

MOTION

That the Future Melbourne Committee:

1. Notes:
 - 1.1. Significant recent interest in adaptive reuse of buildings, particularly the conversion of office buildings to residential and other uses;
 - 1.2. Council's recent endorsement of the *Retrofit Melbourne* plan, which seeks to encourage the retrofitting of commercial buildings in the central city to improve their energy efficiency;
 - 1.3. The planning controls in the inner city regarding the choice and change of land use are highly permissive and often as-of-right and that the most significant barriers to adaptive reuse of central city office buildings are outside the planning system;
 - 1.4. The City of Melbourne is a strong supporter of adaptive reuse wherever practical; and
 - 1.5. The City of Melbourne is completing an adaptive reuse pilot project by converting its building at 602 Little Bourke Street into supported residential accommodation.
2. Requests that Management produce and publish updated policy guidance, in the form of an Industry Guidance Note (or similar), for publication by June 2024, to provide clear advice to owners, developers and the community who are considering the adaptive reuse of office buildings within the City of Melbourne. In producing this publication, Management is requested to:
 - 2.1. Ensure that the guidance note provides easy to interpret and use advice on the planning and building frameworks and relevant statutory considerations regarding adaptive reuse, including the distinction between the different frameworks;
 - 2.2. Include in the guidance note the offer of a comprehensive planning-and-building pre-application meeting for property owners and developers considering adaptive reuse of office buildings;
 - 2.3. Complement Council's *Retrofit Melbourne* plan;
 - 2.4. Consider similar documents and measures introduced by other Australian and global cities relevant to the adaptive reuse of buildings.
3. Requests that management make further changes to the Industry Guidance Note after June 2024 if and when Council implements any policy directions canvassed in Council's *Retrofit Melbourne* plan, to ensure consistency across all City of Melbourne policies and communications material.

BACKGROUND

In the 1990s, the City of Melbourne saw its residential population grow significantly under the Postcode 3000 policy, from around 1,000 to over 50,000. Part of the housing solution for this population boom was the conversion of multiple old or low-grade office, commercial and industrial buildings into residential buildings – referred to as ‘adaptive reuse’.

Melbourne in the 1990s was a very different place to what we know today. New residential development in the central city has boomed and Melbourne is now home to around 160,000 residents. At the same time, Melbourne’s office market has remained very strong with millions of square metres of new office towers being added.

Over 60 per cent of the buildings in the CBD are now more than thirty years old. Over the past decade Council has seen significant demand for these buildings to be renewed, either through extensive renovation or – more frequently – through demolition and rebuild. Melbourne cannot continue with the default position of demolishing buildings which are no longer fit for purpose or are no longer attractive to the market. The environmental cost in terms of embodied carbon and waste is too high.

The City of Melbourne has recently endorsed the *Retrofit Melbourne* plan to encourage the retrofit of commercial buildings in the central city, with the primary objective of reducing the environmental impact of these commercial buildings. The *Retrofit Melbourne* plan notes that nearly 60 per cent of emissions in the City of Melbourne are generated by commercial buildings, and that in order to meet the City of Melbourne’s target of net zero emissions by 2040, 80 of these buildings will need to be retrofitted per year to meet the highest national standards for environmental performance and energy efficiency.

Although the *Retrofit Melbourne* plan provides clear guidance on future policies to incentivise the retrofit of mid-tier office buildings, it does not provide direct guidance on the adaptive reuse of office buildings, or direction to property owners or developers on what must be taken into account when considering the adaptive reuse of their buildings. The most recent publication providing direct guidance to developers on adaptive reuse was published in 1993, and focused on smaller – mostly industrial and low-scale commercial – building stock.

There are many challenges to converting commercial buildings – particularly large commercial office buildings – to residential accommodation. These include, the challenges of retrofitting utilities and subdivided units to larger floor plates and associated building regulations, as well as market trends and building finance challenges. The planning framework in the City of Melbourne generally does not present a barrier to adaptive reuse; the planning controls in the inner city regarding the choice and change of land use are highly permissive and often as-of-right, and the design and development controls associated with different land uses are primarily addressed through the Victoria Planning Provisions (or, where expressed in local controls, were introduced by the Minister for Planning as planning authority). Despite this, these planning provisions are often misconstrued as the primary barrier to adaptive reuse.

In the past decade, the City of Melbourne has not received any planning applications for the adaptive reuse of large commercial office buildings in the central city to residential accommodation. However, it is understood that several projects in the central city are under active consideration, and that there has been significant activity in this area in other cities around the world, for example London and New York.

With renewed interest in adaptive reuse conversions, the City of Melbourne wants to play a proactive role in facilitating adaptive reuse as a preferred option to the demolition and reconstruction of outdated office buildings.

This motion responds to these various matters by directing Management to produce updated guidance on navigating the planning and building frameworks in pursuing adaptive reuse proposals. This should take the form of an easily accessible publication that provides clear guidance to building owners and developers on the planning and building regulations relevant to central city office building adaptive reuse proposals, as well as other relevant matters that should be considered.

The City of Melbourne will also offer a comprehensive planning and building pre-application meeting service with Council Officers, to help proactively facilitate adaptive reuse developments, recognising that the challenging circumstances of these projects require a tailored approach.

It might also consider the types of office-to-residential conversions that would be encouraged by Government policy, noting the City of Melbourne's focus on supplying affordable housing, and also refer to any uplift provisions enabled by existing planning controls that would further improve the feasibility of adaptive reuse projects in relevant areas.

The City of Melbourne recognises that the adaptive reuse of office buildings may include uses beyond residential such as accommodation, education, health, hospitality, entertainment and other uses.

In developing the Industry Guidance Note, it would be appropriate to consider the experiences of other global cities – as well as examining similar publications produced by other cities – in developing this publication. For example, New York's Office Conversion Accelerator Program is a dedicated planning team to deal with office to residential conversions and has produced public guidance on adaptive reuse.

Mover: Deputy Lord Mayor Nicholas Reece

Seconder: Cr Rohan Leppert