

Adaptive Reuse City Housing Initiative (ARCHI) - Progress Report

Tuesday, 5 March 2024
City Community Services and Culture Committee

Strategic Alignment - Our Places

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Public

Approving Officer:
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EXECUTIVE SUMMARY

The purpose of this report is to inform Council of the remit and progress of the Adaptive Reuse City Housing Initiative (ARCHI).

Supported through the Capital City Committee with day-to-day reporting and responsibility coordinated through City of Adelaide, ARCHI seeks to unlock dwelling potential in underutilised buildings and provide an additional mode of housing supply across the existing housing spectrum.

ARCHI responds directly to the City of Adelaide Strategic Plan 2024-2028 and Housing Strategy – *Investing in Our Housing Future*, adopted by Council on 13 February 2024, which sets an ambitious target to deliver 50 dwellings annually through adaptive reuse of underutilised buildings ([Link 1](#)).

Key tasks to be undertaken through ARCHI which will support this purpose include an audit of available building stock in the city, review and analysis of regulatory barriers, review of regulatory reforms or concessions, review of existing grant and incentives schemes, preparation of guidelines, delivery pathways and case studies, review of financial and insurance risks and engagement with potential future residents.

Operating Guidelines for Council's Incentives for Sustainability ([Link 2](#)) and the Heritage Incentive Scheme ([Link 3](#)) have been amended to provide eligibility for adaptive reuse projects. The Noise Management Incentive Scheme Operating Guidelines will be amended such that residential adaptive reuse projects are eligible for professional advice and funding. A dedicated Residential Adaptive Reuse Incentive Scheme has also been approved for prioritisation as part of the 2024/25 Annual Business Plan process, with Operating Guidelines to be prepared and authorised by the Acting Chief Executive Officer ([Link 4](#)).

RECOMMENDATION

THAT THE CITY COMMUNITY SERVICES AND CULTURE COMMITTEE RECOMMENDS TO COUNCIL THAT COUNCIL:

1. Receives and notes the remit and progress of the Adaptive Reuse City Housing Initiative.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	<p>Strategic Alignment – Our Places Increase the number of dwellings in our city from 14,660 (2021) to 17,780 by 2026 and 22,770 by 2031 (target for adaptive reuse to provide 5% of the supply).</p> <p>Strategic Alignment – Our Community Increase the number of people living in the city from 26,000 to 50,000 by 2036.</p> <p>Strategic Alignment – Our Environment 50 dwellings are delivered annually through adaptive reuse of underutilised buildings.</p>
Policy	Adaptive reuse is a key strategy set out in multiple City of Adelaide strategic documents, including the Housing Strategy – <i>Investing in Our Housing Future</i> , draft Integrated Climate Strategy and Heritage Strategy 2021-2033 and Action Plan – <i>Heritage Our Future</i> .
Consultation	An ARCHI Steering Group has been established to provide essential support, guidance, advocacy, and oversight to the Initiative. Chaired by the Lord Mayor, members include key State Government, University, and industry representatives.
Resource	ARCHI is a two-year externally funded project over 23/24 and 24/25. The total funding amount is \$500,000, with separate grant agreements with State Government for engagement of a project manager and professional services (market advice, architectural advice, technical advice, marketing, and communications). Executive and administrative support is provided by the City of Adelaide.
Risk / Legal / Legislative	There are regulatory and other barriers to adaptive reuse which is within the remit of ARCHI to assess. The ARCHI Steering Group is monitoring project risks.
Opportunities	The benefits of adaptive reuse are well established and include the preservation and activation of existing built assets, reducing and retaining embodied carbon, and preserving heritage places through repurposing.
23/24 Budget Allocation	ARCHI is externally funded in full through grant agreements with State Government. The 23/24 budget includes the first \$250,000 instalment of external funding for a Project Manager (\$159,500) and Professional Services (\$90,500).
Proposed 24/25 Budget Allocation	<p>The 24/25 budget includes the second \$250,000 instalment of external funding for the second year of the Project Manager (\$165,100) salary and Professional Services (\$84,900).</p> <p>A dedicated Residential Adaptive Reuse Incentive Scheme is currently unfunded. Any required funding for this item is subject to, and needs to be considered in the context of, the prioritisation of projects, initiatives and service enhancements for the development of the 2024/25 budget, and within the parameters of the Long Term Financial Plan to ensure long-term financial sustainability.</p>
Life of Project, Service, Initiative or (Expectancy of) Asset	Two years (grant expiry date 31/12/2025).
23/24 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	ARCHI is externally funded through grant agreements with State Government.

DISCUSSION

Background

1. The Government of South Australia and City of Adelaide share a vision for a vibrant city where people choose to live, work, visit and invest. An important part of this vision is growing the residential population.
2. The population target of 50,000 persons living in the city by 2036, requires increases in housing supply above current trajectory to accommodate a further 24,000 people calling the city home in this timeframe.
3. The Adaptive Reuse City Housing Initiative (ARCHI) seeks to unlock dwelling potential in underutilised buildings in the City of Adelaide to support this purpose, and to provide an additional mode of housing supply across the existing housing spectrum.
4. ARCHI State Government grant funding is for \$500,000 over two years comprising engagement of a project manager for a two-year period and professional services (market advice, architectural advice, technical advice, marketing, and communications).

Scope of Initiative

5. ARCHI scope of work endorsed through the Capital City Committee includes:
 - 5.1. Data collation and assessment of available stock within the city.
 - 5.2. Analysis of regulatory barriers relating to achieving adaptive reuse outcomes across a range of building types.
 - 5.3. Review of the regulatory barriers and any regulatory reforms or concessions that would support development for pathways for building owners.
 - 5.4. Review existing grant and incentive schemes and how these could be applied, aggregated and enhanced to support adaptive reuse outcomes. These include incentives relating to Heritage, Sustainability and Noise.
 - 5.5. Preparation of How to Guides and delivery pathways to clarify and simplify the process for building owners.
 - 5.6. Preparation of case studies of completed adaptive reuse projects, as informing and promotional collateral to existing building owners.
 - 5.7. Review and assess any financial and insurance risks and opportunities.
 - 5.8. Engagement with potential purchasers and renters to understand their needs and expectations for city-based properties and create a potential demand pipeline for properties that are adapted for rent or purchase.

Project Governance and Management

6. ARCHI Steering Group has been established to provide essential support, guidance, advocacy, and oversight. Chaired by the Lord Mayor, members include key State Government, University, and Industry representatives:
 - 6.1. Craig Holden (Chair, State Planning Commission, Government of South Australia)
 - 6.2. Professor Emma Baker (Deputy Director, NHMRC Centre for Research Excellence in Healthy Housing)
 - 6.3. Professor Michael Lennon (University of South Australia)
 - 6.4. Kirsteen Mackay (Government Architect, Government of South Australia)
 - 6.5. Michael Burdett (Director of Building, Government of South Australia)
 - 6.6. Sally Smith (Executive Director, Planning and Land Use Services, Government of South Australia)
 - 6.7. Yaara Plaves (Associate Director, Hames Sharley).
7. Ellen Liebelt (previously Senior Design Advisor, Office for Design and Architecture SA) commenced in the project manager role on 12 October 2023. This position is funded through the Capital City Committee, via a grant administered through the Department of Premier and Cabinet and is at no cost to Council.

Progress Status

8. At its meeting on 13 February 2024, Council:
 - 8.1. Endorsed the draft Funding Programs Policy for the purpose of public consultation.

- 8.2. Adopted the Sustainability Incentive Scheme Operating Guidelines providing eligibility for adaptive reuse projects ([Link 2](#)).
- 8.3. Adopted the revised Heritage Incentives Scheme Operating guidelines providing eligibility for adaptive reuse projects ([Link 3](#)).
- 8.4. Authorised the Acting Chief Executive Officer or delegate to amend the Noise Management Incentive Scheme such that residential adaptive reuse projects are eligible for professional advice and funding ([Link 4](#)).
9. At its meeting on 13 February 2024, Council:
 - 9.1. Approved a Residential Adaptive Reuse Incentive Scheme for prioritisation as part of the 2024/25 Annual Business Plan process.
 - 9.2. Authorised the Acting Chief Executive Officer or delegate to prepare Operating Guidelines for a Residential Adaptive Reuse Incentive Scheme.
 - 9.3. Noted the Acting Chief Executive Officer will advise the Department of Premier and Cabinet of Council's decision for a Residential Adaptive Reuse Incentive Scheme to support the Adaptive Reuse City Housing Initiative (ARCHI), supported by the Capital City Committee. ([Link 4](#)).
10. The ARCHI Steering Group met on 14 February 2024 to consider the initial outputs from a series of consultancies that have been progressed including a Building Rules Review and Compliance Report, Property Vacancy Report and Cost Rate Report.

Next Step

11. ARCHI is continuing to progress deliverables agreed with the Steering Committee, with an immediate focus on:
 - 11.1. Finalisation of consultancy reports for Building Rules Review and Compliance Report, Property Vacancy Report and Cost Rate Report.
 - 11.2. Auditing of the scale of opportunity within the city through a desk-top review of potential buildings for residential adaptive reuse. Auditing is progressing through a partnership with the University of Adelaide. Completion of this deliverable is expected in April 2024.
 - 11.3. Enacting Council's decision on 13 February 2024 to prepare Operating Guidelines for a Residential Adaptive Reuse Incentives Scheme to be prioritised as part of the 2024/25 Annual Business Plan process.

DATA AND SUPPORTING INFORMATION

[Link 1 – City of Adelaide Housing Strategy – Investing in Our Housing Future](#)

[Link 2 – Incentives for Sustainability Program Operating Guidelines](#)

[Link 3 – Heritage Incentives Scheme Operating Guidelines](#)

[Link 4 – Adaptive Reuse Funding Mechanism, City Planning, Development and Business Affairs Committee, Tuesday, 6 February 2024](#)

ATTACHMENTS

Nil

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