

Planning Assessment Officer Report

PA2604264, 518-522 Chapel
Street, SOUTH YARRA



Planning Assessment Officer Report
Development Assessment

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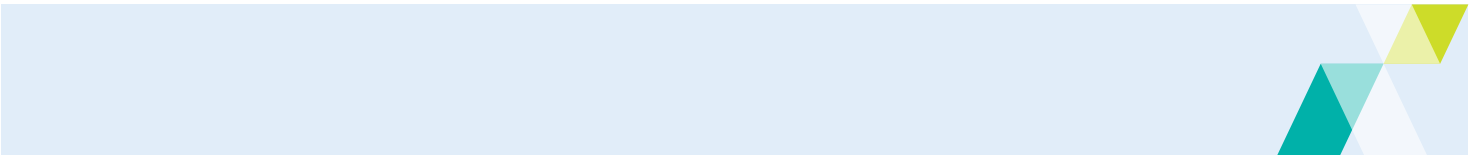


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Executive Summary



Key Information	Details		
Application No:	PA2604264		
Received:	18 March 2026		
Statutory Days:	15		
Applicant:	Australian Venue Co. Ltd c/- Urbis		
Planning Scheme:	Stonington		
Land Address:	518-522 Chapel Street, South Yarra		
Proposal:	Use and development of a hotel, reduction of bicycle parking requirements and display of internally illuminated business identification signage. Specifically, redevelopment of the existing Imperial Hotel comprising complete demolition and construction of a four-storey hotel.		
Development Value:	\$13.5m		
Why is the Minister responsible?	In accordance with Clause 72.01 of the Planning Scheme, the Minister for Planning is the responsible authority for this application because it is a matter under Divisions 1, 1A, 2 and 3 of Part 4 of the Act and Clause 53.22 (Significant Economic Development) (Category 1) applies.		
Why is a permit required?	Clause	Control	Trigger
Zone:	Clause 37.08	Activity Centre Zone – Schedule 1 (Chapel Street Activity Centre)	Use the land for a Hotel Construct a building or construct or carry out works
Overlays:	Clause 43.03	Incorporated Plan Overlay – Schedule 3 (Late Night Liquor Licence Trading)	N/A – Applies to use of land for the purpose of licenced hotel, tavern or nightclub with a closing time after 12am
	Clause 45.06	Development Contributions Overlay – Schedule 1	N/A - Contributions required for commercial development in South Yarra to be addressed by way of permit conditions.
Particular Provisions:	Clause 52.34-2	Bicycle Parking	Reduction to the bicycle parking requirements
	Clause 52.05-11	Signs	Display internally illuminated business identification sign
	Clause 53.06	Live Music Entertainment Venues	Applies to an application for use or development of the land associated with a live music entertainment venue and a noise sensitive residential use that is within 50m of a live music entertainment venue.
Cultural Heritage:	N/A		
Total Site Area:	607m²		
Gross Floor Area:	2113m²		
Height:	19.4m (4 storeys including sky terrace)		
Street Wall and Setbacks:	<u>Chapel Street:</u> 12m street wall. 5.821m setback above 12 street wall		

Palermo Street:

- 12m street wall at Chapel Street Corner
- 14.49m at Forester Corner

Forster Street:

- 14.49m street wall
- Slight encroachment to 45* building envelope

Land uses:	Hotel (food and drink premises)		
Parking:	Cars	Motorcycles	Bicycles
	0	0	20 spaces (staff only)
Referral Authorities:	Stonnington City Council (s52(1)(b) – Notice)		
Public Notice:	25 objections have been received		
Delegates List:	Approval to determine under delegation received on 7 July 2026		



Application Process

- The key milestones in the application process were as follows:

Milestone	Date
Pre-application meeting	N/A
Application lodgement	18 March 2026
Further information requested	N/A
Further information received	N/A
Further plans submitted on 25 June 2026 formally under s57A of the Act	In summary, the formally substituted plans illustrated: <u>General Massing</u> - Reduction of 670mm (combined total) to Levels 01 and 02. - Level 02 parapet now aligns with adjacent Chapel street carpark parapet. - Reduction of Level 03 Skydeck floor level 1000mm. - Level 03 egress stair walls removed/reduced. - Total building height reduced by 2550mm <u>Ancillary Elements or Materiality</u> - Palermo street entry awning removed. - Level 02 glass roof (above Palermo street stairs) removed. - Level 02 garden removed. - Level 03 egress stair roof material changed to concrete - Skydeck roof plant screening and associated mechanicals removed. - Material Code: RF-02 removed/deleted - Material Code: RF-03 added - Level 02 safety mesh anti-climb screen nominated at carpark boundary wall. Nominally 75% transparent. - Revert the metal “spandrel” panels between windows to brick materiality. <u>Operational</u> “Loading Bay” and “Bin Storage” consolidated into “Back Of House” (BOH) room labelling convention. - Keg Room moved to West side of BOH - Bins and Bike Racks retained but re-arranged to accommodate layout changes. - Fire Booster cabinet shifted to reflect latest authority advice & requirements. - Gas meter location nominated on Forster Street - Notation clarified to Forster Street egress door as emergency only and not a regular use access point.
Decision Plans	Plans prepared by Red. Architects , titled ‘ Imperial Hotel Vic ’ and dated 2 June 2026



Other Assessment Documents

DFP Eligibility Confirmation Letter dated 27 February 2026

Invest Victoria Letter dated 4 February 2026

Planning Report prepared by Urbis and dated March 2026

Acoustic Report prepared by Enfield Acoustics and dated 11 June 2026

Sustainability Management Plan prepared by Frater Consulting Services and dated 24 June 2026

Transport Impact Assessment prepared by OneMileGrid and dated 2 March 2026

Venue Management Plan prepared by Australian Venue Co., dated 05 March 2026.

Objection and amenity response letter prepared by Urbis and dated 3 June 2026

Waste Management Plan prepared by OneMileGrid and dated 3 June 2026

Feature and Plan Survey prepared by Real Serve and dated 16 August 2022

2. The subject of this report is the decision plans (as described above).

Proposal Summary

3. The proposal can be summarised as follows:

Key Information	Details
Proposal:	The site is currently occupied by a double storey hotel known as the Imperial Hotel. The Imperial Hotel is a Victorian-era corner hotel with six-at grade car parking spaces to the rear. The proposal seeks to demolish the existing building and redevelop the site for a four-storey hotel (The Imperial) with two internal bistro floors and two upper terrace levels, reduce the bicycle parking requirement and display internally illuminated business identification signage. The proposal does <u>not</u> seek to rely on any existing use rights on site.
Proposed hours of operation:	Monday – Sunday, 8am to 12am (Midnight)
Proposed patron capacity:	Maximum 1200 patrons. Seating proposed across site as follows: • Ground Floor - 163 • First Floor - 212 • Second Floor - 168 • Third Floor (Rooftop) - 178 A total of 721 seats available.
Total Site Area:	607m ²
Gross Floor Area:	2113m ²
Height:	19.4m ² (4 storeys including sky terrace)
Land Uses:	Hotel
Car Parking:	0 (existing five spaces on site to be removed and replaced with new building footprint extending to eastern boundary)
Bicycle Parking:	20 staff spaces, 0 visitor spaces
Motorcycle Parking:	0



Loading and Waste arrangements:

An on-site loading bay is proposed to the rear of the subject site, accessed via the existing crossover to Palermo Street. A majority of deliveries and waste collection services will occur via the loading bay area.

4. Specific details of the application include:

- An ancillary office space is proposed at the rear of the site on Level 2. The space is expected to be utilised by hotel staff while creating a buffer toward the residential interface.
- Live music is proposed as part of the application and will utilise calibrated noise limiting devices, fixed double glazing and acoustic screening.
- Two internally illuminated above verandah signs and one internally illuminated business identification sign is proposed with a total area of 6.7sqm.
- There is no existing vegetation on site. However, a single mature street tree is found on each street frontage. One tree is proposed to be removed and replaced (Palermo Street) and the other is to be protected during works.
- A small outdoor seating area is proposed on the public footpath space along Chapel Street and benefits from its existing liquor licence permissions. The public footpath seating area is located outside of the title boundary and is located within a council asset; as such, the seating area does not form part of this assessment with the exception of maximum patron numbers.

5. The applicant has provided the following concept images of the proposal:



Figure 1: Render of building as viewed from Chapel Street



Figure 2: Render of Level 2 terrace garden and seating

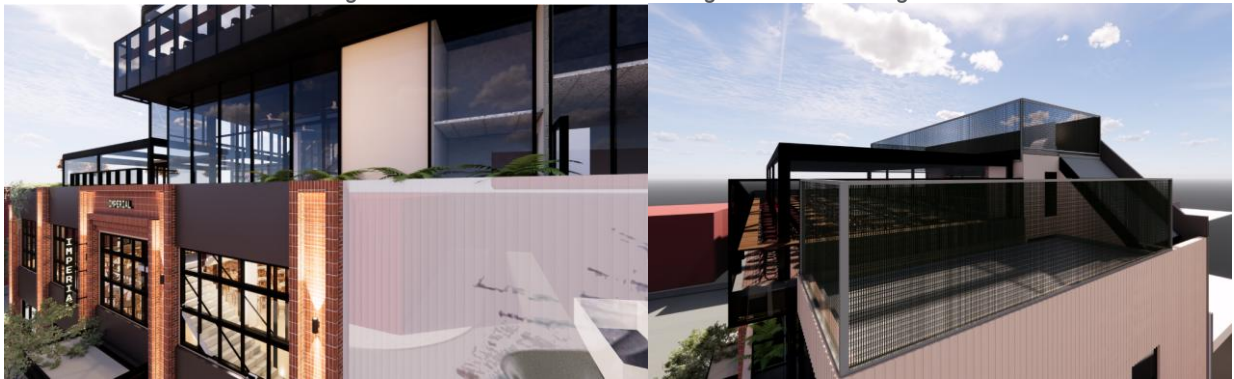


Figure 3: Render of Level 3 terrace when viewed from Palermo Street (left) and Forster Street (right)



Site Description

6. The site is located centrally within the Chapel Street Activity Centre on the corner of Chapel and Palermo Streets at 518 Chapel Street, South Yarra. The site comprises of a double storey hotel known as the Imperial Hotel. The Imperial Hotel is a Victorian era corner hotel with six-at grade car parking spaces to the rear. The site measures 607m² and has frontages to Chapel Street (15.2m) and Palermo Street (39.48m).
7. The site is formally described as comprising the following land parcels:
 - Lot 1 TP346209
8. There are no easements, restrictions or reserves that affect the subject site.

Existing liquor licence

9. Licence No. 31907263 (Late Night General Licence) currently applies to the subject site and allows for a maximum of 300 patrons and the following operating hours

For consumption off the licensed premises:

- Sunday Between 10am and 11pm
- Good Friday & ANZAC Day Between 12 noon and 11pm
- On any other day Between 7am and 11pm For consumption on the licensed premises:

Trading commences

- 12pm on Good Friday and Anzac Day
 - 10am on Sunday
 - 7am any other day Trading ceases
 - 5am on the mornings of Christmas Day and New Years Day
 - 1am on the mornings of Monday – Thursday except when such morning falls on a Public Holiday or on a Monday where the preceding Sunday has fallen on a “long weekend”; in such cases the below applies
 - 3am on any other morning.
10. Separate to the planning permit process, this licence will be expanded to align with the permissions sought as part of this application with the VGCCC.
 11. Additionally, it is noted that following the gazettal of VC286, the former Clause 52.27 (Licenced Premises) has been removed from the Victorian Planning Provisions and subsequently removes planning considerations related to the sale and consumption of liquor.

Existing planning permits

12. There are several existing planning permits affecting the subject site; however, the application does not rely on these approvals as a full demolition, redevelopment and land use proposal is sought.

This includes Planning Permit No. 94/698, issued on 30 March 1995, which allowed alterations to the existing hotel. The permit restricted patron numbers to a maximum of 300 persons and limited operating hours to 3:00am, except on the mornings of Christmas Day and New Year's Day, when trading was permitted until 5:00am.



Figure 4: Subject site viewed from Chapel Street

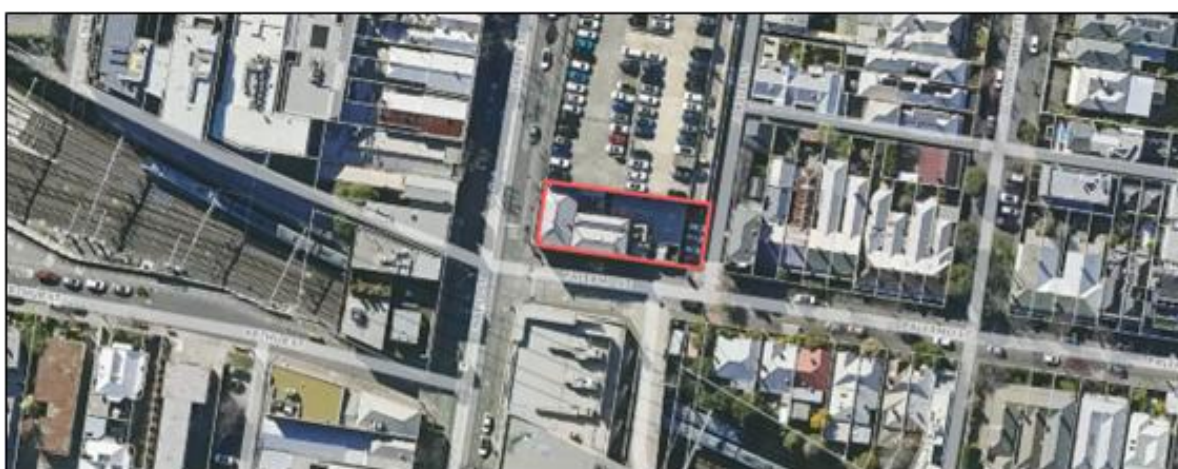


Figure 5: Aerial showing subject site and surrounds

Site Surrounds

13. The surrounding development consists of the Chapel Street Activity Centre and heritage residential area consisting of single and double storey dwellings. The surrounding development is dominated by ground floor commercial tenancies with first and second floor commercial and/or residential uses. The residential area to the east characterised by one to two storey dwellings and is affected by a Heritage Overlay and is identified as the “Palermo Estate Precinct”.
14. There are a range of licensed premises near to the site, including late-night licences at 517 Chapel Street (75m from the site), 481 Chapel Street (180m from the site), 462 Chapel Street (225m from the site), and 3 Wilson Street (225m from the site).
15. Development surrounding the site can be described as follows:
 - To the **north** of the site: Three-storey commercial building containing ground floor retail and upper floor/roof car parking at 530-564 Chapel Street. The site is approx. 3900sqm in size with a shared boundary and height of 25.12m.
 - To the **south** of the site: Double storey retail outlet and car parking entrance to the Jam Factory complex. These are located atop of the Cranbourne/Pakenham/Frankston train lines. A planning permit has been issued for the redevelopment of the Jam Factory. However, the aforementioned retail outlet and ramp will remain unchanged.
 - To the **east** of the site: 1 Palermo Street, a double storey terraced dwelling with a large rear SPOS. Further east of this site are single storey terrace dwellings.

- To the **west** of the site: 531 and 533-537 Chapel Street accommodating 1-3 storey buildings, with ground floor retail premises' and one containing a shop-top dwelling fronting Chapel Street.

16. A site inspection of the subject site and surrounds was undertaken on **20 July 2025**. Images of the site and surrounds are reflected in **Figures 4,6-10**.



Figure 6: Subject site viewed from Palermo Street



Figure 7: Rear of subject site showing Forster Street and 1 Palermo Street (dwelling)



Figure 8: View looking further east on Palermo Street



Figure 9: 'Jam Factory' approved for redevelopment opposite subject site (Palermo Street)



Figure 10: Typical character and form of commercial uses on Chapel Street



Municipal Planning Strategy

17. The following objectives and strategies of the Municipal Strategic Statement of the scheme are relevant to the proposal:

Clause	Description
02.03-1	Settlement – Chapel Street
02.03-3	Environmental Risks and Amenity
02.03-4	Built Environment and Heritage
02.03-6	Economic Development
02.03-8	Infrastructure

Planning Policy Framework

18. The following objectives and strategies of the Planning Policy Framework of the scheme are relevant to the proposal:

Clause 11	Settlement
11.01-1L-01	Settlement
11.01-1L-02	Social Impacts
11.03-1L-01	Activity centres
11.03-1L-03	Entertainment uses
Clause 13	Environmental Risks and Amenity
13.05-1S	Noise management
13.07-1S	Land use compatibility
13.07-1L-01	Amenity
13.07-3S	Live music
Clause 15	Built Environment and Heritage
15.01-1L-01	Urban design
15.01-1L-02	Awnings
15.01-1L-03	Signs
15.01-2L-01	Building design
15.01-2L-02	Environmentally sustainable development
Clause 17	Economic Development
17.02-1S	Business

19. The assessment section of this report provides a detailed assessment of the relevant planning policies.

Zoning and Overlays

Applicable Zone

20. A planning permit is required to construct a building or construct or carry out works in accordance with **Clause 37.08 (ACZ1)**. The purpose of the **ACZ1** is:

- *To implement the Municipal Planning Strategy and the Planning Policy Framework.*
- *To encourage a mixture of uses and the intensive development of the activity centre:*
- *As a focus for business, shopping, working, housing, leisure, transport and community facilities.*
- *To support sustainable urban outcomes that maximise the use of infrastructure and public transport.*
- *To create through good urban design an attractive, pleasant, walkable, safe and stimulating environment.*
- *To facilitate use and development of land in accordance with the Development Framework for the activity centre.*

21. Relevant land use and development objectives to be achieved within the Chapel Street Activity Centre are:

Land use

- *To provide a premier shopping, business, civic, cultural and entertainment destination in a local, metropolitan and national context.*
- *To provide a range of uses that are accessible to all and complement the role of the Activity Centre.*
- *To provide a diversity of retail, hospitality, entertainment, medical and community and cultural uses and a range of employment choices including corporate, boutique and incubator offices.*

Built Form

- *To significantly improve the public realm at the street level.*
- *To ensure that new development responds sympathetically to the Activity Centre's historical urban fabric, identity and character.*
- *To encourage innovative, high quality and well-designed buildings which complement the existing urban fabric and mixed use character of the Activity Centre.*
- *To achieve a fine grain building rhythm at street level particularly along Chapel Street and Toorak Road where this is an existing characteristic of the built form.*
- *To create a vibrant, active place with passive surveillance of streets and other pedestrian and public spaces.*
- *To avoid the underdevelopment of land in the Activity Centre.*
- *To realise the principles of Environmentally Sustainable Development (ESD) and Water Sensitive Urban Design (WSUD).*

Amenity

- *To manage potential and existing conflicts between residential amenity and hospitality and entertainment uses.*
- *To ensure the appropriate location and scale of residential, hospitality and entertainment uses so as to contribute to the liveability and role of the Activity Centre.*
- *To protect and enhance amenity within the Activity Centre and surrounding established residential neighbourhoods.*

22. The ACZ1 sets built from requirements under section 4.4 (Design and Development) of Clause 37.08 and includes separate precinct provisions. The subject site is located within Precinct 2 – South Yarra of the Chapel Street Activity Centre (Sub-precinct JF-2) pursuant to section 5.2 of the AC1 control which includes objectives, built form requirements and guidelines.

23. The following sections include a discussion of how the proposal responds to these requirements.

Applicable Overlays

24. The subject site is not affected by overlays that would trigger a planning permit. Refer below for further detail.
25. Clause 43.03 (Incorporated Plan Overlay – Schedule 3 (Late Night Liquor Licence Trading)) (IPO3) affects the subject site, however, does not apply to this application as the use of the land for the purpose of a licenced hotel has a closing time of 12am. The IPO3 only applies to use of land for the purpose of licenced hotel, tavern or nightclub with a closing time after 12am.
26. Clause 45.06 (Development Contributions Plan Overlay – Schedule 1) (DCPO1) applies to the subject site. The schedule identifies contributions required for commercial development in South Yarra to the municipal council. Contributions are therefore to be addressed by way of permit conditions, in consultation with council.

Particular and General Provisions

Provisions that Require, Enable or Exempt a Permit

Clause 52.05 – Signs

27. Pursuant to Clause 37.08 and Clause 52.05, the subject site is located in a Category 1 area. As the proposed internally illuminated business identification signage does not meet the specified permit exemption requirements, a planning permit is required.

Clause 52.06 – Car Parking

28. Pursuant to Table 1 of Clause 52.06-5, the subject site is identified within Category 4, which sets a maximum statutory car parking requirement as follows:

Use	Area	Rate	Car Parking Measure	Total
Hotel (Food and Drink Premises)	2,113 m ²	1	to each 100m ² of net floor area	21
Total provided:				0

29. As no car parking is proposed on site and remains below the maximum statutory provision, a planning permit is not required.

Clause 52.34 – Bicycle Facilities

30. Pursuant to Clause 52.34-5, the following statutory bicycle parking requirements apply as follows:

Use	Area	Bicycling Parking Measure	Total
Hotel – Employee	• 66m ² of bar area available to the public	• 1 space per 25 m ² of bar floor area available to the public	3
	• 995m ² of lounge area available to the public	• 1 space to each 100 m ² of lounge floor area available to the public	10
	Total employee spaces required:		13
Hotel – Visitor/Patrons	• 66 m ² of bar area available to the public	• 1 space per 25 m ² of bar floor area available to the public	3
	• 995 m ² of lounge area available to the public	• Plus 1 space to each 100 m ² of lounge floor area available to the public	10
	Total visitor spaces required:		13



<u>Overall spaces required:</u>	26
<u>Overall spaces provided:</u>	20 staff spaces

31. Pursuant to Clause 52.34-5, a permit is required to reduce the number of bicycle parking spaces on site by 6 spaces. Specifically, all 13 visitor spaces whilst providing well over the statutory provision of staff bicycle parking spaces.

General requirements and Performance Standards

Clause 53.06 – Live Music Entertainment

32. Clause 53.06 applies to an application required under any zone of this scheme to use land for, or to construct a building or construct or carry out works associated with:
- *A live music entertainment venue.*
33. Clause 53.06-3 requires that a live music entertainment venue must be designed, constructed and managed to minimise noise emissions from the premises and provide acoustic attenuation measures that would protect a noise sensitive residential use within 50 metres of the venue.

Clause 53.22 – Significant Economic Development

34. Clause 53.22 applies to applications of significant economic development that will make a *significant contribution to Victoria's economy and provide substantial public benefit, including jobs for Victorians*. The proposal has an estimated cost of at least \$10 million dollars, meeting the requirements of Category 1 of Clause 53.22. An eligibility letter was issued on 27 February 2026 confirming the proposal is eligible for consideration under Clause 53.22. Pursuant to Clause 53.22-2, the responsible authority may waive or vary any building height or setback requirements.

Relevant Strategic Plan / Background Documents

Chapel reVision Structure Plan – Activity Centre Zone – Schedule 1

35. Amendment C172ston was gazetted on 10 August 2017 and implements the recommendations of the *Chapel reVision Structure Plan 2013-2031 modified 7 September 2015*. The strategic plan addresses the Prahran/South Yarra Principal Activity Centre and the Windsor and Toorak Road Large Neighbourhood Activity Centres. The objectives of the structure plan in relation to the Chapel Street precinct is to:
- *To retain and enhance the Chapel Street area's role as a premier metropolitan and higher order shopping, entertainment, tourism, business, civic, community and cultural destination, with a strong local community role that continues to serve the needs of people living and working in the area.*
36. The ACZ1 Chapel Street Activity Centre Decision Guidelines outline that the responsible authority should consider the following for an application for a planning permit:
- *The extent to which the proposal achieves the vision and objectives of the Chapel reVision Structure Plan.*
37. The proposal demonstrates clear alignment with policy and the structure plans aims and objectives relevant to the Chapel Street area. Refer to the Assessment section of this report for further detail.



Referrals

38. The application was referred to the following groups:

Provision / Clause	Organisation	Response and date received
Section 52(1)(b) – Notice	Stonnington City Council	The application was referred to the council on 19 March 2026. On 22 April 2026 the council objected to the proposal, stating that it supports the redevelopment in principle, but objects to the scale and intensity of the use. On 25 June 2026, the council reviewed the section 57A amendment and determined that it continues to object to the proposal. Refer below for further detail.

Municipal Council Comments

39. On 2 June 2026, the applicant lodged a section 57A amendment request, and the full package was provided on 25 June 2026. The amended package was re-referred to the council on 4 June 2026 for its review and response. On 25 June 2026, the council provided the following response:

- Council acknowledges that the proposed reduction in overall building height and street wall presentation along Chapel Street go some way in addressing the ongoing concerns relating to excessive scale and built form. However, these amendments do not sufficiently address the broader operation, and amenity impacts of the proposal. Notably, no changes have been made to patron numbers or operational parameters that would materially reduce impacts on surrounding properties.*
- Council Officers continue to hold significant concerns regarding the cumulative impact of the proposed late-night operation, high patron numbers and associated activities, including amplified music, patron noise and general disturbance. These impacts are considered likely to adversely affect the amenity of the surrounding area. This concerns is further heightened by the site's immediate proximity to residentially zoned land, where occupants are entitled to a reasonable level of amenity, particularly during evening and late-night periods.*
- On this basis, Council Officers maintain that the proposal has not adequately addressed the potential amenity impacts on nearby residents and does not represent an appropriate or orderly planning outcome for this location.*
- In relation to built form, the relevant Activity Centre provisions provide guidance regarding preferred building heights and setbacks. Council continues to seek full compliance with these built form controls. No changes appear to have been made to the building along Forster Street, and the proposal continues to encroach into the Type 4 setback. Council maintains its concerns that this represents an inappropriate transition in built form to the lower-scale dwellings to the east and exacerbates the potential for noise impacts on these residential properties.*
- The revised proposal does not sufficiently address outstanding concerns relating to light spill into adjoining residential properties, the impact of live music on nearby dwellings, and the retention of the existing street tree along Palermo Street. It is noted that removal of this tree is unlikely to receive Council support.*

40. On 3 June 2026, the applicant provided a written response addressing the council's and objectors' comments as part of the section 57A amendment package. Importantly, it is noted that the council raised concerns about retention of the Palermo Street street tree, which has since been addressed via design modifications. Refer to the Assessment section of this report for further detail.

41. DTP has subsequently been provided with written correspondence from council officers advising that the council consents to the removal and replacement of the Palermo Street street tree, as follows:

- City Environment can conditionally agree to the removal of a Japanese zelkova located on Palermo Street, South Yarra, adjacent to 518-522 Chapel Street, noting impacts of the proposed development's built-form design on the*

long-term health and viability of the tree. Applicant to note that conditional approval is for tree removal only and does not constitute approval or permissions that may be required from Council as they relate to other matters.

- The following should be noted and agreed to in writing by the applicant prior to any works:
 - Approval for removal of the Japanese zelkova located on Palermo Street is contingent on a post-development enhanced streetscape on Palermo Street that requires planting of three (3) replacement canopy trees (subject to site conditions) - species and locations to be agreed with Council's Tree Management Team.
 - The three replacement canopy trees are to be of 100l size costing at \$832.30 each (includes supply, install and 2 years establishment maintenance) and \$5,000 per new tree pit location which includes service scanning, structural tree pit and passive storm water irrigation. Total tree replacement costs of \$17,496.89 to be borne by the applicant. Payment to be made to Council prior to tree removal works. Council will supply and install trees post-completion of construction.
 - Removal of the existing Japanese zelkova on Palermo Street to be undertaken by the applicant and at their cost. Works to remove the tree must be undertaken by a qualified arborist and include stump and root removal from the tree pit, noting no damage is to occur to Council's other assets such as footpath, and kerb and channel etc. Council to be notified prior to tree removal works.

42. These matters will be secured through permit conditions.

Notice

43. The application is not exempt from the notice requirements of section 52(1)(a), (b) and (d), the decision requirements of section 64(1), (2) and (3) and the review rights of section 82(1) of the *Planning and Environment Act 1987* pursuant to the following provisions:

- Clause 37.08 (ACZ1)
- Clause 52.05 (Signs)

44. The application is exempt from the notice requirements of section 52(1)(a), (b) and (d), the decision requirements of section 64(1), (2) and (3) and the review rights of section 82(1) of the *Planning and Environment Act 1987* pursuant to the following provisions:

- Clause 52.34 (Bicycle Facilities)

45. The applicant was directed to give notice by way of erecting a sign on the site and sending letters to owners and occupiers as shown in Figure 12.



Figure 11: Map of properties notified via mail (left)

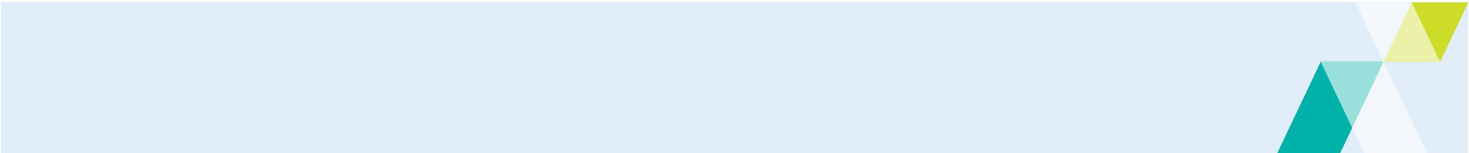


Figure 12: Erected sign on Chapel Street frontage (right)

46. 25 objections were received, raising the following issues:

- Noise impacts to neighbouring residential properties
- Heritage loss (*no heritage controls apply to subject site*)
- Height, visual bulk and neighbourhood character
- Operating hours and patron capacity incompatible with residential interface
- Overshadowing
- Traffic and parking
- Anti-social behaviour of patrons

47. Refer to Assessment section of this report for a detailed response to all concerns raised by objectors.



Key Considerations

48. The following are deemed the key considerations in assessing the acceptability of the proposal:

- Strategic direction and land use – operational matters
- Design and built form
- Amenity, environmental performance and servicing
- Chapel Street Activity Centre decision guidelines

Strategic Direction and Land Use

49. The *Planning Policy Framework* encourages appropriate land use and development which enhances the built environment, supports economic growth, meets the community expectations on retail and commercial provision, delivers diversity in housing supply to meet existing and future needs, and integrates transport and infrastructure planning.

50. Consistent with the Chapel Street Activity Centre objectives and strategic Chapel reVision Structure Plan, the proposal achieves the following:

- The proposal will attract visitors, generate employment and contribute to the local economy, consistent with the strategic planning direction for the site set out in the ACZ1, while incorporating measures to protect the amenity of nearby residential areas, ensuring the proposed use and nearby residential uses can co-exist without significant conflict.
- The proposal is consistent with and contributes to Chapel Street's identification as a premier retail and tourism destination by providing a food and drink premises offering with a range of seating and dining options. The proposed use of land as a hotel is entirely consistent with the purpose and objectives of the ACZ1 and the relevant Planning Policy Framework considerations that apply.
- The proposal represents the redevelopment of an existing hotel on a prominent corner site, rather than the introduction of a new use (notwithstanding that primary permission for the hotel land use is sought through this permit). Primary activation of the premises is directed to Chapel Street and Palermo Street, while the eastern interface with residential properties is deliberately non-activated and designed to protect residential amenity through limited openings, setbacks and façade treatment.

51. The relevant MPS and PPF policies have been considered in assessing the application.

Design and built form

52. The zoning/overlays have been considered in this assessment. Pursuant to Clause 53.22-2, the responsible authority may waive any height or setback otherwise required under the Stonnington Planning Scheme. The proposal has been assessed against the relevant built-form decision guidelines under the ACZ1 below.

Height and Setbacks

53. The following design objectives and guidelines of the ACZ1 built form requirements are relevant:

ACZ Preferred Built Form Requirements	Met?	Comments
Preferred maximum building height – 18m (5 storeys)	No	The initial proposal sought a 21m overall height (4 storeys). However, as part of the 57A amendment request, the height was subsequently reduced to 19.4m (4 storeys). The proposal therefore seeks to exceed the preferred maximum height by 1.4m but does not exceed the



preferred number of storeys). Refer below for further details.

Preferred east interface – 12m height. 45-degree setback above.	No	14.55m height that sits outside of 45-degree setback above.
No shadows over footpaths along Chapel St between 10am-3pm on Sep 22.	Variation sought	Shadowing occurs at 9am. This is consistent with the existing conditions and is acceptable.
No shadowing to south side footpath on east-west streets between 9am-3pm on Sep 22. This guideline may not be achievable if the building heights/setbacks of the ACZ1 would result in overshadowing.	Variation sought	Shadowing occurs between 9am-3pm. This is acceptable noting the preferred height control of the site results in the shadowing outcome and the shadowing is to a low-amenity interface (blank wall and car park entrance).

54. All other built form requirements of the ACZ1 have been met, including compliance with the street wall and setback controls:

- A 12-metre street wall to Chapel Street with a setback above, consistent with requirements.
- Appropriate articulation and recession of upper levels.

55. The additional height above the preferred requirement applies to a small part of the north elevation and interfaces with a car park and service lane with no immediate bulk or overshadowing impacts. Besides from this northern portion (largely plant area), the remaining built form remains within the preferred 18m maximum height. Additionally, the ACZ1 can consider additional height where there is *significant community benefit*. Noting the Clause 53.22 pathway and significant economic contribution the proposal will provide, this is considered to meet the ACZ1 significant community benefit item.

56. The recessed upper levels reduce visibility from the public realm and limits the perceived bulk of the development. The subject site is surrounded by built form of a comparable or greater massing, including the adjoining shopping centre (25m height with robust massing) and significant approved redevelopment (The Jam Factory) nearby. DTP is satisfied that the additional height does not result in adverse visual impacts and is consistent with the character of Chapel Street and strategic intent intensified development within the activity centre.

57. The ACZ1 requires consideration of the interface and design response to HO128 which applies to 1 Palermo Street. The massing transition and the use of masonry appropriately responds to the HO128 context.

58. The ACZ1 variations are considered modest and occur on a secondary interface backing onto Forster Street. Importantly, Forster Street functions as a service lane and forms a transition to the residential area beyond. The built form response ensures that amenity impacts (including overlooking and visual dominance) are limited. The overlooking drawings specifically showing the interaction between the rear of the proposed built form to 1 Palermo Street (nearby residential dwelling) demonstrate that impacts onto neighbouring properties have been appropriately considered and addressed.

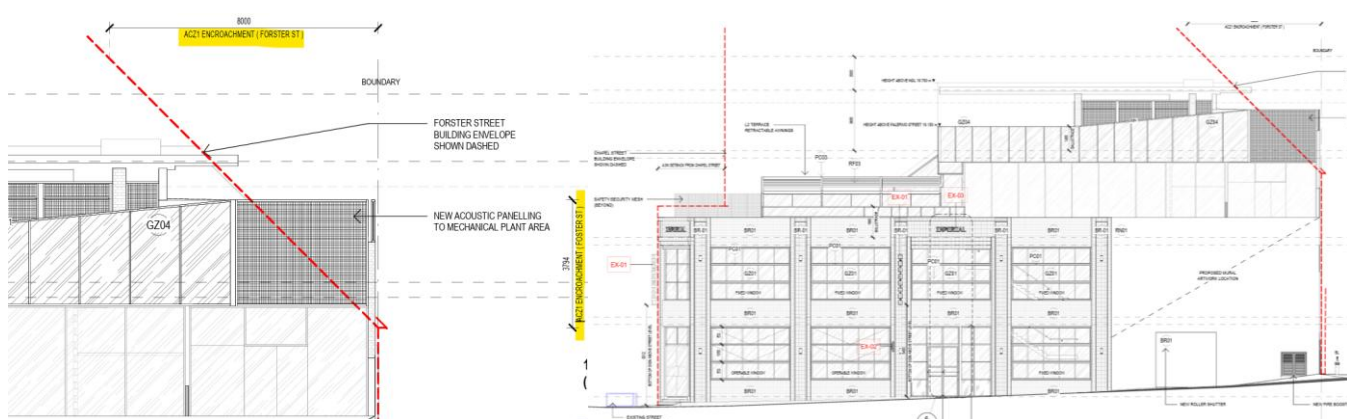


Figure 13: Proposed south elevation showing indicative ACZ1 encroachment (left)

Figure 14: Proposed south elevation showing ACZ1 controls in red (right)

59. DTP therefore finds that the departures from the ACZ1 controls are acceptable and do not compromise the objectives of the built form controls.

Design Detail

60. The proposed built form provides an appropriate level of activation to the street frontages, including through the use of operable glazing which contributes to visual interest and passive surveillance, thereby supporting a safe and engaging public realm. The provision of two pedestrian entries, including a prominent corner entry at Chapel and Palermo Streets and a secondary entry to Palermo Street, further enhances accessibility and pedestrian permeability.
61. The materiality, including red brick cladding (snap-on), presents a contemporary design response that appropriately references the established industrial and commercial character of the area. The inclusion of on-structure planting, in circumstances where the site is fully built out, assists in softening the built form, reducing perceived bulk and providing articulation.

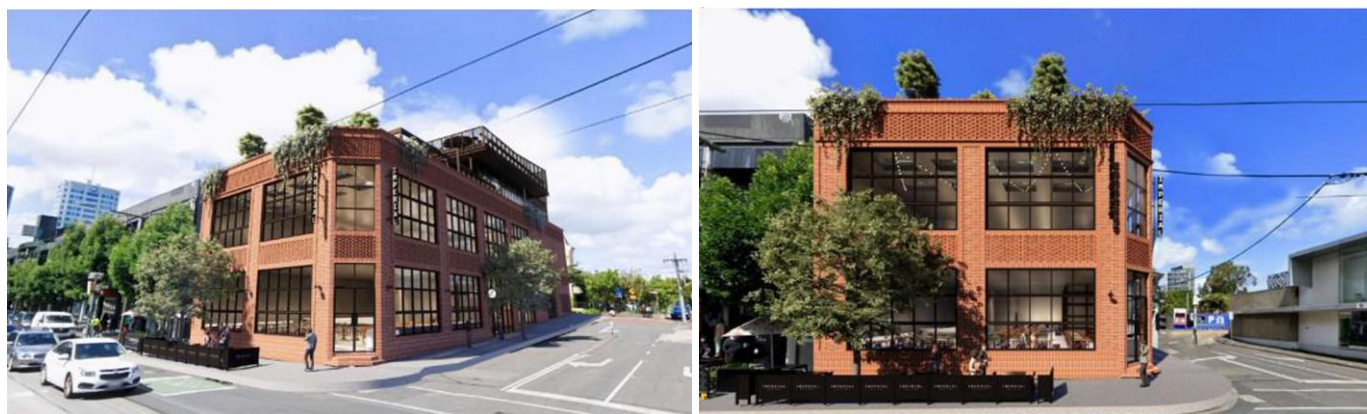


Figure 15: Proposed renders looking toward subject site from Chapel Street

62. The upper levels are appropriately recessed from Chapel Street, maintaining the fine-grain streetscape character and reducing visual dominance. Overall, DTP consider that the scale and form of the proposal are consistent with the strategic role of the site within a Major Activity Centre.



Figure 16: Palermo Street (south) elevation

63. The design has been developed to minimise inactive ground-floor frontages by locating building services internally and consolidating service access to a single point. While the fire booster cabinet is required to have direct street access, it has been positioned at the south-eastern corner of the site to ensure compliance while minimising its visual impact on the public realm. The reduced extent of blank walls, service areas and other inactive elements along the street frontages is considered positive.
64. A single roller door is proposed along the southern Palermo Street frontage to facilitate access to a loading dock servicing the building's internal operations. This arrangement is consistent with the existing built form character of the street, which already incorporates a roller door along the southern frontage. As a result, the proposal maintains an active streetscape outcome while accommodating the operational requirements of the development.
65. As shown in Figure 15, the blank wall on the southern elevation provides opportunity for an artwork installation. The proposed artwork remains subject to future decision making and the renders remain indicative; however, the elevation drawings allocate the blank wall to a future artwork installation address any concern that there may be an inactive southern interface nearing the residential precinct.

Signage

66. Pursuant to Clause 37.08 and Clause 52.05, the site is designated Category 1 – Commercial areas, where minimum limitations apply. As the proposed internally illuminated business identification signs do not meet the specified permit exemption requirements, a planning permit is required.
67. The following signs are proposed:

Quantity	Sign Type	Size m ²	Detail
2	Above Verandah Business Identification	2.61	Internally illuminated signage on the corner of Chapel (above main entry) and Palermo Street (above secondary entry) with Hotel name 'Imperial'
1	Business Identification	0.566	Internally illuminated blade entrance sign above main entry on Chapel Street.
2	Above Verandah Business Identification	0.5	Internally illuminated main building signage to the corner of Chapel and Palermo Street

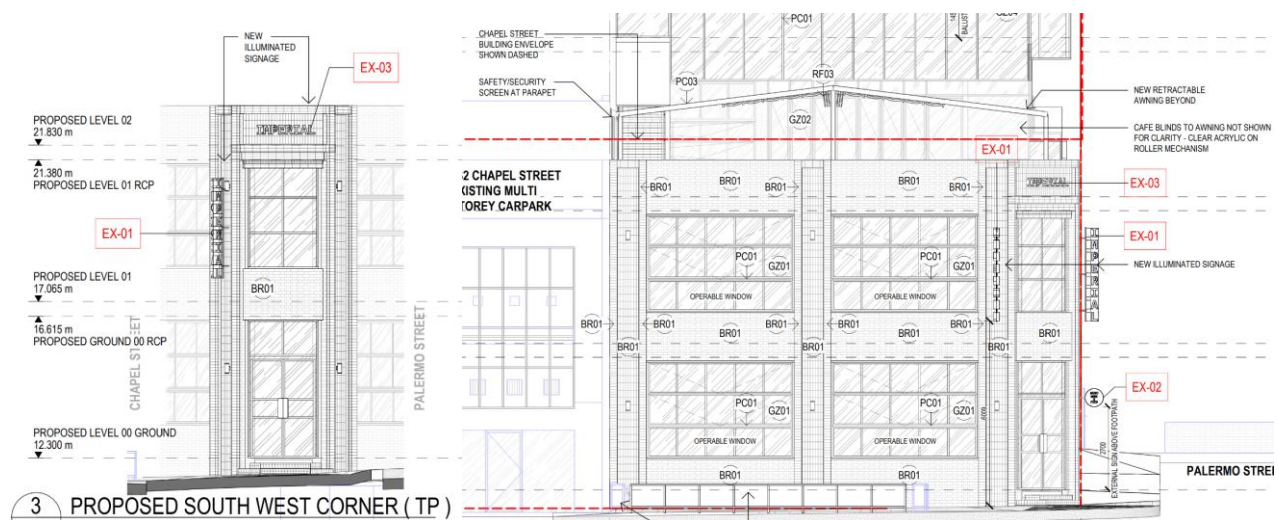


Figure 17: Proposed signage on west and southwest elevations

68. The proposed signage is consistent with the established character of Chapel Street and provides appropriate business identification within the Chapel Street Activity Centre. Having regard to the site's context, zoning and the surrounding streetscape, the signage is modest in scale (cumulative signage area of 6.78m²) and consistent with the prevailing signage character of the area.
69. The signage is appropriately located at key entry points to provide clear identification and wayfinding. Positioned away from residential interfaces, the illuminated signage is not expected to result in adverse amenity impacts.
70. The sign structures have been designed to respond to the building façades and will not detract from any important architectural features. Any illumination will not adversely affect pedestrian or vehicular safety, nor the amenity of nearby residents.

Amenity

Amenity Impacts (internal and offsite)

Heritage Status

71. Objectors raised concerns regarding the demolition of the existing Imperial Hotel and expressed a view that it would be preferred to retain the 'Victorian' heritage building. However, no heritage controls apply to the subject site and the building is not identified as having heritage significance. It is also acknowledged that although the character of the existing building resembles that of a traditional 'Victorian' pub, the building shows signs of clear partial demolition and modern extensions that otherwise detract from the character of the built form.
72. As the proposal is not subject to heritage controls, a planning permit is not required for demolition and does not form part of this assessment. The council issued a demolition consent letter on 24 April 2026, affirming that a planning permit is not required.

Patron numbers

73. The following approximate seating numbers are proposed across the development:

- Ground Floor – 163
- First Floor – 212
- Second Floor – 168
- Third Floor (Rooftop) – 178

A total of 721 seats



74. Patron distribution is dispersed across all three levels of the venue, with the majority of seating accommodated within the enclosed ground and first floor areas. The internal layout also directs patron activity towards Chapel Street. Although the level 3 rooftop is open to air, the building massing results in a reduced dining area footprint at the rear of the site. In particular, the acoustic screening measures and plant equipment located along the rear boundary provide an effective buffer between the subject site and the adjoining residential interface, appropriately mitigating potential amenity impacts.

Venue and Patron Management

75. The applicant has submitted a Venue Patron Management Plan prepared by Australian Venue Co. and dated 5 March 2026 to support the application. This is appropriate given the use of land as a hotel is a section 2 'permit required' land use.

76. Objectors raised concerns regarding the safety and security of neighbouring residents caused by potential patron antisocial behaviour and general presence of patrons in the surrounding vicinity. The Venue and Patron Management Plan addresses amenity related operational considerations concurrent to any liquor licensing requirements. The hotel use will be required to obtain a liquor licence from the Victorian Gambling and Casino Control Commission (VGCCC). Once granted, the licence will regulate how the venue operates, including approved trading hours, patron capacity limits and mandatory Responsible Service of Alcohol requirements. Licence conditions are specifically designed to minimise risks associated with intoxication, disorderly behaviour and impacts on the surrounding area, ensuring the venue operates in a manner compatible with its site and context.

77. In addition, the Venue and Patron Management Plan sets out comprehensive measures to manage safety and behaviour on and off the subject site. These measures include:

- Active monitoring of patron numbers to ensure compliance with the approved maximum capacity.
- Use of licensed crowd controllers when required, in accordance with the Private Security Act 2004.
- Refusal of service and removal procedures for intoxicated, disorderly or non-compliant patrons.
- CCTV surveillance in internal and external areas to support incident response and deter antisocial behaviour.
- A structured patron dispersal strategy at closing time, with staff positioned at exits to supervise orderly and quiet departures and direct patrons towards public transport and Chapel Street.
- Ongoing recording and review of incidents and complaints through a formal incident reporting system, with oversight by the Venue Manager and follow-up where required.
- Commitment to liaison with Victoria Police and local authorities in relation to patron management and safety.

78. The proposal is located within an activity centre which is well established as a hospitality and entertainment hub supported by planning policy.

Overshadowing and Overlooking

79. Overshadowing impacts are limited to the adjoining NRZ3 property of 1 Palermo Street. The two-storey dwelling is constructed hard against its eastern boundary and is separated from the subject site by Forster Street. Acknowledging the existing built form and shadow impacts onto the dwelling, it is acknowledged that some additional shadows will be generated by the proposed development. These are considered in detail below.

80. One window of the dwellings western elevation is identified to be affected by additional shadow impacts. The window has been identified as a non-habitable room window in accordance with the submitted architectural drawings. While residents of 1 Palermo Street state that the window provides some daylight to adjoining areas, which DTP acknowledges, it does not change the planning assessment of the room's classification for the purposes of applying overshadowing controls.

81. The shadow diagrams show that under the revised design (height reduction via Section 57A Amendment), the additional height to the built form only partially overshadows the window at 3:00pm (22 September) (refer Figure 18). Overall, the proposal has been designed to respond to both the massing controls of the ACZ1 while considering impacts to residential properties to the rear. The additional shadow onto a non-habitable room is considered acceptable within the planning context and site constraints.

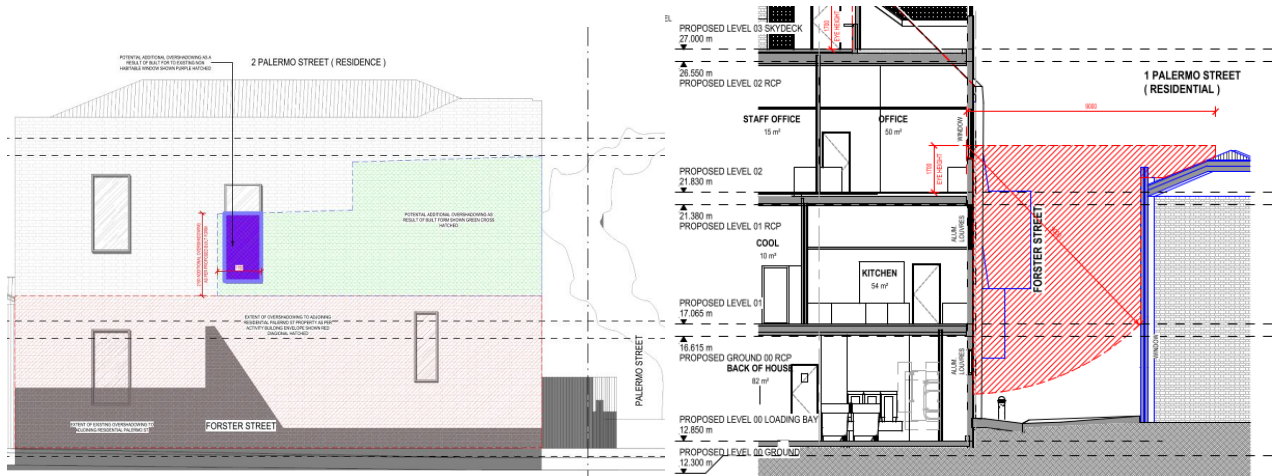


Figure 18: Adjoining residential dwelling showing existing shadow in red and additional shadow in green and purple (left)

Figure 19: Proposed section and overlooking diagram (right)

82. Potential overlooking impacts from the subject site onto 1 Palermo Street are minimised through the restriction of windows on the rear elevation and setback of level 3 from the residential interface. The office space includes three windows at an approximate height of 1.5m and negligible sightlines into habitable spaces of 1 Palermo Street.

Clause 53.06 – Live Music

83. The applicant has submitted an Acoustic Report prepared by Enfield Acoustics and dated 11 June 2026 to support the application.

84. Amplified music is proposed on site as follows:

- Ground Floor – Amplified background music, including moderate forms of live entertainment (e.g., Live DJs and small ensembles for general ambience)
- Level 1 – Amplified music, including live entertainment (e.g., Live DJs, small ensembles)
- Level 2 – Amplified background music within the internal terrace and roof terrace and moderate forms of live entertainment (e.g., Live DJs for general ambience)
- Level 3 – Amplified background music within the internal terrace and roof terrace and moderate forms of live entertainment (e.g., Live DJs for general ambience)

85. The report confirms that amplified music can comply with the Environment Protection Regulations 2021 and EPA Publication 1826 (Noise Protocol), based on measured background noise levels and applicable night-time limits to 12.00am. High-intensity entertainment, such as live bands with full drum kits, are not proposed.

86. The acoustic performance of the proposal has also been considered against the requirements of Clause 53.06-3 'Live music,' which are summarised as follows:

'A live music entertainment venue must be designed, constructed and managed to minimise noise emissions from the premises and provide acoustic attenuation measures that would protect a noise sensitive residential use within 50 metres of the venue. For the purpose of assessing whether the above noise standards are met, the noise

measurement point may be located inside a habitable room of a noise sensitive residential use with windows and doors closed (consistent with EPA Publication 1826). A permit may be granted to reduce or waive these requirements if the responsible authority is satisfied that an alternative measure meets the purpose of this clause'.

Several dwellings exist to the east of the site, within the 50-metre catchment stipulated under Clause 53.06. Based on the detailed modelling of the proposal's noise impacts on these dwellings and the noise impact mitigation measures proposed, it is considered that the performance-based requirement of Clause 53.06 is comfortably met.

87. The acoustic modelling confirms proposed music levels can comply with the regulations across the venue, subject to noise-limiting devices being installed on Levels 1, 2 and 3. The Level 2 Roof Terrace and Level 3 Sky Deck have been assessed for both music and patron noise, with defined patron numbers incorporated into the modelling. With recommended controls in place, patron noise is predicted to meet night-time targets at nearby sensitive receivers until 12.00am.
88. Noise will be managed through acoustic screening, sealed glazing closed after 10.00pm, calibrated noise limiters, restrictions on hire-in equipment, and careful loudspeaker placement away from residential interfaces (refer figure 19).
89. To further investigate the acoustic impacts on site, a condition will be placed on the planning permit requesting that post-occupation acoustic testing be conducted and in accordance with the endorsed acoustic plan prepared by Enfield Consultants and dated 11 June 2026.
90. The venue operating hours are restricted to 12.00am, representing a more conservative outcome compared to the existing permissions allowed on site despite the larger patronage. Detailed acoustic mitigation measures and a Venue and Patron Management Plan will further manage noise and patron behaviour. The site's well connected public transport accessibility supports the proposed use while limiting reliance on private vehicles and associated residential impacts. Overall, the proposal achieves an appropriate balance between activity centre activation and residential amenity and represents a compatible land-use outcome.

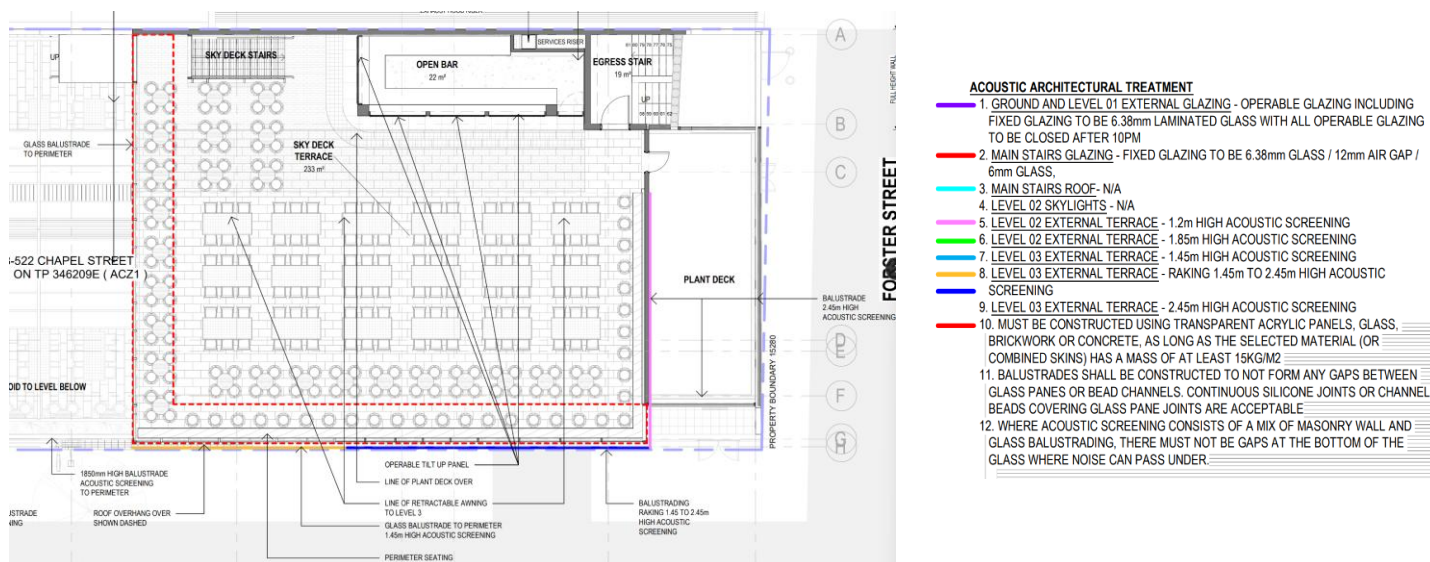


Figure 20: Proposed Level 3 acoustic screening and treatment types

Landscaping

91. Minor structure landscaping is proposed along the level 2 south and west elevations, fronting onto Chapel Street and wrapping around to include Palermo Street. A separate landscape plan has not been submitted. However, considering the minor location and scale of the proposed landscaping, an independent landscape plan is not required to be submitted. The structure planting is anticipated to create a cascading visual effect that in turn will reduce visual bulk and break up the articulation between floors 2 and 3.

Car and Bicycle Parking, Loading, and Other Services

Car Parking

92. The following car parking rates are relevant to the application:

Use	Area	Rate	Car Parking Measure	Total
Hotel (Food and Drink Premises)	2,113 m ²	1	to each 100m ² of net floor area	21
Total provided:				0

93. No car parking is proposed to be provided on site and the proposal remains below the maximum statutory provision. The subject site is well located to alternative transport modes including train, tram and bus services within walking distance of the site and can utilise the adjoining public car park duplex's if required. The car parking provision is therefore considered appropriate.

Bicycle Parking

94. The following bicycle parking rates are relevant to the application:

Use	Area	Bicycling Parking Measure	Total
Hotel – Employee	• 66m ² of bar area available to the public	• 1 space per 25 m ² of bar floor area available to the public	3
	• 995m ² of lounge area available to the public	• 1 space to each 100 m ² of lounge floor area available to the public	10
	Total employee spaces required:		13
Hotel – Visitor/Patrons	• 66 m2 of bar area available to the public	• 1 space per 25 m ² of bar floor area available to the public	3
	• 995 m ² of lounge area available to the public	• Plus 1 space to each 100 m ² of lounge floor area available to the public	10
	Total visitor spaces required:		13
		Overall spaces required:	26
		Overall spaces provided:	20 staff spaces

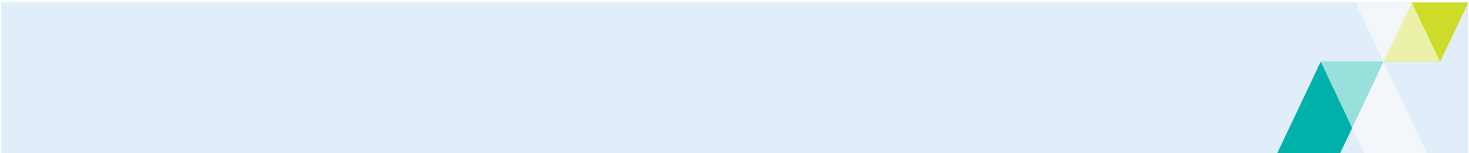
95. The application has a statutory requirement to provide 13 staff bicycle parking spaces and 13 visitor bicycle parking spaces (26 total spaces).

96. It is proposed to provide 20 staff bicycle parking spaces onsite, seeking a waiver for the 13 visitor spaces. Noting that the proposal will draw the majority of its trade from those already travelling to the area, a dedicated visitor bicycle parking facility on-site is not considered necessary. Visitors will have opportunity to utilise public bicycle parking spaces within the vicinity.

97. On balance, the bicycle parking provision is considered appropriate noting that the full provision of staff spaces is provided on site.

Loading / Unloading

98. The provision of a dedicated on-site loading bay, accessed via the existing crossover on Palermo Street and onto Forster Street (service road); ensures that servicing demands generated by the development can be accommodated within the site. This approach reduces the need for on-street loading activity, minimises potential impacts on the



operation of the surrounding road network, and limits adverse amenity and safety consequences for pedestrians and other road users.

99. The loading facilities have been designed having regard to the scale and nature of the proposed use and are considered to provide an acceptable servicing outcome.

Waste

100. A waste management plan prepared by One Mile Grid and dated 3 June 2026 has been submitted to support the application.
101. It is proposed to utilise a private contractor to manage the collection and disposal of all waste streams associated with the development.
102. A 37m² waste storage area is proposed adjacent to the loading bay for the storage of all waste streams, including general waste, glass and organics. Additional space is provided within the bin storage room for the temporary storage of bulk waste and packaging materials, managed by the operator.
103. Waste collection vehicles will access the loading bay via the existing crossover from Palermo Street and can enter from Forster Street to enter and exit in a forward motion. Bins will be transferred directly from the storage area to the collection vehicle for emptying and returned immediately after collection.

Sustainability

Environmentally Sustainable Design (ESD)

104. A Sustainability Management Plan prepared by Frater Consulting and dated 24 June 2026 has been submitted to support the application.
105. The report confirms that the proposal achieves a BESS score of 50% and a Blue Factor rating of 132%, demonstrating an acceptable standard of environmental performance. This outcome is supported by the incorporation of energy-efficient building services, including high-performance air-conditioning systems and an electric heat pump hot water system, together with water-sensitive urban design measures. The roof and terrace catchment areas of 426.1 m² will be diverted to rainwater tank(s) with a total effective capacity of 9,000 Litres for the development. The rainwater collected will be used for flushing toilets and urinals in the development.



106. The proposal is generally consistent with the relevant planning policies of the Stonnington Planning Scheme and will contribute to the provision of food and drink premises within the South Yarra area.
107. It is recommended that Planning Permit No. PA2604264 for the use and development of a hotel, reduction of bicycle parking requirements and display of internally illuminated business identification signage at **518-522 Chapel Street**, South Yarra be issued subject to conditions. In addition, the following documents are to be endorsed and conditions discharged:
- Architectural Plans prepared by Red. and dated 2 June 2026 (Condition 3)
 - Acoustic Report prepared by Enfield Acoustics, dated 11 June 2026 (Condition 8)
 - Waste Management Plan prepared by One Mile Grid and dated 9 July 2026 (Condition 16)
 - Traffic Impact Assessment prepared by One Mile Grid and dated 9 July 2026 (Condition 15)
 - Sustainability Management Plan prepared by Frater Consulting and dated 24 June 2026 (Condition 17)
 - Venue Patron Management Plan prepared by Australian Venue Co. and dated 5 March 2026 (Condition 13)
108. It is **recommended** that the applicant be notified of the above in writing.
109. It is recommended that objectors and the council be notified of the above in writing.

Prepared by:

I have considered whether there is a conflict of interest in assessing this application and I have determined that I have:

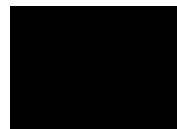
- ☒ **No Conflict**
- ☐ Conflict and have therefore undertaken the following actions:
- ☐ Completed the **Statutory Planning Services declaration of Conflict/Interest form**.
- ☐ Attached the Statutory Planning Services declaration of Conflict/Interest form on to the hardcopy file.
- ☐ Attached the Statutory Planning Services declaration of Conflict/Interest form into the relevant electronic

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Approved by:

I have considered whether there is a conflict of interest in assessing this application and I have determined that I have:

- ☒ **No Conflict**
- ☐ Conflict and have therefore undertaken the following actions:
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