

5.4 REQUEST FOR PROPOSALS FOR REDEVELOPMENT OF LEEDERVILLE CARPARKS

- Attachments:**
1. **Redevelopment Proposals Selection Criteria**
 2. **Stage 1 Submission 1 - Confidential**
 3. **Stage 1 Submission 2 - Confidential**
 4. **Stage 1 Submission 3 - Confidential**
 5. **Stage 2 Request for Detailed Proposals**
 6. **Stage 2 Submission 1 - Confidential**
 7. **Stage 2 Submission 2 - Confidential**
 8. **Stage 2 Submission 3 - Confidential**
 9. **Redevelopment Proposals Evaluation Worksheet - Confidential**
 10. **The Avenue and Frame Court Carpark Land Valuation - Confidential**
 11. **Redevelopment Proposals Commercial Assessment - Confidential**
 12. **Redevelopment Proposals Commercial Assessment - Summary Following Valuation - Confidential**
 13. **Redevelopment Proposals Commercial Review - Confidential**
 14. **Risk Assessment Workshop Report - Confidential**
 15. **Redevelopment Proposals Preliminary Statutory Planning Assessment - Confidential**

RECOMMENDATION

That Council:

1. **NOTES** the evaluation outcome for the Stage 2 Request for Detailed Proposals, relating to The Avenue and Frame Court Car Parks, Leederville;
2. **ENDORSES** the proposal as outlined in Attachments 3 and 7, as the preferred proposal;
3. **REQUESTS** the Chief Executive Officer to progress development of a Heads of Agreement with the preferred proponent in relation to their proposal, as outlined in Attachments 3 and 7, provided that the Heads of Agreement:
 - 3.1 **Is not** a binding agreement to sell or undertake any redevelopment of the land;
 - 3.2 **Contains** a binding acknowledgement by the proponent as to the City's obligations under sections 3.58 and 3.59 of the Local Government Act that must be complied with before the City can agree to proceed with any major land transaction;
 - 3.3 **Addresses** the risks outlined in the Redevelopment Proposals Commercial Assessment, included in Attachment 11;
 - 3.4 **Addresses** point 1 in the conclusion of the PwC Leederville Expression of Interest: Commercial Review included in Attachment 13;
 - 3.5 **Addresses** the findings of the Redevelopment Proposals Preliminary Statutory Planning Assessment, included at Attachment 15; and
 - 3.6 **States** that the City of Vincent would have the first right of refusal for the management of the public car park(s);
4. **REQUESTS** the Chief Executive Officer prepare a Business Plan under sections 3.58 and 3.59 of the *Local Government Act 1995* in relation to the proposal outlined in Attachments 3 and 7, that addresses the:
 - 4.1 **risks** outlined in the Redevelopment Proposals Commercial Assessment, included in Attachment 11;
 - 4.2 **points** in the conclusion of the PwC Leederville Expression of Interest: Commercial Review included in Attachment 13; and

4.3 Risks and Opportunities set out in the Risk Assessment Workshop Report, included in Attachment 14; and

- 5. NOTES that the Heads of Agreement, along with a Business Plan, would be presented to Council for approval to invite and consider public submissions on that Business Plan before Council then considers whether to enter into a major land transaction under sections 3.58 and 3.59 of the *Local Government Act 1995*.**

PURPOSE OF REPORT:

For Council to endorse the preferred proposal and authorise the Chief Executive Officer to develop a Heads of Agreement with the preferred proponent in relation to their proposal for Council's consideration.

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 stage one materials, including the selection criteria to be used to assess all proposals, included at **Attachment 1**.

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

The evaluation panel shortlisted three submissions who received the highest score against the selection criteria. These submissions are at **Confidential Attachment 2, 3 and 4**.

At its Meeting on 18 October 2022, Council endorsed the three submissions for progression to stage two 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 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 was updated following the feedback received from Council Members.

At its Meeting on 13 December 2022, Council approved the Stage 2 Request for Detailed Proposals materials, included at **Attachment 5** for the second stage of the redevelopment proposals process.

Shortlisted proponents were invited to submit detailed proposals from 14 December 2022 to 28 February 2023.

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:Stage 2 Detailed Proposals

Three shortlisted proponents submitted detailed proposals throughout the period of 14 December 2022 to 28 February 2023 included at **Confidential Attachment 6, 7 and 8**.

Evaluation Panel

The evaluation panel who assessed the submissions 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 was advised by an external independent probity advisor, Administration's Procurement and Contracts Officer as well as two subject matter experts from Cygnet West.

Compliance Assessment

All submissions were determined to be compliant against the essential non weighted selection criteria.

Evaluation Method and Weighting

The selection criteria is included in **Attachment 1**.

Evaluation Assessment

Please refer to **Confidential Attachment 9** for further detail.

Evaluation Summary

The evaluation panel recommended that the preferred proponent's proposal is progressed, for the following reasons:

- Most beneficial commercial terms for the City;
- Compliance with the submission requirements;
- Addressed all essential, non-weighted selection criteria and key commercial terms;
- Addressed all Stage 2 Request for Detailed Proposals items; and
- Ranked highest in the evaluation panel's assessment of the qualitative selection criteria.

The City has received an updated land valuation for The Avenue and Frame Court carparks, included at **Confidential Attachment 10**.

Cygnets West has completed a commercial and financial assessment of the shortlisted proposals' commercial offer, included at **Confidential Attachment 11**. Following receipt of the updated land valuation, a summary of the updated commercial and financial assessment has been included at **Confidential Attachment 12**. This does not impact the ranking conclusion but has a flow through effect to the nominal and net present value results.

The City engaged PwC to undertake a commercial review of this assessment, to conduct due diligence of Cygnets West's commercial and financial analysis of the shortlisted proposals' commercial offer. This is included in **Confidential Attachment 13**. The risks identified have been addressed and mitigated to progress to this stage. Remaining risks regarding the preferred proposal specifically would be mitigated through the Heads of Agreement and Business Plan process.

The City engaged Estill and Associates to run a risk workshop to identify any further potential risks associated with the redevelopment proposal details and process. These risks were workshopped to determine ways to minimise and manage any risk. This workshop report is included at **Confidential Attachment 14**.

The City has completed a statutory planning assessment of the shortlisted proposals, included at **Confidential Attachment 15**.

CONSULTATION/ADVERTISING:

Following development of the Heads of Agreement, this and a Business Plan in relation to the major land transaction described in the Heads of Agreement, would be presented to Council for approval to commence state-wide consultation on the Business Plan. The results of the State-wide invitation for comment on the Business Plan would then be presented to Council for consideration of whether to proceed with the major land transaction for the redevelopment of the sites.

The Business Plan would be prepared to comply with both:

- s3.59 of the Local Government Act; and
- regulation 30(2a)(c) of the Local Government (Functions and General) Regulations .1996 (Regs) - thereby avoiding the need to undertake a separate process under s3.58 of the Local Government Act in relation to the disposal of the land.

The state wide public notice must be undertaken for a period of six weeks and state that the local government proposes to commence the major land transaction described in the notice or into a land transaction that is preparatory to that major land transaction. A copy of the business plan would be required to be available to be inspected or obtained at the City's Administration Building, as outlined in the notice as well as being published in the City's website.

LEGAL/POLICY:

Council has not entered into 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. This will be presented for consideration at a subsequent Council Meeting.

A 'Major Land Transaction' means the acquisition, disposal (sell, lease or otherwise dispose of, whether absolutely or not) or development of land that is not exempt under the Act, and where the total value of:

- (a) The consideration under the transaction; and
- (b) Anything done by the local government for achieving the purpose of the transaction;

is more or is worth more than either \$10 million or 10 percent of the operating expenditure incurred by the local government from its municipal fund in the last completed financial year.

If a Business Plan is approved for state-wide consultation, following the consultation, at a subsequent Council Meeting, Council would determine whether or not to:

- proceed with the major land transaction described in the business plan; and
- to enter into the transaction documents for the proposed transaction.

RISK MANAGEMENT IMPLICATIONS

Low: It is low risk for Council to endorse the preferred proposal and authorise the Chief Executive Officer to progress a Heads of Agreement in relation to the proposal. This would be a non-binding agreement, and no decision or commitment has been made by Council to sell or redevelop the land, as per s3.58 and s3.59 of the *Local Government Act 1995*.

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 progressing and signing a Heads of Agreement would be met through the City's existing operational budget.

COMMENTS:

The preferred proposal would create a mixed-use development that greatly improves Leederville's economic viability and activation for local businesses, residents and visitors and would deliver a significant long term financial benefit to the City.

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
1. Context and Character <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. 	<p>Yes / No</p>	
<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. 	<p>Yes / No</p>	
<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. 	<p>Yes / No</p>	
<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. 	<p>Yes / No</p>	
<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. 	<p>Yes / No</p>	

PROJECT VISION AND DESIGN PRINCIPLES (50% WEIGHTING)

7. Legibility

- 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.

Yes / No

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 data-bbox="165 539 1182 678" 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

- Outline if and when the public car bays would be available to the general public (i.e. Owned or controlled by the City of Vincent and provided 24 hours a day, 7 days per week at casual rates or another option)”.
- Confirmation of the total number of public car bays to be delivered at both public carparks proposed for The Avenue and Frame Court sites.
- Provision of a market valuation of any public car parking facilities built and returned (specifying in what form e.g. retained, or returned by way of lease or freehold transfer) to the City of Vincent using a discounted cash flow basis, with supporting valuation, inclusive of relevant market evidence, rationale, input assumptions and valuation calculations that include a 10-year discounted cashflow approach with an appropriate terminal value and including all maintenance and operating cash outflows associated with its operation.
- Provide an order of magnitude cost including life of asset maintenance 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:
 - Freehold (Green Title) Subdivision;
 - Freehold (Survey Strata) Subdivision; or
 - 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.
- For completeness and for the avoidance of doubt, in relation to the number of public car bays, specify the number of ground floor parking bays within each facility or within the subject land, with a separate breakdown between The Avenue and Frame Court land parcels.

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:
 - Land amalgamation;
 - Land subdivision;
 - Statutory planning including MRS Amendment(s);
 - Servicing authority consultation;
 - Identification and removal of redundant services;
 - Services upgrades and associated headworks charges on subdivision;
 - Water Corporation main drain design and upgrade consultation, management thereof and delivery to satisfaction of the Water Corporation;
 - Consultant costs to support the above process and delivery requirements;

- Existing lease or other interests in land, identification, management, relocation and renegotiation, and where relevant cost and compensation thereof;
 - Development and management of public spaces, plazas, laneways and accessway; and
 - 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 and debt 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).