for Municipal open space is already in public ownership and there is a view that

developers should not contribute financially toward the City of Melbourne acquiring this land. The land will need to be acquired through another mechanism.

The rate does not include the value of land for new Capital City open space, which will need to be delivered by the Victorian government and the City of Melbourne. The reason for this is that the use of Capital City open space by new residents and workers will be relatively small compared to use by the metropolitan population and by visitors.

The rate does not include projects that are beyond the scope of the Strategy:

- Establishment of Capital City open space facilities including major event venues or similar.
- Structured sports grounds, courts and club-based facilities.
- Indoor sport, recreation and leisure venues.
- Community facilities.
- Street tree planting and streetscape works.

Note: Open space recommendations related to the Jolimont Rail Corridor redevelopment are assumed to take place after 2026. There are no specific open space facilities costed for Jolimont growth for the 2011-2026 Strategy planning period. The Lorimer Street precinct is mooted for future high growth redevelopment and a new open space analysis will be required if this change proceeds.

4.3 Apportionment between existing and new population for the rate calculation

In order to calculate the contribution rate, it is necessary to assign a dollar value to all projects, whether as land or as cash. The need for and benefit derived from each project is assessed and apportioned between the existing and forecast population. The proportion assigned to the future population is the dollar value to be raised by contributions and the proportion assigned to the existing population is funded from Council income including external grants. The total dollar values used in the apportionment have been developed as follows:

- Capital works costs are based on an average park establishment or upgrade cost for each of the different types of open spaces (current rates). These average costs have been developed with the City of Melbourne parks planning team and include an allowance for typical site remediation.
- Land values are based on the average land sizes for each type of open space needed (eg. Neighbourhood, Local). This uses undeveloped land values supplied by the City of Melbourne. All new open space recommendations contained in the Strategy other than Capital City and Municipal open space are included in the contribution rate.

The overall apportionment of dollar value between the existing population and the forecast population is shown in the following table:

	City of Melbourne allocation (existing population apportionment)	%	Open space contributions (new population apportionment)	%	Total \$ value of the Strategy included in the rate
Funding for capital works					
Total over 15 years:	\$91.4 Million	45%	\$109.5 Million	55%	\$200.9 Million
Average per year over 15 years:	\$6.1 Million		\$7.3 Million		\$13.4 Million
Value of land for open space					
Total over 15 years:	\$187.7 Million	35%	\$299.1 Million	65%	\$486.8 Million
Average per year over 15 years:	\$12.5 Million		\$19.9 Million		\$32.4 Million

Note: These figures exclude the value of land for Capital City and Municipal open space, state facilities, and structured sporting grounds, courts and club-based facilities.

4.4 How the percentage rate is calculated

The rate is calculated by dividing the sum of all open space projects by the value of the land likely to develop to accommodate the forecast population growth. The result is expressed as a percentage.

The value of open space projects is shown in the above table. Forecasts of the value of the land likely to develop are discussed in Appendix 3. The rate calculation is shown in the following table:

	Total estimated land value – land area to be developed	Total value of land and capital works for future population	Calculated open space contribution (rounded)
High growth suburbs and structure planning areas	\$4.553 Billion	\$350 Million	8 per cent
Remaining areas	\$1.121 Billion	\$58 Million	5 per cent

The dollar values used in calculating the rate were current in 2011. There is no provision for changing the percentage rate in the clause 52.01 schedule once a rate is included in the Melbourne Planning Scheme. Construction costs and land values are expected to rise over the 15 year Strategy period, but it is not possible to determine whether these will be at a roughly equal rate over this time.

5. How the City of Melbourne can acquire land and establish new open space to deliver the Strategy

5.1 Land area

5.1.1 Capital City open space

New Capital City open space will be located in the west of the municipality and Southbank and is a key component of the open space that will maintain Melbourne’s reputation as one of the most liveable cities in the world. These open spaces are used to stage activities and events of international, national, state and metropolitan importance. Examples include Federation Square, Domain Parklands and Southbank Promenade. The Strategy has identified opportunities for new Capital City open space on Victorian government owned land that may be redeveloped in the future, and these are indicatively illustrated in Figure 2.

Description	Responsibilities		
	Victorian government	City of Melbourne	Developers
Land area			
Capital City open space	<ul style="list-style-type: none"> Contribute the land area for future Capital City open space. Appoint an appropriate committee of management. 	<ul style="list-style-type: none"> Advocate to the Victorian government for the Capital City open space to be set aside on state owned land that is subject to future redevelopment. Liaise with the Victorian government regarding future management of these spaces. 	None

Refer Figure 2 on the following page

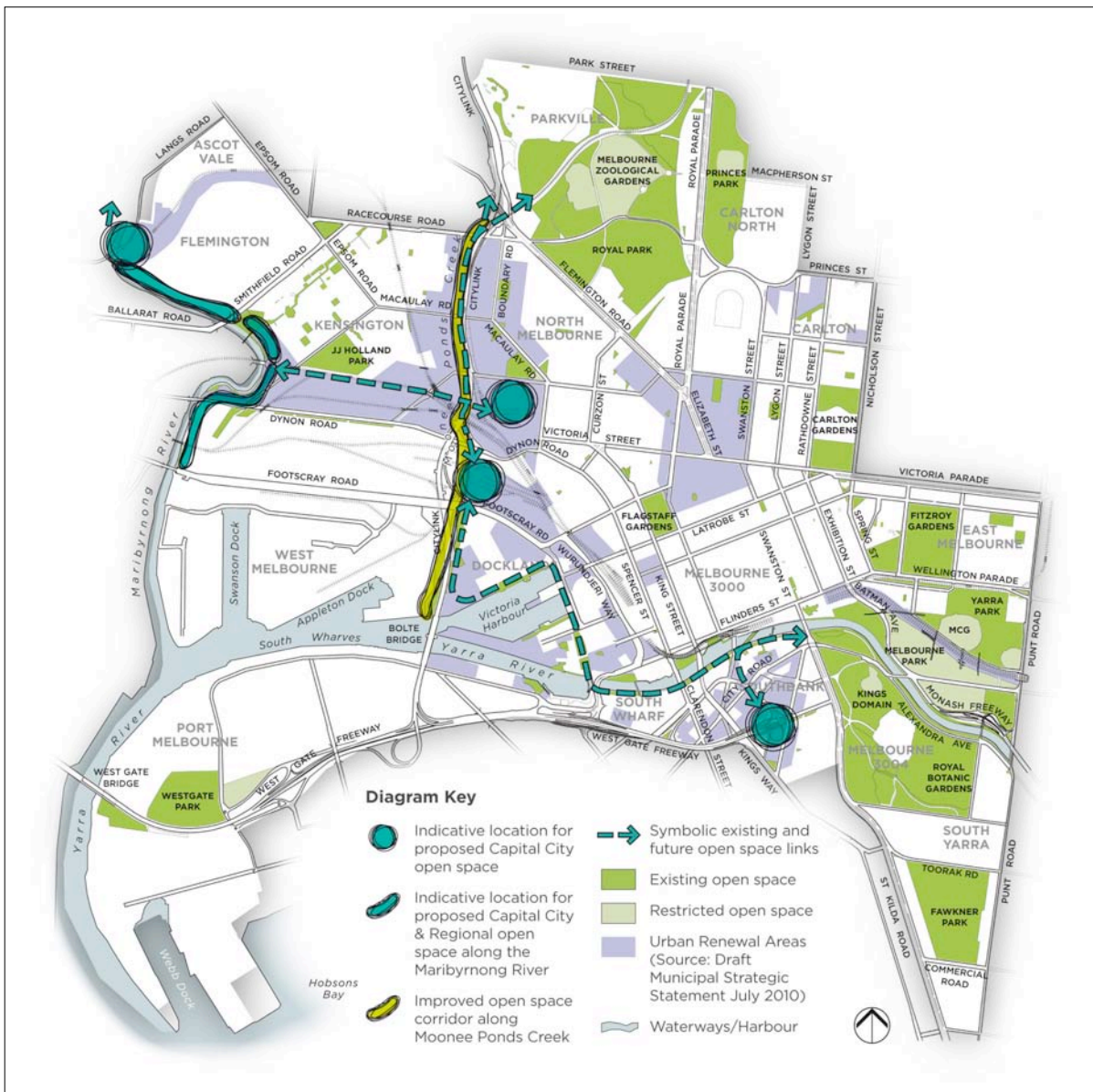


Figure 2 Illustrative locations for new Capital City open space in the City of Melbourne

5.1.2 Municipal open space

New Municipal open space will provide land for structured community sporting use including club-based facilities, informal recreation facilities and climate change mitigation for residents and workers in the west of the municipality and in Southbank. These additional larger land parcels are necessary to provide space for additional community based sporting clubs and facilities as they are already at capacity for the existing population. An example of existing Municipal open space is JJ Holland Park in Kensington, and locations for proposed Municipal open space are shown in Figure 3.

The Strategy identifies opportunities for new Municipal open space on Victorian government land that may be redeveloped in the future. If growth occurs as forecast, and these spaces are not provided on government land, the City of Melbourne will continue to need to negotiate to provide these elsewhere in the municipality, close to the locations illustrated in Figure 3.

Description	Responsibilities		
	Victorian government	City of Melbourne	Developers
Land area Municipal open space	<ul style="list-style-type: none"> Contribute state owned land for future Municipal open space within precincts identified for future urban redevelopment. 	<ul style="list-style-type: none"> Liaise with the Victorian Government regarding future management arrangements. Purchase Municipal open space if the Victorian government is not able to provide the required land as a contribution via a different funding mechanism. Note: the value of land for new Municipal open space is not included in the proposed planning scheme rate. 	<ul style="list-style-type: none"> Contribution of land only where the land area is located on a specific site as shown in the Strategy. Note: currently no Municipal open space is proposed on private land, however this may apply if the land is sold by the Victorian government to private land holder prior to reservation of open space, or if the Victorian government does not contribute the land area required.

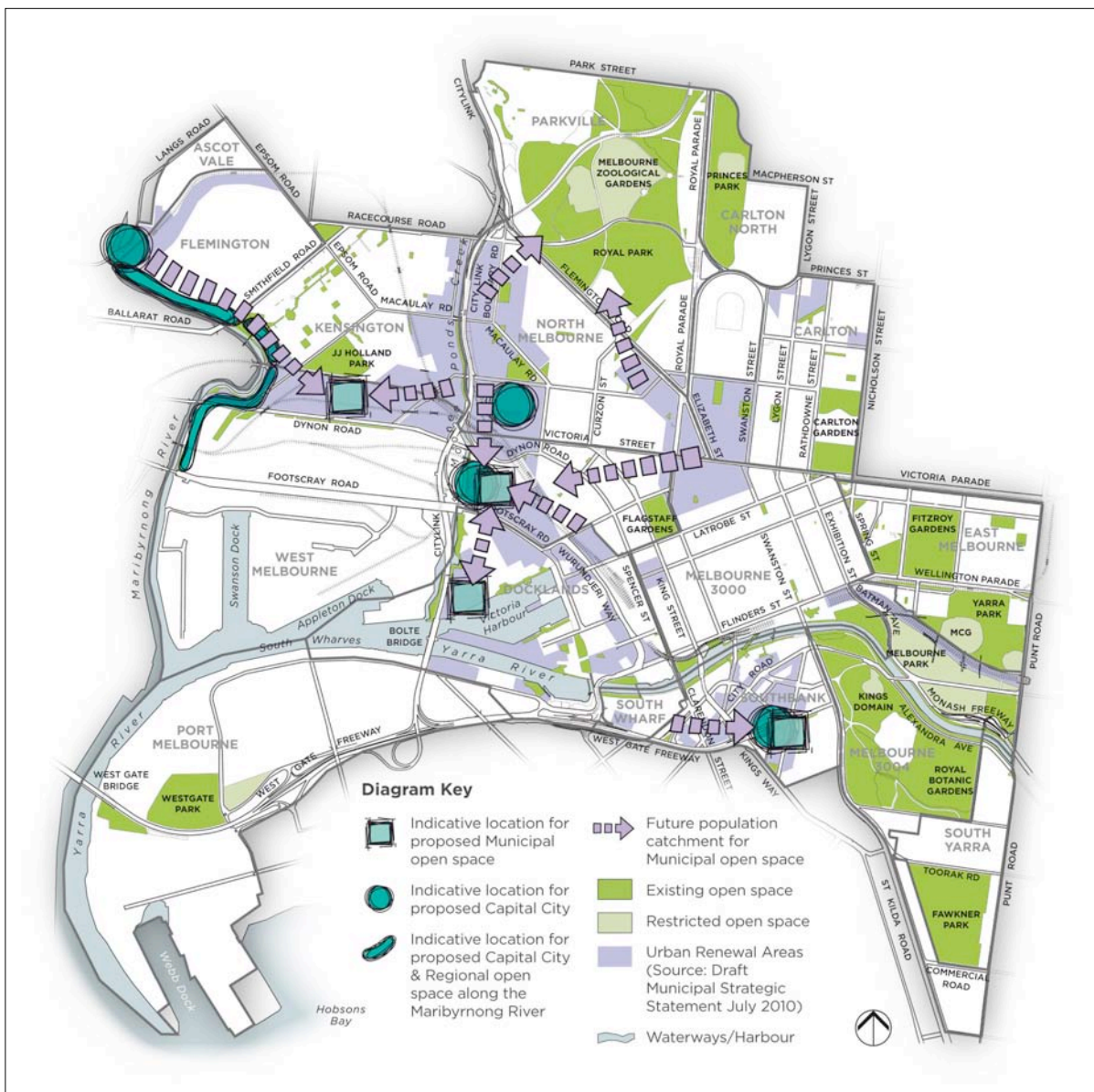


Figure 3 Illustrative locations for new Municipal open space in the City of Melbourne

5.1.3 Neighbourhood, Local and Small Local open space

Neighbourhood, Local and Small Local open space will support unstructured (non club-based) recreation use, urban heat mitigation and informal use including social interaction. Neighbourhood open space is of a size that allows a range of activities to occur at the one location, with Local and Small Local open space providing smaller more intimate spaces positioned locally.

The Strategy identifies opportunities for new Neighbourhood, Local and Small Local open space on private and public land including potential utilisation of selected parts of the larger road reserves, and these are indicatively illustrated in Figure 4.

Description	Responsibilities		
	Victorian government	City of Melbourne	Developers
Land area			
Neighbourhood open space	<ul style="list-style-type: none"> Note, all new Neighbourhood open space is currently shown on private land. None, unless required on Victorian government owned land in the future instead of on private land. If Neighbourhood open space is located on Victorian government land in the future, then responsibilities are the same as those for developers. 	<ul style="list-style-type: none"> Request developers to contribute land at specified locations where the land contribution can meet the criteria included in the Strategy Technical Report. This may be for an entire open space or part of an open space. Conversion of Council owned land to open space. Purchase of land by negotiation utilising cash contributions collected via open space contributions. 	<ul style="list-style-type: none"> Contribution of land as requested by the City of Melbourne where it meets the criteria included in the Strategy Technical Report. Cash contribution towards purchase of land area for purchase by the City of Melbourne, or conversion of Council owned land to open space.
Local and Small Local open space	<ul style="list-style-type: none"> None required immediately, but should be set aside in the future as part of the area planning where normal urban development is occurring. To be acquired as a land contribution as requested by the City of Melbourne where it meets the criteria included in the Strategy Technical Report. Cash contribution towards a land area for purchase by the City of Melbourne. 	<ul style="list-style-type: none"> As for Neighbourhood open space 	<ul style="list-style-type: none"> As for Neighbourhood open space.

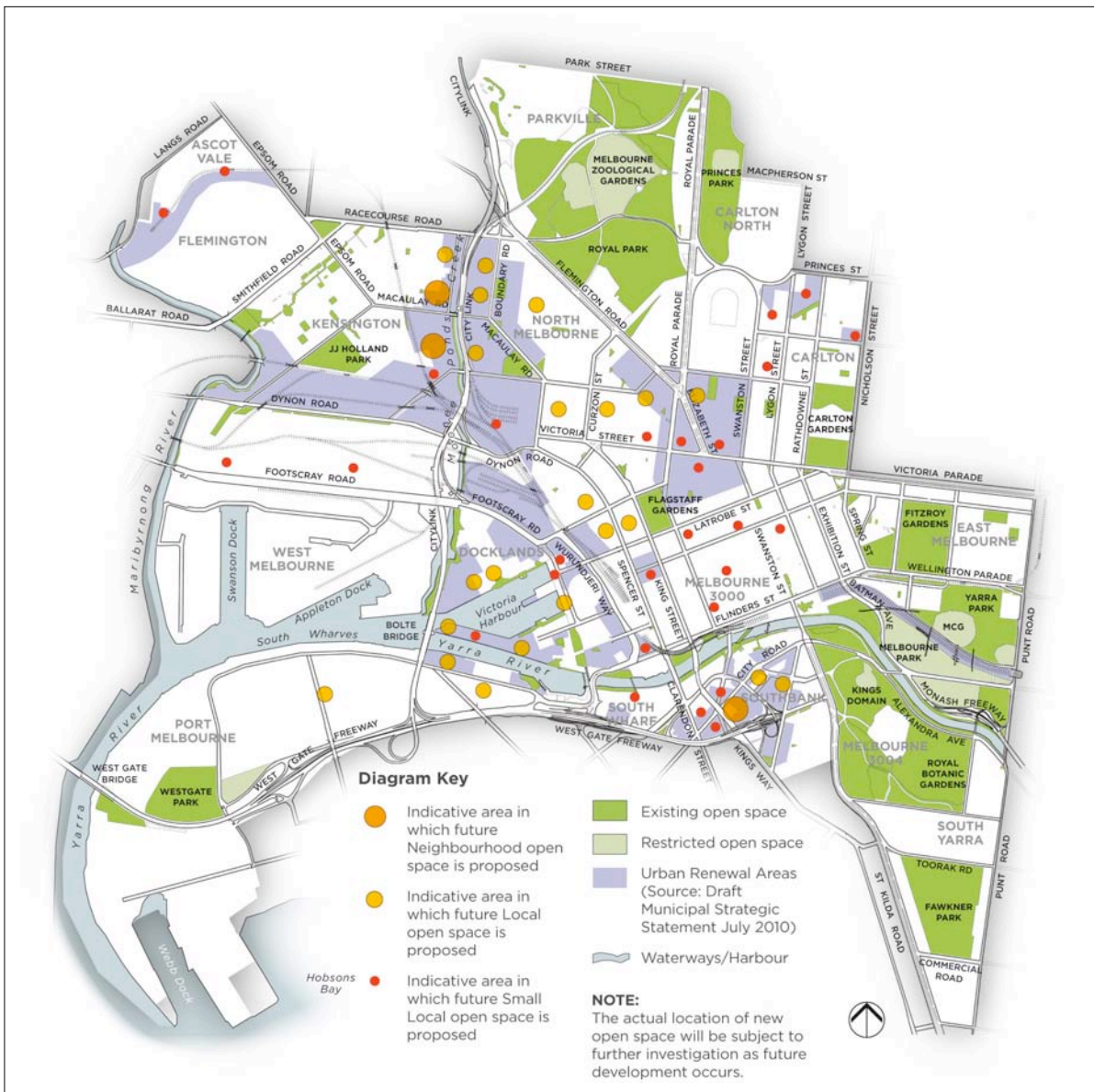


Figure 4 Illustrative locations for new Neighbourhood, Local and Small Local open space in the City of Melbourne

5.2 Establishment of new open space

Description	Responsibilities		
	Victorian government	City of Melbourne	Developers
Establishment of new open space			
Capital City open space	<ul style="list-style-type: none"> Deliver the Capital City components of the open space where they benefit the broader metropolitan and visitor population. 	<ul style="list-style-type: none"> Assist the Victorian government to deliver the Capital City components of the open space where they benefit the broader metropolitan and visitor population. Deliver the Capital City components of open space that benefit the broader City of Melbourne population – municipal, neighbourhood and local level facilities that may be constructed in the new Capital City open space. Deliver the works utilising cash contributions collected on behalf of the new population via open space contributions (neighbourhood and local facilities only). 	<ul style="list-style-type: none"> Cash contribution towards establishment of neighbourhood and local facilities only (not municipal level organised sporting and club-based facilities), collected by City of Melbourne and spent on establishment works.
Municipal open space	<ul style="list-style-type: none"> As a funding agency - eg Sport and recreation facility grants etc. 	<ul style="list-style-type: none"> Deliver the Municipal component of open space works that benefit the broader City of Melbourne population – municipal, neighbourhood and local level facilities that may be constructed in the new Municipal open space. Deliver the works utilising cash contributions collected on behalf of the new population via open space contributions (neighbourhood and local facilities only). 	<ul style="list-style-type: none"> Cash contribution towards establishment of neighbourhood and local facilities (not municipal level sporting and club-based facilities), collected by City of Melbourne and spent on establishment works.
Neighbourhood, Local and Small Local open space	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> Deliver the works utilising cash contributions collected on behalf of the new population via open space contributions. <p>or</p> <ul style="list-style-type: none"> Review the proposed in-kind works undertaken by the developer to ensure these are consistent with City of Melbourne Open Space Strategy via developer agreement or similar. 	<ul style="list-style-type: none"> Cash contribution towards establishment, collected by City of Melbourne and spent on park establishment works. In-kind works constructed by the developer to the satisfaction of the City of Melbourne utilising developer agreement or similar.

6. Benchmarking other Councils' contribution rates

A benchmarking exercise has been undertaken to understand the open space contribution rates in use by other municipalities in the metropolitan area (other Capital Cities have not been investigated as they operate under different legislative and funding mechanisms).

A majority of metropolitan councils, as shown in the table below, are using clause 52.01 of their planning schemes to set a consistent contribution rate for development, either as a municipal rate or as a set of rates which apply to defined geographic areas or types of developments. These rates range from a low of 0.25 per cent in Glen Eira to 20 per cent in Greater Dandenong. The rates vary so much because each council has a different program for future open space, ability to deliver open space projects, population growth, value of open space projects and land values.

It is interesting to view the open space contribution rates in the context of the forecast increase in population for each municipality. The municipalities with the highest forecast growth rates are not necessarily those with the highest contribution rates. This is because the clause 52.01 contributions are being supplemented with contributions from Development Contributions Plans.

Development Contributions Plans provide a different funding mechanism for open space and can also be used to fund other types of infrastructure. They are most commonly used by councils in outer Melbourne which are planning for metropolitan growth. The Open Space Strategy is not being funded by a Development Contributions Plan in the City of Melbourne.

The following table lists the metropolitan councils with open space contribution rates in clause 52.01 of their planning schemes. The list groups the councils by two relevant geographic factors – outer growth area and fringe locations, and established urban areas. The table shows the forecast growth for 2011 to 2026, which is the time period of the Open Space Strategy. The table shows the planning scheme rate for clause 52.01 and whether a Development Contributions Plan is also in place. The City of Melbourne data is included for comparison.

Municipality	Forecast no. of residents 2011	Forecast no. of residents 2026	Forecast no. change 2011-2026	Forecast % change 2011-2026	The open space contribution rate contained in the planning scheme (% of undeveloped land value) <i>Clause 52.01</i>	Funding for open space is also provided through a Development Contributions Plan in the planning scheme <i>Clause 45.06</i>
Melbourne	98,162	159,882	61,720	63%	None	No
FRINGE AND GROWTH AREA COUNCILS						
Cardinia	76,338	140,526	64,188	84%	8%	Yes
Melton	108,839	196,012	87,173	80%	3.21% to 9%	Yes
Wyndham	172,101	302,907	130,806	76%	2.65% to 3.1%	Yes
Whittlesea	162,067	268,013	105,946	65%	8% to 11.3%	Yes
Casey	253,116	359,452	106,336	42%	1.61% to 10%	Yes
Hume	175,001	248,409	73,408	42%	2.86% to 4.48%	Yes
Mornington Peninsula	150,642	180,258	29,616	20%	5% to 12%	No
Nillumbik	63,674	71,442	7,768	12%	5% to 7.9%	Yes
ESTABLISHED URBAN AREA COUNCILS						
Yarra	78,592	97,854	19,262	25%	4.5%	No
Moreland	152,001	179,186	27,185	18%	2.5% to 6.8%	No
Darebin	142,901	166,075	23,174	16%	2% to 5%	Yes
Port Phillip	94,736	109,752	15,016	16%	5%	No
Maroondah	107,125	120,591	13,466	13%	5% to 8%	No
Stonnington	100,537	113,889	13,352	13%	2% to 5%	No
Knox	155,620	172,494	16,874	11%	5% to 8%	No
Manningham	118,633	131,364	12,731	11%	5%	Yes
Monash	175,959	187,298	11,339	6%	2% to 5%	No
Whitehorse	155,175	160,803	5,628	4%	4%	No
Glen Eira	n/a	n/a			0.25% to 3.5%	No
Greater Dandenong	n/a	n/a			2% to 20%	Yes

Source of residential population data other than for the City of Melbourne: .id consulting web site, accessed 30 January 2012. Comparable worker population data is not available. A 40 per cent increase in the worker population is forecast for the City of Melbourne during 2011-2026.

Source of planning scheme data: DPCD Planning Schemes Online web site, accessed 30 January 2012.

Note: Additional open space and improvements can sometimes be delivered through Section 173 agreements with developers, approved Development Plans, etc. This information is not contained in the planning scheme.

The table indicates that the City of Melbourne's population growth forecast of 63 per cent between 2011 and 2026 is commensurate with that of municipalities located in Melbourne's outer growth areas. A rate of 8 per cent in the higher growth suburbs and structure planning areas would be considered reasonable when considering the growth rates of these other municipalities.

The City of Melbourne forecast in residential population does not account for its very high employee population and the different dynamic and use of open space that this creates compared to suburban business locations. Comparable employment data and forecast employment growth is not publicly available for each municipality so it has not been provided in the benchmarking exercise. It is not anticipated that any of the other councils would support an employee population as high as that in the

City of Melbourne (estimated at 431,502 in 2011), and this is forecast to increase by 40 per cent to 2026. This factor should also be considered in striking a contribution rate.

There are locations in the City of Melbourne where the population increase will be slower. In these areas, an open space contribution rate of 5 per cent is consistent with rates used by municipalities in the established urban areas. While the characteristics of these areas are similar in nature to other established municipalities, the City of Melbourne is already developed at a very high density and the type of urban intensification anticipated in some locations is also significant. In addition, land values are very high where acquisition is proposed. These factors, in combination with the quality of open space that the community has come to expect, justify a contribution rate of 5 per cent for these areas.

7. Administration of the program

7.1 Assessment of contributions

The City of Melbourne expects to include a schedule of rates in the Melbourne Planning Scheme, in the schedule to Clause 52.01. Until a planning scheme amendment is gazetted, the Council will continue to assess and charge a public open space contribution via the *Subdivision Act 1988*. The Council will use the Open Space Strategy to determine the need for a contribution.

When a land contribution is sought, it will be important for Council, the project developer and the Victorian government as relevant to discuss the contribution early in the planning process, before a development and subdivision proposal is prepared and submitted. This will ensure that applications reflect the needs for open space identified in the Open Space Strategy and the minimum criteria for land contributions (Appendix 2), as well as the exact location of the open space on the development site that is being requested. The need for early liaison around land contributions will be flagged in the planning scheme amendment.

7.2 Data collection and reporting

Useful data collection for the City of Melbourne could include:

(1) Information recorded when a contribution is charged and collected from a development/subdivision:

- Suburb and post code of the development site
- Project address
- Applicant name and address
- Planning permit reference number and financial year issued
- Number of dwelling units, building floor area, etc.
- Contribution type (land and/or cash)
- Contribution purpose (land purchase, improvements)
- Land value at time of contribution assessment
- Contribution rate (percentage of land value)
- Dollar contribution charged
- Date requested
- Date paid or land transfer to Council

(2) Expenditure information recorded by open space project:

- Suburb and post code of open space location
- Location (street address, name of reserve)

- Budget line item reference number and financial year of allocation
- Expenditure purpose (land purchase, improvements)
- Total project dollar value
- Dollar value of funds from contributions

Council maintains a Reserve Account for the monetary contributions that it collects. The value of contribution funds collected and the expenditure are included in the Annual Report. This does not include the value of any land transfers. Beyond the data included in the Annual Report, internal monitoring could include the following information:

- Contributions collected during the current financial year including any land contributions with some comment on the overall distribution of collections.
- Contributions spent during the current financial year with some comment on the overall distribution or allocation of expenditure.
- Proportion of total open space program budget attributed to contributions.
- Contributions held in reserve fund.
- Anticipated expenditure for the following financial year (once the annual budget is finalised).

APPENDIX A.

Principles for the Open Space Contribution Program

The following principles have been documented as a guide to selecting an appropriate open space contribution rate for inclusion in the Melbourne Planning Scheme.

Principle	Objective
1. Use a sound and effective method to determine the schedule of open space contribution rates.	The method: <ul style="list-style-type: none"> • Can be documented. • Is acceptable to DPCD and Planning Panels Victoria. • Meets need, nexus and equity requirements.
2. Ensure the open space contributions program raises sufficient funds to deliver the Open Space Strategy recommendations in each part of the City, acknowledging that there are different characteristics and public open space needs across the precincts.	The contribution regime is equitable for new residents and workers in supplying open space. The rate will raise sufficient funds to deliver the Strategy recommendations in each open space planning precinct. The open space projects can be delivered within a reasonable time frame.
3. Ensure that the contributions rate structure has a relationship with the value or character of open space projects planned for the future population.	The applicable rate is commensurate with the number and types of projects scheduled for the open space precinct.
4. Ensure that contributions are collected in a way that allows for changes within open space precincts, such as changes in the anticipated rate of development and any fluctuations in property values or open space project costs.	The following risks are addressed: <ul style="list-style-type: none"> • More (or less) development occurs than planned. • Property values fluctuate downward and inadequate funds are raised. • Open space capital costs escalate faster than land values.
5. Establish a reasonable rate on development.	The rate is acceptable broadly to the development industry. The rate is one that the development industry might reasonably anticipate in terms of government policy and market trends.
6. Ensure there is not too much divergence in rates across the City.	There is perceived equity across the City. Open space precincts with similar characteristics have a similar rate.
7. Ensure the rate structure does not conflict with Council's strategic planning policy.	The quantum of the rate aligns with development policy. The rate does not conflict with Council policies that direct growth to urban renewal areas or that protect established / heritage areas.
8. Ensure the open space contributions program is easy to explain and administer, with clear requirements for developers with a transparent rationale.	The contributions regime is easy to explain and administer by subdivision officers. Requirements for developers are clear and unambiguous. Requirements provide greater certainty for developers. The applicable rate has a transparent rationale. Developers can see what open space improvements are planned in the locale.
9. Ensure the open space contributions program contains reasonable expectations of the City of Melbourne.	The City of Melbourne can meet its obligations by co-funding projects and enlisting assistance from the Victorian government and other external funding sources including the Commonwealth government.
10. Ensure the open space contributions program delivers benefits to City administration.	The quantum of contribution over time can be estimated with greater certainty. The City can proactively raise requests for land contributions in advance of receiving subdivision applications. The City can use the contributions program in conjunction with forward budgeting and asset management programs.

APPENDIX B. Criteria for land contributions

These criteria will be applied to land to be acquired for public open space.

Criteria	Description
Accessibility	Physical access into the site including the inherent topography, at ground level and capable of supporting large mature canopy trees (not an elevated part of a building) and the ability to make the site safe and accessible to people with limited mobility or with a disability (Note - refer also to Transport, Visibility, Condition and Location in this list of Criteria for other access related issues).
Adjoining land use	The influence of adjoining land use on the recreational, ecological, social and cultural value of the open space. This includes consideration of existing and future planned land use and associated urban densities, noise, built form and height.
Amenity	Visual and passive amenity values relates to the influence open space has on the liveability of neighbourhoods, providing visual relief from built form, the break open space provides from noise levels associated with traffic and other urban land use activities and adequate levels of sunlight (a minimum of 3 hours of direct sunlight between 9am and 3pm during mid-winter and at least 5 hours of direct sunlight between 9am and 3pm on September 22).
Climate change mitigation	<p>Ability for the site to have long-lived broad spreading canopy trees planted and space to become fully established without encroachment into their canopy.</p> <p>Ability for the site to incorporate sustainable water supply and reuse and maximise moisture retention to allow passive cooling of the local microclimate including areas for long-wave radiant cooling at night.</p> <p>Ability for the site to remain as useable and functional open space in the context of sea level rise and larger storm events which are likely to increase in the future.</p>
City of Melbourne policies	The land is subject to other planning processes and policies that may be consistent or inconsistent with all or part of the site becoming public open space.
Condition	The existing physical condition of the land is to be suitable for use as public open space including that there are no inherent issues such as contamination and significant financial or safety implications for the City of Melbourne if the land becomes public open space.
Ecological	Includes the site's existing biodiversity values and the potential to contribute to the protection and enhancement of these values along with a site's contribution to existing or future ecological diversity.
Equity	The City of Melbourne community including residents and workers should have reasonable access to public open space.
Financial	The costs to the City of Melbourne in obtaining and improving the land as open space, along with the costs associated with the ongoing maintenance and management of it.
Heritage character	Indigenous and non-Indigenous cultural heritage and historical values that could be enhanced and protected in the open space. These values will influence the future use and design and management of the open space.
Landscape character	Its contribution to the character and attractiveness of the neighbourhood.

Criteria	Description
Location/linkages	The site's contribution to the wider open space network including forming open space corridor links. This includes consideration of the other strategic planning projects in the municipality including linear open space corridors, and links and connections to improve accessibility into existing or proposed future open space.
Ongoing maintenance and management	The ability for the City of Melbourne to re-zone the land for open space purposes, and to effectively maintain and manage the land as open space.
Ownership	<p>Where the land is already in public ownership, potential for conversion to open space should be considered, where it can successfully be rezoned for this purpose. This may include City of Melbourne assets or land owned by other authorities. Conversion of public land is preferred where it eliminates the need to purchase land for public open space and this method will likely be used in a range of areas across the municipality as redevelopment progresses.</p> <p>Where land is privately owned, land can be acquired through open space contributions, generally at the time a site is redeveloped. Private land acquisition may be needed in some locations to create a functional open space of the size and configuration required for its intended role.</p>
Recreation	The potential for the site to accommodate a range of organised, unstructured and informal recreational uses. These can include field sports, play, walking, jogging, cycling, exercising, informal ball games, socialising, picnicking, sitting and dog walking.
Services/easements	Extent of other services and easements that would affect the development and use of the land as open space including roadways, overhead structures, water supply, power supply, flood mitigation and drainage.
Size	<p>The minimum size for the site to meet its intended purpose, on its own or in combination with adjoining land. Refer to minimum size parcels for each type of open space as follows:</p> <ul style="list-style-type: none"> • Capital City of open space, unlimited • State open space, unlimited • Regional open space, unlimited • Municipal open space, generally a minimum of 3 hectares, subject to the proposed municipal recreation facility located in it, however for new open space a minimum size of 4.5 hectares is preferred. • Neighbourhood open space, minimum of 1 hectare. • Local open space, minimum 0.26 and up to 0.99 hectares. • Small Local open space, minimum 0.03 and up to 0.25 hectares, with a minimum width of 20 metres in at least one direction. • Small Local Link space, with a minimum width of 5 metres.
Transport	The range of transport options for residents to easily access the site including proximity to public transport, linear shared trails, major roads and the street network, relevant to the size and anticipated catchment for the proposed open space.
Visibility	The site's visual prominence to maximise its use and contribution to the broader community. Generally, land is preferred which has at least two access points and local roads to at least two sides and is provided at natural surface level.

Source: Open Space Strategy Technical Report, Table 6(ii) Assessment criteria for suitability of land area for public open space.

APPENDIX C.
Technical data

Data Used in the Open Space Rate Calculation

Report prepared by Dr Serryn Eagleson with the support of
City Research City of Melbourne

Date: 11/05/2012

Contents

Data Used in the Open Space Rate Calculation	1
Introduction.....	3
Glossary of Terms	3
Disclaimer	3
Context	4
Approach	4
Data collection	5
Land Supply Analysis.....	5
Results	6
Population and Worker Forecasts	6
Land Value	7
Land Area to be developed.....	7
References	9
Appendix 1: Southbank Structure Plan	10
Short-term potential development sites	10
Medium/long term potential development sites	10
Appendix 2: Summary of Strategic Sites	10

Introduction

The City of Melbourne Council has a key role in providing open space to meet the needs of the existing and future community, both for residents and workers. The Council has developed an Open Space Strategy (2012) for the municipality. The analysis that supports the Strategy draws on information about the expected future needs of the community (forecast growth) and future development activity (land development). The forecast growth is used in the supporting analysis to establish the location of new open space.

This paper provides an overview of the method used to calculate the required inputs for the rates calculation being:

1. Growth in the community, in terms of workers and residents for 2011-2026 by precinct.
2. Land Area for development 2011-2026 by precinct; and
3. The 'median' land value for the local area.

The outputs from this analysis have also been incorporated into the Open Space Strategy to inform the land area by location which is required.

Glossary of Terms

ABS	Australian Bureau of Statistics
CBD	Central Business District
CLUE	Census of Land Use and Employment
CoM	City of Melbourne
DAM	Development Activity Monitor
GIS	Geographical Information Systems
HCA	Housing Capacity Assessment
MSS	Municipal Strategic Statement
MCC	Melbourne City Council

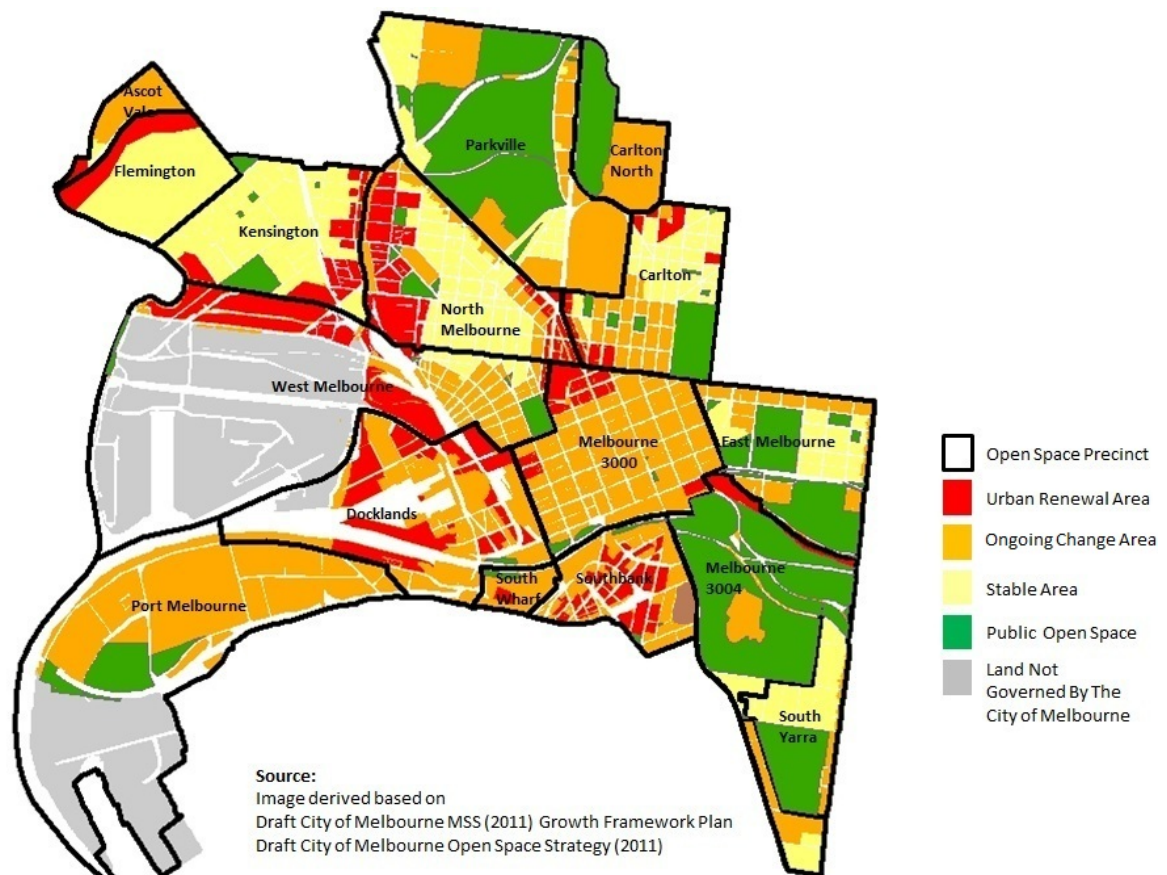
Disclaimer

This report is provided for information and it does not purport to be complete. While care has been taken to ensure the content in the report is accurate, we cannot guarantee that the report is without flaw of any kind. There may be errors and omissions or may not be wholly appropriate for your particular purpose. The City of Melbourne accepts no responsibility and disclaims all liability for any error, loss or other consequence which may arise from relying on any information contained in this report. This report is collaboration between Dr Serryn Eagleson as the primary author and City Research Branch of City of Melbourne Council in support. The City Research branch provided the forecasts and reviewed the methods applied.

Context

The City of Melbourne has a total land area of 3,766 hectares divided between 13 suburbs. In addition to the continuous renewal of the municipality the City of Melbourne recently released a draft Municipal Strategic Statement (MSS). The MSS identifies areas for significant urban renewal which will transition from predominantly industrial uses to densely populated areas. Figure 1 illustrates the areas within the MSS identified for urban renewal and ongoing change along with the precincts as defined by the Draft Open Space Strategy. The rationale behind the allocation of the precincts is based on the suburb areas, with some suburbs combined where there are commonalities between them.

Figure 1. City of Melbourne Future Framework.



Approach

The approach taken to develop the data inputs for the open space calculation required two main stages:

Data collection and Integration – As a basis for detailed analysis, robust datasets are required. Table 1 outlines these datasets, the data source and aggregation level.

Land Supply Analysis – A fine grained property level analysis was undertaken to provide an understanding of the expected location of growth in the community, both in terms of residents and workers. The land supply analysis combined growth forecast data and a capacity analysis to estimate the location and quantum of development within the municipality.

Data collection

A detailed set of data was collected for the first stage of the assessment (see table 1). It is important to note that the data used in this study was the most up-to-date available at the time of the project. The data was collected in 2011 at the same time that the Open Space Strategy was prepared and was current at that time.

Table 1: Data input used to model the inputs for the Open Space rate calculation

	Data Source	Date
Average Land Value		
Median Site Value	Rates and valuations database (City of Melbourne)	2010
Land Area for Change		
Draft Municipal Strategic Statement	City of Melbourne	2011
Development Activity Monitor	City of Melbourne	2011
Forecast Population		
Residential Population	ID Consulting Population Forecasts (2011)	2011
Workforce Population	Deloitte Access Economics Quarterly Employment Forecasts (Q3 2011) in combination with the SGS Employment Forecasts – City North (2011)	2011

The data outlined in table 1 along with contextual data from the City of Melbourne Census of Land Use and Employment was integrated into a Geographic Information System (GIS).

Land Supply Analysis

The land supply analysis was undertaken using small geographic areas to enable analysis of growth in the urban renewal areas, continuing change and the stable areas. The data has then been aggregated to the Open Space Precincts (Figure 1) to align with the Open Space Strategy.

To assess the land supply properties were categorised into the following groups:

- **Short term land supply:** Any property that is identified within the Development Activity Monitor is categorised as being available for development in the short term. The properties recorded in the DAM have a planning permit which means that they are likely to be developed within 5 years.
- **Long term land supply:** The MSS identifies areas within the municipality which are planned for strategic urban renewal. The properties in these areas will be available for development in the medium to long term (5-15 years).
- **Potential land supply:** The potential land supply are properties that contain existing building which have the potential for redevelopment, for example older low rise buildings which are located in areas designated by the City of Melbourne MSS for either urban renewal or continuous change.

Results

Population and Worker Forecasts

The population and worker growth were based on the existing forecasting models used by the City of Melbourne. Table 2 provides the 2011 and 2026 data for each of the small areas. This data was based on the latest available information from the following two primary data sources

1. The City of Melbourne population forecasting model conducted by .id Consulting, these forecasts were conducted at the precinct level in 2011 to coincide with the development of the Open Space Strategy.
2. Employment forecast conducted by Deloitte Access Economics and SGS Economics and Planning, this forecast was conducted at the Municipal level and a process of disaggregation in accordance with previous growth patterns, development activity and strategic areas designated for growth was applied to calculate the number of workers by precinct.

The forecast data has been used within the Open Space Strategy to establish the growth in demand for open space. The forecast data was used to estimate the level of development required to accommodate the new growth.

Table 2: Residential Population and Workers Forecasts

Local Area	Residents 2011 ¹	Residents 2026 ¹	No. change 2011-2026	% change 2011-2026	Workers 2011 ²	Workers 2026 ³	No. change 2011-2026	% change 2011-2026
Carlton Carlton North	14,644	23,773	9,129	62%	17,823	24,147	6,324	35%
Docklands	6,134	14,205	8,070	132%	33,503	44,000	10,497	31%
East Melbourne	5,162	5,770	608	12%	21,080	25,000	3,920	19%
Flemington Ascot Vale ⁴	0	4,950	4,950	0%	367	500	133	36%
Kensington	10,460	13,229	2,769	26%	5,267	20,000	14,733	280%
Melbourne 3000	21,080	35,264	14,184	67%	223,326	323,855	100,529	45%
Melbourne 3004	1,630	2,064	434	27%	23,411	28,000	4,589	20%
North Melbourne	11,650	22,346	10,697	92%	9,379	23,000	13,621	145%
Parkville	5773	5826	53	1%	27109	29221	2112	8%
Port Melbourne	-	-	0	0%	15366	17000	1634	11%
Southbank South Wharf	13,107	23,282	10,175	78%	37,796	46,000	8,204	22%
South Yarra	4,702	4,724	22	0%	1,488	2,700	1,212	81%
West Melbourne	3,820	9,400	5,579	146%	15,587	19,742	4,155	27%
Total	98,162	164,883	66,671	68%	431,502	603,165	171,663	40%

Source:

1. ID Consulting Population Forecasts (2011)
2. Census of Land Use and Employment (CLUE) 2010
3. Deloitte Access Economics (2011 Q3) and SGS Economics and Planning (2011)
4. City of Melbourne (2011) Internal Communication

Land Value

The land value for each suburb was based on the median land value for the suburb in areas of the same zone. For example land currently zoned industrial which has been identified within the MSS as undergoing renewal to mixed use was assigned the median land value of mixed use land in the same suburb. Table 3 provides the median land value. The median land value was combined with the development calculated from the population and employment forecasts to establish the total value of land estimated to develop in each Open Space Precinct.

Table 3: Median Land Value by Suburb

Suburb	Number of Sites	Median Site Value
Carlton (includes Carlton North)	2,070	\$3,077
Docklands	144	\$1,049
East Melbourne	850	\$3,485
Kensington Flemington (includes Ascot Vale)	3,234	\$1,823
Melbourne 3000	1,619	\$5,482
North Melbourne	2,509	\$2,618
Parkville	807	\$2,184
Port Melbourne	117	\$492
South Yarra (Includes Melbourne 3004)	769	\$4,180
Southbank (includes South Wharf)	229	\$3,000
West Melbourne	1,048	\$2,500

Source: City of Melbourne Rates and Valuations Database (3/06/2011)

Land Area to be developed

The quantity of land area to be developed was based on first applying a set of filters within Geographical Information Systems (GIS) to remove sites which are not likely to be developed within the time period. The rules for the application of the filters are as follows:

Stable Areas Filter

Areas allocated within the MSS which were identified as being stable were filtered out of the selection process.

Public Park and Recreation Zone and Public Use Zones Filter

The properties within the Municipality that are zoned for parks and public use are unlikely to be available for development for commercial or residential activity. This filter uses zoning data to exclude all properties that are zoned as parks and public use.

Heritage Registered Filter

Properties listed on the heritage register were filtered out. These properties will be relatively difficult to develop for commercial or residential purposes. While some of these properties may be renovated it is believed that the potential for development on these sites is limited.

Site Size Filter

There are many small sites that will not provide as much potential for additional development. For example there are numerous small freehold properties in the municipality that are being used for residential purposes. While these sites may be renovated they are unlikely to produce additional capacity. In the long run these properties may be consolidated and developed to produce more capacity. However it is believed that the opportunity for consolidation and development is fairly low in the medium term. The model uses a site size filter to remove properties that have very little potential for redevelopment. Any property with less than 300 square metres of land is coded as not being developable.

Strata title Filter

Properties with strata title have many owners and additional legal restrictions that may inhibit redevelopment. A key issue is that unanimous agreement from all owners is required to allow an en-bloc sale or redevelopment of a strata property. The cost of negotiating with each individual owner may mean that redevelopment of these sites is difficult. These properties are coded as not being developable in the forecasting period.

Building Age Filter

Generally the life of a building and the redevelopment cycle exceeds 40 years, which means that most new buildings will not be redeveloped in the forecast period. The building age filter removes properties that have relatively new buildings.

Developable Property Sites

The properties that do not trigger any of the filters along with strategic sites which have been identified for urban renewal are then defined as potentially developable within 2011-2026.

Land Area for Development

The total land area for development is calculated based on a combination of the sites registered within the Development Activity Monitor (DAM) which are either 'under construction' or have been identified for construction within the time period 0-5 years these sites provide an indication of the likely short-term development potential along with the Developable Property Sites. The properties that do not trigger any of the filters along with strategic sites which have been identified for urban renewal are then defined as potentially developable within 2011-2026. Table 4 below provides the final result of the analysis. The table presents the land area that is expected to be developed to accommodate the new residents and employment between 2011 and 2026. The table provides a breakdown of development into the Open Space Precincts.

Table 4: Land area for development

Suburb	Area (Ha)	Land Parcel Area (Ha)	Parkland (Ha)	Land Area identified within the Development Activity Monitor (HA) ¹	Potential (red) ²	Potential (orange) ²	Adjusted potential development Area (2011-2026) ³
Carlton Carlton North	272	213	67	13	9	15	15
Docklands	317	176	2	26	63	0	24
East Melbourne	188	148	80	2.6	0	13	9
Ascot Vale Flemington Kensington	385	313	18	4	42	13	38.5
Melbourne 3000	247	183	3	16.4	5	9	13
Melbourne 3004	261	208	163	5	0	5	1
North Melbourne	239	156	8	5.6	72	6	45
Parkville	403	329	185	9.3	0	9	5
Port Melbourne	537	403	Na	Na	0	0	5
Southbank South Wharf*	159	123	3	7.2	44	0	25
South Yarra	115	96	42	2.6	0	4	1
West Melbourne	643	423	8	8	1	25	43.5
Total	3,766	2,771	579	99.7	236	99	225

*Based on the Southbank Structure Plan (See Appendix 1)

Source:

1. City of Melbourne Development Activity Monitor (2011)
2. City of Melbourne Municipal Strategic Statement (2011)

3. Capacity Analysis Results

References

City of Melbourne (2012) Planning Scheme Amendment C162 – the new Municipal Strategic Statement

Available Online:

<http://www.melbourne.vic.gov.au/BuildingandPlanning/Planning/planningschemeamendments/Pages/C162.aspx>

City of Melbourne (2011) Development Activity Monitor

Available Online:

<http://www.melbourne.vic.gov.au/enterprisemelbourne/Tools/publications/Pages/DevelopmentMonitor.aspx>

City of Melbourne (2010) Southbank Structure Plan 2010

Available Online:

<http://www.melbourne.vic.gov.au/AboutMelbourne/ProjectsandInitiatives/Southbank2010/Pages/Southbank2010.aspx>

Deloitte Access Economics (2011) City of Melbourne Municipal Forecasts 2011–2021

ID Consulting Population Forecasts (2011) City of Melbourne Population Forecasts

Available Online:

<http://forecast2.id.com.au/default.aspx?id=128&pg=5000>

SGS Economics and Planning (2011) City North Employment Forecasts 2011–2031

Appendix 1: Southbank Structure Plan

The development opportunities within Southbank have been established within the City of Melbourne Southbank Structure Plan 2010, page 12. The total land area within Southbank is approximately 158 hectares. An assessment of the existing development constraints provides a picture of the land area which is likely to change over both the short and medium/long term as outlined below:

Short-term potential development sites

These sites include vacant or predominantly undeveloped sites (some have planning approval but remain unbuilt). In the study area these sites have immediate development opportunity, (0-5 years).

= 5.7 Ha

Medium/long term potential development sites

These sites have the potential for redevelopment over a 5 to 30 year term. They are sites with no constraints on them other than land ownership and tenancy agreements. Next to short term sites they are those most likely to achieve the intentions of the Southbank Structure Plan.

=44.9Ha (Source: City of Melbourne, 2011).

Appendix 2: Summary of Strategic Sites

The CoM Municipal Strategic Statement (MSS) sets the framework for growth within the City. Within this framework a number of Urban Renewal Areas have been identified. These Urban Renewal Areas are the areas where large sites and whole precincts will undergo urban renewal. Many of these areas are currently underutilised or derelict parts of the City. These areas will be planned and designed to provide optimal living and working environments. Change will take place within the context of a well developed structure plan that will be adopted by Council. It is anticipated that the sequence of development will occur generally in accordance with the timeframes indicated in Table 1.

Table 1: URBAN RENEWAL LAND AREA

	2010	2015	2020	2025	2030	2035	2040
Years	0	5	10	15	20	25	30
Southbank*		6ha					
Carlton Housing	8ha						
CUB	2ha						
Docklands Second Decade**					67ha		
City North*	12.8ha						
E-Gate				20ha			
Kensington / North Melbourne*		6ha					
Dynon Road				52ha			
Racecourse Rail Corridor				33Ha			
Jolimont Rail						16ha	

*Based on the planning permits received

**Update sent to City of Melbourne from Places Victoria