

DERELICT AND VACANT PROPERTY LEVY



ABOUT THIS INITIATIVE

Government has commenced a range of initiatives to stimulate economic activity and support population growth. These measures include the revitalisation of the Darwin Central Business District (CBD) with projects such as the State Square underground carpark, Cavanagh Street shade structure, Barneson Boulevard, Cavanagh House redevelopment, and other initiatives including Friday boutique markets, The Laneway Series, and the Darwin Street Art Festival.

To complement these initiatives, Government has also announced a derelict and vacant property levy (levy) to encourage owners of vacant land or unoccupied commercial buildings in the CBD to activate their property and improve the amenity of the CBD. The purpose of the levy is not to raise revenue, but to encourage initiatives that revitalise the CBD by stimulating investment in idle land and buildings.

The levy

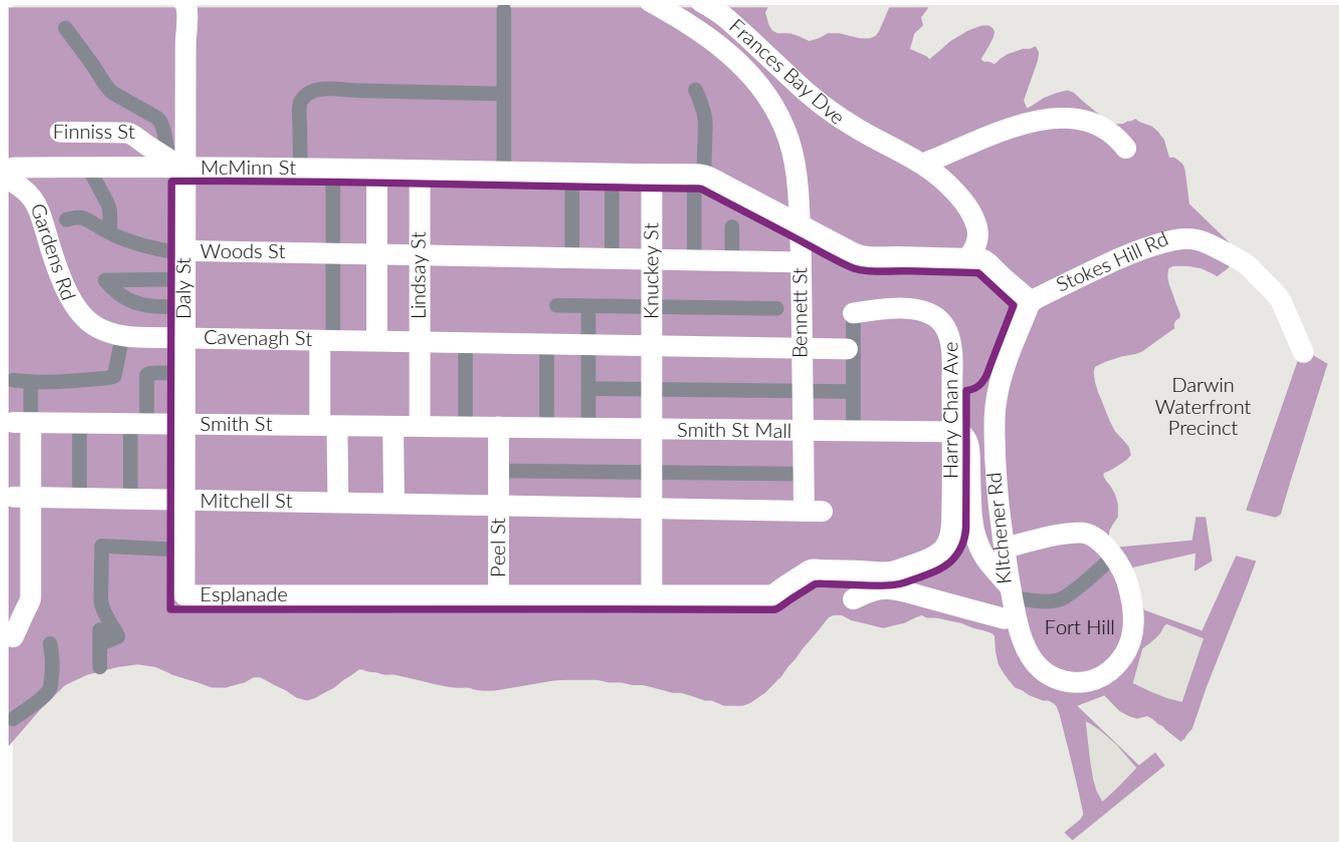
The levy is anticipated to apply to vacant land and unoccupied commercial buildings in the Darwin CBD from 1 July 2019.

The levy will apply at a rate of 2 per cent for vacant land and 1 per cent for unoccupied buildings, based on the most recent unimproved capital value (UCV) of the property assessed by the Valuer-General.

Where does the levy apply?

For the purposes of the levy, the Darwin CBD incorporates the area bounded by the Esplanade (including Harry Chan Avenue), Daly Street (street frontage on both sides) and McMinn Street (including the CBD side of Kitchener Drive).

Adjacent areas such as the Waterfront and Deck Chair Cinema are excluded.



A residential property is **not** subject to the levy. Although the CBD is not separately zoned between commercial and non-commercial uses, a commercial property can be identified based on planning certification. A property without planning certification may be deemed commercial if it is otherwise recognised as being of a commercial nature.

Examples of a commercial property may include the following:

COMMERCIAL PROPERTY

Buildings with a planning certificate of a commercial nature

An uncertified property with a recognised commercial use or design for planning purposes

Commercial areas in mixed-use buildings

NON-COMMERCIAL PROPERTY

A residential property (including units)

Areas zoned public space

What is activation?

The levy does not apply to an activated commercial property. Whether a property is active will vary depending on the nature of the property, with different activation options applying for vacant land and unoccupied buildings. Vacant land and unoccupied buildings can be activated in a number of ways, including by tenancy arrangements, redevelopment or refurbishment, as well as innovative land uses that improve the amenity of the CBD. Examples of the types of ways a commercial property (vacant land or unoccupied building) may be activated are provided.

What is vacant land?

Vacant land is any property without a certified building (or a building otherwise recognised for planning purposes). This may include undeveloped sites, sites with incomplete and idle construction works, or sites with buildings that are uncertified.

Unless vacant land is activated, the land will be subject to the levy at a rate of 2 per cent of the UCV of the site.

How can vacant land be activated?

Vacant land can be activated by:

- demonstrating an accepted existing use, as recognised for planning purposes (for example, land that is permitted for planning purposes to be used as a ground-level car park)
- developing the site through the construction of an appropriately certified building (in accordance with current planning and building requirements)
- innovative land use.

Implementing innovative land use options will vary from site to site, but will include use of land that improves the amenity of Darwin's CBD.

Examples of innovative land use options include:

- ✓ appropriate public space, such as market sites, sporting sites (for example, soccer or cricket facilities), open parks and eating areas or performance venues and stages
- ✓ artwork or architecturally significant structures, such as the installation of sculptures or displays
- ✓ land with high-quality fencing or landscaping, which improve the amenity of the land
- ✓ innovative cooling initiatives
- ✓ high-quality car parking with appropriate landscaping, heat mitigation and traffic management.

However, the levy may apply to vacant land that is poorly maintained or detracts from the amenity of the CBD regardless of whether it is in use. Sites that detract from the amenity of the CBD may include:

- × low quality car parking, such as sites that heat the CBD and do not have appropriate landscaping (for example, bare earth sites or sites with exposed bitumen that lack greening or shading)
- × poorly maintained or neglected sites
- × sites with low visibility or other design issues that may contribute to antisocial behaviour or present a safety hazard – refer to the Department of Infrastructure, Planning and Logistics' Community Safety Design Guide
- × inactive construction sites.

What is an unoccupied building?

An unoccupied building is any building (or, in the case of strata-titled buildings, part of a building) with street frontage that is vacant. As the objective of the levy is to improve the amenity of the CBD, occupancy will mean a physical occupancy of the building, with an emphasis on the appearance from the street view.

For strata-titled buildings, occupancy will be determined separately with regard to each strata-titled commercial lot with ground level street frontage.

The occupancy test will be determined based on the lettable areas that have a street frontage, with a building being considered unoccupied if more than 50 per cent of the street frontage is unoccupied. If a building has retail shops on the ground floor and private office space on upper levels, occupancy will be determined by reference to the ground floor retail space only, and not the occupancy or vacancy of the office on the upper levels of the building.

How can unoccupied buildings be activated?

A property owner with an unoccupied building can activate the premises in a number of ways, including:

- attracting tenants through competitive leasing arrangements
- offering space for pop-up shops or regular indoor markets
- dining and hospitality uses
- art displays and installations
- community spaces, such as for group activities, classes or study areas
- charitable association or community organisation use.

What do property owners need to do?

Once the levy commences, owners of land and commercial property in the CBD will be asked to declare whether their property is vacant or unoccupied for the purposes of the levy. The Territory Revenue Office will be available to provide guidance and assist property owners in making this initial declaration. Owners of vacant land or unoccupied buildings will have the opportunity to activate their property before the levy is assessed.

Those who activate their property after the levy commences will receive a discount from the levy on a pro rata basis, calculated monthly. Where necessary, property owners should provide sufficient time to accommodate usual planning requirements in activating their property.

To assist property owners in preparing for the levy, a pro rata discount could also be provided where a property owner can demonstrate that reasonable steps have been taken to activate the property, even if the activation is not completed by 1 July 2019.

Indicative timeline



Examples



ACTIVATED VACANT LAND

Prior to 1 July 2019, a property owner holds vacant land with a UCV of \$3 million in the CBD. The land is not currently used for any purpose other than being held as an investment for future development and is considered vacant land.

However, by 1 July 2019, the property owner undertakes a reasonable amount of work to improve the appearance of this land by levelling the site, removing weeds, laying turf and installing well designed fencing and landscaping along the property's frontage.

On 1 July 2019, the owner declares the property activated and provides evidence of activation. As the work improves the amenity of the site and is appropriate to the location of the site, the property is considered activated and not liable for the levy.

If, in the above example, the activation work occurred after 1 July 2019 but before 30 June 2020, the property owner may be assessed as liable for the levy for the 2019-20 year but would receive a pro rata reduction in the amount of the levy reflecting the date the activation work occurred.



INACTIVATED VACANT LAND AND BUILDING

On 1 July 2019, a property owner holds undeveloped land with a UCV of \$4 million in the CBD with no buildings or structures on it. The land is not currently used for any existing purpose and is held as an investment for future development. The land is considered vacant land for the purposes of the levy. Between 1 July and 30 June 2020, the property owner does not undertake any work to activate the land and leaves the land in an idle and unmaintained state.

On 1 July 2019, the property owner will be required to declare the property vacant land and, as no activation work has been undertaken, the property owner is liable to the levy at a rate of 2 per cent of the land's UCV. The property owner will be assessed on 30 June 2020 and liable to pay a levy of \$80 000.

If the property owner subsequently activates the land to an adequate standard, liability for the levy will be reduced from the date the activation work occurs.



ACTIVATED UNOCCUPIED BUILDING

A property owner has an office building in the CBD. The office is on a single title but has several different levels, with partitioned areas for leasing. The ground floor comprises retail spaces with street frontage and offices are located on the upper levels.

The ground floor retail space is unoccupied on 1 July 2019 while the offices are fully occupied.

On 1 July 2019, the property owner is required to declare the property to be an unoccupied building for the purposes of the levy, as the majority of the ground floor tenancies are vacant.

By 1 January 2020, the property owner fills the retail space with a mix of commercial tenancies and an art gallery (with appropriate fitouts and displays) on a nominal rent. The retail space will be considered activated and the building will not be liable to the levy, regardless of the amount of rent received by the property owner.

The property owner declares the property activated and provides appropriate evidence of the change in circumstances before the levy is assessed on 30 June 2020. The building is considered unoccupied prior to 1 January 2020, and occupied for the remainder of the year to 30 June 2020. The levy is assessed on a pro rata basis and is reduced by half to reflect the activation that occurred from 1 January 2020.

Have questions? Contact ntrevenue@nt.gov.au

