



# RENEW FITZROY STREET SCOPING STUDY

## UNDERUTILISED COMMERCIAL SPACES

Prepared by Renew Initiative Australia Ltd on behalf of City of Port Phillip

12 April 2019

## Executive Summary

### Study Context

This scoping study report explores the viability of a Renew Fitzroy Street initiative to activate currently under-utilised and vacant commercial properties. The report has been prepared for City of Port Phillip (CoPP) by Renew Australia.

Renew Australia were provided with a target area for a potential Renew Fitzroy Street project to tie in with broader work in the precinct being undertaken by CoPP. As such, research into the social environment has been limited to the scope of inclusive creative businesses and the activation of commercial vacancies.

### Introduction

Fitzroy Street has seen many cycles in its time from heydays to its current experience of significant commercial vacancies. The vacancies are clustered between The Esplanade and Grey Street.

Significant vacancies were recognised in 2015, and it is noted this situation has further deteriorated.

*6 shop fronts closed and vacant between Acland and Grey Streets  
(The Age, 25 April 2015)*

*14 vacancies between Acland and Grey Streets, not including development sites (Renew Australia, March 2019)*

Increased vacancy rates and clusters of vacant space contribute to reduced foot traffic and higher risk for prospective tenants not opening businesses on the strip due to lack of general activity. Fitzroy Street property owners and agents have significantly reduced rents, offered flexible terms and incentives, yet have struggled to attract tenants and are now experiencing multi-year vacancies with compounding issues.

A Renew Fitzroy Street project would align with Council's placemaking program, and may form part of its suite of activities being coordinated to deliver improvements in the precinct. It would assist in improving this area by leveraging under-utilised spaces and transforming them into creative hubs. It would also provide small enterprises the opportunity to grow, while adding diversity to the local offering. Renew Australia has uncovered a strong desire among stakeholders to come together to support a Renew Fitzroy Street program and support a return to a locally-loved street which people choose to interact with regularly.

An adequately funded Renew Fitzroy Street initiative can address combined vacancy and foot traffic challenges experienced by traders and property owners on Fitzroy Street. Renew Australia will use our proven framework for delivery, legal templates, experience in negotiating with property owners and developers, staff available to manage the program including coordinating access to properties, and importantly access to our umbrella public liability and broken glass insurance for participants (which often reduces the amount of insurance payable by property owners).

We believe this program can make a real difference to Fitzroy Street. Our experience has demonstrated that it is possible to activate spaces that are eyesores or going to waste while also supporting a groundswell of locally owned, highly distinctive, creative industries.

Renew Australia curates the projects, matches creative participants with vacant spaces and provides property owners and managers with a choice of candidates to broaden their options. Renew Australia works with participants to support the development of their business offering, with the intention of potentially transforming into ongoing lease-paying tenants. Meanwhile, activated, vibrant spaces remain available for property managers to show prospective tenants.

Renew Australia have secured early commitment from 12 ground-floor retail spaces (pending an incentive to participate) in high-visibility vacancy cluster

areas. Early negotiations with private property owners who are interested in participating in the scheme have also begun. We have also negotiated the support of key property managers who are willing to present the initiative to their clients. With the number of properties interested, pending sufficient funding, Renew Australia is confident a successful Fitzroy Street initiative can be achieved.

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*'We have reduced rent from \$120,000 to \$65,000. We've only shown three prospective tenants through in past 12 months. They don't want to take on the risk of starting a business surrounded by vacancy.'* Property Manager,  
Fitzroy Street, March 2019

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Renew Australia recommend that the City of Port Phillip seek a project partnership with Creative Victoria to activate and improve Fitzroy Street and its immediate environs by connecting privately owned and under-utilised spaces with local creative enterprises and initiatives. Renew Australia believe an effective and impactful program would require a minimum funding commitment of \$300,000 (plus GST) over two years of operational funding. This funding commitment should be supported through Council's in-kind project support of .1 FTE over the life of this project to provide project support and liaison. It is believed this element of the project will provide a mutually beneficial approach for Renew building on Council's relationships within the Fitzroy Street precinct established through its placemaking team, whilst building capacity within Council on a Renew approach.

Renew Australia recommend the City of Port Phillip secure partnership from a state government body, such as Creative Victoria to enable the Renew Fitzroy Street program to have the greatest impact.

Renew Australia believe a business start-up fund should be provided to support businesses participating in the program where it is noted that the condition of the property may require minor works to be occupied by participants. It is estimated this will be a minimum of \$50,000 per year in addition to project operational costs, and Council should seek third party interest to provide support.

A total minimum investment of \$400,000.00 (plus GST) will be required for Renew Australia to confidently proceed with a Renew Fitzroy Street project for a duration of two years. Should Renew Australia be able to attract further funding, it will be used to increase the scale or reach of the project such as greater improvements to buildings, strengthened capacity building and training opportunities for participants and/or extended brand development for the project and precinct.

In parallel to this, Renew Australia has undertaken a preliminary evaluation of the number and nature of creative enterprises around Fitzroy Street that may be suitable to participate in this initiative. We have identified networks of creative, and are confident that this number will increase several-fold in response to a publicity campaign and a full public call for Expressions of Interest.

#### Key outcomes of a Renew Fitzroy Street project

- Create opportunities for creative and start up businesses to capacity build and trial an idea with little to no overhead
- Enliven and activate Fitzroy Street through occupation of otherwise vacant space
- Increase interest and foot traffic on Fitzroy Street by offering unique local creative enterprises.

## Risks and Challenges

- The independence and autonomy of Renew Australia to deliver the program is vital to instil confidence in property owners to buy into the project
- The ability to secure adequate and sustainable funding options, particularly in years one and two, has been identified as a significant risk factor for the establishment and operation of the Renew Fitzroy Street program. This issue spans across the life of the project and is integral to its success
- Providing a safe environment to all who participate in the program and visit Renew Fitzroy Street.

These factors, while significant, can be mitigated through project strategies implemented in consultation with Renew Australia, and the support of Creative Victoria and the City of Port Phillip.

## Key factors to create a successful Renew Fitzroy Street program

- Program implementation should be carefully planned to meet the needs and requirements of stakeholders
- Diversifying the revenue source through levels of local and state government, private donation and in-kind support, to ensure sustainability and buy-in across stakeholders of the project
- Engaging property owners/managers and securing a rolling stock of suitable properties in reasonable condition
- Maintaining the 'complementary not compete' principle of Renew Australia projects
- Development of an effective project management process to ensure the delivery of the program that complements other projects and events on Fitzroy Street and the local area.

## Key Recommendations

- Creative Victoria's involvement and financial support

- The Renew Fitzroy Street program be adequately funded with a minimum commitment of two years (inclusive of an incentive budget program) to allow time: to establish the project, for interest in the project to grow, and for small businesses to establish themselves
- Development of a business start-up scheme to be used where minor improvements are required to properties / premises participating in the scheme
- The employment of a dedicated, locally based Renew Fitzroy Street project manager
- Renew Australia to establish an evaluation framework early in the program to measure and benchmark the project outcomes. This will provide the ability for key funding partners to assess the achievement of key funding milestones and ongoing program support.

## Renew Australia's role in delivering a successful program

- Provide leadership and expertise around the management of vacant property
- Provide access to key services including legal agreements, insurance frameworks, resources and other expertise
- Act as a project facilitator to bring stakeholders together and broker key arrangements
- Engage artists and the creative industries to take up further opportunities both through existing organisations and networks and through seeking independent practitioners and new groups outside those networks
- Promote the project and Fitzroy Street as a creative destination

## Next Steps

A proposal and methodology for a future Renew Fitzroy Street program tailored to the local conditions is provided as part of this report including:

- Funding requirement for establishment/operations of the program
- Scale, delivery and evaluation of the project.



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## Background and Purpose

### Background

In January 2019, City of Port Phillip commissioned Renew Australia to assess the viability of a Renew type project on Fitzroy Street, St Kilda, to address commercial property vacancies in November 2018. Renew Australia presented information about the program (by invitation) to the Fitzroy Street Property Owner's Forum, which indicated unanimous support for Council to proceed with a feasibility study.

### Purpose

This report provides a summary of the preliminary findings including:

- Is a Renew Fitzroy Street initiative viable?
- What level of stakeholder support exists for the proposition of a Renew Fitzroy Street initiative?
- Which property owners / managers are interested in the possibility of a Renew Fitzroy Street initiative?
- What would be the most appropriate combination to complement the unique, existing environment of Fitzroy Street?
- What might be required to engage a critical mass of property owners to support a successful project?
- What governance arrangements for the Renew Fitzroy Street would be best?



### Methodology

Through this scoping study, Renew Australia has undertaken:

- A desktop study of key reports including City of Port Phillip's *Art and Soul: Creative and Prosperous City Strategy 2018-22* and the *Creative State Strategy (2016-2020)*
- Desktop review of Fitzroy Street media representation
- On the ground mapping of vacant spaces
- Desktop review of vacant spaces and locations
- Meetings with various Council departments including contact with City of Port Phillip's Placemaking team
- Presentation to Councillors (and incorporation of feedback)
- Meetings with key stakeholders, including representatives from local business association, event organisers and arts/creative organisations
- Meetings with commercial real estate agents, property developers and property owners to evaluate their interest and willingness to participate in the Renew Fitzroy Street program
- Meetings with a sample of existing Traders to understand barriers and challenges to trade on Fitzroy Street and business impacts, and communicate the Renew program's 'complement not compete' clause
- An analysis of the key potential strategies and issues that may drive or hinder activation.



## Success Criteria

Renew Australia proposes the following key outcomes for Fitzroy street vacancies:

- Activate highly visible vacancies (i.e. ground floor)
- Drive diversity through day-time activation
- Promote diversity through inclusivity and access to affordable spaces
- Contribution to strategies for street-wide activation
- 10 properties activated in Year 1
- Four properties activated as a proof-of-concept at project launch
- 10 properties activated in Year 2
- Support creative enterprises

### High visibility vacancies

High visibility vacancies include ground-floor properties, in identified sections between The Esplanade to Grey Street. First floor properties will be included due to their potential to increase day-time foot traffic through occupation of workers. Other sections of Fitzroy Street with vacancies considered sustainable will also be included as they may provide street-wide activation and corridors through the precinct.

### Diversity

Renew Fitzroy Street will provide increased access to a diversity of affordable spaces and funding for the local creative industries. It will assist in improving the daytime economy in the precinct through the requirement for participants to have spaces open for agreed times each week. Additionally, selected participant offerings must 'complement, not compete' with existing businesses, providing diversity for the local economy and community.

A Renew Fitzroy Street project will also balance the social and business needs of those interacting with Fitzroy Street. Renew Australia consider creative enterprises, social enterprise, the not for profit sector, and community groups in curated spaces.

### Street-wide activation

Renew Australia will contribute to street activation discussions and learnings from other projects around increasing connectivity through other successful areas of St Kilda (e.g. drawing foot traffic from the Esplanade, Albert Park, Junction Oval and the St Kilda Junction area along Fitzroy Street). Collaboration in creating a vibrant street through all sections of the street may involve existing traders in Renew Fitzroy Street events and engaging with other CoPP placemaking initiatives.

### Year 1 activation

Renew Australia proposes activation of 10 properties in the first year of the project. This aligns with the targets set for Renew Geelong, a recent project of similar size and scope to the potential Renew Fitzroy Street project.

We propose a target of four properties to be activated at project launch. This would provide a proof-of-concept for other property owners and managers considering involvement in the project. Additionally, four properties would allow for consistent on-boarding of new creative businesses into vacancies by the project manager and mentoring by the Renew Australia team.

### Year 2 activation

Renew Australia propose a target of 10 additional properties activated throughout Year 2 of the project.

### Supporting the development of creative enterprises

Renew Australia envisage a minimum of 20 creative enterprises will be given an opportunity to trial an idea on Fitzroy Street. Where possible, Renew Australia will pair project participants together to better utilise larger spaces and encourage broader opening hours. Through careful curation and the encouragement of participants to host exhibitions and other creative enterprises, this number can increase many times over.

## Desktop Review

### Review of Strategy Documents

A Renew Fitzroy Street project is aligned with and will complement the City of Port Phillip's *Art and Soul: Creative and Prosperous City Strategy 2018-22*. It will *'bring arts, culture and creative expression to everyday life,'* *'(provide) significant activation of precincts in Fitzroy Street,'* and *'(provide) increased access to a diversity of affordable spaces and funding for the local creative industries.'* Additionally, it will:

- Support the creation of *'a City of dynamic and distinctive places and precincts'*
- Bring *'arts, culture and creative expression to everyday life'*
- Assist in providing *'increased access to a diversity of affordable spaces and funding for the local creative industries'*
- *'Provide opportunities to develop spaces for creativity and innovation'*
- Ensure *'accessibility, inclusivity and diversity'*
- *'Create greater opportunities to connect the diverse range of participants in (the City's) creative economy.'*

Specifically, a Renew Fitzroy Street initiative will contribute to:

- Outcome 1: By contributing to making Fitzroy Street *'inclusive and welcoming to all residents and visitors'* by *'enhancing retail diversity and activity and providing opportunities for small creative businesses and start ups'*
- Outcome 3: By encouraging *'diverse, inclusive participation and access to arts and culture.'*

Renew Australia will continue to contribute to ongoing City of Port Phillip placemaking initiatives in the Fitzroy Street precinct by *'promoting street activation and accessibility,'* *'trying new ideas'* and continuing to work collaboratively on relevant *'quick wins'* as these relate to a Renew Fitzroy Street project.

A Renew Fitzroy Street program is consistent with key actions outlined in the *Creative State Strategy (2016-2020)*. Creative State research and consultation identified that arts practitioners and organisations reported difficulty in sustaining their creative practice and "accessing affordable space."

Action 7 of the strategy, Co-working spaces & creative places, outlines a program to activate co-working spaces and hubs across the state, leveraging partnerships with councils, property owners, philanthropic supporters to identify and unlock creativity in regional areas.

Action 6, Business acceleration, also outlines a program to assist the establishment and growth of entrepreneurial creative enterprises that stimulates business growth among ambitious organisations through access to business, management, technical, legal, marketing and governance support.

### Council-led Activation Initiatives

Renew Australia understands that City of Port Phillip considered activations to address vacant properties in 2015, but interest from key stakeholders was not secured to proceed further with a Renew Initiative. Beautification works in 2015 included upgrades to street lighting and landscape, while CCTV was installed in the street in 2017.

### Publications

Renew Australia reviewed recent media representation of Fitzroy Street in general news, articles, lifestyle and leisure publications.

Renew Australia noted *'6 shop fronts closed and vacant between Acland and Grey Streets'* (The Age, 25 April 2015) compared to 14 vacancies between Acland and Grey Streets, not including development sites (March 2019).

In addition to historic reporting on the Gatwick closure and The Block developments, news articles generally referenced the upcoming Rain Room art installation at Prince of Wales Hotel, Pride Centre development and the reopening of The Esplanade Hotel and Novotel Hotel/Gurner development (just beyond the street).

Broadsheet (October 2018) article referenced Café di Stasio, renewing Fitzroy Street with artists and creatives, and catering for locals needs. Time Out: *Things to Do in Fitzroy Street* (March 2018) listed Baker D.Chirico, Café di Stasio and Robarta as the key places to visit on Fitzroy Street.

We note that reporting on a February 2019 incident in Fitzroy Street referred to ‘popular Fitzroy Street’ and focussed on the incident rather than the location. Articles referencing police-related activity on St Kilda Foreshore did not mention Fitzroy Street.

### [Creative Community Overview](#)

During this scoping study, Renew Australia have undertaken high level engagement with key creative organisations in the vicinity of Fitzroy Street. Existing initiatives (including the St Kilda Esplanade Market and the St Kilda Art Walk) were also considered. This was a deliberate decision so as not to raise the expectations of the creatives should the program not proceed past scoping.

Renew Australia’s experience with both our managed and affiliate initiatives has revealed great demand for rent-free and affordable space. As an example our Docklands Spaces initiative had over 80 responses to an initial call for expression of interest from creatives and community groups when the program was launched, and a further 200 received organically through word of mouth during the project’s three years.

Furthermore, Renew Australia is confident of the ability to find and attract creative enterprises to the Renew Fitzroy Street initiative. Our preliminary research of the creative community potential in St Kilda has revealed small creative enterprises, such as visual artists, makers, designers, artisans and food and beverage providers. We anticipate this number would grow significantly once we launch our public call.

### [Creative Spaces](#)

The study sought to identify existing creative space availability in Fitzroy Street. Renew Australia noted co-working spaces in Zone 2 (Grey Street to Princes Street) and Zone 3 (Princes Street to St Kilda Junction) of Fitzroy Street which provide desk space.

While established arts organisations have formal rehearsal and performance space in Zone 2 and nearby Zones 1 and 5 (refer to Figure 1: *Fitzroy Street Activity Zones*, below), they do not have the capacity to host less scheduled activities.

## Vacancy Data & Site Audit

During the Site Audit of Fitzroy Street vacancies, Renew Australia observed:

- Significant vacancies
- Vacancies appear in clusters
- Vacancies of substantial size
- Reduced foot traffic
- Reduced daytime economy
- Lack of locally-focused retail.

If sustained for a period of time, vacancies and reduced foot traffic creates a negative cycle where the perception that the area is economically risky, deters or lowers the value of future investment. Furthermore, the lack of engaging activity in the area means that potential foot traffic is considerably reduced and as a result, businesses and investors consider moving into neighbouring precincts.

Renew Australia met with property owners, agents and developers. A portion of property vacancies were listed for lease online and with multiple managing agent representation. Additional unlisted vacancies were discovered through discussions with various stakeholders regarding recent business and property sales, recent business closures, and intended non-renewal of upcoming leases.

While the Fitzroy Street area faces challenges in the short term, significant investment in the area through the concurrent placemaking initiatives, property development (including the Pride Centre and ex-Novotel/Gurner projects), a growing population, and increasing apartment development near St Kilda Junction indicate that many of the challenges are transitional.

How this transitional period is managed is crucial in shaping not only the economic value, but also community cohesion, cultural life, and vibrancy of Fitzroy Street in the longer term.

City of Port Phillip has confirmed there are no vacant Council-owned properties available in Fitzroy Street.



## Activity Zones

The review initially focused on commercial vacancies along the full length of Fitzroy Street from The Esplanade to St Kilda Junction, with consideration of each of the five zones identified by Council (see *Figure 1: Fitzroy Street Activity Zones*, below).

During the Site Audits, Renew Australia considered the unique trading environment of each of the five zones both separately and as an interconnected streetscape. Businesses on side streets in the immediate vicinity of Fitzroy Street were also considered, particularly where customers predominantly enter via Fitzroy Street. Our reasoning for this was to consider how they may interact further with Fitzroy Street businesses rather than, for example, arrive and depart directly via tram or taxi/Uber.

The Site Audit was performed at different times of the day and days of the week. We note that sections of Fitzroy Street have a primarily night-time economy. Despite its proximity to Melbourne's CBD, St Kilda is regarded as a summer/beach destination for many visitors and is recognised as seasonal by existing traders. Higher summer numbers drop off from May through August. Renew Australia noted that different populations interact with the specific sections of Fitzroy Street, and through different times of the day.

It is noted high-vacancy sections of the street are located predominantly between The Esplanade and Acland Street (Zone 5) and Acland Street to Grey Street (Zone 1). We have given these areas particular focus in considering a future potential program in the street.



Figure 1: Fitzroy Street activity zones; — denotes zone boundary

Within the different activity zones, Renew Australia noted opportunities and challenges throughout Fitzroy Street, as noted below.

#### Zone 1: Acland Street to Grey Street

The main trading side of Fitzroy Street in this section has significant vacancy clusters and a degraded trading environment. Vacancies are a lower quality to the rest of the street, some requiring further repairs and investment of the space including lockable security and façade works. Some communal areas (which are the responsibility of a body corporate) are also damaged and dilapidated. There is a predominance of takeaway food businesses. Considered management of the space in the vicinity of 7/11 and the corners of Fitzroy and Jackson Streets is required as this coincides with a high vacancy cluster.

We note that the building of the Victorian Pride Centre (79-81 Fitzroy Street) will create some disruption to Fitzroy Street, while also potentially increasing site worker/foot traffic during construction.

Traders advised customers of the remaining higher profile restaurants in this area tend to access them directly through taxi/ride services rather than navigating Fitzroy Street.

#### Zone 2: Grey Street to Princes Street

Many locals and businesses make use of the functional, treed boulevard atmosphere of this section of Fitzroy Street from morning through to evening. Locals walk dogs and congregate here in the morning/lunch time, while others use it as a third-place after work. Long-term institutions here have consistent trade, with street-side dining at Café Banff, Fitzrovia, Baker.D.Chirico, and other well-frequented restaurants. This section also contains services for locals on the other side of Fitzroy Street (station, supermarket).

Minimal vacancies here include co-working spaces and are considered sustainable by local property managers. We note the baker occupies additional street-facing vacancies which lack seating and street-side activation and are used for storage. The prominent George building contains vacancies, including the old White Room at an almost street-level and others within the building.

Renew Australia has been informed of an additional premise recently vacated yet retains window dressing, and other existing businesses nearing the end of their lease agreements. Street-side parking in this section ranges from 15 minutes to one hour.

#### Zone 3: Princes Street to St Kilda Junction

Commercial spaces in this section generally cater to the increasing residential market from apartment complexes in Fitzroy Street, St Kilda Junction and St Kilda Road. Vacancies in this section have been dominated by the vacant ex-Elephant and Wheelbarrow hotel site on the corner of Fitzroy and Princes Streets. We note that based on discussions with the property owner/manager, this site has recently been leased with bar, café and dining provision.

Based on discussions with the property managers of the minimal ground and first floor vacancies, Renew Australia considers vacancies in this section sustainable. Properties interested in engaging in a Renew Fitzroy Street project would also be considered as this would provide street-wide activation and corridors to potentially more intensively activated Fitzroy Street sections. It is noted street side parking in this section is two hours in front of the gym and four hours on the opposite Junction Oval side.

#### Zone 4: Canterbury Road to Lakeside Drive

This section includes St Kilda Station, the Bowling Club, parkland with Albert Park and the Woolworth's mini supermarket. The Fitzroy Street-facing windows of Woolworth's show no activation and appear like a barrier to this

section of the street from both sides. The St Kilda Sports Club fence line, although significantly improved with more recent glimpses into the greens, still presents a green wall without activation.

Renew Australia found that while Metrolpol tenancies have long-term tenants and no currently listed vacancies, they are currently operating at reduced trading hours and reduced trading days. Social issues experienced at certain times of the day within the Metrolpol complex tenancies affect trade. Street side and off-street parking in this section is up to four hours.

### Zone 5: Esplanade to Acland Street

This section covers the beach end of Fitzroy Street from the Esplanade to the corner of Acland Street. This significant and prominent vacancy cluster has some large footprint vacancies, and long stretches of multiple vacant shop fronts with little commercial activity. Some stock in this section is of a high quality, while other prominent vacancies are poor quality with stripped interiors and floors.

While there was an expectation among some Fitzroy Street property owners and traders that the re-opening of the Esplanade Hotel 'Espy' (particularly in evenings and on weekends) would increase foot traffic, it is considered a 'destination' in itself rather than providing a flow-on effect to Fitzroy Street. We note there is little reason for pedestrians to pass through this section of Fitzroy Street.

### Key Opportunities for Fitzroy Street to tie into a Renew Fitzroy Street initiative

Reinvigoration of the boulevard is a crucial step in creating a locally-loved Fitzroy Street.

Renew Australia hope to improve day-time activation on Fitzroy Street through the Renew model, which requires program participants to open and

activate vacant spaces for a certain number of days and hours per week. Whether the space is a place of work, leisure, or retail, the project will aim to bring more people to street on a daily basis. Renew Australia work with property agents and owners to ensure there is an appropriate mix to help drive day-time economy.

The weekly St Kilda Esplanade Market provides an opportunity to improve way-finding through activated and curated vacant spaces in a Renew Fitzroy Street project to encourage foot traffic from the beach end of the street. On market days, footpaths outside closed shop fronts from the Esplanade to Acland Street could become part of market, drawing foot traffic along Fitzroy Street.

Other opportunities include:

- Street-wide activation
- Synergies with existing arts organisations
- Synergies with upcoming exhibitions/installations (e.g. the 'Rain Room' behind the Prince of Wales hotel)
- Leveraging the capacity of festivals.

### Possible Challenges

- Fitzroy Street and its environs have a proliferation of backpacker-style accommodation and apartments rented out through Airbnb, resulting in a high transient population with a possible lower spend
- There is a lack of retail that services the needs of local residents in St Kilda and nearby suburbs
- Low foot traffic compounding vacant street feel
- The street is home to some of the most vulnerable members of the St Kilda community and a delicate balance must be struck in ensuring a safe and clean environment for all users within the community and for those participating in the Renew Fitzroy Street program.

## Stakeholder Engagement

During the scoping study, Renew Australia met with multiple groups to introduce the Renew model, gauge support for a Renew Fitzroy Street project and identify opportunities for collaboration and involvement in the program. This included traders, property owners, property managers/agents, local arts organisations and artists, local residents, Council departments and City of Port Phillip Councillors.

Due to the tight timeframe for delivery of the scoping study, Renew Australia's engagement activities primarily targeted property owners and managers, as without property participation in the project, successful outcomes would be limited. As a Renew Fitzroy Street project would be part of a holistic approach to multi-layered activities in the area, Renew Australia focussed on communicating its achievable parameters and the 'complement not compete' clause, and gauging support for a project.

The initial Renew Australia presentation occurred at the Fitzroy Street Property Owners' Forum on 27 November 2018. Renew subsequently met with existing business owners and tenants in Fitzroy Street and its immediate vicinity to understand the environment, opportunity and challenges. This included understanding business and street activations that have already been attempted.

Whilst Renew Australia was aware of significant interest from the St Kilda community, the engagement undertaken has been low-key and prioritised building trust and relationships with key stakeholders. This has been done through one-on-one meetings with key stakeholders, thereby minimising public expectations until the project is launched.

Engagement has included:

- 7 Property Owner meetings, representing 5 vacancies (2 without current vacancies)

- 20 Property Manager meetings, representing 27 vacancies
- 12 stakeholder meetings with existing business operators/tenants on Fitzroy Street and its immediate vicinity
- 5 community stakeholders
- 5 Council teams / departments
- City of Port Phillip Mayor and Councillors
- Fitzroy Street Business Association president and vice president meeting, representing the association and collected businesses and Fitzroy Street marketing
- Event Organisers
- Local artist organising a space activation event in Fitzroy Street property available short-term.

Due to the compressed timeline for the completion of this scoping study, the stages of the study overlapped. Renew Australia continued to liaise regularly with the City of Port Phillip Placemaking team following the submission of Stage 1 findings. This enabled clarification of Council processes and policies to deal with the issues traders and property owners were facing, and the rapid communication of City of Port Phillip responses and solutions to these issues.

### Engagement with Private Property Owners

The following information has been collected within the timeline provided by Port Phillip and is relevant as of 6 April 2019.

Many of the property owners Renew Australia met with on Fitzroy Street own property as part of their business or self managed superannuation funds (SMSF). Renew Australia understands that owning an investment property on Fitzroy Street is a business in its own right.

Where comments and feedback from property owners was consistent with feedback from property agents and managers, we have included it in that section.

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*'We want to help turn around the street.'* (Property owner, Zone 1)

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Some properties that have been offered for project participation are currently for sale. This may mean they are unavailable by the start of a project. Some harder to reach agents and owners were responsive following 24 February 2019. Some remaining harder to reach owners were willing to discuss a potential project following official receipt of documentation from Council outlining parameters for renewal of liquor licences.

One property owner had attempted their own creative, seasonal activation of their properties to take advantage of increased summer and festival trade. This resulted in less visible vacancies for the festival/summer season in that cluster and reduced losses, however the property owner decided this was not sustainable long-term.

### Commercial Agents and Property Managers

We note that properties are often represented by multiple agencies, and that many business operators are also residents of the area, providing multi-layered engagement.

Renew Australia have observed that the majority of real estate agents are not local to the St Kilda area. Non-local agents, who did not engage with the street and area, were unaware of issues potentially impacting the rental of Fitzroy Street properties.

Agents have advised they are actively attempting to negotiate with prospective tenants. Lowered lease prices (25-40% in some cases) and the offer of generous incentives still cannot attract tenants. Agents also expressed they were turning down prospective business (properties) in this area due to the difficulty in leasing them. Some agents and owners have also

expressed concern in leasing licenced premises to non food and beverage tenants as they do not want to lose their liquor licence.

Three owners expressed a lack of interest in engaging with a potential project, with one agent of a long-term vacancy (amongst a vacancy cluster in Zone 5) expressing interest in only engaging with a tenant for a minimum 5-year lease agreement.

We note that some vacancies have significant food and beverage fit outs, which may create issues around storage of tables, chairs, glassware etc., in addition to the risk of protecting these significant assets.

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*'Fitzroy Street is now seen as a risk. The majority of enquiries we receive on the properties are from other property managers wondering what's going on than from a possible tenant.'* Property manager (Section 1)

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### Comments and Feedback

#### **Barriers to leasing and trade on Fitzroy Street**

Issues raised by property managers, agents and traders include:

- Issues highlighting aspects outside the control of the individual property owner/manager/tenant, including parking, traffic management, social issues and policing
- Inability to use the curb-side seating allowance paid for due to patrons not finding it an 'enjoyable experience'
- Reduced patronage due to safety concern/perceptions
- Reduced trading hours and days to mitigate costs and losses, further reducing foot traffic (noted in three businesses through desktop research, and at a significant landmark hotel)
- Large vacancies with multiple shopfronts creating 'dead zones'

- Competition from other entertainment and dining streets and precincts, and the lack of retail mix on Fitzroy Street
- The impact of UberEats and other delivery options, further reducing foot traffic and street-side dining
- Concerns over planned construction of the Pride Centre causing further disruption and street blockages
- Inability for customers to U-turn on Fitzroy Street or find parking.

Other barriers raised as potential impacts on their ability to lease Fitzroy Street properties include:

- Lack of daytime activity
- Concerns raised about connectivity:
  - between each side of the street
  - lack of people flowing down the street
- Socio economic impacts:
  - an inability to better provide options for those rough sleeping
  - anti-social and illegal behaviour
  - concerns for personal security
- Infrastructure concerns in the area:
  - inability to perform a U-Turn
  - lack of parking availability in Sections 1 and 5
  - cost of on street car parking.

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*‘We have reduced rent from \$120,000 per annum to \$65,000 (plus outgoings and GST) and offered a rent free period just to get someone into the space. No one wants to take a chance because the lack of foot traffic is now a risk to their business investment.’  
Property manager (Section 5).*

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### **Rent reductions and other incentives**

Renew Australia has found the majority of property owners are willing to meet the market, with current offers of rent reductions, incentives and rent-free periods.

Renew Australia collected quantitative and qualitative data relating to owners’ efforts in securing potential tenants or retaining existing tenants.

Information provided included:

- The number of properties that have reduced rent
- The percentage of rental reductions
- Length of property vacancies
- Other incentives property owners are offering (e.g. rent-free periods)
- Incentives owners are offering tenants to remain following expiration of leases.

Renew Australia notes that 100% of the agents of vacant properties (who were willing to discuss their properties) have made reductions of 20% to over 45% in addition to offering rent-free periods and the owner undertaking additional work on the property.

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*‘I pay almost \$6000 per year to retain a street trading permit, yet I have no tenants.’ Fitzroy Street property owner (Section 5). ‘We are not even going to bother with street signage anymore with all the other issues we face.’ Business owner (Section 1).*

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### **Outgoings and additional costs for properties**

Property owners and managers have expressed the combined financial pressures owners of vacant properties are facing through reduced rental yields and long-term vacancies.

Increases in land tax was mentioned multiple times as a new strain/pressure on owners with vacant properties unable to attract a tenant and also on properties currently leased with considerable rent reductions. Land tax has approximately doubled. An additional 'congestion tax' is applied to properties providing parking.

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*'I've heard property tax has doubled here – I can't bare to open the mail anymore.' Fitzroy Street property owner (Section 1).*

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The cost of retaining street trading permits and A-frames was raised as a concern for both vacant property owners and existing businesses.

Body corporate fees are also a considerable cost for some properties. In one example, body corporate fees alone exceed \$30,000 per annum.

#### **Communication of liquor licence retention information from Council**

In early stakeholder engagement, Renew Australia encountered owners and property managers of vacant properties expressing their rejection of prospective tenant applications due to concerns about the loss of liquor licences in the event their properties were leased to non-licenced businesses.

Renew Australia has continued to communicate details from the City of Port Phillip in reference to liquor licence retention in leased premises – irrespective of business type – as long as the fees for the liquor licence continue to be paid.

This information has been received positively by owners and agents considering lease applications. Upon receiving the formal information in writing from Council staff in the final week of engagement, initially reluctant

property owners and managers were willing to engage with Renew Australia, and discuss the potential project and their concerns.

#### **Property engagement in a Renew Fitzroy Street initiative**

Renew Australia only encountered one property willing to engage with a standard Renew Australia project, with property owners and managers reiterating the additional costs and outgoings they will have to meet on properties in 2019. Renew Australia requested additional property information in order to assess the appetite for a standard Renew Australia project or to assess at what point property owners/managers became engaged, supportive and willing to enter their property into a potential project.

Responses included:

- Rate reduction
- Suspension or deduction of Council charges, such as footpath trading permits and A-frames
- Contribution to outgoings
- Weekly contribution to properties engaged in the initiative
- Property improvement scheme – egress, secure doors/windows/ subflooring
- Façade improvement program to improve street appeal and feel.

Renew Australia believe the project will be unable to secure a critical mass of properties without a financial or token contribution to owners for their participation in the first two years of a project.

Renew Australia proposes that for those properties that were to engage through the program, incentives could be provided through potential minor improvements to premises which would make these properties able to be occupied. This could be provided through a business start-up grant, that focusses on addressing minor building or space improvement works, where businesses could address minor issues such as egress, security, or minor

works. Renew Australia proposes that Council seek through third parties an additional contribution of \$50,000 per year (coupled with Council incentives/flexibility on footpath trading permits and A-frames).

### Fitzroy Street Traders / Business Engagement

While not a key indicator, as part of the quoted study or directly included in the scope, Renew Australia took the opportunity to engage with traders when studying the atmosphere of Fitzroy Street.

A property and business owner located in Zone 1 noted, *'We have lost our primary, regular customers. The parking, getting hassled for money, the inability to do a U-turn... it just became too hard to shop in Fitzroy Street, so they go elsewhere. We are happy to advocate for a Renew Australia project – we want to see it change.'*

We have observed and been informed of businesses that are still operating, yet with reduced hours (e.g. from 7 to 5 days per week or 5 to 2 days per week). We have been informed that this is to mitigate losses in weakened trade.

While some property managers have maintained that Fitzroy Street is a dining and entertainment street/precinct, others have commented on its sustainability and the impact of other entertainment/dining destinations – including restaurants and bars in the St Kilda Sea Baths complex, other areas of St Kilda, St Kilda East and inner Melbourne. The impact of UberEats and other delivery options has also been raised as a competitive factor to street-side dining.

### Fitzroy Street Business Association

During Stages 1 and 2 of the feasibility study, Renew Australia also engaged with David Blakeley (President) and Megan Bawden (Vice President) of the Fitzroy Street Business Association.

Initial conversations with traders and trader/property owners covered challenges to trading for retail/hospitality in general and specific to Fitzroy Street and the initiatives that have been developed and/or trialed.

### Comments and Feedback

In addition to representing the trading difficulties Fitzroy Street businesses are currently experiencing, considerations for the broader street-wide connectivity and activation to provide Fitzroy Street with a more prominent precinct identity and day-time appeal. Ideas suggested included:

- Entry signage at each major access point
- Consistent signage/banners along length of street
- Reinstating the market in the Albert Park area
- Connectivity and flow from the Esplanade Market
- Improvement of the retail mix with a consideration of local needs, which would have consistent trade throughout the year.

The upcoming 'Rain Room' international art installation behind The Prince (Acland Street) presents the possibility of synergies with existing arts organisations and potential creative businesses in a curated Renew Australia program.

Festivals could allow existing traders greater participation. This could include the first option or submission on mobile coffee carts/food options to allow location-based awareness of their business and product and potential increased visitation.

### City of Port Phillip-aligned stakeholders

Renew Australia met with City of Port Phillip representatives from the following areas during the scoping study to discuss Renew Australia's project parameters:

- City Development (Statutory Planning)
- Environmental Health

- Local Laws
- City Permits
- Footpath Trading

Renew Australia requested to meet with the marketing focused department of Council, yet did not meet with dedicated units for this function during the stakeholder engagement phase. Should this project proceed, Renew Australia will work with Council’s marketing/promotional teams, existing third parties, and Council teams and departments engaging with placemaking, economic development, planning, arts/culture and tourism.

### Creative Respondents

Renew Australia engaged with theatre and arts organisations in the immediate vicinity of Fitzroy Street to discuss opportunities, challenges, and the complementary nature of Renew projects. Feedback was unanimously supportive and recognised:

- The potential synergies that could be achieved
- Opportunities for collaboration
- Multiple benefits for further regeneration of innovative arts in the area.

Renew Australia gained an understanding of the unique and localised creative offer, the current challenges they are experiencing and potential in a Renew Fitzroy Street program.

Theatre Works, on Acland Street, is very supportive of a Renew Fitzroy Street program, with management noting, *‘Lots of artists don’t have space to work and would love the opportunity for collaboration.’* Hot desks and space for rehearsals and stage readings of plays would enhance rather than compete with other theatre spaces in Port Phillip. As locally-based artists, they are also aware of the complexities of the street, believe art can help change through inclusion, and will happily engage with all people in their programs.

Linden New Art Gallery, on Acland Street, is supportive of a Renew Fitzroy Street project. Increased foot traffic and street traffic increases engagement and has an economic impact on the gallery and its exhibitions. Two planned exhibitions would also tie in with activation of Fitzroy Street and the social scape of the area. Linden Gallery have previously recognised opportunities and considered the activation of vacant space on Fitzroy Street, however did not proceed with trialing the concept due to prohibitive costs.

Alex Theatre St Kilda, at the old George Theatres, is a contemporary performing arts theatre and venue for hire which sees the value in collaboration between Fitzroy Street businesses by enhancing the street as a creative precinct and having local bars and restaurants benefit from the theatre’s audience.

The physical position of the weekly St Kilda Esplanade Market provides an opportunity for continuation of way-finding leading into Fitzroy Street and re-engaging with the street.

### Creative Survey

The creative industry has further shown their interest in a Renew project via Survey Monkey. Feedback from the ‘City of Port Phillip Local Creatives and Community Survey’ provided an insight into whether there was an appetite for a Renew-type project in Fitzroy Street amongst creatives (including food and beverage providers), artists, performers and social enterprises. The survey was circulated to individuals and groups via the City of Port Phillip’s website, creative register and Renew Australia’s interconnected creative networks.

Co-located individuals or smaller cooperatives would provide the opportunity for Fitzroy Street creative participants to collaborate and further influence St Kilda’s unique creative economy.

## Opportunities

Identified opportunities on Fitzroy Street include:

- Create opportunities for creative enterprises to trial a business idea in a key location
- Improve foot-traffic and day-time activation of Fitzroy Street
- Improve the feeling of a locally-loved street by having people use the street, driving interest and lovability
- Run a complimentary project to existing arts organisations (e.g. Theatre Works, Linden New Art, Alex Theatre)
- Provide the opportunity to drive the first step of activation through occupation of site and space
- Improve connectivity of Fitzroy Street to the wider St Kilda precinct
- Reduce visible vacancies (and vacancy clusters)
- Tie in with other programs either in the arts or run by Council.

## Possible Challenges

Identified possible challenges include:

- Harnessing and maintaining current enthusiasm and support
- Possible restricted supply of appropriate properties due to trust of stakeholders in the project
- Possible restricted supply of properties due to lack of owner/agent engagement with the project
- Properties being sold, tenanted or becoming unavailable (prior to commencement and during project)
- Securing adequate funding
- Ensuring a proper, impactful activation through high-level curation
- Establishing the right vibe and interaction to ensure buy-in from St Kilda/City of Port Phillip creative community
- Delay between the scope and project inception funding requiring re-establishment of stakeholder relationships to secure properties, causing double handling of stakeholder engagement
- Establishing relevant metrics and tracking details to provide valuable reporting from inception.

## Conclusion and Proposed Strategy

A Renew Fitzroy Street project is aligned with the concurrent place-making precinct strategies/activities of City of Port Phillip. It will improve Fitzroy Street and its immediate environs by leveraging under-utilised spaces and transforming them into creative hubs. It will also provide small enterprises the opportunity to grow, while adding diversity to the local offering.

It is recommended this project is a viable managed project for the following reasons:

- Appetite amongst all key stakeholder groups, including understanding of and support for a Renew-type model
- Access to properties
- Initial interest and prospective supply of creative and social enterprise involvement
- Client/Council desire to achieve result and change
- Adequate funding over project term to achieve success
- The scale we have chosen is reflective of the size of location, visibility of location and improvement schedule required for properties before use.

Renew Australia's proven framework for delivery, legal templates, experience in negotiating with property owners and developers, staff available to manage the program including coordinating access to properties, and importantly access to our umbrella insurances will support the program's success.

With the right level of funding and commitment from City of Port Phillip, the Victorian Government (i.e. Creative Victoria) and tertiary support, we are confident in our ability to roll out a Renew Fitzroy Street initiative. Key to the success of Renew Fitzroy Street will be a robust and effective project governance that allows Renew Australia to manage the program autonomously.

Due to the fragmented nature of property ownership and the need to grow a successful project over time, Renew Australia's approach for Fitzroy Street will be to accumulate successful projects over the first six months of the project. The opportunity to launch with key properties in the two identified priority areas will provide a critical mass of properties that will have impact, and based on our experience individual owners are more readily convinced in the context of working examples.

Renew Fitzroy Street aims to activate the available properties within the first two months of the project launching, and then add additional properties each month as one-on-one relationships with property owners and the pool of quality projects can be developed and expanded.

Renew Australia will work with the City of Port Phillip, funding partners (such as Creative Victoria) and other key stakeholders to ensure that we roll out a carefully staged program of attracting and informing property owners, the creative community and the wider community, to engage them in the development of the Renew Fitzroy Street program.

Renew Fitzroy Street will begin with a small number of pilot projects to house a minimum of four creative enterprises and build on this, seeking further properties in the context of a campaign of public meetings, a media push, and the steady activation of properties throughout the first year of the proposed program.

Once the project management process and infrastructure is established, and initial activator projects are in place, we will continue to source more temporary use spaces and engage more owners as the initiative progresses. Renew Australia are confident after the "proof of concept" is demonstrated by the first wave of projects, further properties will become available to the program.

In parallel with the development of the program on the ground, we will also work with the key stakeholders in the set up of a Renew Fitzroy Street entity or for a locally-based organisation to help guide the program following Renew Australia's involvement and to identify and secure funding and support opportunities.

## Renew Fitzroy Street Initiative

### Funding Renew Fitzroy Street

Based on discussions with owners and through site assessments, some of the properties we are aiming to utilise can be activated with limited costs, due to their scale, condition, and the flexibility of existing fit outs.

Some of the properties require improvement works, or are of a larger scale that may require additional resources or partitioning in order to activate effectively. Should additional funding be secured, Renew Australia will investigate the extent of works such as shop front improvement and egress provision and how this may impact on potential tenancies.

Secured funding from a secondary source, such as a state government department, could offer project stability and greater longevity. On request, Renew Australia National Manager, Angela Simons, provided contact details for Creative Victoria. Renew Australia will attend a meeting in conjunction with City of Port Phillip and Creative Victoria regarding a proposed Renew Fitzroy Street project in the future, if requested.

### Tertiary sources of funding

Further program assistance can be provided by community groups and business associations. Assistance in the following areas would add valuable support to a successful activation project:

- Host events and meetings during the Project Development and Establishment phases
- Capacity building of participants (e.g. mentored by property owners' group or other established businesses)
- Financial support to help raise funds to leverage deductible gift recipient (DGR) status, lobby for donations etc.
- Advocacy to build support within the broader local residential and business community.

## Governance

Renew Australia recommend that Renew Fitzroy Street be rolled out by Renew Australia, independent from City of Port Phillip (following approval of the scope, budgets and timelines). We recommend an Advisory Committee be formed to ensure the project's scope aligns with the requirements of City of Port Phillip and to address any issue that has major implications for the project. The Advisory Committee would comprise representatives from City of Port Phillip, the Fitzroy Street Place Reference Group, the property industry, destination/tourism and events, traders or the local business community, local creatives, a representative of the Fitzroy Street Business Association, influential people interested in being advocates and Renew Australia. Membership will be determined at the inception of the program.

A clear Governance Framework, which clearly outlines roles, responsibilities and future actions of the Advisory Committee in delivering the project will be developed during the project establishment phase.

Renew Australia will employ a local project manager to deliver the program (with support and training from key Renew Australia staff). We envisage the local Fitzroy Street project manager will work from a co-located, activated space (to provide public interaction and engagement with the program).

## Renew Fitzroy Street Project Proposal

Renew Australia will provide City of Port Phillip with a full budget, project plan and risk assessment following commitment to proceed with a project. The following details provide an indicative timeframe and budget for delivery only.

## Renew Fitzroy Street Key Goals

- Identify and broker access to vacant properties
- Provide incubation space for social enterprises, arts activities and creative industries
- Contribute to developing a positive and forward looking narrative around Fitzroy Street
- Improve day-time activation of Fitzroy Street
- Increase street-wide activation, way-finding and awareness of Fitzroy Street's day-time spaces
- Foster collaboration between stakeholders in Fitzroy Street and its community such as artists, social enterprises, other initiatives, business leaders, Council, property owners, and interested parties
- Improve 'locally loved' aspect of Fitzroy Street
- Harness year-round benefits and interest 'special events' bring to Fitzroy Street and St Kilda
- Activate 10 properties within Year 1 of the project, with an additional 10 properties activated in Year 2 of the project
- Launch the Renew Fitzroy Street 'proof of concept' with an initial four activated properties.

## Legal Framework

Along with managing the project, Renew Australia will broker and manage properties secured through the initiative via our Rolling 30-day license agreement. This is a three party agreement between the property owner, Renew Australia and project participants.

Properties and participants will also be added to Renew Australia's insurance register and will be covered for public and product liability, and broken glass.

## Key Project Phases

### Phase 1: Project Scoping (Complete)

This report completes the project scoping and feasibility stage of the project.

## Phase 2: Project Development

This phase includes Project Development, Training, Communications, Curations and Creative/Social Enterprise Brokering over a 5-month period.

**Please note: The Project Establishment and Launch Phase requirements overlap, as many tasks will run concurrently.**

### 2.1 Project Establishment (two to three months)

Key actions for the Project Establishment will be:

- Confirm contract and funding arrangements
- Set up a Renew Fitzroy Street Advisory Committee responsible for approving the project budget, monitoring risks, quality and timelines.
- Appointment of a Fitzroy Street based project manager and establishment of an office for the project. The project manager will commence employment prior to the launch and initially be engaged at EFT0.6-0 for a period three months.
- Confirming dates for onsite training of St Kilda based project manager (six days)

Onsite training will include:

- Managing the expectations of different stakeholders to develop an understanding of the Renew Australia approach (including key principles, obligations of all parties, legal framework, logistical issues)
- Reviewing the necessary reference resources and tools used for Renew initiatives (including established property license and participation agreement examples)
- Discussing challenges/opportunities in the local context to inform the leasing agent/owner engagement approach moving forward.

During this phase, Renew Australia will work with the Advisory Committee to set up project benchmarks and an evaluation framework for the project. This process will include standard collections of business/occupancy rates, but

also consider the local and wider impacts on the creative community offer in St Kilda.

The evaluation framework will be based on indicators identified by data collected throughout the life of the project, which are based on indicators agreed upon at the outset of the project. The framework measures a range of qualitative and quantitative factors over a specific time frame. Specifically:

#### **Quantitative Indicators**

- Number of properties activated
- Number of projects started/supported
- Number of artists/creative entrepreneurs and social enterprises involved
- Number of jobs created
- Number of other properties and property owners engaged
- Number of items of media coverage on the project, including good news stories.

#### **Qualitative Indicators**

- Participation in the project by hard to reach stakeholders (CALD, indigenous, lower socioeconomic groups)
- Satisfaction of participants in the program (ability to pursue interest, expand idea, etc.)
- Satisfaction of property owners in the program (improvements to their property, sale or leasing opportunities improved).

In conjunction with Council placemaking team and resources, we will work to:

- Changes in community perceptions (safety, reduced crime, vandalism, sense of place)
- Changes in business confidence (new retail sites, new businesses)
- Changes to tourism in the local area as a result of the program, such as events and activities run by participants

- Improvement in relationships between the various stakeholders (Council, community and business)
- Attract foot traffic.

### *2.2: Launch (approximately three months)*

Key actions for the launch of Renew Fitzroy Street:

- Development of a Renew Fitzroy Street brand/project identity
- Development of a Renew Fitzroy Street page on Renew Australia's website, Renew Fitzroy Street Facebook and Instagram pages, collateral and marketing campaign with cross promotion link from (and monthly event/opening listings provided to)
- Public announcement of the project once properties have been licensed for use
- Promotion of the opportunity to be involved to the St Kilda and broader City of Port Phillip (and surrounds) creative community and local social enterprises via an Expression of Interest process
- Establishing and promoting the first wave of projects and participants
- The promotion of Fitzroy Street, St Kilda as a creative community to the state-wide and national media.
- The Launch Phase will begin with a formal public announcement of the program and a call for proposals for the first round of projects.

This phase will primarily be led by the Fitzroy Street-based project manager and experienced members of the Renew Australia operations team, particularly around filtering the first wave of applications and the curation of spaces.

Back end support on marketing, legals, safety assessments, insurance management and other related skills from the Renew Australia team will also be utilised.

Through this phase, the Renew Australia operations team will train the locally-based project manager, working side by side to broker licenses including:

- Managing preliminary communications with owners and agents
- Facilitating local owner/agent meetings to pitch the Renew model
- Commencing license deed negotiations with property owners.

This phase will also involve:

- Assessment of the safety and suitability of individual properties and projects
- Continuing to build relationships with new property owners and potential participants
- Launches of the projects and empty spaces.

**From the experience of other communities, Renew Australia has found the “proof of concept” demonstrated by the first wave of projects and properties are a significant trigger for continuing to engage new partners and property owners.**

### Phase 3: Operational Phase (2 years)

Once the first projects are up and running, the Renew Fitzroy Street program will shift into an operational phase. After early projects have been established the program will convert from being a “pilot” or “short term” project to increasingly operating as a system that is regularly turning over and creating opportunities in Fitzroy Street’s vacant properties.

In this phase the Renew Fitzroy Street program will:

- Continue to seek out vacant properties and projects
- Work with the stakeholders to deliver business training to project participants
- Work with projects and owners to encourage the transition of viable projects to ongoing commercial leases where appropriate

- Further develop the business skills and resources of individual projects
- Continue to identify new partners and precincts where the project may run
- Establish further marketing opportunities such as open days, project tours, and promotions
- Promote participants and market Fitzroy Street as a creative destination
- Diversify and expand the base of participants in the project
- Aim to take on sites and projects that require more work or longer lead time (e.g. those that need planning permissions or minor building works to be made usable).

During operational phase, key tasks for the Renew Fitzroy Street project manager and Renew Australia operations team include:

- Facilitating property inspections by participants and negotiating details of intended activities
- Brokering and executing license agreements with property owners and participation agreements with selected creative projects
- Moving projects into and (where necessary) out of spaces, including exit interviews and evaluations
- Undertaking comprehensive project management and administration including participant induction, property entry/exit logistics and negotiations, stakeholder and public relationship management, issues management and associated services as required
- Managing administration of participant fees (\$25 per week per participant) to cover provision of Renew Australia’s public and products liability insurance group cover, including broken glass coverage for the properties
- Providing participants with marketing support (this will include through Council’s existing communication channels and existing groups such as the Fitzroy Street Business Association), promotion and media management (i.e., a monthly ‘What’s On’ calendar, a

minimum of social media posts per week across platforms, sharing events etc.)

- Updating the Renew Fitzroy Street Advisory Committee via an agreed reporting template
- Attendance at meetings with the Renew Fitzroy Street Advisory Committee as required.

Following the Operational Phase, options include continuation of the project via Renew Australia's management, transitioning to an Affiliate membership, or by naturally winding up the project.

### Project Budget

On the success of Renew Geelong, Renew Australia has been asked to offer a project on a similar scale for Renew Fitzroy Street. Renew Australia will set a Key Performance Indicator (KPI) target of activating 20 properties over the course of a 2-year project. This will involve 10 activated properties in Year 1, followed by an additional 10 activated properties in Year 2.

**Total 2-year Renew Fitzroy Street project investment: \$300,000 (ex GST) plus business startup grant and CoPP resource.**

In addition to the operational budget, Renew Australia have indicated a further set of funding is required to incentivise minor improvements and works in a Renew Fitzroy Street project.

Renew recommends a funding pool be made available for project management to use as a contribution to minor works on properties to ensure start-ups can readily occupy premises.

Due to the challenge of understanding which properties will be available – and in what size or condition – Renew Australia are unable to project a specific cost per property. A transparent process will be developed in the project inception stage to outline how contributions will be made and under

what conditions, such as length of time in the project, the safety of the building on offer to the project, etc. These funds could also be used to improve the shopfronts and fitouts, such as façade or signage improvements.

The initial incentive budget of \$36,000 per annum has been calculated on the following breakdown:

- An average contribution of \$300 per week for 12 weeks
- 10 properties per annum.

(It should be noted that this will be calculated based on the number of participants who can activate the space and the size of the space. It may often be a lower contribution, thereby allowing the budget to be stretched to more properties and providing additional opportunities for participants.

This will leave a reserve of \$14,000 per annum to be used towards additional safety needs that may be required to activate an otherwise empty space.

**Estimated 2-year Renew Fitzroy Street project investment with business startup grant and CoPP resourcing: \$400,000 (ex GST).**

Renew Australia feel this structure will allow participants time to capacity build, trial an idea, decide if they would like to stay in the property and begin making a contribution to the property owner directly.

### Indicative Fee Breakdown: Project Inception (3 months)

Initial project Establishment and Launch phase requirements may overlap (by approximately 3 months) with Operational Phase requirements. We have provided approximate scheduling of 6 months to allow for any delays in the hiring process, duplication of engagement with property owners and securing of properties. The indicative fee breakdown for project inception is provided in Table 1.

**EXPENDITURE: Project Inception (app 3 months)**

Item	Inclusions
Project management and operations	<ul style="list-style-type: none"> <li>Recruitment, employment and on-boarding of a Fitzroy Street based project manager (including job advert, applications, short listing and interviews)</li> <li>Renew Australia staff time to capacity build and train the Renew Fitzroy Street project manager</li> <li>Development of an Evaluation Framework for direct/indirect outcomes of the project using relevant quantitative and qualitative indicators of economic and social impact</li> <li>Development of communications and marketing strategy</li> <li>Pilot project inception report</li> </ul>
Employee set-up costs	<ul style="list-style-type: none"> <li>Laptop, phone, business cards</li> </ul>
Brand develop (visual identity, marketing and communications)	<ul style="list-style-type: none"> <li>Branding and logo development</li> <li>Social media, web page, brochures and collateral</li> <li>Signage</li> </ul>
Program contract costs	<ul style="list-style-type: none"> <li>Program contact legal advice/review</li> </ul>
<b>TOTAL EXPENDITURE</b>	<b>\$48,350 (ex GST)</b>

Table 1: Indicative fee breakdown – Project inception (3 months)

#### Indicative Fee Breakdown: Project Operations (9 months)

The following indicative budget breakdown (refer to Table 2) covers an operational project for 9 months following the initial project inception. Renew Australia will set a project KPI Target of 10 properties activated during Year 1.

<b>EXPENDITURE: Operational Project Costs (app 9 months)</b>	
Item	Inclusions
Project management and operations	<ul style="list-style-type: none"> <li>Employment of a Fitzroy Street based project manager FTE 0.6 @ \$75K + super</li> </ul>

	<ul style="list-style-type: none"> <li>Renew Australia staff time to capacity build and provide ongoing training to the Renew Fitzroy Street project manager</li> <li>Administrative Support</li> <li>Management of insurance register/participant invoices</li> <li>Program and employee insurance</li> <li>Internet / phone services</li> <li>Legal advice</li> <li>Half yearly report to funding partners</li> </ul>
Visual identity, marketing and communications	<ul style="list-style-type: none"> <li>Ongoing maintenance of the unique 'Renew Fitzroy Street' brand identity, website listings and information</li> <li>Signage / decals</li> <li>Social media project promotion</li> </ul>
Participant business development	<ul style="list-style-type: none"> <li>A series of business development workshops in conjunction with Stakeholders (via in-kind support)</li> </ul>
Launch event/s	<ul style="list-style-type: none"> <li>Event management of small launch events including proof of concept tour, key stakeholders' launch, and broader St Kilda community launch</li> <li>Media requirements</li> </ul>
Evaluation report	<ul style="list-style-type: none"> <li>End of Year report / review</li> </ul>
<b>TOTAL EXPENDITURE</b>	<b>\$141,618 (ex GST)</b>

Table 2: Indicative fee breakdown – Project operations (9 months)

\* Denotes items NOT INCLUDED in indicative fee. Additional funds required.

#### Indicative Fee Breakdown: Project Operations Year 2 (12 months)

The following indicative budget breakdown (refer to Table 3) covers 12 months in Year 2 of the project. Renew Australia will set a project KPI Target of 10 properties activated during Year 2.

<b>EXPENDITURE: Operational Project Costs Year 2 (12 months)</b>
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Item	Inclusions
Project management and operations	<ul style="list-style-type: none"> <li>• Employment of a Fitzroy Street based project manager FTE 0.6 @ \$75K + super</li> <li>• Ongoing mentoring/training of project manager</li> <li>• Administrative Support</li> <li>• Management of insurance register and participant invoices</li> <li>• Program and employee insurance</li> <li>• Internet / phone services</li> <li>• Ongoing legal advice</li> <li>• Half-yearly report to funding partners</li> </ul>
Visual identity, marketing and communications	<ul style="list-style-type: none"> <li>• Ongoing maintenance of the unique 'Renew Fitzroy Street' brand identity</li> <li>• Website listings and information</li> <li>• Signage / decals</li> <li>• Marketing (minimal)</li> <li>• Journeys of discovery and supporting collateral (limited)</li> <li>• Media requirements</li> </ul>
Participant business development	<ul style="list-style-type: none"> <li>• A series of business development workshops in conjunction with Stakeholders (via in-kind support)</li> </ul>
Evaluation report	<ul style="list-style-type: none"> <li>• End of Year report / review</li> </ul>
<b>TOTAL EXPENDITURE</b>	<b>\$163,440(ex GST)</b>

Table 3: Indicative fee breakdown - Year 2 Project operations (12 months)

\* Denotes items NOT INCLUDED in indicative fee. Additional funds required.

### Non-included project support items

Please note, the indicative project fees listed above DO NOT include the following project support items specifically identified as relevant to a successful and sustainable Renew Fitzroy Street project:

- Capacity Building/up-skilling opportunities for participants
- Extensive marketing or advertising budget

- Memberships Fitzroy Street Business Association etc.
- Office costs such as rent and utilities
- Events outside of standard social media promotion and participant workshops and exhibitions
- An improvement fund for vacant spaces that require work
- Funds towards incentives to participate for Property Owners such as rate relief, peppercorn rent etc.

### Risk Assessment

A Project Risk Assessment is provided at the end of this document.

### Indicative Project Plan for Years 1 and 2

An indicative Project Plan for Years 1 and 2 of the project is provided on the following page.



## Risk Assessment (draft)

### RISK ASSESSMENT

(Based on Australian Standard for Risk Assessment AS/NZS ISO 31000:2009)

<b>Project:</b>	<b>Renew Fitzroy Street</b>
<b>Dates:</b>	<b>1 June 2019 – 31 May 2021 (TBC)</b>
<b>Delivered by:</b>	<b>Renew Initiatives Australia Ltd</b>

TABLE 1 – RISK CATEGORIES	
Business Continuity	B
Liability	L
Environmental	E
Financial & Economic	F
Political	P
OHS	O
Infrastructure, Assets & Systems	I
Reputation	R

TABLE 2 – RISK ASSESSMENT MATRIX (Example 4C = High) (Refer to Table 4 on Page 4 for further details of Consequence descriptors)					
CONSEQUENCES					
LIKELIHOOD	Negligible	Minor	Moderate	Major	Catastrophic
Almost Certain	Medium	Medium	High	V High	V High
Likely	Medium	Medium	High	High	V High
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	High	High
Rare	Low	Low	Low	Medium	Medium

TABLE 3 – ASSESSMENT OF CONTROLS	
CONTROLS	DESCRIPTION
Adequate	Controls address the risk, little scope for improvement. No convincing cost/benefit justification to change approach.
Opportunities for Improvement	Controls have inadequacies, improvements identified. Some cost/benefit justification to change approach.
Inadequate	Controls do not appropriately address the risk, immediate need for improvement actions. Large cost/benefit justification to change approach.

Ref	Risk	Cause or Source of Risk (How or why can the risk occur?)	Risk Categories (Refer to Table 1)	Existing Controls (Reduces likelihood and/or consequences)	Consequences – Negligible – Minor – Moderate – Major – Catastrophic	Likelihood – Almost Certain – Likely – Possible – Unlikely – Rare	Risk Rating – Low – Medium – High – Very High	Assessment of Controls* – Adequate – Opportunities for Improvement – Inadequate
1	Failure of clear communication between Renew Australia and CoPP	– Lack of agreed ways of working – Lack of regular meetings – No contract in place	B	– Contract agreed at commencement of project – Regular reporting for stakeholders	Moderate	Possible	Medium	Adequate
2	Over-expenditure of project budget	– Poor financial management and reporting mechanisms – No fiscal policies and controls	F	– Both Renew Australia and CoPP have clear fiscal policies and controls – Renew Australia to provide annual budget to funding partners	Moderate	Unlikely	Medium	Adequate
3	Insufficient funding for continuity of successful project	– Underfunding of project for required term to realise impact – Unrealistic expectation of the project	B/F	– Renew Australia feasibility study assessment of project and budget requirements – Renew Australia/CoPP ensure funding availability prior to project commencement	Moderate	Possible	Medium	Adequate
4	Council involvement / management of project negatively affecting property engagement	– Negative sentiment toward Council affecting project – Property owners unwilling to lend property directly to Council	R	– Autonomy of Renew Australia project management – Use of media monitoring services – Dedicated Project Manager	Moderate	Possible	Medium	Adequate
3	Failure of Contractor to supply in accord with contract	– Ineffective assessment & selection process – Scope of contract insufficiently described	I	– Require a clearly written and defined contract with agreed project milestones – Regular reporting for stakeholders	Moderate	Unlikely	Medium	Adequate
4	Inadequate supervision of own and subcontractor's workforce	– Lack of appropriate supervision – Contractor staff turnover	B	– Appropriate training and supervision methodology – Ongoing mentorship from Renew Australia	Moderate	Possible	Medium	Adequate
5	Delays in the supply of equipment, materials and components	– Over-reliance on third parties	B	– Early identification & ordering of items required – Consider options for other providers	Moderate	Unlikely	Medium	Adequate
6	Availability of property stock	– Properties become unavailable for project participation	B	– Ongoing stakeholder management with property managers and owners – Adequate support and advocacy amongst stakeholders	Moderate	Possible	Medium	Adequate
		– Quality of available stock	B	– Adequate support and advocacy amongst stakeholders – Sufficient funds to improve participation or stock	Major	Possible	High	Adequate
7	Safety and security of project participants, staff and visitors	– Illegal activity within proximity of vacant spaces – Inadequate security of premises limited by short-term occupation	O	– Regular assessment of risk by Project Manager – Development of emergency contact procedures and training	Moderate	Possible	Medium	Adequate
8	Tenants understanding of OHS and risk management	– Tenants do not understand OHS risk – Tenants unclear on responsibilities for safety	O	– Induction handbook created – Induction meetings including OHS and risk management	Moderate	Possible	Medium	Adequate
9	Member of public, staff and contractors to trip over or fall	– Remove, reposition or tape down any wires or cables needed – Any spills mopped immediately	O	– Induction handbook created – Induction meetings including OHS and risk management – Renew Australia's PPL	Moderate	Possible	Medium	Adequate

\*Note: Where the Assessment of Controls 1 is assessed as Inadequate or Opportunities for Improvement, Part 2 must be completed.