

Economic activation of Melbourne precincts – planned approach

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Purpose and background

1. The purpose of this report is to update Councillors on the planned approach to activate retail precincts across the City of Melbourne.
2. At the end of January 2021, 13 per cent of street facing shopfronts were vacant and a further 13 per cent of were closed due to COVID-19. The expiration of the Federal Government JobKeeper scheme and the state government Commercial Tenancy Relief Scheme at the end of March is expected to result in a further increase in vacancies across the municipality.
3. The extent of shop vacancies varies across the municipality. In Docklands, which relies heavily on office workers and visitors, 47 per cent of shops are vacant or closed. In Kensington, which services a residential population where people are now working from home, there are very few vacancies.
4. Low visitation, empty streets and rows of vacant shopfronts risk driving a further decline in consumer confidence. Consumers must have confidence and a purpose to visit.
5. In response to COVID-19, the Victorian Government and the City of Melbourne have developed a \$100 million Melbourne City Recovery Fund (MCRF) to support reactivation of the City of Melbourne following the easing of COVID-19 restrictions. The MCRF includes \$5 million towards activation of retail precincts and vacant shopfronts.

Key issues

6. Shop vacancies and empty streets undermine consumer confidence, leading to reduced visitation. Unless addressed, this risks further exacerbating the impact of COVID-19 in the city's business precincts.
7. COVID-19 has revealed and exacerbated long-standing structural challenges facing some retail precincts. In some parts of the city, the number of vacant shops is likely to remain high for a number of years.
8. With more than 1000 vacant shops across the municipality, only long-term growth will solve the problem. To contribute to this, the City of Melbourne's approach is to work with precincts on tactical and strategic initiatives to activate precincts and increase their appeal to consumers.
9. Additionally, the City of Melbourne will work with precinct associations, businesses, landlords, leasing agents and communities on bottom-up, community driven approaches to enliven parts of the city that are facing serious long-term economic challenges.
10. It is proposed that the City of Melbourne will engage third party intermediaries that specialize in vacant shop front activation, place making, stakeholder engagement and retail strip activation. These organisations will:
 - 10.1. Work with precinct stakeholders to develop a shared vision for the precinct. This will inform the strategic plans being led by the precinct associations.
 - 10.2. Bring the shared vision to life through an innovative retail mix and the inclusion local products and services.
 - 10.3. Creatively activate public space.
 - 10.4. Take otherwise empty shops and offices and incubate creative, social or other entrepreneurial enterprises in them.
 - 10.5. Generate opportunities for creative and startup businesses, not for profits and social enterprises to trial an idea in a low-risk context.

11. A particular focus of this work will be on the tactical activation of vacant shopfronts. Brokering the arrangements to enable this is a highly specialised skillset that involves working closely with landlords and leasing agents. Typical arrangements include:
 - 11.1. The 'For Lease' or 'For Sale' sign stays up, and the agent continues to promote the property to potential long term paying tenants.
 - 11.2. Participants are on a 30-day rolling license agreement; therefore 30 days' notice can be given at any time.
 - 11.3. Public liability and broken glass insurance is provided for the property.
 - 11.4. Participants pay for utilities and look after the property.
 - 11.5. The property is open, engaging and cared for, rather than boarded up.
 - 11.6. The owner's otherwise empty property will contribute to creating a vibrant and marketable precinct to potential commercial tenants or purchasers and increasing the wider community appeal.
12. Funding applied to each precinct for this work will vary, depending on the unique circumstances of the precinct. A particular focus will be given to the Central Business District, Docklands, Lygon Street, Southbank and North/West Melbourne where the vacancy rate is particularly high.
13. This approach builds on successful experiences with similar programs in places such as Newcastle, Geelong and Oxford Street, Sydney. Attachment 2 provides more information on the work of these programs.
14. In 2016, the City of Melbourne undertook a similar project with Renew Australia to reinvigorate Docklands, through the 'Docklands Spaces' program. The program ran for 3 years and achieved some success by delivering 21 new occupied tenancies and hosting over 70 creative businesses in gallery spaces in Docklands.
15. The MCRF is further supporting activation of the city through a range of other interventions. These include extended outdoor dining, an extensive program of events and urban realm improvements. Councillors were provided with an update on the MCRF's activities at the Council Meeting on 23 February 2021.

Recommendation from management

16. That Future Melbourne Committee endorses the planned approach to activate retail precincts and vacant shopfronts across the City of Melbourne through the programs that form part the Melbourne City Recovery Fund.

Attachment;

1. Supporting Attachment (Page 3 of 4)
2. Examples of experience with similar programs (Page 4 of 4)

Supporting Attachment

Legal

1. There are no specific legal implications from this report.

Finance

2. There are no specific financial implications from this report. Any budgetary impacts will be subject to the standard Council budget process.

Conflict of interest

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a general or material conflict of interest in relation to the matter of the report.

Health and Safety

4. In developing this report, no Occupational Health and Safety issues or opportunities have been identified.

Stakeholder consultation

5. Consultation has occurred with the City Economy Advisory Board members.

Relation to Council policy

6. Recommendations are consistent with the Council Plan 2017-21 Prosperous City goal, and the COVID-19 Reactivation and Recovery Plan, which highlights immediate actions required to support Melbourne's economic recovery.

Environmental sustainability

7. No direct environmental sustainability issues or opportunities have been identified in the development of this report.

EXAMPLES OF EXPERIENCE WITH SIMILAR PROGRAMS

Geelong

Renew Geelong (co-funded by City of Greater Geelong and Creative Victoria) connected owners of vacant properties with makers, creators, artists, community groups and local enterprises to reinvigorate empty spaces in central Geelong.

Working with local property owners, Renew Geelong delivers rolling 30-day free licenses for creative tenants. Retail centre Market Square and Up Property signed on as the first property sector partners in 2018.

At Market Square, which comprises more than 80 retailers, shops facing the street near a bus stop had been vacant for nearly three years and the area used to have a high prevalence of anti-social behaviour. The shops are now home to 21 artists from the Geelong Illustrators collective; a furnishings repurposing and upcycling business, Built on Enthusiasm; and an artisan producing hand-made moccasins from locally-sourced leather.

Newcastle

After the BHP Steelworks closed in 1999, Newcastle's CBD became depressed and was in desperate need of renewal, with more than a third of shops in the main street vacant. Between 2008 and 2019, Renew Newcastle found spaces for artists and creatives, within buildings or outdoors, in Newcastle's CBD that were vacant, not used, or awaiting redevelopment. It was envisaged as a bottom-up, community driven initiative to enliven derelict parts of the city.

Eighty-two properties were activated with 264 participants. Of those participants, 174 went on to operate successful businesses. More than 30 Renew participants went on to sign commercial leases on the buildings they started in. An Independent economic study showed that \$10.80 was returned to the community for every dollar invested in the program.

The program was a major catalyst for renewal in Newcastle. Newcastle was featured in Lonely Planet's top 10 cities to visit in 2011 with a specific reference to Renew Newcastle as a major attraction.

Oxford Street, Sydney

The 'Activate Oxford St' project involved the Paddington Business Partnership, council and Village Well working together to develop a new vision and a series of activations to re-enliven the street.

Village Well facilitated a series of workshops to identify a series of short and longer term place activation ideas to help revitalise the street. Simplified on-street trading policies, a new art market, street parties and an active online community noticeboard were a handful of the small, yet noticeable steps that helped bring life back to the strip and re-launch Oxford Street.