

# Empty Spaces - Creative Spaces

THE  
GREENS



***Around Australia, thousands of buildings are standing empty while thousands of potential small businesses are unable to find spaces to lease. There are shopfronts in central metropolitan malls and in the shopping strips of rural towns that are boarded up because it is cheaper for owners to leave them empty than to lease them at low rent.***

Filling these empty spaces with creative small businesses can do wonders to bring activity back to streets and regional towns, acting as a seed to stimulate local interest and manufacturing.

The Greens' Empty Spaces - Creative Spaces initiative brings together local creative businesses and owners of unoccupied shopfronts to reinvigorate local communities and local economies.

The Greens will:

- ***Establish a \$3m Creative Spaces grants program;***
- ***Ensure no financial disincentives exist for owners to free up vacant properties for creative enterprises; and***
- ***Provide for public liability insurance as part of the scheme.***

## BACKGROUND

Since 2008, an innovative project called Renew Newcastle has been transforming central Newcastle. The city had some 150 empty buildings, many of which are now occupied under free-of-charge short term licence agreements by small, local, creative businesses such as design studios, recycled fashion shops, art galleries, food co-ops and online publishers.

The Renew Newcastle project has found that leasing a space can trigger negative financial consequences for landlords such as tax and valuation obligations, often making it cheaper for owners to leave buildings unoccupied than to rent them at a low rate. But if the spaces can be occupied, even with no rent paid to owners, the value of the properties is increased as a result of greater stimulation of the local economy.

Using a simple licence agreement that avoids triggering the financial consequences of a lease, Renew Newcastle makes unoccupied properties available to local creative businesses at no

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cost for short periods of time, generally a rolling 30 day agreement, or until the owner can rent the property again at market rates.

Renew Newcastle has attracted national and international attention with efforts are already underway to replicate its success.

## **GREENS INITIATIVE**

The Greens want to see Renew Newcastle's success in stimulating and revitalising a local economy replicated in cities and regional towns across the country. The Empty Spaces-Creative Spaces initiative will encourage owners to make their properties available, assist with public liability insurance and investigate ways to utilise and upgrade older buildings which have been unoccupied for lengthy periods of time.

### ***Creative Spaces Grants program and advisory group***

The Greens will establish a Creative Spaces grants program open to community organisations and local governments to apply for funds to administer Creative Spaces initiatives based on the Renew Newcastle model. An initial trial will be run over 2 years with a grants fund of \$3m. Following a successful evaluation the program could be extended.

The program would be administered by the Department of Infrastructure, Transport, Regional Development and Local Government. An Advisory Panel will be established to consider applications and make recommendations for project funding.

### ***Freeing up properties***

Owners of vacant properties are currently able to receive significant tax benefits in losses and write downs from letting a building stay empty if they can't attract a market rent. The potential for additional tax liability is a barrier to owners making vacant properties available on short term licence arrangements to creative businesses.

Under the Greens scheme there will be no tax penalties for owners making otherwise empty buildings available to artists, cultural projects and community groups.

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Another component of the scheme is utilising older buildings which may need significant capital injection before they can be safely and conveniently occupied. This challenge is likely to be particularly important in some regional centres where buildings have been vacant for some years. The Advisory Panel will assist in bringing together representatives of governments, the property industry and Renew Newcastle to examine options for making such older properties accessible for the scheme.

## ***Public Liability Insurance***

The Greens' Creative Spaces grants program will include a funding component to cover the public liability insurance premiums for all properties and businesses operating under the scheme.

At a cost of \$200 per year per property (<http://www.rav.net.au/funding-and-resources/artists/art-pli/>), the cost to the government of insuring 1000 projects would be as little \$200,000.

The Greens are committed to reform public liability insurance requirements which have inadvertently had a negative impact particularly on not-for-profit organisations and community events. The high cost of this insurance has caused the cancellation of many events around the country. The public liability insurance funding assistance in this program will prevent this issue from being an impediment to the creative use of empty buildings.