

**5.9 REQUEST FOR PROPOSALS FOR REDEVELOPMENT OF LEEDERVILLE CARPARKS:
STAGE 2**

- Attachments:**
1. **Redevelopment Proposals Process**
 2. **Redevelopment Proposals Selection Criteria**
 3. **Stage 2 Request for Detailed Proposals**

RECOMMENDATION**That Council:**

1. **APPROVES the Stage 2 Request for Detailed Proposals at Attachment 3 for the second stage of the Redevelopment Proposals process relating to The Avenue and Frame Court Car Parks, Leederville; and**
2. **AUTHORISES the Chief Executive Officer to engage an independent external accounting firm to conduct due diligence on the commercial and financial assessment undertaken relating to the Stage Two proponent submissions, prior to presenting the preferred proposal to Council for approval to advertise.**

PURPOSE OF REPORT:

To present to Council, the report as requested at its Meeting on 18 October 2022:

REQUESTS the Chief Executive Officer present a report to Council to determine the additional information required from the shortlisted proposals and the selection criteria to be used to determine the preferred proposal prior to the commencement of Stage 2 of the Redevelopment Proposals Process set out in Attachment 1.

BACKGROUND:Leederville Precinct Structure Plan

Leederville is identified as a Secondary Centre in accordance with the Western Australian Planning Commission's (WAPC) State Planning Policy 4.2 – Activity Centres for Perth and Peel (SPP 4.2). In accordance with SPP 4.2, the City has prepared the Leederville Precinct Structure Plan (LPSP) which will replace the Leederville Masterplan and guide future development within the locality.

Prior to being drafted, the LPSP was subject to significant research and public consultation through the 'Design Leederville' community consultation campaign in late 2019.

At its meeting on 14 September 2021, Council recommended that the WAPC approve the LPSP subject to modifications.

Under the LPSP The Avenue and Frame Court Car Parks would be zoned Mixed Use R-AC0 and are earmarked as Key Development Sites. The LPSP provides further guidance for the two landholdings as follows:

The Avenue Car Park

The site is situated within the Cityscape precinct, which is described as:

- A place with mixed uses that complement each other.
- The location for long-term development outcomes.
- The place where landmark development shapes the Leederville skyline.
- Designed to encourage public transport usage.
- A showcase for sustainability and reuse.
- A higher density mixed-use and residential area.
- A key contributor to the success of the Village.

This identifies an acceptable height standard of 18 storeys, which could increase to a maximum height of 23 storeys subject to bonus criteria being met.

Frame Court Car Park

The site is situated within the Urban Frame Type A precinct, which is described as:

- A mixed use area.
- Carefully designed to avoid impacts on existing neighbours.
- An attractive and safe entry point to the core of Leederville for pedestrian, cyclists and vehicles.
- Well-landscaped with lots of shade, green spaces and places to relax.

This identifies an acceptable height standard of 10 storeys, which could increase to a maximum height of 14 storeys subject to bonus criteria being met.

The LPSP is required to be approved by the WAPC before it becomes operational.

Redevelopment Proposals, Leederville

At its meeting on 14 December 2021, Council approved the Chief Executive Officer to commence an expression of interest process for the redevelopment of the City's major landholdings in Leederville, being The Avenue Car Park and Frame Court Car Park.

At its meeting on 21 June 2022, Council approved the redevelopment proposals process, included at **Attachment 1**.

The Stage 1 redevelopment proposals material included the Selection Criteria to be used for the process, included at **Attachment 2**. This was approved for the purpose of advertising and receiving redevelopment concepts for The Avenue Car Park and Frame Court Car Park, Leederville.

Eight submissions were received throughout the advertising period from 27 June to 8 August 2022.

The evaluation panel comprised of six voting members including:

- One representative from DevelopmentWA who has significant experience in assessing submissions of a similar nature and scale;
- Two representatives from the City's Design Review Panel who have extensive design and built form expertise; and
- Three representatives from Administration who have the appropriate land, legal, planning and development knowledge and skills.

The evaluation panel comprised of four non-voting members including:

- One external independent probity advisor;
- Administration's Coordinator Procurement and Contracts; and
- Two commercial subject matter experts from Cygnet West.

The evaluation panel shortlisted three submissions whose submissions received the highest score against the Selection Criteria.

At its meeting on 18 October 2022, Council endorsed the three submissions for progression to Stage 2 of the redevelopment proposals process. At this Meeting, Council requested the Chief Executive Officer present a report to Council to determine the additional information required from the shortlisted proposals and the selection criteria to be used to determine the preferred proposal.

The shortlisted proponents presented their Stage One submissions to Council Members at the Council Workshop on 25 October 2022. Each proponent provided a (strictly) 20 minute presentation followed by (strictly) 10 minutes for Council Members to ask questions of the information submitted and presented. This was timed for probity purposes.

The draft Stage 2 Request for Further Information was workshopped with Council Members at the Council Workshop on 29 November 2022. The Stage 2 Request for Further Information was retitled Stage 2 Request for Detailed Proposals and has been updated following the feedback received from Council Members.

The City has engaged Cygnet West to provide commercial expertise and Stantons to provide independent probity advice throughout the entire process (Stage One and Two).

DETAILS:

The Selection Criteria, included at **Attachment 2** and approved by Council at its meeting on 21 June 2022, will be used throughout the Redevelopment Proposals Process (Stage 1 and 2).

The Stage 2 Request for Detailed Proposals, included at **Attachment 3** will enable further information to be submitted for evaluation against the Selection Criteria. This is based on the following:

- Gaps in information received from the shortlisted proponent proposals against the Selection Criteria;
- Assessment of shortlisted proponent proposals against the Draft Leederville Precinct Structure Plan;
- Feedback from Council Members regarding the shortlisted proponent proposals and Stage 2 Request for Detailed Proposals;
- Feedback from Cygnet West regarding the commercial aspects of each shortlisted proponent proposal; and
- Feedback from Stantons and Cygnet West regarding the redevelopment proposals process.

CONSULTATION/ADVERTISING:

State-wide consultation will occur with the preferred proponent business case, prior to Council considering whether to proceed with a major land transaction or the redevelopment of the sites.

LEGAL/POLICY:

Stage 2 of the redevelopment proposals process will comply with the requirements of the *Local Government Act S3.59(2)* which states that 'a local government is to prepare a business plan' and invite and consider public submissions on that business plan before it enters into a major land transaction.

The business plan can be prepared by the City's consultants on behalf of the City or by the City itself.

Transfer of the title and the contract of sale is the mechanism to condition items outlined in proponent submissions.

RISK MANAGEMENT IMPLICATIONS

Low: It is low risk for Council to approve the Stage 2 Request for Detailed Proposals.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2018-2028*:

Thriving Places

We encourage innovation in business, social enterprise and imaginative uses of space, both public and private.

Our physical assets are efficiently and effectively managed and maintained.

Our town centres and gathering spaces are safe, easy to use and attractive places where pedestrians have priority.

Sensitive Design

Our built form is attractive and diverse, in line with our growing and changing community.

Our planning framework supports quality design, sustainable urban built form and is responsive to our community and local context.

Innovative and Accountable

Our resources and assets are planned and managed in an efficient and sustainable manner.

SUSTAINABILITY IMPLICATIONS:

This does not contribute to any specific sustainability outcomes of the *City's Sustainable Environment Strategy 2019-2024*.

PUBLIC HEALTH IMPLICATIONS:

This does not contribute to any specific public health outcomes in the *City's Public Health Plan 2020-2025*.

FINANCIAL/BUDGET IMPLICATIONS:

The cost of the redevelopment proposals process would be met through the City's existing operational budget.

The proceeds that come from this process could be utilised to fund Unfunded Projects listed in the City's Long Term Financial Plan.

COMMENTS:

Following Council approval of the Stage 2 Request for Detailed Proposals, this will be sent to the three shortlisted proponents.

The proponents will respond and complete their Stage 2 submissions by 6 February 2023.

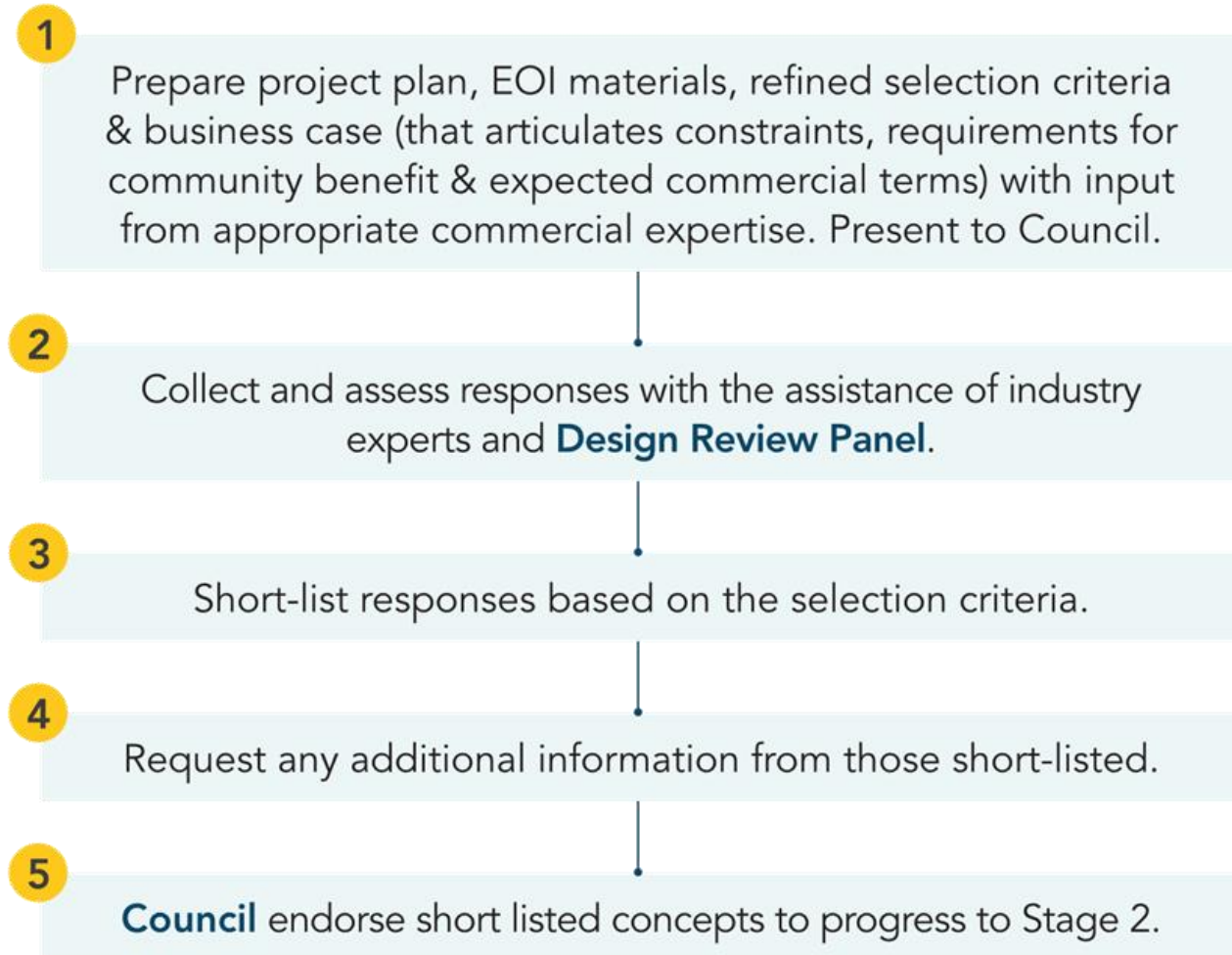
The Evaluation Panel will complete their assessment of the Stage 2 submissions and an independent external accounting firm will conduct due diligence on the commercial and financial assessment undertaken.

A preferred proponent business case will be drafted and presented to Council for approval to advertise.

The preferred proponent business case advertising will be state-wide to comply with the major land transaction requirements of the *Local Government Act*.

Following advertising, the result of advertising will be presented to Council.

STAGE 1



STAGE 2



Non-Weighted Compliance Selection Criteria

The following non weighted criteria is essential for the full assessment of Proponents Submissions, a failure to address the key commercial terms would result in disqualification.

NON-WEIGHTED COMPLIANCE CRITERIA – COMMERCIAL TERMS		
CRITERIA	COMPLETED Y/N	Proponents to reference the criteria response location in their submission, i.e., pages or section numbers
Provide a minimum of 400 public parking bays across one or both sites with 10% of car parking bays to provide easy access for mobility impaired and provide short term access.	Yes / No	
Public car park design concept, proposed ownership and tenure structure, lease and or management agreement draft principles, operational management plan, and in the event of a lease or management agreement, a parking fee schedule and operating expenditure plan, and 10-year operational cashflow.	Yes / No	
Indicative commercial terms to outline the proposed transaction arrangement (e.g., buy, lease, trade or enter joint venture with CoV).	Yes / No	

PROJECT VISION AND DESIGN PRINCIPLES (50% WEIGHTING)		
CRITERIA	COMPLETED Y/N	Proponents to reference the criteria response location in their submission, i.e., pages or section numbers
<p>1. Context and Character</p> <ul style="list-style-type: none"> • Developer understanding of the distinctive character of the Leederville precinct and how a new development would integrate, celebrate, and speak to the character of Leederville. • Effective interface with adjacent heritage and character buildings including the YMCA HQ adjacent to the Frame Court site. 	Yes / No	

PROJECT VISION AND DESIGN PRINCIPLES (50% WEIGHTING)		
<p>2. Landscape Quality</p> <ul style="list-style-type: none"> Removal of mature trees and planting within the site must be replaced with mature trees and planting within the development site. Consideration of Water Corporation drain on both sites as a key access route and potential walking trail. Achieved through built form design and delivery infrastructure considerations including maintenance access, and a celebration of the former seasonal freshwater stream. Active interface with the area zoned Public Open Space within the Leederville Precinct Structure Plan, adjacent to Site 2. 	Yes / No	
<p>3. Built Form & Scale</p> <ul style="list-style-type: none"> Quality of the proposed ground floor interface and its contribution to the experience of the precinct. Includes streetscape and landscape design, cultural infrastructure, and the delivery of active public spaces, both linear (laneways) and open (plazas). Architectural aspirations, design approach and strategies to achieve design excellence (including design review by the City's panel). Conceptual designs illustrating the project and vision inclusive of plan views, sections, elevations, height, and massing in perspectives. 	Yes / No	
<p>4. Functionality and Build Quality</p> <ul style="list-style-type: none"> Commitment to innovation, which may include energy and water sourcing, built form and design, community, social and economic outcomes. 	Yes / No	
<p>5. Sustainability</p> <ul style="list-style-type: none"> Approach to sustainable development to outline key environmentally sustainable design initiatives that will be included. Achievement of minimum Green Building Council of Australia 5 Green Star Certificate. 	Yes / No	
<p>6. Amenity</p> <ul style="list-style-type: none"> Design, accommodate and demonstrate economic activation towards the improvement of the daytime and evening economy of the precinct. Demonstrated diversity in product mix and pricing targeted to meet a wide variety of household demographics. 	Yes / No	

PROJECT VISION AND DESIGN PRINCIPLES (50% WEIGHTING)

<p>7. Legibility</p> <ul style="list-style-type: none"> • Provision of a pedestrian link along 1) the eastern side of the Leederville Parade site, to integrate with existing Oxford Street built form and 2) along the eastern side of the Frame Court site, to integrate with adjacent site. • Prioritise access and connectivity to public transport (particularly Leederville train station) and active transport modes. • Understanding of existing and subsequent traffic issues; access and circulation, with a project design that delivers appropriate mitigation strategies. 	<p>Yes / No</p>	
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DEVELOPMENT PROPOSAL (30% WEIGHTING)

CRITERIA	COMPLETED Y/N	Proponents to reference the criteria response location in their submission, i.e., pages or section numbers
1. Approach to land assembly to address amalgamation, subdivision, and issue of Title(s) for each site	Yes / No	
2. Statutory planning and development programme, and if applicable staging concepts and programme, inclusive of a public car parking strategy ensuring reasonable public carparking is retained throughout the planning and development process.	Yes / No	
3. Proposed development mix in schedule form for each site, setting out the various uses by product typology, floor areas and parking ratios.	Yes / No	
4. Anticipated construction and operational employment generation.	Yes / No	

FINANCIAL CAPACITY AND TRACK RECORD (20% WEIGHTING)		
CRITERIA	COMPLETED Y/N	Proponents to reference the criteria response location in their submission, i.e., pages or section numbers
1. Proponent contact details	Yes / No	
2. Proponent corporate structure	Yes / No	
3. Proponent business and company profile	Yes / No	
4. Demonstrated: <ul style="list-style-type: none"> • Financial capacity; • Capability and experience in delivering similar scale projects; and • Capacity to deliver the proposed development, including details of other projects, current and planned for year 2023 – 2025. 	Yes / No	

Stage 2 Request for Detailed Proposal

Car Park

- Confirmation of the total number of public car bays to be delivered at both public car parks proposed for The Avenue and Frame Court sites.
- Provision of an ‘as if complete’ market value of the public car parks returned to the City, with a supporting valuation, inclusive of relevant market evidence, rationale, input assumptions and valuation calculations that include a 10-year discounted cashflow approach.
- Provide an order of magnitude cost plan for the public car parks prepared by a reputable and experienced quantity surveyor.
- Confirmation of the basis of fee simple title of the public car parks to be returned to the City at both The Avenue and Frame Court sites, for example will the car parks be returned as:
 - o Freehold (Green Title) Subdivision;
 - o Freehold (Survey Strata) Subdivision; or
 - o Freehold (Community Title) Subdivision.
- Confirmation of what lettable, civic (public amenities) or community spaces will be returned to the City in freehold title. Confirmation that these spaces will be collocated with the public car parks and in the same title. If not, a project concept plan illustrating the siting and scale of each facility.
- Confirmation that public car parks will be returned to City fit for operation with specification agreed with the City including but not limited to a fully integrated parking management system, security and CCTV technology, lighting and power, appropriate vertical transportation and ventilation.
- Staging plan that outlines 200 public car bays maintained throughout the development schedule.
- Outline of the form and specification of the public car parks to be returned to the City. To this end, provide conceptual public car park plans and floor by floor design illustrating the built and operating specifications of the public car parks with confirmation of adaptable design/re-use provisions including design considerations for in ground services and structural and operational compliance to National Construction Codes, with alignment to the City’s Asset Management Sustainability Strategy.

Development Proposal

- Confirmation of the proposed development built form delivery outcomes for both sites including estimated building area for each land use within each site.
- Confirmation of all public spaces, plazas, laneways, accessways and any other areas to be retained/returned (ceded) back to the City as public realm.
- Confirmation of, where public / shared spaces are created in “Common Property”, relevant strata/community title management statements will retain obligation and responsibility for perpetual maintenance, repair and upgrade, with alignment to the City’s Asset Management Sustainability Strategy.
- Framework outlining responsibility for undertaking of land amalgamation requirements, inclusive of a high level work breakdown structure and where appropriate a quantity surveyor cost plan, together with confirmation of which party is to deliver and to pay for each item, for example but not limited to:
 - o Land amalgamation;
 - o Land subdivision;
 - o Statutory planning including MRS Amendment(s);
 - o Servicing authority consultation;
 - o Identification and removal of redundant services;
 - o Services upgrades and associated headworks charges on subdivision;
 - o Water Corporation main drain design and upgrade consultation, management thereof and delivery to satisfaction of the Water Corporation;
 - o Consultant costs to support the above process and delivery requirements;
 - o Existing lease or other interests in land, identification, management, relocation and renegotiation, and where relevant cost and compensation thereof;
 - o Development and management of public spaces, plazas, laneways and accessway; and
 - o Requisite road, drainage and accessway upgrades.
- Following from the above, provision of a program and work breakdown structure that details the roles and responsibilities of the City and developer, which also then ties into the Commercial Terms (below).

Leederville Precinct Structure Plan

Proposals must show complete alignment with the provisions outlined in the Leederville Precinct Structure Plan.

- Summary of dwelling diversity, as per Leederville Precinct Structure Plan.
- Provision of future adaptation allowance, outlined through minimum 3.5m floor to ceiling height, as per Leederville Precinct Structure Plan.
- Provision of landscaping including deep soil areas, as per Leederville Precinct Structure Plan.
- Built form design aligned with building and podium height restrictions, as per the Leederville Precinct Structure Plan.
- Summary of car parking provision within the required provisions for residential (resident and visitor) and all non-residential land uses, as per Leederville Precinct Structure Plan.
- Plan that shows high quality built form that creates an effective relationship with Oxford Street and YMCA building through appropriate setbacks, to ensure transition to the Village sub-precinct along Oxford Street and heritage listed YMCA building.
- Plan that shows active uses with the newly created public open space at the Frame Court site. Through 6.1 Development Incentives for Community Benefit of the Leederville Precinct Structure Plan, Additional Criteria #9 and/or #14 can be achieved through the design and redevelopment of the new public open space in conjunction with Oxford Street Reserve and Leederville Skate Park, as per the City's key objectives and requirements.

Commercial Terms

- Outline all equity partners participating in the bid and their proposed respective share of the equity in the project.
- Outline of how funding of the development will be procured, including at a minimum, funding for:
 - Land amalgamations/servicing costs;
 - Land acquisition funding; and
 - Construction funding for the balance of the project.
- To enable the City to assess the net present value of commercial terms, the City requires:
 - Outline of the deal structure for the acquisition of The Avenue and Frame Court land in schedule and project timeline format (see below).
 - Within the deal structure outline of the consideration to the City by way of:
 - The 'as if complete' market value of the public car parks returned to the City;
 - The construction cost of the public car parks returned to the City with quantity surveyor Cost Plan – Order of Magnitude;
 - Other consideration, deemed or actual, in respect to land assembly; and
 - Other cash payments/consideration for the City's land.
 - Provision of a payment and delivery schedule in line with the anticipated program and work breakdown structure provided under Development Proposal (above).