How to calculate Floor Area Uplifts and Public Benefits

Department of Transport and Planning

How to Calculate Floor Area Uplifts and Public Benefits

This document provides guidance on how to calculate the value of a Floor Area Uplift and what equivalent Public Benefits may be provided to satisfy Schedules 1, 2 and 3 to the Capital City Zone in the Melbourne Planning Scheme, for the land to which Schedule 10 to the Design and Development Overlay also applies.

This publicly available document is to be reviewed every two years with any updates taking effect from 1 January following.

Floor Area Uplift and Public Benefit

For the purposes of this document:

- The **Floor Area Uplift** is that part of a building containing the uppermost floor area of the building, without which the building would not exceed a floor ratio of 18:1.
- The **floor area** and **floor area ratio** of a building are calculated in accordance with Schedules 1, 2 and 3 to the Capital City Zone, as applicable.
- The value of a **Floor Area Uplift** is calculated in accordance with the Floor Area Uplift Calculation Schedule.

A Public Benefit provided should be:

- Within a **Public Benefit** category listed in the Public Benefits Schedule;
- Valued in accordance with the Public Benefits Schedule; and
- Of equal or greater value than the value of the **Floor Area Uplift** that forms part of the proposed development.

Floor Area Uplift Calculation Schedule

The value of any **Floor Area Uplift** is measured as 10% of the gross realisation value per square metre (**GRV/M^2**) for all additional floor area above the allowable 18:1 floor area ratio.

For the purposes of this schedule:

- The **GRV/M^2** depends on the corresponding use(s) and the precinct in which the proposed development is located. It is based on gross floor area calculated in accordance with Schedules 1, 2 or 3 to the Capital City Zone, as applicable.
- The corresponding use(s) of the **Floor Area Uplift** is the use or uses listed in Table 1 that most closely resemble the proposed use(s) of the **Floor Area Uplift**.
- The **Precinct** in which the proposed development is located is identifiable in Figure 1.

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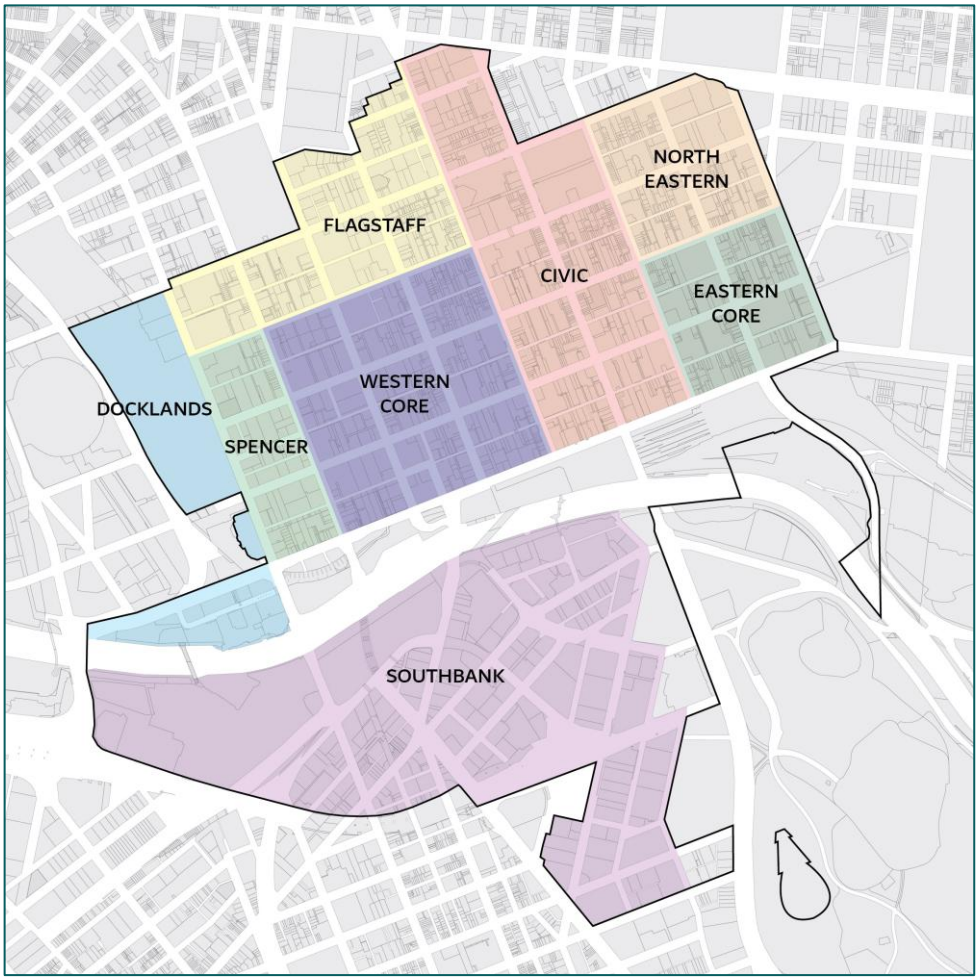
Table 1: GROSS REALISATION VALUES per square metre (**GRV/M^2**) 1 January 2026

USE	**PRECINCT (see Figure 1)**							
	Eastern Core	**North Eastern**	**Civic**	**Flagstaff**	**Western Core**	**Spencer**	**Southbank**	**Docklands**
Retail	$20,000	$16,500	$16,000	$15,000	$17,000	$14,000	$9,000	$6,500
Hospitality	$12,000	$11,500	$11,000	$8,000	$10,000	$9,000	$8,000	$8,000
Commercial	$11,500	$8,000	$9,500	$6,750	$9,000	$7,500	$6,500	$6,250
Residential	$18,500	$17,500	$15,000	$13,000	$16,000	$16,000	$13,000	$14,000

Source: Ernst & Young, 2026

The GRV/M2 rates do not constitute a certified valuation and/or "Market Value(s)". The GRV/M^2 rates are not specific to any individual property and are solely inputs to the "How to Calculate Floor Area Uplifts and Public Benefits Guidelines". The GRV/M^2 rates must not be used for land transactions of any kind and are not to be represented or relied upon as being "Market Value(s).

Figure 1: GRV PRECINCTS MAP



Source: Department of Transport and Planning, 2026

Public Benefits Schedule

The categories and valuation of the recommended **Public Benefits** are listed in Table 2 below. Other proposals may be considered if the **Public Benefit** is agreed to be of comparable relevance and value.

The agreement to any **Public Benefit** is at the discretion of the responsible authority and is conditional on support from the receiving agency (if the receiving agency is not the responsible authority). The **Public Benefit** should be consistent with government policy.

The receiving agency is the body to which the **Public Benefit** will be transferred or which will become the formally designated manager of the **Public Benefit**.

The value of a **Public Benefit** is determined by the responsible authority according to the method specified in Table 2 below for the category of **Public Benefit** proposed. The value of the **Public Benefit** will be indexed from the date the planning permit is issued.

The Estimated Value provided for each category in Table 2 below is to guide initial negotiation of the **Public Benefit**. An independent valuation should be obtained, at the cost of the applicant, to inform the legal agreement required by the Melbourne Planning Scheme. Any related administrative and/or holding costs agreed with the responsible authority may be added to the valuation.

Agreed **Public Benefits** must be delivered to the satisfaction of the responsible authority and the receiving agency (if different) prior to the occupation of the development or as otherwise agreed by the responsible authority in consultation with any receiving agency. The legal agreement may require a financial bond to guarantee adequate delivery of the **Public Benefit**.

The responsible authority will maintain a register of **Public Benefit** legal agreements and report on the operation of the process at the time of biennial review.

Table 2: CATEGORIES AND VALUATION OF PUBLIC BENEFITS THAT CAN BE PROVIDED

Public Benefit Category	Description and Components	Valuation (and Estimated Value)
Publicly accessible open areas on site (additional to any requirements under Clause 43.02 – Schedule 1 (Urban Design in Central Melbourne) and Clause 53.01 (Public Open Space Contribution and Subdivision) of the Melbourne Planning Scheme)	Plazas, laneways, required setbacks and parks directly accessible from a public street or public area. The provision may include one or more of the following components: a) An area whose title is transferred to a public authority, municipal council or the Crown. b) An area retained in private ownership with a legal encumbrance to provide unrestricted public access and an appropriate private maintenance regime. c) Civil works such as paving, walls, canopies, artworks, furniture, planting, irrigation, drainage and ancillary works necessary for the proper functioning of the area (but excluding site preparation and any sub-structure), to the satisfaction of the receiving agency.	The valuation may include one or more of the following components (corresponding to the Description and Components at left): a) Independent market valuation of the transferred land based on location. *(est. $30,000 – $40,000 / m²)* b) Independent market valuation of the land prior to encumbrance based on location. *(est. $30,000 – $40,000 / m²)* c) Independent quantity surveyor valuation of the civil works. *(Hard landscaped areas: est. $2,500 – $3,000 / m²)* d) In all cases related administrative and/or holding costs, as justified.
Publicly accessible enclosed areas within proposed building (additional to any requirements under Clause 43.02 – Schedule 1 (Urban Design in Central Melbourne) and Clause 53.01 (Public Open Space Contribution and Subdivision) of the Melbourne Planning Scheme)	Independent floor space suitable for public or a registered not for profit use with appropriate access from a public area or street. The provision may include one or more of the following components: a) An enclosed area whose title is transferred to a public authority, municipal council or the Crown. b) An enclosed area leased at a peppercorn rent to a public authority, municipal council or the Crown for a period of at least 10 years. c) Fit-out works such as finishes, fixed furnishings, lighting, air conditioning and other services necessary for the proper functioning of the area to the satisfaction of the receiving agency, but excluding structure, building envelope or general servicing (unless	The valuation may include one or more of the following components (corresponding to the Description and Components at left): a) Independent market valuation of the transferred area. *(est. GRV/M² from Table 1 for the predominant building use for the precinct specified in Figure 1).* b) Independent market valuation of the leasehold value for the total duration of the lease. *(est. 5% of GRV/M² per annum for the equivalent building use for the precinct specified in Figure 1).* c) Independent quantity surveyor valuation of the fit-out works. *(est. $3,000 – $4,000 / m²)*

Public Benefit Category	Description and Components	Valuation (and Estimated Value)
	those are transferred to the receiving agency).	d) In all cases, related administrative and/or holding costs as justified.
Affordable housing within proposed building or any other model for the provision of affordable housing equal to the total affordable housing contribution as agreed by the Melbourne City Council and Minister for Planning	a) Dwellings (rounded to the nearest whole number) transferred to a Registered Housing Authority (RHA) at nil consideration; or b) Dwellings leased under the management or oversight of a RHA, at a discount to market value that ensures households pay no more than 30% of gross household income on rental payments. The cumulative value of the discount over time must be equivalent to the total affordable housing contribution. Reporting on the discount to market rent and the cumulative value must be provided annually to the Melbourne City Council and Minister for Planning; or c) Any other model for the provision of affordable housing in the City of Melbourne as agreed by the Melbourne City Council and Minister for Planning.	Independent market valuation of the affordable housing contribution. *(estimated GRV/M^2 from Table 1 for residential use for precinct specified in Figure 1)*
Strategically justified use on site or within proposed building	Desirable community related use, agreed with receiving agency, secured by legal agreement for a period of at least 10 years.	Independent market valuation of the difference in GRV/M^2 between the agreed strategic use and residential use for the precinct where the development is located. *(estimated difference in GRV/M^2 between agreed strategic use and residential use from Table 1 for precinct where the development is located)*
Retrofit of Existing Building	An improvement of the existing building's energy performance by at least 30% reduction against the baseline performance of that building. A commitment to retain energy performance improvement for a minimum 10 year period following completion of works.	The carbon value associated with the carbon savings achieved by reducing the operational energy of the existing building over a 10 year period, due to energy performance improvement and building electrification. The carbon value is calculated by multiplying the carbon unit value ($/tonne CO_2-e) by the annual operational carbon emissions saved (tonnes CO_2-e /year) and

Public Benefit Category	Description and Components	Valuation (and Estimated Value)
	Electrification of the existing building to ensure no use of reticulated gas onsite following the completion of works.	then by the 10 year minimum performance period (years) – and therefore rewarding projects that maximise operational energy efficiency improvements.
Adaptive Reuse of Existing Building	Space use changes of an existing non-residential building that retains the majority of the existing building's substructure and superstructure.	The carbon value associated with the embodied carbon within the retained building, its substructure and superstructure. The carbon value is calculated by multiplying the carbon unit value ($/tonne CO_2-e) by the embodied carbon emissions (tonne CO_2-e) associated with the retained building – and therefore rewarding projects that retain a larger portion of the existing building.

Example Calculations

An example of how to calculate the value of any Floor Area Uplift and the value of a corresponding Public Benefit is set out in the Tables below.

Table 3 – EXAMPLE CALCULATION – Affordable housing plus land transfer and civil works in the Flagstaff Precinct

Step		Calculation	Example
1	Base Gross Floor Area (i.e. floor area available based on a floor area ratio of 18:1)	Site area x 18	If site area is 2,000m^2 Base Gross Floor Area is: 2,000m^2 x 18 = 36,000m^2
2	Proposed development Gross Floor Area	Floor Area calculated in accordance with Schedule 1, 2 or 3 of the Capital City Zone, as applicable	If proposed development Gross Floor Area is: 48,000m^2
3	Floor Area Uplift (FAU) sought in square metres	Proposed Gross Floor Area (from step 2) minus Base Gross Floor Area (from step 1)	Then FAU is: 48,000m^2 – 36,000m^2 = 12,000m^2
4	Base data for valuing FAU	GRV/M^2 associated with applicable use of FAU in applicable precinct as derived from Table 1 and Fig. 1	If the use of upper (additional) floors is residential in Flagstaff Precinct, then Table 1 indicates: GRV/M^2 = $13,000 per square metre
5	Value of each square metre of FAU	10% of applicable GRV/M^2 (from step 4)	Therefore, FAU value is: $13,000 x 0.10 = $1,300 per square metre
6	Total value of FAU	FAU sought (from step 3) x value of each square metre of FAU (from step 5)	12,000m^2 x $1,300 = $15,600,000
7	Value of Public Benefit to be provided	Equal to (or greater than) the total value of FAU (from step 6)	At least $15,600,000
8	Agreed Public Benefit to be provided	Total Value of each component as specified in Table 2. There may be a mix of Public Benefits from different categories and a combination of components from each category (e.g. land and works).	Four affordable housing units of 100m^2 GFA, with a GRV of $13,000 per square metre in Flagstaff Precinct is: (4 x 100m^2) x $13,000 = **$5,200,000** PLUS: 254m^2 of land transferred to Council valued at $30,000 per square metre 254m^2 x $30,000 = **$7,620,000**

Step	Calculation	Example
	Administrative and holding costs may also be agreed.	PLUS: Agreed civil works on the 254m^2 of land to provide a plaza, valued at $3,000 per square metre: 254m^2 x $3,000 = **$762,000** PLUS: Administrative costs at 15%: ($5,200,000 + $7,620,000 + $762,000) x 0.15 = **$2,037,300** **Total Value of Public Benefits:** $5,200,000 + $7,620,000 + $762,000 + $2,037,300 = **$15,619,300**

Table 4 – EXAMPLE CALCULATION – Retrofit of existing building in the North Eastern Precinct

Step		Calculation	Example
1	Base Gross Floor Area (i.e. floor area available based on a floor area ratio of 18:1)	Site area x 18	If site area is 1,653m^2 Base Gross Floor Area is: 1,653m^2 x 18 = 29,754m^2
2	Proposed development Gross Floor Area	Floor Area calculated in accordance with Schedule 1, 2 or 3 of the Capital City Zone, as applicable	If proposed development Gross Floor Area is: 30,971m^2
3	Floor Area Uplift (FAU) sought in square metres	Proposed Gross Floor Area (from step 2) minus Base Gross Floor Area (from step 1)	Then FAU is: 30,971m^2 – 29,754m^2 = 1,217m^2
4	Base data for valuing FAU	GRV/M^2 associated with applicable use of FAU in applicable precinct as derived from Table 1 and Fig. 1	If the use of upper (additional) floors is retail in North Eastern Precinct, then Table 1 indicates: GRV/M^2 = $16,500 per square metre
5	Value of each square metre of FAU	10% of applicable GRV/M^2 (from step 4)	Therefore, FAU value is: $16,500 x 0.10 = $1,650 per square metre
6	Total value of FAU	FAU sought (from step 3) x value of each square metre of FAU (from step 5)	1,217m^2 x $1,650= $2,008,050

Step		Calculation	Example
7	Value of Public Benefit to be provided	Equal to (or greater than) the total value of FAU (from step 6)	At least $2,008,050
8	Agreed Public Benefit to be provided	Total Value of each component as specified in Table 2. There may be a mix of Public Benefits from different categories and a combination of components from each category (e.g. land and works). Administrative and holding costs may also be agreed.	The conditions of building electrification, minimum energy performance improvement and commitment agreement for maintaining the energy performance. Assuming a cost of carbon of $123, to achieve a value of public benefit above $2,008,050 a minimum of $2,008,050 /$123 = **16,326 tCO_2-e** is required.

Table 5 – EXAMPLE CALCULATION – Adaptive reuse of existing building in the Flagstaff Precinct

Step		Calculation	Example
1	Base Gross Floor Area (i.e. floor area available based on a floor area ratio of 18:1)	Site area x 18	If site area is 1,653m^2 Base Gross Floor Area is: 1,653m^2 x 18 = 29,754m^2
2	Proposed development Gross Floor Area	Floor Area calculated in accordance with Schedule 1, 2 or 3 of the Capital City Zone, as applicable	If proposed development Gross Floor Area is: 30,737m^2
3	Floor Area Uplift (FAU) sought in square metres	Proposed Gross Floor Area (from step 2) minus Base Gross Floor Area (from step 1)	Then FAU is: 30,737m^2 – 29,754m^2 = 983m^2
4	Base data for valuing FAU	GRV/M^2 associated with applicable use of FAU in applicable precinct as derived from Table 1 and Fig. 1	If the use of upper (additional) floors is residential in Flagstaff Precinct, then Table 1 indicates: GRV/M^2 = $13,000 per square metre
5	Value of each square metre of FAU	10% of applicable GRV/M^2 (from step 4)	Therefore, FAU value is: $13,000 x 0.10 = $1,300 per square metre
6	Total value of FAU	FAU sought (from step 3) x value of each square metre of FAU (from step 5)	983m^2 x $1,300 = $1,277,900

Step		Calculation	Example
7	Value of Public Benefit to be provided	Equal to (or greater than) the total value of FAU (from step 6)	At least $1,277,900
8	Agreed Public Benefit to be provided	Total Value of each component as specified in Table 2. There may be a mix of Public Benefits from different categories and a combination of components from each category (e.g. land and works). Administrative and holding costs may also be agreed.	The conditions of retention of majority of existing building volume, superstructure and substructure. Assuming a cost of carbon of $123, to achieve a value of public benefit above $1,277,900, a minimum of **10,389 tCO_2-e** carbon savings is required ($1,277,900/$123 = 10,389) 10,389 tCO_2-e/740kgCO_2/m^2 = approximately 14,039m^2 retained.

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