

Report to the Future Melbourne Committee

Agenda item 6.3

5 October 2021

Munro Community Hub and Library

Presenter: Alison Leighton, Deputy Chief Executive Officer

Purpose and background

1. The purpose of this report is to recommend a proposed mix of uses within the Council owned Munro site on the corner of Queen and Therry streets Melbourne, including a new Community Hub and Library.
2. In September 2016 Council executed a Development Deed with PDG Developments Pty Ltd to deliver mixed-use buildings for commercial, residential and community uses, affordable housing and car parking for market customers.
3. On 10 September 2021 the five level Council owned community hub reached practical completion as a cold shell and was handed over to the City of Melbourne for fitout.
4. In addition 48 affordable turn-key housing units have been delivered. Six accessible housing units on level 1 and 2 are scheduled for fit out as accessible units by early 2022 under a contract of sale with the Transport Accident Commission.

Key issues

5. An analysis of the service demand and costs associated with the initial 2016 Munro Community Hub functions has been undertaken. This analysis took into account current market conditions and the impacts of the COVID-19 pandemic. In summary it is recommended that library uses replace the previously intended child care and event space with the addition of not-for-profit offices.
6. Munro Development is currently classified as an 'Investment Asset' under existing accounting policy. Given the proposed change in its intended usage purpose, it will have to be re-categorised from its existing asset class of investment building to buildings specialised or non-specialised. This will require the asset to be revalued annually and subject to depreciation charges.
7. Table 1 below summarises the uses assumed in the original Munro Community Hub plans (circa 2016) and those now proposed in the new Facility.

8. Table 1

Level	Original assumed uses for the Facility (circa 2016)	Proposed new uses of the Facility
Ground	Tavern and retail	Tavern and retail
One	Tavern and event space with City Room	Tavern and library with city reading room
Two	Community hub	Community hub (managed by Library Services)
Three	Child care	Library and family services
Four	Family services	Offices – Not for profit tenant

9. The location of the proposed community hub and library meets the greatest unmet need for library services in the municipality in a growing precinct. In addition the proposal will activate the Queen Victoria Market precinct and provide a 'third space' for nearby international students and other local residents.
10. The new community hub is an excellent size and orientation for the proposed uses. The cold shell is complete and includes electrical and hydrological services facilitating a fit out which can be designed with the intended users including not-for-profit office tenants on level 4. The roof terrace of the building presents opportunities for new outdoor programming.

11. The capital expenditure budget for the proposed fit out has applied m² rates commensurate with those for the original uses. Final costs and fees for re-design will be confirmed as part of the preparation of design documentation and a competitive works tender. It is anticipated that the total capital costs for the fit out will be between \$12M-\$14M. This will be confirmed through the detailed design and procurement processes and will be subject to future Council decisions.

Recommendation from management

12. That the Future Melbourne Committee:
 - 12.1. Endorses the proposed uses (Table 1 in paragraph 8 of the report) for the Munro Community Hub and Library (Facility).
 - 12.2. Authorises the Deputy Chief Executive Officer to progress the design of the fit out for the Facility and preparation of contract documentation.

Attachments:

1. Supporting Attachment (Page 3 of 3)

Supporting Attachment

Legal

1. Legal advice has and will continue to be provided on all aspects of the development.

Finance

2. The financial and development review undertaken by the City Projects Branch confirms that the proposed change will have a financial impact with respect to recognition of depreciation on the reclassified building asset. This does not include the impacts of the capital costs associated with the fit out which remains subject to detail design, the financial impact of which remains subject to future Council decisions as part of future budget approval processes.

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 material or general interest in relation to the matter of the report.

Health and Safety

4. This project responds to Council's objectives of provision of services that support the safety and wellbeing of those who live, visit work and do business in Melbourne. The design and service offer considers the physical, emotional and psychological safety of all people who will use the facility.

Stakeholder consultation

5. The Queen Victoria Market Precinct Renewal and Munro site redevelopment has been subject to stakeholder consultation over a number of years.

Relation to Council policy

6. The proposal and recommendation is consistent with the vision and objectives of Council Plan 2021-2025.

Environmental sustainability

7. Issues of environmental sustainability have and will continue to be addressed as part of the design of the fit out and associated approvals.