



Best Practice: Green Buildings Retrofit Program

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CITY: MELBOURNE

POLICY AREA: BUILDINGS ADMINISTRATION

BEST PRACTICE

In March 2010, the City of Melbourne launched a green buildings retrofit program called the **1200 Buildings Program**. The Program provides a platform for engagement and collaboration with building owners and industry stakeholders to catalyse the retrofit of 1,200 commercial buildings in the municipality of Melbourne or 70% of the commercial building stock within the next 10-15 years.

ISSUE

Since commercial buildings are responsible for producing the majority of the greenhouse gas emissions in the municipality, totaling approximately 53%, the 1200 Buildings Program is a major step toward becoming a carbon neutral city.

GOALS AND OBJECTIVES

The 1200 Buildings program aims to:

- Eliminate 383,000 tons of CO₂ emissions per year by 2020
- Reduce potable water consumption by 5,000,000,000 litres per year
- Raise approximately 2 billion AUD (\$2.15 billion USD) in private sector reinvestment
- Create a significant number of 'green collar' jobs in engineering, environmental and sustainability consultancy, manufacturing and in the trade sector including builders, surveyors, plumbers and electricians
- Position the city of Melbourne as a leader in global climate change efforts

IMPLEMENTATION

The "1200 Buildings Steering Committee," including city and state governments, industry and academic representatives have and will continue to guide the various initiatives over the next 10 - 15 years.

Initiatives include:

- Developing industry capacity to retrofit buildings
- Developing financial incentives
- Promoting the benefits of energy efficient buildings
- Facilitating access to financing options for building owners
- Undertaking research
- Showcasing new technologies
- Undertaking policy and regulatory reviews to encourage uptake of retrofit activity
- Providing an engagement platform that includes case studies, information kits, networking opportunities, peer support, seminars and training

The City of Melbourne is currently piloting its Environmental Upgrade Finance (EUF), which is similar to the Property Assessed Clean Energy (PACE) and tax lien-type finance mechanisms, to facilitate access to low cost finance for building retrofits.

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Photo of ideal Melbourne skyline post-retrofits



Photo of a retrofitted commercial building



Photo of the City of Melbourne

COST

The City of Melbourne commissioned an independent analysis of the potential economic stimulus generated by retrofitting 1200 buildings. It is estimated the retrofit of 1200 Buildings will generate up to \$2 billion AUD (\$2.15 billion USD) in private sector investments and create approximately 8000 new green jobs.



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RESULTS AND EVALUATION

Since the announcement of the 1200 Buildings Program in March 2010, 43 buildings, owned by Melbourne's large corporations, private businesses, government and not-for-profit organisations are listed as signatories. Each owner has committed to undertake an environmental retrofit that will produce significant savings in greenhouse gas emissions and support Melbourne's goal to be carbon neutral by 2020.

If 1200 existing commercial buildings in Melbourne are retrofitted to improve their energy performance by 38%, 383,000 tonnes of CO₂ emissions will be mitigated each year.

TIMELINE

| | |
|------------|---|
| 2009 | Melbourne Sustainability Division designs program in collaboration with 1200 Buildings Steering Committee |
| March 2010 | Program Launched |
| 2020 | Target date for the retrofit of 1200 buildings |

LEGISLATION AND GOVERNMENT INCENTIVES

Building Code of Australia: Mandatory Energy Efficiency Measures

Mandatory energy efficiency provisions have been introduced to the Building Code of Australia for all building classes and are updated periodically.

Mandatory Disclosure of Building Energy Efficiency

In 2011, the Australian Federal Government introduced mandatory reporting of operational energy efficiency by commercial office buildings and tenancies to drive tenant demand for green buildings. At point of lease or sale commercial buildings must disclose a National Australian Built Environment Rating System (NABERS) Energy Rating to prospective buyers or lessors of office space over 2000 square meters of net lettable area.

Green Building Fund

The Australian Federal Government's Green Building Fund (2008-11) released \$90 million AUD (\$97 million USD) in matching funding for the retrofit of existing office buildings in Australia. The Fund supported a number of 1200 Buildings Program participants to undertake substantial retrofits.

Tax Breaks for Green Buildings

Commercial buildings undergoing retrofit works to improve operational energy efficiency will be eligible to receive a tax rebate of up to 50% of the cost of eligible assets or capital works. The scheme is currently under development and due for release in 2012.

LESSONS LEARNED

City of Melbourne is confronting barriers to the retrofit of existing commercial buildings by:

- Developing the EUF to provide access to affordable capital (the most significant barrier)
- Identifying different incentives for owners versus tenants
- Making investment in sustainability projects more attractive to financial institutions
- Documenting the benefits of retrofitting to building owners



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- Providing support and advice to building owner and building/facility managers via studies, information kits, networking opportunities, peer support, seminars and training

By working with a variety of stakeholders, such as building owners, the state government and technical experts, the City of Melbourne aims to reduce the city's carbon emissions and produce energy savings for building owners and tenants.

TRANSFERABILITY

The 1200 Buildings Program is a landmark and nationally significant initiative – a first for Australia. Further information on the transferability elements of the program will be provided in the next couple of months following completion of the EUF pilot program.

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