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BUSINESS
NSW

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REVALUING SYDNEY'S CBD

Recycling buildings to create more
value through mixed use.

Acknowledgement of Country

Business NSW acknowledges the Traditional Owners of the lands where we work and live, and the continuing connections to the lands and waterways of these places. We pay our respects to Elders past and present and celebrate the stories, culture, and traditions of Aboriginal and Torres Strait Islanders of all communities who also work and live on this land.

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Foreword

Cities and their central business districts have long been the vital engine rooms of economic growth. Historically, office districts were clustered around docks and railways, banks, government and manufacturing centres.

Commerce and professional services were clustered tightly, growing the specialist districts where clients could shop the competition, and service providers could attract specialist talents. It was an ecosystem in balance, held together by the weight and physicality of paper.

As these commercial areas became wealthier, living there became affordable only to the few. Some CBDs, including Sydney, deliberately pursued a policy of maximising office space, and having minimal residential buildings.

In more recent decades, the traditional office has been threatened by technological change. First, businesses started to go paperless, and the need to attend work to use the copier, binder, facsimile and print room reduced. Architects responded with ever grander offices where brand, talent and corporate purpose were represented by great foyers, fountains and banks of reception desks. But the CBD remained under threat from technology. The threat level went to red as Covid-19 arrived, followed by the embrace of Zoom and Teams.

Our offices and by derivation our virtual CBDs are now wherever we carry our laptops. Activity is no longer hardwired to the CBD as it can be generated wherever the worker has an internet connection.

Yet how can culture be kept intact without physicality, and how can the legend of the elevator pitch happen without anyone in the elevator? Can the flow of ideas generated by water cooler conversations, or the drop-in at a colleague's desk be matched in a mostly virtual working environment?

Few observers predict that office worker numbers will return to their pre-pandemic levels. As a result, there is work to be done in our CBDs – and fast. Globally, CBDs are working hard to become relevant and busy again, and some are trying to do so by attracting or encouraging nine-to-five workers back. The smarter ones are seizing the opportunity to diversify the space, to attract more than professional service workers and to bring residents, long-term wealth and activity around the clock.

CBDs fear that emptying offices and falling commercial values might spark a 1980s-style cycle

of disrepair and collapse in our cities. Commercial property values have been affected by falling office occupancy, which now looks likely to stay lower than investment models predicted. Without a building stock that attracts tenants, investment will go elsewhere. The user base for CBD buildings has changed. There needs to be investment in upgrading and repurposing them in order to rebuild their value.

The simple approach – long used in Sydney – was for commercial floor space and retail to share a building, which was profitable and cheap to operate. Without the complications of strata and multiple uses, margins were predictable and high while operating complexity was simple and low. But this model has proven vulnerable to the changes that we are witnessing in work patterns and in the viability of bricks and mortar retail.

This report looks at options to remodel existing stock to more varied uses, to swap simplicity and low operating costs for resilience through diversification of tenants, and to catalyse a potential wave of reinvestment in our stranded commercial assets.

We seek to accelerate the renewal of the CBD, making it a place where culture and creativity reside and don't just visit, where bars and restaurants are full and where families can afford to live. We want to see older people and children in our CBD streets.

We examine some of the risks and opportunities of repurposing the office block of the future with world leading sustainable building engineers, Arup.

Our Sydney office towers require a more resilient future, and our beautiful harbour city deserves to have its life back – all day, all night and year-round, filled with people from all walks of life. Sydney's harbour city is so much more than a CBD to work in. It's a city to live in, have fun in, learn in. It is a city that will thrive as it adapts to the new present.



David Harding,
Executive Director, Business NSW



1. Introduction

About this report

This report has been developed by Business NSW in collaboration with Left Bank Co. and Arup. This research responds to consistent themes surfacing in ongoing discussions with our members and stakeholders who are interested in safeguarding the financial value and increasing the diversity and level of activation of our Sydney CBD in the years after the pandemic.

Globally, commercial property valuations have been broadly downgraded by significant changes in work behaviours that were emerging before and accelerated by the Covid-19 years. This report examines the opportunity for commercial property to serve diverse functions that can unlock a more mixed-use, integrated and ecologically responsible Sydney CBD, encouraging renewed investment and positive revaluation.

In this report, we consider opportunities to rethink commercial property to deliver more for more

people, more of the time. We look at local and global examples of empty commercial floorplates transformed into places that better respond to the diverse needs and wants of their communities. We unpack ways in which businesses, government, community groups, designers and investors can work together to increase the vibrancy of the CBD, day and night. We make suggestions to encourage the adaptive reuse of tall office buildings through changes to planning guidance, better design and new ways of operating.

Accelerate a pre-existing shift towards better performing city centres

An inclusive, diversified and economically resilient city cannot rely on only one type of use. The pandemic has accelerated a trend of transforming places that were organised around office work into places that provide a more complete and interesting urban experience. The primary purpose of the CBD organised around nine-to-five office life is being challenged by a growing demand for a diversity of spaces, places, and activities where everyone can participate in city life.

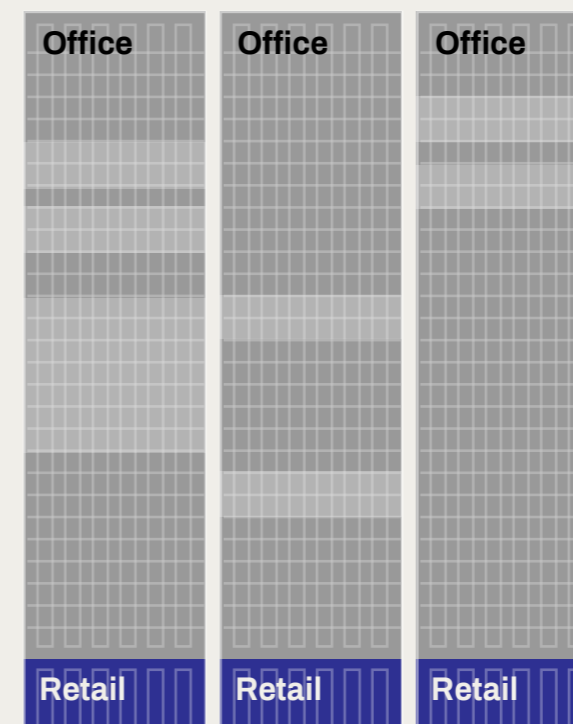
For Sydney's CBD, this means encouraging a diversity of businesses and activities at different scales and price points, including spaces that foster interpersonal and community connections such as civic spaces, libraries, public plazas, cultural infrastructure and schools. We can do this in an ecologically sustainable way by repurposing existing buildings as well as designing and building more resilient new precincts and buildings.

Balance performance and equity

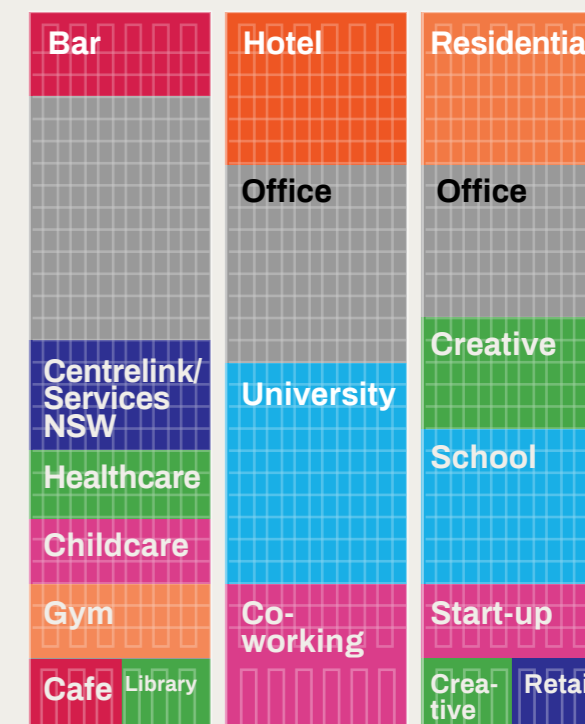
Sydney's CBD is the economic engine room of Australia. It will continue to be a place where people come to invest, innovate and collaborate, generating new forms of economic, social, cultural and environmental value.

Achieving these outcomes is a collective effort requiring property owners and metropolitan government to play their part. What we propose is not without costs, but the benefits of retaining and renewing the CBD as the economic heart of Sydney and Australia far outweigh them. Activating the transition to a CBD that is diverse, lively, and welcoming around the clock means harnessing contributions from the private and public sectors.

Traditional basic mixed-use layout



Modern mixed-use layout



2. CBDs around the world

How are CBDs changing?

Ensuring buildings and precincts are fit for 21st-century use has led cities to explore new approaches in reformatting the purpose and design of urban business districts. Further case studies of successful modern mixed-use developments can be found in Appendix 2.

15-minute cities

The 15-minute city concept aims to ensure all citizens have basic needs – work, health, culture, recreation, and shopping – available within a 15-minute travelling radius from home or the workplace. Recently, Paris's 15-minute city agenda¹ has seen streets closed to cars, urban schoolyards turned over to community use and an ambitious greening program, all geared towards a series of complete neighbourhoods. **The 15-minute complete neighbourhood can be encouraged by relaxing regulations that make repurposing a building unfeasible and offering incentives like expedited permits or floorspace bonuses.**

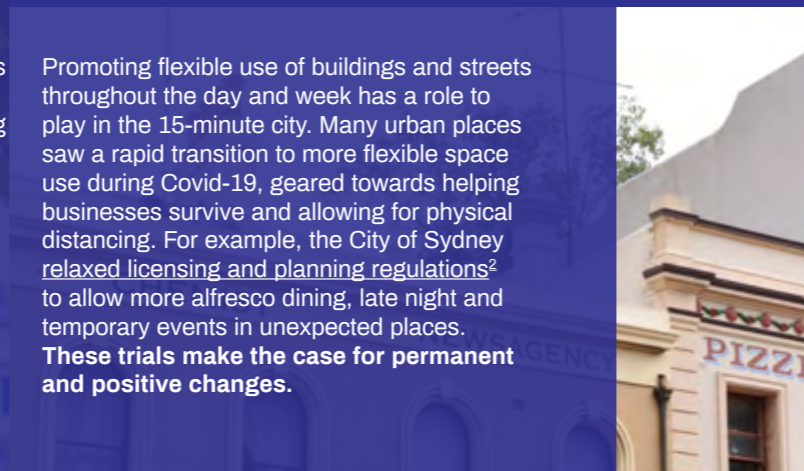
Promoting flexible use of buildings and streets throughout the day and week has a role to play in the 15-minute city. Many urban places saw a rapid transition to more flexible space use during Covid-19, geared towards helping businesses survive and allowing for physical distancing. For example, the City of Sydney relaxed licensing and planning regulations² to allow more alfresco dining, late night and temporary events in unexpected places. **These trials make the case for permanent and positive changes.**



Public and private collaboration

Partnership models have helped breathe new energy and investment into evolving urban buildings and neighbourhoods. For example, the Meatpacking District spanning 20 blocks in New York City has seen the adaption of its historical industrial built form into retail, creative, commercial and community uses alongside industry. Community and market efforts have worked hand in glove with government through channels like the Meatpacking Development Improvement Association³ and Meatpacking Business Improvement District⁴ (BID) to evolve a 24/7, safe and active nightlife and entertainment district. **By nurturing clearer alignment of interests and better collaborative working practices between local government and the private sector, obstacles to modern mixed-use development can be reduced.**

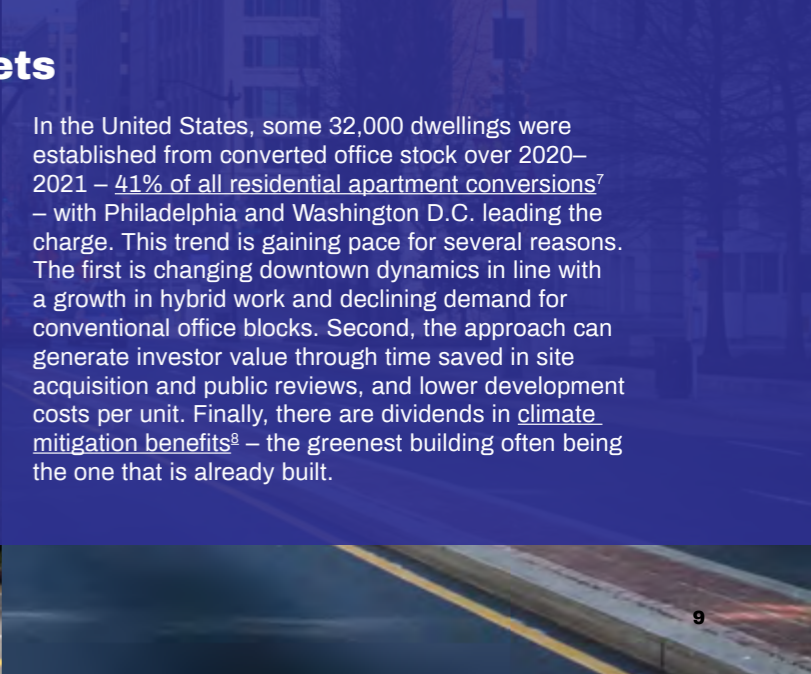
Montreal's *Quartier des Spectacles Partnership* brings together 85+ businesses, government and creative organisations to endow Montreal's downtown with a distinctive identity described as 'grounded in creativity and daring'⁵ (Quartier des Spectacles, 2018). The Partnership manages public spaces, delivers destination marketing, and works to embed creative spaces and programming into commercial developments and streetscapes. During the pandemic the Partnership created new public outdoor experiences for people to discover culture through programming that focused on telling local stories and building social connections. **Public and private sectors benefit from funding arts and cultural activity that makes being in CBDs more desirable.**



Recycling commercial assets

Singapore's CBD Incentive Scheme⁶ promotes adaptive reuse of office buildings in financial districts to inject life into streets and bring people closer to services through mixed-use buildings. The Scheme offers investors bonus Gross Floor Area (GFA) and higher plot ratios for full or partial conversion of financial district office stock over 20 years old to transform these CBDs into 24-hour communities alive with intergenerational experiences. **Incentives help developers and building owners overcome financial and logistical barriers to redevelopment and support reuse of existing structures rather than replacement of ageing assets.**

In the United States, some 32,000 dwellings were established from converted office stock over 2020–2021 – **41% of all residential apartment conversions**⁷ – with Philadelphia and Washington D.C. leading the charge. This trend is gaining pace for several reasons. The first is changing downtown dynamics in line with a growth in hybrid work and declining demand for conventional office blocks. Second, the approach can generate investor value through time saved in site acquisition and public reviews, and lower development costs per unit. Finally, there are dividends in climate mitigation benefits⁸ – the greenest building often being the one that is already built.



Transit oriented developments

Transit oriented developments – like Battersea Power Station in Nine Elms on London's recently opened Northern Line extension – link public transportation to mixed public and private uses. The new extension was funded by developers, including the Battersea Power Station where the line now ends. The Battersea Power Station development will deliver over 3,444 new residential homes⁹, 517 affordable homes, 232,258 square metres of office and retail space, library, medical centre and childcare facilities. The redevelopment aims to be a self-sufficient community providing a zero-carbon energy plant as well as services for everyday use. **When the value of transport connectivity is high enough, private property owners can and should be expected to shoulder some of the costs when they stand to benefit from an uplift in the value of their properties.**

Over-station precinct developments like Hong Kong's West Kowloon have also become common. The West Kowloon development is a series of connected mini neighbourhoods rising vertically to integrate lifestyle needs from aged care and primary schools to libraries, supermarkets, apartments, offices, coworking, and start-up spaces. **The Sydney Metro program is one of the key vectors locally for enabling over-station development.**



3. Sydney's CBD

CBD office space

The city of Sydney is an economic powerhouse. Sydney generates 7% of the nation's GDP.¹⁰ Prior to the pandemic, 14.5% of Greater Sydney's workforce¹¹ was employed in the CBD, with 39% of this group working in financial and professional services.

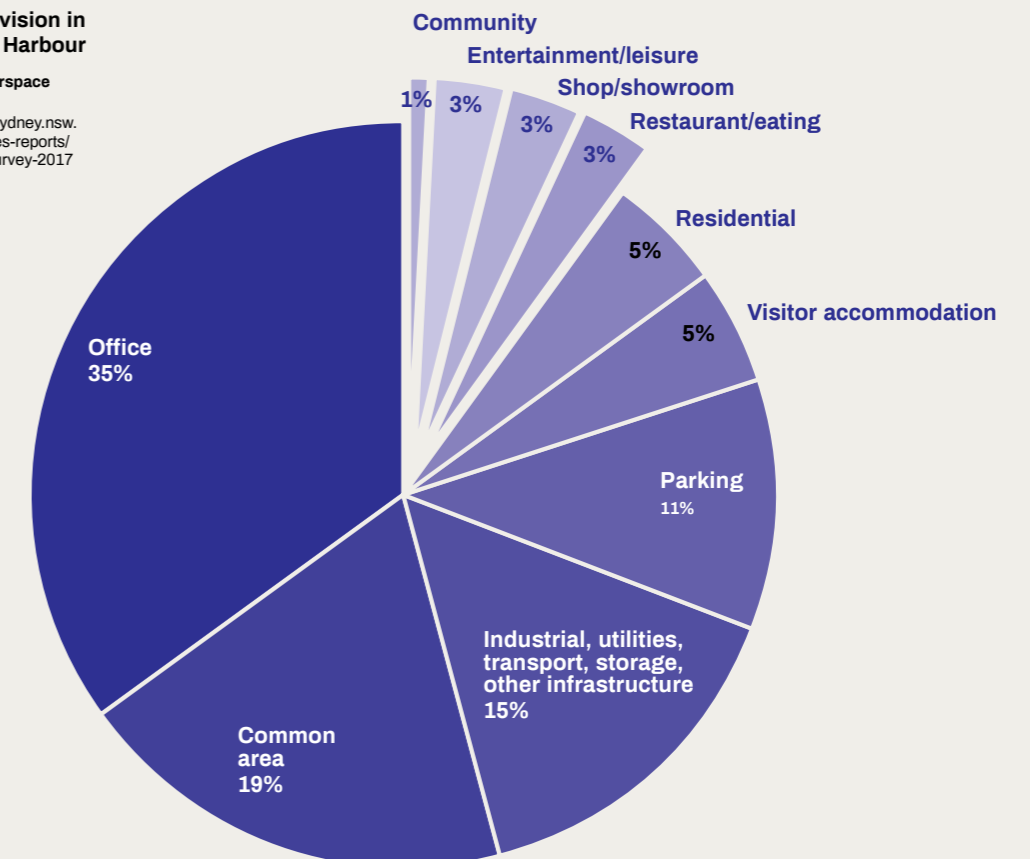
City of Sydney's most recent Floorspace and Employment Survey (FES)¹² in 2017 showed offices to be the largest single use of internal CBD space at 34 per cent. Adding together offices and various supporting, largely non-commercial infrastructure (lobbies and common spaces, utilities and transport, parking) accounts for around 80 per cent of total CBD space, leaving little room for other productive uses. Visitor accommodation such as hotels are the next largest

commercial use at five per cent of available floor space with residences, retail and hospitality even smaller, and community uses accounting for barely one per cent.

Since 2016 there has been an increase¹³ of 840,237 square metres in total commercial floor area. Demand for quality office space – known as Premium or A Grade – increased over this time, pushing the value of land and cost of space higher.

2017 Spatial use division in Sydney's CBD and Harbour
proportional internal floorspace

Source: <https://www.cityofsydney.nsw.gov.au/surveys-case-studies-reports/floor-space-employment-survey-2017>



Balancing commercial, cultural and civic uses

Sydney organising the CBD primarily around office life has in turn impacted the affordability and attraction of other uses, with fewer reasons for a diverse range of people to visit outside of Monday to Friday business hours. Public conversation has increasingly turned to what the purpose of the CBD should be, opening a renewed focus on people and place, active custodianship of the environment and culture, creativity, and innovation to drive activation.

The pandemic has accelerated these discussions. Working patterns across sectors like finance and professional services have changed as people opted for more flexibility. Of Australia's 50 largest companies, 42 expect²⁴ hybrid work to continue in some form, with financial and professional services likely to remain hybrid. Office occupancy is at just 52% as of July 2022.¹⁵

People remain drawn to the CBD.¹⁶ However, more is expected from each visit. The partial roll back of lockout laws and temporary relaxation of licensing and planning regulations during Covid-19 has shown a willingness by the community and business sectors to embrace a mixed-use CBD economy with activity stretching later into the night. This has created a window of opportunity to reposition assets to meet changing needs.

Global reputation

#3

most recognised admired city brands (IPSOS, 2022)¹⁷

Use of building space

45%

of internal CBD floor space dedicated to industries like finance, business, professional services and tourism (City of Sydney, 2017)²⁰

117,000

sqm creative floor space lost between 2012-17 (City of Sydney, 2018)²¹

Economic powerhouse

7%

of GDP generated in the Sydney CBD (City of Sydney 2022)¹⁸

Office space

9.3%

commercial vacancy rate in Premium and A-Grade CBD office buildings in 2022 Up from 3.7% in 2019 (Knight Frank-PCA, 2022)²²

70%

of landlords and investors saw flexible leases as the most critical real estate trend – up from 45%²³ in 2018 (CBRE, 2018)

Daily traffic counts

-44%

change in activity from 2019-2022 (City of Sydney, 2021)¹⁹

Living in Sydney

22,963

residents living in the CBD in 2019 (City of Sydney, 2022)²⁴

95%

Population is over 15 (City of Sydney, 2022)²⁴

Policy strategies influencing mixed-use development

There are multiple policies and initiatives aimed at improving the performance of the CBD in terms of occupancy, visitation, activation and spend at federal, state and local levels.

Table 1: Policy strategies influencing mixed-use development

Federal	<p>Australian Infrastructure Plan Implementation and Progress, 2021 (Infrastructure Australia)</p> <ul style="list-style-type: none"> Place-centric infrastructure enables a globally competitive quality of life, growing economies and populations.
State	<p>Greater Sydney Region Plan: A Metropolis of Three Cities, 2017 (Greater Sydney Commission)</p> <ul style="list-style-type: none"> The City of Sydney is elevated from a top 20 to a top 10 global city. A greener city provides better access to jobs, schools and health care within 30 minutes of people's homes. <p>Sydney 24-hour Economy Strategy, 2020, (NSW Treasury)</p> <ul style="list-style-type: none"> The City of Sydney is elevated as a city renowned for vibrancy, diversity, safety, with access to amenities day and night. 24-hour services and activities are offered for people of all ages, backgrounds, and interests.
Local	<p>Sustainable Sydney 2030-2050: Continuing the Vision, 2022 (City of Sydney)</p> <p>The City's future vision to be more sustainable, equitable and resilient is achieved through these goals:</p> <ul style="list-style-type: none"> Making inner city living available to all prices and demographics. 10-minute neighbourhoods. A 40,000 sqm increase in creative workspace. Local streets with distinctive character and uses. Nine out of 10 CBD workers using active or public transport. <p>Community Recovery Plan, June 2020 (City of Sydney)</p> <ul style="list-style-type: none"> Recovery should be inclusive and equitable – it should support a resilient economy and community wealth building, act as a catalyst for a green and sustainable future and be strengthened by a robust and diverse cultural sector. <p>Central Sydney Infrastructure Plan, 2017 (City of Sydney)</p> <ul style="list-style-type: none"> Sydney's growth will be supported by essential infrastructure, including affordable rental housing, public art, childcare centres and preschools, libraries, cultural and creative facilities, and live/work spaces.
Independent	<p>Future of Sydney CBD, 2022 (Committee for Sydney, Arup)</p> <ul style="list-style-type: none"> A diverse economy is underpinned by authenticity of place, heritage, and culture. Sydney should aim for a regenerated natural environment, an experience-led CBD with unique precincts, world-class technology, infrastructure, and services. <p>Flicking the Switch, 2022 (EY, NSW Gov, Infrastructure)</p> <ul style="list-style-type: none"> There are tactics for Sydney to shift from a CBD with 'lots of big high-rises that are businesses but nothing to spark interest.' Recommendations include late night licenses for small bars, aligning development consent with trading hours, streamlined planning and licensing to activate institutions such as libraries, museums, and carparks for different uses.

4. Modernising mixed use

As Chapter 2 showed, cities and neighbourhoods incorporating mixed-use developments allow more efficient use of building stock and create places that people find desirable to work and live.

The spectrum of benefits that can be realised through modern mixed-use design is set out in Table 2. Mixed-use outcomes support financial returns through diversification and resilience, but also provide a range of social and environment benefits which in turn contribute to stronger economies.

However, there are many barriers to modern mixed-use development in Sydney. To ensure support for mixed-use outcomes there needs to be recognition of alternate value creation streams which build resilient economic returns.

Priorities for bringing people back to the CBD



Stronger reflection of First Nations voices and culture



More green spaces and greater connection to the harbour



Later opening hours and a safe, thriving 24-hour economy



Streets prioritising people and active transport over cars



A greater variety of things to do and see, day and night, at a range of price points



Secure, affordable and fit-for-purpose creative and start-up/scale-up space

The spectrum of mixed-use benefits

Table 2: The spectrum of benefits created by mixed use from an investor and tenant perspective

	City	Investor	Tenants
Economic	<p>Sydney is already an attractive destination thanks to its climate, the harbour and a high number of hotel rooms. Sydney CBD stands to benefit by adding more to see and do to elevate hospitality, cultural, recreational and heritage sector opportunities.</p> <p>The visitor economy will profit from a greater diversity of uses across the Sydney CBD. Recent studies from the UK demonstrate²⁵ the uptick in stay and spend in lively urban centres where no one form of capital, activity or demographic dominates.</p>	<p>Portfolio risk is diversified across different property types and uses, especially at a time when disruptive forces may leave single-use properties, as Deloitte describes, “underutilised or irrelevant in a short span of time”.²⁶</p> <p>Research indicates²⁷ quality properties in mixed-use developments can offer overall better financial performance than single-use properties based on tenant attraction and retention, and diversified revenue streams. In the Netherlands, combined vacancy in mixed-use areas (11%) is considerably lower than in single-use office locations (20.7%).</p> <p>In the current climate, occupiers are looking for flexibility in operations. In a global survey, VTS found 68% of landlords²⁸ see flexible leasing becoming a more important part of their strategy moving forward, with subleasing playing a larger role especially where minimal retrofitting is needed.</p>	<p>Geographical barriers to accessing employment opportunities and everyday services can be removed through mixed-use development. Positive outcomes will be reflected in the form of increased employment opportunities and productivity.</p> <p>The most walkable urban metro areas²⁹ in the USA have substantially higher GDPs per capita and percentages of college graduates over 25 years of age in the population.</p>
Social	<p>Social benefits can be achieved by thoughtful mixed use where spaces and programs encourage diversity. An improvement in social inclusion will ultimately benefit the economy as previously untapped resources are utilised. Modern mixed use facilitates social benefits by keeping the city active for longer, bringing together more types of people for a larger variety of activities.</p> <p>At the same time, a CBD bursting with activity will generate place vitality and civic pride: people who live, work, and recreate in mixed-use areas appreciate the wide range of experiences and facilities available to them.</p> <p>With additional residential options, as well as supporting public services, people who would choose to live in the CBD but currently find it unaffordable or unsuitable for family life could move in. Rather than excluding such people, the CBD can be made more welcoming, adding to its sense of community and vibrancy.</p>	<p>Conversions offering economic and social benefit are on an upward trajectory. An incentive scheme can boost overall city resilience by offering investors bonus gross floor area and higher plot ratios to encourage conversion of office stock.</p> <p>Providing infrastructure to a diversity of users can also increase desirability of areas and in turn increase property prices. The introduction of a playground in urban Australian settings saw the added value of 4.6% to property prices.³⁰</p>	<p>Research by XYX Lab, Plan International and Arup³¹ has shown cities are experienced very differently by different people. In fact, one in two women and young girls do not feel safe walking alone at night – a particular issue with Sydney’s CBD and the city’s public transport.</p> <p>This means not just night-life options but providing everyday needs for the 9% of people who will at some point work at night. For many of these employees the CBD can turn into an amenity desert after 10pm. A true night-time economy in the CBD would include zoning uses for time and space, meeting these needs while offering revenue streams after the lights have typically gone out.</p> <p>Essential workers such as healthcare professionals and police can live in the communities they serve.</p>
Environmental	<p>When everyday uses are in one compact area, people are required to use cars less to reach amenities. This creates a safer, more pedestrian-friendly environment, which reduces the amount of pollution produced within the area.</p> <p>Environmental benefits will be attained through lower transport-induced carbon emissions.</p> <p>Making more use of the spaces already available in Sydney’s compact CBD is a critical lever to reduce carbon and turbo charge a regenerative city.</p>	<p>Adaptive reuse of buildings limits climate impact from construction. Demolishing and constructing new buildings typically mean more waste going to landfill and more embodied carbon. Retrofitting can enable investors to value the full lifecycle of assets by reusing existing resources such as energy, water and raw materials.</p> <p>Where reinvestments include sustainability performance enhancements, investors can achieve higher efficiency standards that pay back economically as tenants place increasing value on energy performance.</p>	<p>Not only is adaptive reuse more sustainable in meeting new needs and purposes, but the approach can also help to create neighbourhoods filled with more character.</p>

Removing the obstacles to modern mixed use

Private sector barriers

Investment is required to develop a portfolio of modern mixed-use buildings across Sydney. Building owners and developers – and their financial backers – will want to see a return on their investment if progress is to be made towards greater adoption of modern mixed-use buildings.

Costs of mixed use for building owners and developers include the costs of converting (or building) the physical fabric of the building. (Technical considerations when designing for mixed use are detailed in Appendix 1.) Administrative costs of mixed-use buildings are also likely to be higher in most cases, for example:

- accounts and building services teams must deal with a larger number of tenants
- building shared spaces and services (such as reception desks) must be kept open for more hours in a day and more days in a week
- lighting, heating and cooling services must be provided during extended operating hours.

Embracing mixed-use design will require an adjustment in mindset for some developers, investors and valuers. This will necessitate updating models and risk calculations to account for the reduced risk profile of mixed use buildings. It will require a more patient approach from capital investors as rapid recovery of capital is replaced by durable and predictable returns.

Public sector barriers

There are also costs to the city associated with having mixed-use buildings within the CBD. Residents require public services which at present are minimal or absent in a CBD designed for commercial purposes. Schools, healthcare, libraries, emergency and social services will have to be expanded into the CBD. And while in many cases mixed-use buildings will themselves be capable of accommodating some of these services, they still require funding and staffing.

This may be able to be funded as economic activity and property values increase. We have already seen in Table 2 (above) vacancy rates in mixed-use areas are almost half that of single-use office locations. Well-designed

mixed-use precincts raise the value of property around them – top rents in London's Kings Cross more than tripled³¹ as it was redeveloped as a modern mixed-use precinct. Office space in mixed-use precincts including Canary Wharf (London), Potsdamer Platz (Berlin) and Hellinikon Old Athens Airport (Athens) has proven more resilient to market downturns than properties in conventional office districts. (It must be noted that these examples are all drawn from studies looking at mixed use at the precinct level). While city expenses increase through mixed-use, so too do revenues.

Reforms for mixed use

The societal benefits of mixed-use development may not be realised if investors and landlords do not see investing in mixed-use as worthwhile. What is desirable for the community at large may not be economically attractive to individual property owners or developers.

Indeed, even if landlords and investors benefit to some extent, if the full benefits of modern mixed-use placemaking do not accrue to them, they are likely to underinvest in modern mixed-use buildings compared to the societally optimal level. Building owners need to understand how investment in remaking the fabric of their buildings can be recouped. A series of reforms are needed to increase the appeal of modern mixed-use approaches – to private investors and public officials alike.

The first set of reforms are enablers – removing the barriers to modern mixed-use development by updating planning definitions, removing regulatory and zoning restrictions, and identifying priority locations for mixed-use developments. The second set of reforms are incentives – for example, adjusting floor space ratio incentives to encourage modern mixed-use development. A full suite of recommendations is outlined in Chapter 5. There are also technical constraints which must be overcome. Appendix 1 outlines how engineers and building managers can adapt their properties for a modern mixed-use client base.

In summary: benefits accrue at a building, block, and precinct scale

A revitalised CBD with a mixture of uses would contribute to boosting local economic growth and strengthening Sydney's standing as a global city. These are the factors that would facilitate modern mixed-use development at different scales:



Building scale

- revenue diversification
- potential height and floor space bonuses
- capital growth through diverse lease lengths
- social agendas aligned with business opportunities
- tenant attraction and retention
- asset agility to meet changing needs

Block scale

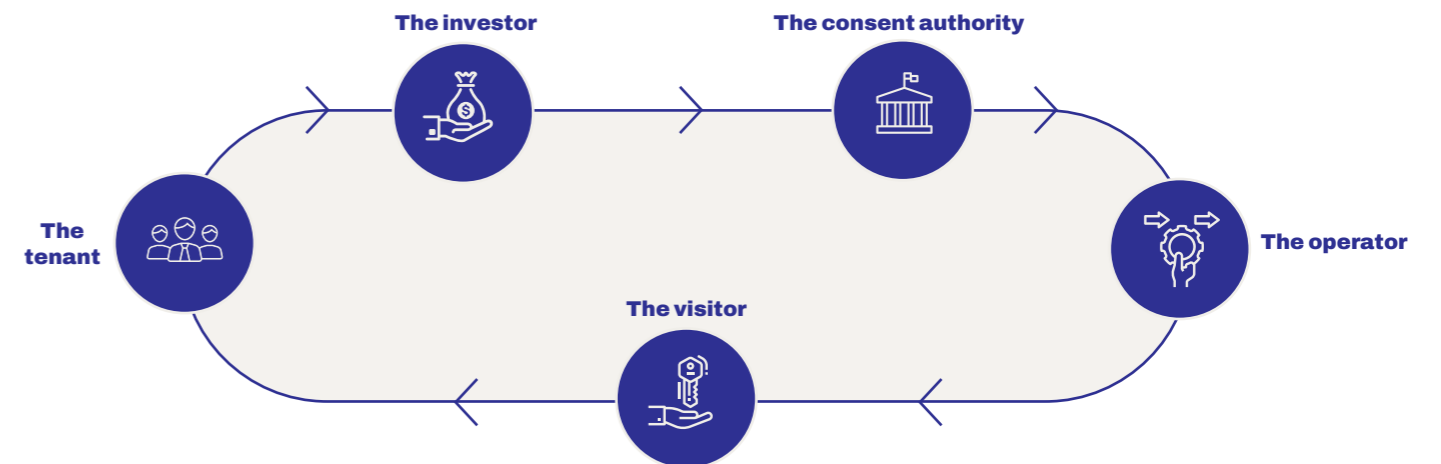
- distinct local identity
- active street interfaces
- around-the-clock activity
- safer and more inclusive streets
- social connection and cohesion
- improved walkability

Precinct scale

- supported neighbourhood amenities
- incentive for businesses to co-locate
- tenant and employee attraction and retention
- vibrant and active streets
- expanded demographic of the city
- more equitable employment opportunities
- a boosted visitor economy.

Success factors for modern mixed-use communities

There is no 'one size fits all' approach when it comes to delivering a mixed-use, adaptive reuse building. Location, context, existing building attributes, market and community demand and infrastructure all come into play when determining use opportunities and ensuring sustainable outcomes.



Strong collaboration between partners and stakeholders is essential – the investor, consent authority, and tenants will ensure mixed-use outcomes are understood, sustainable, and respond to demand. Involving each stakeholder at the right stage is crucial to achieve mixed-use outcomes. All stakeholders have different objectives but ensuring their alignment can realise wider benefits for all.

The investor

Funding vehicle responsible for financing and developing building projects.

NEEDS

- intelligence on market, community, and municipal needs
- clarity on spatial and operational requirements for these needs
- confidence in cost and risk profile for conversion, including incentives to facilitate uses that may not be commercially competitive
- outcomes that justify the investment.

The consent authority

Government agencies that both set the vision for the future of a city which will inform land use controls, and review, negotiate and approve development plans for built form outcomes.

NEEDS

- Strategic:**
- forecast social, cultural, and economic municipal needs against policy objectives
 - sufficient sustainability targets to reach ambitions for a regenerative, restored city
 - configuration and program of uses that maximises efficiency while reducing conflicting movements.
- Statutory:**
- planning systems responsive to city objectives
 - precinct- and street-based targets for commercial, community, creative and ecological uses
 - agreed evidence base, requirements and language for different types of use (e.g. 'creative space', 'education space')
 - design, creative, social, economic and environmental outcomes that positively contribute to set targets for CBD life.

The operator

Entities delivering on operational responsibilities to ensure buildings meet investor and tenant needs.

NEEDS

- locations and site attributes that will attract a range of tenants and visitors
- incentives to facilitate uses that may not be commercially competitive
- confidence in cost and risk profile for conversion
- outcomes that justify the investment.

The tenant

Targeted site users such as individuals, groups and businesses utilising spaces within a building.

NEEDS

- spaces that are fit for purpose, affordable and secure
- streamlined planning and licensing consent
- safe, accessible connections to public and active transport
- proximity to places of work and activity
- spatial and digital configurations allowing interaction while meeting individual needs.

The visitor

Citizens and visitors frequenting buildings and streets.

NEEDS

- economically and physically accessible and inclusive spaces and activities
- a wide range of experiences in proximity linked by intuitive wayfinding
- uses operating at different times of the day and week, able to evolve over time
- spaces that facilitate connections to other people, places, and activities.

5. Recommendations

Allowing a mixture of uses for buildings within the CBDs of Sydney and across NSW will improve their resilience and adaptability in the face of changing demand patterns and economic shifts.

Sydney's CBD is, taken as a whole, one of the great strategic assets in the state. Its value and purpose must be safeguarded in a changing environment. Embracing the diversity of uses people can find for the City gives the strongest platform for the future. At present, best practice, modern mixed use for CBD buildings is severely restricted by planning laws, the attitudes of property owners and valuers and the absence of economic incentives.

We have seen that it is possible both to build new in a way that accommodates a mix of uses from the start, and to refurbish existing single-purpose office towers in a way that facilitates a mixed-use future.

Rehabilitating existing buildings for a mixed-use world, rather than merely knocking down and starting again, is a more sustainable and more economical way forward. Permitting greater mixed-use of buildings can unlock capital reinvestment in existing buildings that otherwise face becoming stranded, commercially and environmentally, and face high vacancy rates, degradation, devaluation and probably demolition.

Business NSW has divided the recommendations in this section into the overarching **strategic recommendations**, and underlying **supporting recommendations** which describe the building blocks required to achieve those strategic objectives.

STRATEGIC RECOMMENDATION 1

Rezone major NSW CBDs (or portions within CBDs) to allow for mixed use and re-investment in stranded or devalued commercial stocks

Modelled on [UK Use Class E³²](#) which authorises any types of commercial activity within a given building, Metropolitan Centre (B8) zones in Sydney should be re-zoned to mixed use (B4), or the definitions of B8 amended to permit multiple usages within a single building footprint.

STRATEGIC RECOMMENDATION 2

Developers, building operators, investors and valuers should embrace mixed use within new development and be enabled to positively re-invest in existing single or dual use stocks in order to re-purpose and re-value stranded or devalued commercial stocks

Attitudes across the private property sector towards mixed-use vary considerably. As we have seen throughout this report, there are examples of first-rate mixed-use buildings around the world. However, other parts of the property ecosystem are instinctively cautious, and their conservatism risks holding back a mixed-use revolution that is necessary to avoid seeing Sydney's CBD slip into decline. While it should be in governments' interest to pass reforms that preserve the value of one of the primary economic engines of the state, it should also be in the interests of the owners and financiers to enable those reforms to take real effect. However, not all of them have yet demonstrated the acceptance of the need to change old ways of doing business.

SUPPORTING RECOMMENDATION 1

PROPERTY MARKETS

Recognise the role of valuers in reforming building use

Property valuers must update their understanding of the relative risk profiles of single-use and mixed-use buildings to reflect changes in market dynamics and usage patterns since Covid-19, and end reliance on a) pre Covid-19 data and b) an assumption that trends will snap back to a pre-pandemic 'normal'. Unless this change is made, the role of valuers in the property system will become an ever-more significant barrier to changing the pre-pandemic status quo.

SUPPORTING RECOMMENDATION 2

PROPERTY MARKETS

Embrace a larger role for more patient capital in property investment

With a smaller role for anchor tenants in a mixed-use model, investors will have less opportunity to realise rapid recouping of the initial investment. However, the greater resilience provided by mixed-use is still attractive over longer timescales. This change will inevitably alter the individuals and institutions engaged in property investment in a mixed-use market.

SUPPORTING RECOMMENDATION 3

PROPERTY MARKETS

Flexible leasing

Responding to new work patterns through expansion, contraction and exit leasing.

- Increase flexibility and adaptability of leasing arrangements to enable greater responsiveness to tenants' needs and increased volatility of commercial property market. In Brisbane, Suncorp's new building is underpinned by flexible leasing for expansion and contraction, with space released at set times within the lease, designed to be able to be taken over by another tenant with minimal changes.

SUPPORTING RECOMMENDATION 4

PLANNING SYSTEM

Review official definitions of 'mixed use'

The standard instrument for Local Environmental Plans (LEPs) defines mixed use as a 'building or place comprising two or more different land uses'.

- Investigate the current effectiveness of this definition for delivering mixed use at scale in traditionally commercial zones (CBDs).
- Review the success of the definition in realising the desired outcome of vibrant, diverse and safe CBD areas.
- Evaluate the impact to investors and the community of increasing the requirement to 'three or more uses' within a building.
- Amend CBD Development Control Plans to define desirable aspects of mixed use that sit under this parent definition.

SUPPORTING RECOMMENDATION 5**PLANNING SYSTEM****Defining space typologies**

The standard Instrument LEP provides clear definitions for spaces (office premises, medical centre, airport). However, there are numerous spaces undefined such as creative, digital/tech spaces and social enterprise spaces.

- Review current spaces defined within the LEPs and identify further gaps in space definitions.
- Prepare a list of additional uses which are supported by policy which could sit within the CBD DCPs.

SUPPORTING RECOMMENDATION 6**PLANNING SYSTEM****Repeal certain National Construction Code and SEPP requirements**

Inflexible and outdated building code and planning requirements hinder the establishment of modern mixed use buildings.

- 'Unpeel' relevant NCC and planning regulations via complying development or SEPPs to encourage adaptive reuse, delivering on mixed-use needs identified by property owners/developers and/or the City, and meeting design-led criteria.
- Link use types to FSR planning gain, complying development, building reuse guidelines and design standards for the types of uses being prioritised.
- Create standard conditions for the typologies identified under Supporting Recommendation 2.
- Engage with the consent authorities to fast-track reforms, navigating a similar process to reforms made through the 24-hour Economy Strategy (reforms giving greater flexibility to the hospitality and arts sectors through a simpler, faster planning process).

SUPPORTING RECOMMENDATION 9**PLANNING SYSTEM****Identify precinct/block plans to incentivise greater diversity of horizontal and vertical use**

Working at a precinct/block scale can develop micro neighbourhoods within the CBD, targeting infrastructure and use needs to build engagement and vibrancy.

- Identify and scope potential for a pilot 'opening the envelope' block which could allow for increased plot ratio, improved flexibility of use for podium floor uses and activation strategies (e.g., Sydney SPDG block bounded by Alfred, Pitt, Dalley and George streets).

SUPPORTING RECOMMENDATION 10**PLANNING SYSTEM****Design guides for a menu of mixed uses**

The investment sector currently has a limited understanding of the range of use opportunities available. The creation of a suite of design guides for a range of less-recognised uses would provide clarity and build the capabilities of the investment sector and consent authority.

- The Government Architect NSW should develop an overarching policy document (e.g., a potential guide for mixed use) which provides established principles and objectives for mixed use, incorporating best practice precedent examples, that is easy to interpret while being able to be applied flexibly as developers and property owners determine best meets their requirements.
- Building on the example of City of Sydney's *creative space guides*,³⁴ develop a range of guides (digital spaces, start-up spaces) for alternative space opportunities within new and existing buildings.

SUPPORTING RECOMMENDATION 7**PLANNING SYSTEM****Reconsider Floor Space Ratio (FSR) incentives**

Current floor area bonuses under the LEP 2012 are generic for a broad range of land use categories.

- Review FSR incentives for State Environment Planning Policies (SEPPs) and LEPs (e.g., hotels currently coming online as a result of Clause 6.4 of the LEP 2012) and evaluate space outcomes achieved under the current scheme.
- Identify priority use cases for potential inclusion in floor space incentive structures in the LEP when pursued within a mixed use building or development footprint. Possible candidates include affordable housing, education, cultural/creative use, social enterprise space, health and blue-light services.

SUPPORTING RECOMMENDATION 8**PLANNING SYSTEM****Inclusionary vertical and horizontal zoning**

Commercial office space represents 35 per cent of Sydney's CBD land area. Current planning regulations allow for mono-use buildings to be developed with small offerings of retail and/or hospitality provided at the ground floor. Setting floor area guidelines for a mixture of uses provides clarity of opportunity to investors and delivers resilient outcomes.

- Designate specific floor areas to encourage mixed use areas as a condition of permits or supported through planning policy (e.g., Melbourne's Art Precinct *Capital City 3 Zone, Schedule 7*,³³ supports ground to fourth floor levels to be used as creative industry spaces in conjunction with residential or commercial uses).

SUPPORTING RECOMMENDATION 11**PLANNING SYSTEM****Streamline development application (DA) approval**

DAs can take a long time to be reviewed and assessed, be too inflexible and create a process that feels detached from outcomes. Timeframes and costs can be particularly tough on smaller developers.

- Create a fast-track approvals service for applications which prioritise adaptive reuse and new investment to meet mixed-use objectives aligned to specific needs.
- Provide a concierge service facilitated through a Council brokering delivery team, like the 24-hour Economy Commissioner sitting adjacent to the City of Sydney planning team, to facilitate and broker outcomes and respond to infrastructure use demand.

SUPPORTING RECOMMENDATION 12**PLANNING SYSTEM****Affordable floor space scheme**

Generally, diversity of uses relies on a range of tenancy options and locations. Commercial reality for new developments has historically resulted in large, uniform tenancies intended for fewer, larger occupying businesses. This creates convenience for building operators, as they only have to deal with one (or a small number of) tenant(s).

SUPPORTING RECOMMENDATION 12**Affordable floor space scheme (continued)**

- Investigate financial/rent control mechanisms for industries requiring below-market rent (creative, start-up) similar to affordable housing.
- Explore opportunities to tie these mechanisms to FSR incentives so there is no net yield loss.
- Evaluate options for floor area tax abatements which produce mixed-use outcomes, respond to prioritised needs and meet affordability criteria (similar to [Land Tax Build to Rent](#)).³⁵ Developments would need to be over a certain scale or be opt-in for development below a certain threshold.

SUPPORTING RECOMMENDATION 14**PLANNING SYSTEM****Planning Performance Agreements to accelerate decision-making and boost resources in planning teams**

One of the major risk factors for developers/ investors is the timeline in determination of a planning approval.

Given the broader risk curve around a mixed use scheme and capturing optimum market cycle, an option to consider for the NSW Government is to introduce **planning performance agreements (PPAs)** for local councils. These were introduced in the UK in 2013 with a particular focus on large or complete planning proposals, often in CBD environs. They bring together the developer, relevant planning authority and key stakeholders through a partnership planning process. A specific timeline is agreed upon for a determination and the developer pays a fee to guarantee a fixed timeline (this does not guarantee a consent) but does de-risk the delay costs and also provides a revenue stream for the planning authority to boost resources and capacity building in their planning teams.

SUPPORTING RECOMMENDATION 13**PLANNING SYSTEM****Streamline planning and licencing support for activation**

- Through interventions adopted through Covid-19, Council has noted support for continuation of extended operating and licensing hours, and flexibility for outdoor seating.
- Review potential for an exempt or complying development pathway for a change of use to a small music and arts venue via the State Environmental Planning Policy (Exempt and Complying Development Codes) 2008.
 - Consider expanding the policy reform achieved through the NSW Government's 24-hour Economy Strategy which streamlined licensing arrangements making it easier for pop-up activations and continue the financial package to promote alfresco dining.

SUPPORTING RECOMMENDATION 15**PLANNING SYSTEM****Reintroduce incentives for residential use**

A transfer to residential use can result in a strata title which complicates future development potential. This has contributed to discourage residential development within the CBD.

- Investigate the opportunity to re-incentivise residential development.
- Explore demand for specialist residential markets, such as seniors living, which benefit from being collocated with other services in a mixed-use development.

SUPPORTING RECOMMENDATION 16**GOVERNANCE****A new private/public partnership model for mixed-use precincts – Improvement Districts**

New times call for new models of collective investment in places between the physical built environment and the public spaces across precincts. Business Improvement Districts (BIDs) have been operating across the northern hemisphere, South Africa, New Zealand and Singapore for 50 years. There are over 2,000 such partnerships in operation globally where collective investment by property owners, occupiers and public agencies are in place to deliver commercial, environmental and social outcomes in a geographically defined area, precinct or city-wide. Sydney is testing out the BID approach with the creation of the New Sydney Waterfront Company. BIDs provide a structured, equitable and sustainable governance model for collaboration across multi-owned and mixed precincts where shared outcomes with the public sector and the local community can be realised.

- NSW Government to seed/match fund a two-year pilot program in each of the region's six cities to enable baseline analysis, business development, capability building and pilot program delivery to accelerate the formalisation of BIDs across the State.
- An Academy program of upskilling and partnership development to run in support of these pilots with industry and global experts.
- The newly elected NSW Government in 2023 to prioritise the enabling legislation for BIDs to be formalised in NSW.
- Amongst the pilot program, look to develop out the model within the Australian CBD context, including testing other forms of 'Improvement District' constructs such as Sustainability Improvement District, Experience Improvement District and Community Improvements Districts.

APPENDIX 1

Engineering considerations for building conversion

Engineering

This section provides a high-level outline of the types of engineering considerations needed to enable conversions from commercial to mixed use.

When considering the feasibility of a change of use, the three main engineering design aspects to be considered are:

1. Structure: what can the building structurally support with the new use
2. Services: is there enough water, energy and hydraulic capacity for the new use
3. Façade: is the internal environmental control adequate for the new use.

Whilst there may be other specific aspects to be considered, these three design aspects form most of the engineering design.

Requirement:	Workspace	Retail	Childcare	Hospitality	Residential	Hotel
Hydraulic Services — Cold water — Sewer — Drainage — Gas	No change ⇒	Much higher ↑	Higher ↗	Much higher ↑	Much higher ↑	Much higher ↑
Electrical Services — Transformers — Distribution boards — Wiring	No change ⇒	Much higher ↑	Similar ⇒	Much higher ↑	Much higher ↑	Much higher ↑
Structural Capacity — Floorplates — Columns — Structural Core	No change ⇒	Higher ↗	No change ⇒	Higher ↗	No change ⇒	No change ⇒
Façade Design — Natural light — Ventilation — Shading	No change ⇒	Less ↓	Different ↗	No change ⇒	Different ↑	Different ↗

Other Considerations

1.1 CODE COMPLIANCE

Some change of use will trigger other upgrade requirements for building compliance. Compliance is likely to be driven by:

- Section J.
- Life Safety Systems (smoke exhaust, emergency lighting).
- Fire hydrant plant upgrade.
- Sprinkler tanks (due to hazard classification of retail, ballrooms and similar function areas), if required, this will have increased requirements for sprinkler tanks on rooftop, electrical AS3000/Ausgrid compliance and smoke management issues.
- There may also be existing compliance issues relating to fire safety, such as the fire control room and sprinkler valve room locations.

1.2 SERVICES RISER PLANNING AND COORDINATION

The re-configuration of a building into a mixed-use development has considerable implication to spatial planning and coordination of the services risers. As different services are required, different spatial needs may arise.

These include:

- Plant massing consideration and Core Planning (riser space can be a limiting factor).
- System and associated coordination.
- Services Zone in Ceiling – the floor-to-floor height considerations since a conversion from apartment to hotel to commercial is not feasible without significant structural modifications (i.e., residential floor to floor is typically 3.1 to 3.2m with commercial starting at a minimum 3.6m).
- Core planning needs to consider the impact of the segregation of the systems between the types of use, for e.g., segregated and secure risers for communications and electrical and the requirements for individual systems eliminating risks of failure.



ASSET
The Standard, London, UK

REPURPOSED USE

What was previously council offices have been turned into the first Standard Hotel in Europe. The original building has been revitalised with new levels and a roof terrace added. What is one of the few surviving brutalist architecture buildings in London is now a distinctive 266-bedroom hotel.

© JRennocks / CC BY-SA 4.0 (via Wikimedia Commons)



ASSET:
Amazon, Seattle campus

REPURPOSED USE

Eight floors of office space in Amazon's Seattle headquarters have been repurposed as a shelter for the homeless. Large enough for 200 occupants, four floors are reserved for sleeping, two floors for families of children with life-threatening illnesses and includes an on-site health clinic, monthly pro-bono legal counselling and an industrial kitchen expected to produce 600,000 meals per year.



ASSET:
Mantra Hotel, Canberra

REPURPOSED USE

A former office tower has been transformed into a 176-room hotel, contributing to the city's urban renewal program. The exterior precast façade elements have been preserved while the interior went under a \$19 million retrofit.

© Graeme Bartlett / CC BY-SA 3.0 (via Wikimedia Commons)



ASSET:
Gerling Ring, Cologne

REPURPOSED USE

Repurposed Use: Gerling Ring in Cologne was built in 2001 with a structure that allows individual units to be easily adapted from offices to apartments should demand for office space in Cologne fall, with the intent of using empty/underutilised office blocks repurposed for low-cost rental housing.

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APPENDIX 2

Mixed use case studies

Resetting planning and building codes to retrofit office stock

The Netherlands office retrofit program has realigned minimum built standards and codes to enable more streamlined office conversions for residential, hotel and cultural uses.

Municipalities actively engage with owners of strategic vacant land through designated officers.³⁶ Internal teams offer industry advice and digital toolkits to unpack social feasibility, building and design options, and financial viability. Design standards are maintained through both blanket requirements and project-based negotiations around the amenity available within each conversion.

Cost of conversion to new use must be balanced against market appetite. For example, the former home of the Joint Administration Office (GAK) in Amsterdam underwent significant facade alterations during its conversion to residential apartments. While helping to meet modern requirements around energy use and acoustic insulation, this was an added cost. However, cost was ameliorated by making the offer more appealing to the target buyer group looking for high quality, sustainable apartments



TIMMERHUIS Rotterdam, The Netherlands Completed 2015

Timmerhuis is a mixed-use complex in the Rotterdam CBD. The project incorporates adaptive reuse of a post-war Stadstimmerhuis (municipal construction office) alongside a connected contemporary 15-storey structure.

Four complementary functions are stacked horizontally and vertically across the scheme:

- 25,400 sqm office space, leased in whole to municipal offices
- 12,000 sqm residential space across 84 apartments
- 2,070 sqm retail space
- 1,630 sqm exhibition space, occupied by Museum Rotterdam
- Plus 3,900 sqm of underground parking, with electric vehicles available for residents' use.

The additional value of Timmerhuis is in its flexible floorplates and modular steel structure. Both allow structurally efficient solutions to accommodate changing needs and open more useable floorspace.

LESSONS

- Timmerhuis shows how mixed uses can operate with stability in the CBD by attracting consistent anchor tenants in both commercial and cultural spheres.
- More broadly, new partnerships between the development sector and government restructured Netherlands CBDs to address the evolving needs of the market and public – in this case, resolving commercial vacancy and housing affordability issues.
- Retrofit policies are reviewed semi-regularly and 'bundled' with other initiatives, including targets for sustainable construction practices and active transport, expanding the benefits felt by a population newly connected to the heart of their city.

Realising the value of social and cultural use

For several decades, the City of Toronto has included creative space provisions and operations as part of its planning scheme. For example, Section 37 of the provincial Planning Act uses a vertical zoning requirement dedicated to the capital and operational funding of creative spaces, among other social infrastructures which have difficulty meeting market CBD rates.

Developers, creative organisations, and brokers like Artscape leverage these planning provisions for adaptive reuse and new developments. At Artscape Triangle Lofts, the viability of affordable living and working floorspace for artists was underwritten³⁷ by an additional 5,200 sqm of height and density granted by council.

The public and private sector often work with the philanthropists to realise mixed creative outcomes. For example, \$CAN 21.4m in funding was raised for creative entrepreneur space Daniels Launchpad via a network of philanthropic donors, the private sector (through the sale of community bonds), and all levels of government including the Ontario Minister of Research, Innovation and Science.



DANIELS LAUNCHPAD Toronto, Canada Completed 2019

Daniels Waterfront 'City of the Arts' is a master-planned mixed community on Toronto's East Bayfront neighbourhood.

A range of functions are stacked vertically and horizontally across four discreet yet connected towers from 11 to 42 storeys, occupying 122,600 sqm on Toronto's harbour.

Developed on the site of a former nightclub, the scheme includes:

- Residential apartments
- Commercial offices
- George Brown College
- Ontario College of Art & Design University
- The Remix Project, a social enterprise geared to supporting at-risk youth through arts
- Artscape owned and operated Daniels Launchpad, a 2,800sqm 'end to end ecosystem' space for arts and creative entrepreneurship.

LESSONS

- The co-location of creative production, education and business uses added wider urban value creating a greater incentive for the community and the city while elevating the cache of the commercial development.
- Brokers can play a critical role as ongoing intermediaries between tenants, philanthropists, and government, advocating for stable provision of 'loss leader' uses.
- To make sure the design and engineering of new spaces meet operational needs, there is value in collaborating with end users or brokers from planning stages through to operations.

Delivering a mixed-use at block scale

An inner city offer that caters for everyone means creating spaces where older people feel welcome and included. Buildings and infrastructure catering for '8 to 80' – from children to elders – open the inner city to a wider range of people and abilities.

In Australia, over-80s are the fastest growing demographic. Ageing in locations that promote social connection with easy access to services and amenities is key to physical and mental wellbeing, in turn alleviating the health system.

As an alternative to suburban elder living, inner city environments to support healthy ageing create more opportunity for intergenerational connection, continued participation in public life and walkable access to healthcare, services, and amenities.

THE GRACE Melbourne, Australia – Stage 1 completed 2019

The Grace is a mixed-use lifestyle community geared to people over 55 ageing in place, in the city. It is made up of a new 15-storey building and adaptive reuse of Australian Unity's existing C-Grade office building in a CBD adjacent location. Apartments are strata titled, with Australia Unity deferring management fees until apartments are sold.

The Grace includes:

- 79 luxury one, two and three bed apartments with prices ranging from \$650,000 to \$4.5 million
- Transitional assisted living apartments
- Recreational spaces
- Art studios
- Cinema for residents
- Allied health facilities
- Public café.

The development contributes to mixed use at a site and block scale. By providing a mixture of amenities and services in an area with ample conveniences, residents can engage in the community with ease.

The Grace project is aligned with the City of Melbourne's *Future Melbourne 2026 Plan*³⁸ and *Melbourne: A Great Place to Age*³⁹. The Grace manifests these strategies by ensuring Melbourne's older population can continue to participate in a dynamic lifestyle available near the CBD.

LESSONS

- Existing ageing office assets can be given a new lease on life by tapping into emerging markets – in this case, mixed use targeting older people who want to live an active urban life and age in place.
- The co-location of services and amenities for ageing in place offers new ways to experience the CBD while opening new business streams for surrounding amenities.

APPENDIX 3

Improvement Districts – innovation for New South Wales

Experience Improvement Districts (XIDs) – for Mixed Use Precincts⁴⁰

An Experience Improvement District or 'XID' is a Tactical Urban Governance' model focused on improving the overall experience in mixed use precincts/cities through incremental improvements.

Here, "X" can be viewed as an "inventory of experiences" that create value and shapes the quality of life, vitality, economic and environmental impact of cities.

Proposed by Urban Strategist Anupam Yog, the XID concept adapted from the successful BIDs framework, highlights 'experience' as the entry point for improvements in both the public and private realms. Research indicates that today's residents, visitors, and customers alike, value memorable experiences over the purchase of commodities. Cities are constantly reinventing their means of engaging with communities to stay competitive and attract residents, businesses and visitors alike.

In the background of the global pandemic, assessing and investing in social infrastructure that can improve quality of life and livelihood opportunities is a crucial gap to address.

The XID development hopes to achieve the United Nations Sustainable Development Goals 9 (industry, infrastructure and innovation) and 10 (sustainable cities and communities).

In the absence of effective public realm management, small businesses, vendors, and daily wage workers were one of the worst hit during the pandemic. For inclusive and sustained economic recovery, investments in public spaces and their livelihood and social uses are key factors determining walkability, safety as well as neighbourhood resilience. Tapping into the identity and experience economy in cities, provides room for communities to co-create and reinvigorate neighbourhoods that are in a constant and accelerated state of flux.

- XID does not refer to amenities alone. It refers to the layer of design, programs and social networks that are created within the confines of those amenities.
- An XID is not a static model. It is a dynamic place governance model for neighbourhoods.

Footnotes

Sustainability Improvement Districts (SIDs) – For Mixed Use Precincts

From the United Nations to nation states, targets to address the climate emergency and reach net zero by 2050 are being legislated and regulatory reform enacted to accelerate sector specific targets being met. Global publicly listed firms now have fiduciary requirements to report on triple bottom line impact through scope 1, 2 and 3 on addressing climate change.

There has been little development of **precinct-wide strategies** for setting collective private and public sector environmental and social outcomes at a place base level.

A pilot program was developed with London's West End led by New West End Company (the local BID) with Westminster City Council and property industry where a Charter for the Built Environment has been developed based on the One Planet Living Framework, below.⁴¹

This was based on a two-year materiality assessment of the major sustainability issues that would yield the most positive commercial and environmental outcomes across the users, operators and investors in a defined precinct.

The One Planet Living Framework⁴²

	Health and happiness	Encouraging active, social, meaningful lives to promote good health and wellbeing
	Equity and local economy	Creating safe, equitable places to live and work which support local prosperity and international fair trade
	Culture and community	Nurturing local identity and heritage, empowering communities and promoting a culture of sustainable living
	Land and nature	Protecting and restoring land for the benefit of people and wildlife
	Sustainable water	Using water efficiently, protecting local water resources and reducing flooding and drought
	Local and sustainable food	Promoting sustainable humane farming and healthy diets high in local, seasonal organic food and vegetable protein
	Travel and transport	Reducing the need to travel, encouraging walking, cycling and low carbon transport
	Materials and products	Using materials from sustainable sources and promoting products which help people reduce consumption
	Zero waste	Reducing consumption, re-using and recycling to achieve zero waste and zero pollution
	Zero carbon energy	Making buildings and manufacturing energy efficient and supplying all energy with renewables

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Contact

David Harding
Executive Director, Business NSW
david.harding@businessnsw.com

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