

9.9 COMMENCEMENT OF EXPRESSIONS OF INTEREST PROCESS INVITING REDEVELOPMENT CONCEPTS FOR THE AVENUE AND FRAME COURT CAR PARKS, LEEDERVILLE

- Attachments:**
1. Site Map
 2. Draft EOI Process
 3. Selection Criteria
 4. Land Valuation - Confidential

RECOMMENDATION:**That Council:**

1. **APPROVES** 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/or Frame Court Car Park as outlined in Attachment 1 in alignment with Council's strategic intention for both sites contained in the Leederville Precinct Structure Plan;
2. **NOTES** the:
 - 2.1 **Process outlined in Attachment 2 will be undertaken to receive and assess the proposals;**
 - 2.2 **Selection criteria included at Attachment 3 will be used for the assessment of any proposals received; and**
 - 2.3 **A report will be prepared for Council to approve any shortlisted proposals from Stage 1 to progress to Stage 2 as a preferred proponent/s; and**
3. **REQUESTS** the Chief Executive Officer to provide options to Council on how any proceeds could be utilised during preparation of the Annual Budget and updates to the Corporate Business Plan, Capital Works Program and Long Term Financial Plan.

PURPOSE OF REPORT:

To approve the Chief Executive Officer (CEO) commencing a staged process of inviting Expressions of Interest (EOI) for re-development concepts of the City's major landholdings in Leederville: the Avenue Car Park and/or Frame Court Car Park in alignment with the draft Leederville Precinct Structure Plan endorsed by Council in September 2021.

BACKGROUND:

In 2007, the City prepared the Leederville Masterplan. The [Leederville Masterplan Built Form Guidelines](#) established detailed redevelopment plans for the Avenue Car Park and Frame Court Car Park. The Avenue North was planned to become the Oxford Markets Precinct with the aim to establish a new supermarket and food market on the site of the City of Vincent at-grade parking and to create a multi-storey car park. The Avenue South was planned to create an iconic landmark mixed use residential tower on the site of the City of Vincent's at-grade car park.

The Frame Court car park site was planned to create a new Southern gateway to Oxford Street, to create a new civic square and to create an overhead link to Leederville Station.

During this master planning process, the City prepared to invite redevelopment concepts for both carpark sites to achieve Council's objectives through a flexible tender process. The approach was designed to allow proponents to determine the best option to achieve Council's objectives. These may have included a joint venture of some type. It would also allow developers of varying sizes to express interest. A two stage process would allow an initial EOI for high level concepts to be proposed. Short-listed concepts would then proceed to a more detailed Stage 2 design and negotiation process with preferred proponents.

Colliers International was engaged by the City to prepare the [Leederville Masterplan Development Proposition and Marketing](#) for the two car park sites. The EOI process did not proceed at this time but in March 2012 the City hosted a [Business Forum](#) to engage on the potential redevelopment opportunities in the Masterplan area.

Leederville is identified as being 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). SPP 4.2 sets out the requirements for Activity Centre Structure Plans.

At its meeting on 14 March 2012, Council resolved to prepare a Structure Plan and commenced pre-consultation to determine the issues, opportunities and constraints that may exist. Council considered these outcomes at its meeting on 12 February 2013.

Imagine Vincent and the City's Strategic Community Plan (SCP) articulates the community's vision and aspirations for the future. The comments received as part of Imagine Vincent in 2018 reiterated the need for a more considered approach to planning for the future development of Vincent and its centres, such as Leederville.

The LPSP was subject to significant research and public consultation prior to being drafted. To build on the SCP and understand how to relate the six priorities to Leederville, the City launched 'Design Leederville' in late 2019.

Step 1 was to understand the Leederville Precinct from a technical perspective through desktop research and site visits, culminating in a detailed SWOT Analysis.

Step 2 was to consult with the community and key stakeholders on the future of the Leederville Precinct and to see if the detail SWOT Analysis matched with community personal experiences and knowledge. This provided further context, history and information about the current use of the precinct.

Based on the results of this work a draft LPSP was developed, which was then subject to community consultations in mid-2021. At its meeting on 14 September 2021, Council recommended that that WAPC approve the LPSP subject to modifications resulting from community consultation.

Under the LPSP the Avenue Car Park and Frame Court Car Park 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:

Avenue Car Park

The site is suitable for large-scale, sustainable, mixed-use development including multi-deck parking that provides public car parking opportunities. This location is easily accessed from the primary road network and is in close proximity to the key activity generators in the Leederville Precinct, and the high quality pedestrian connections to those destinations.

Subject to business case analysis prepared by the City or a third party, the priority outcome for this multi-deck car park would be to integrate it within a mixed use development, or to construct it to a standard that is capable of future additional development. An additional key priority is the potential immediate and long-term revenue opportunities for the City, through car parking arrangements.

The following is to be considered in the redevelopment of the site:

- Exemplary sustainable development; and
- Provision of public and consolidated car parking.

The Avenue Car Park 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 suitable for large-scale, sustainable, mixed-use development including diversity of housing options for any residential component. This location is easily accessed from public transport and the core activity and employment area of Leederville.

Subject to business case analysis, the priority outcome for this site would be a mixed use development, including affordable housing, which addresses the adjoining pedestrian link and vehicle access from Frame Court.

The following is to be considered in the redevelopment of the site:

- Affordable housing;
- Pedestrian and cycling connection through and around the site; and
- Consideration of the relocation of civic uses such as the library or other active community uses.

The Frame Court Car Park is situated within the Urban Frame Type A precinct, which is described as:

- A medium to large-scale residential (Urban Frame Type B) and mixed use area (Urban Frame Types A and C).
- 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.

DETAILS:

Due to the progression of the LPSP and change in market conditions, developer interest in large parcels of Leederville is likely to increase. Instead of dealing with proposals if and when they arise, Administration recommends commencing a public EOI process for the City's two major landholdings in Leederville, the Frame Court and Avenue Car Parks as shown in **Attachment 1**.

This EOI process would provide for major development companies to put forward concept ideas that align with the City's strategic plans and vision. The proposed process is outlined in **Attachment 2**.

Criteria for EOIs in alignment with the Leederville Precinct Structure Plan and Strategic Community Plan are included at **Attachment 3**.

A market valuation has been undertaken for the sites and is included at confidential **Attachment 4**.

In considering any EOI proposals, a 'Value for Money' assessment would consider any up-front income as well as ongoing income from car parking, rates and lease fees.

The Avenue and Frame Court Car Parks are the City's two largest revenue generating car parks. On average, the two car parks currently raise approximately \$1.2 million each year in ticket purchases and an additional \$93,000 in fines.

Market Conditions

The market valuation for both sites at confidential Attachment 4 by McGees property provides the following commentary on the Leederville property market.

Local Leederville Residential Market

“In the June 2021 quarter, the Leederville median house price remained unchanged from the previous 12 months to sit at \$880,000.

In the June 2021 quarter, the Leederville median unit price increased by 2.2 percent from the previous 12 months to sit at \$475,000.

As at September 2021, we would argue that the market for residential properties within the immediate suburb of Leederville was considered to be buoyant.”

Suburban Commercial Land Market

“The Perth suburban commercial land market plateaued in 2014 after a period of moderate growth, with the subdued market conditions having continued from 2015 to 2020.

The Perth suburban commercial land market in the current low interest rate and COVID-19 environment improved in the second half of 2020 and into 2021.

The Perth suburban commercial land market has been significantly impacted by the weak office and retail rental markets which have rendered various sites across the metropolitan area as unfeasible for commercial development.

Nevertheless, highly exposed sites in strategic locations mixed use sites continue to attract good interest.

Demand for commercial and mixed use zoned land within Leederville also improved in the second half of 2020 and into 2021.”

CONSULTATION/ADVERTISING:

The initial request for EOIs would be managed by an external property consultant as well as being advertised by way of:

- Notice on the City’s website;
- Publication on the City’s noticeboards;
- Publication in a Statewide newspaper; and
- Social media posts.

LEGAL/POLICY:

Administration will comply with the requirements of S3.59. 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 or enters into a land transaction that is preparatory to entry 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. During the advertisement of the business plan, submissions or entirely new proposals may be received.

The City has not commenced the process under s3.59.

If a major land transaction is being considered as a result of the EOIs then a business plan would be developed that is informed by the responses that are received through the EOI process and would be consulted on with the community prior to Council considering whether or not to prepare to or enter into a major land transition.

RISK MANAGEMENT IMPLICATIONS

Low: It is low risk for Council to approve inviting EOI for its Leederville landholdings. The City has complete control over whether to continue or cease this process at any point.

STRATEGIC IMPLICATIONS:

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

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 environmental sustainability outcomes. This action/activity is environmentally neutral.

Included in the criteria are references to environmental sustainability but, until they have been realised through a successful submission, they will not have any measurable effect.

PUBLIC HEALTH IMPLICATIONS:

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

The criteria include public health outcomes such as alternative transport usage, however, these would not take effect unless they were delivered by a successful submitter.

FINANCIAL/BUDGET IMPLICATIONS:

Administration would seek Council approval to meet the costs of engaging external property and commercial expertise to support the EOI process where these costs cannot be met within existing operational consultancy budgets.

Redevelopment concepts for these car park sites would have significant financial implications for the City and detailed analysis and assessment of any proposals would be provided to Council during the process outlined in **Attachment 2**.

The land valuation for these sites is contained in confidential **Attachment 4**.

COMMENTS:

A benefit of opening up an EOI process would be to allow Council to determine the timing and staging of the development of the car park sites – and to facilitate the construction of a multistorey carpark to meet the demands of the Town Centre.

It would allow the City to receive development concepts which would address key public realm and infrastructure issues (particularly transport, traffic and car parking) and ensure any preferred concepts were progressed in line with the Leederville Precinct Structure Plan.

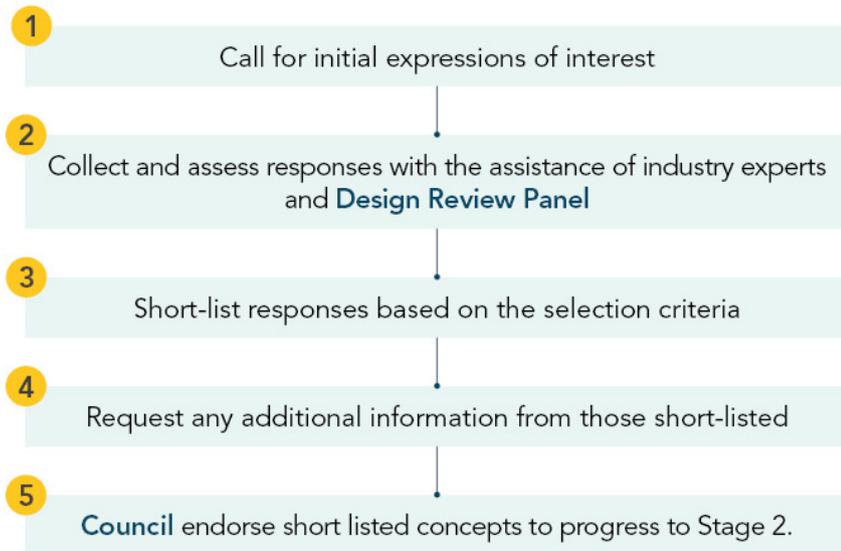
This is the optimum time to commence an EOI process for several reasons:

- Council has now set the strategic objectives for both these sites in the recently endorsed Leederville Precinct Structure Plan;
- Extensive community engagement and consultation was undertaken through-out the development of LPSP including with the business community to confirm the redevelopment objectives for both sites;
- Local businesses are keen to see the construction of a multi-storey car park in Leederville;
- Council has provided strong support for high quality mixed use development through the endorsement of the Local Development Plan for 40 Frame Court adjacent to the Frame Court Car Park;
- The Avenue Car Park and Frame Court car park are at capacity particularly since the opening of the ABN building on Vincent Street;
- The residential property market in Leederville is buoyant;
- Demand for commercial and mixed use zoned land within Leederville improved in the second half of 2020 and into 2021 – and highly exposed mixed use sites in strategic locations continue to attract good interest; and
- We expect a high level of interest from experienced and reputable developers in these premium sites in the heart of the Leederville Town Centre, close to the CBD, and adjacent the Leederville train station and Mitchell freeway.

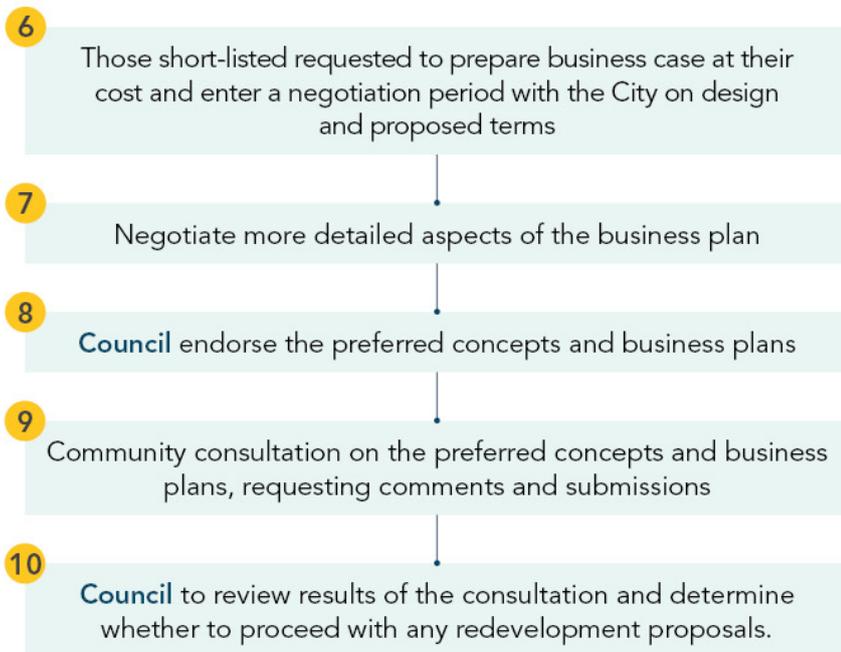
The cumulative impact of these reasons listed above are likely to elicit the highest quality proposals for these sites which provide the greatest benefits to the City and community in line with the Leederville Precinct Structure Plan.



STAGE 1



STAGE 2



DRAFT EOI SELECTION CRITERIA

Submitters will be initially assessed against the following criteria. The essential criteria must be delivered, with the desirable criteria being weighted.

Essential Criteria

- Maintain provision of a minimum of 400 public parking bays across the two sites, in addition to consolidation of car parking arrangements to provide the required bays for the predicted floor space and forecasted future parking needs.
- Potential immediate and long-term revenue opportunities for the City, through public car parking arrangements.
- Proposed management arrangements (required for any multi-storey car park proposals).
- Outline of the proposed developable land area.
- Indicative commercial terms that maximize current and long-term tenure arrangements for the City of Vincent.
- Alignment with the draft Leederville Precinct Structure Plan.

Desirable Criteria

Project Vision (15%)

- Concept Plan visually depicting land use elements, key structures and density.
- Public benefit including estimated economic benefits to the local area (e.g. new jobs, increased visitation, etc.).
- Alignment with the City's Strategic Community Plan priorities and draft Leederville Precinct Structure Plan.

Design Principles, Design Excellence, Environmentally Sustainable Design, Innovation (35%)

- Architectural aspirations, design approach and strategies to achieve design excellence (including design review by the City's panel).
- Quality of the public domain and its contribution to the experience of the precinct, including landscape design and the delivery of active public spaces such as plazas, squares, courtyards, arcades or laneways.
- Approach to sustainable development to outline key environmentally sustainable design initiatives that will be included within the development. Achievement of Green Building Council of Australia Green Star Certification.
- Access and connectivity to public transport and alternative modes to the private car.
- Housing diversity and provision of affordable housing.
- Consideration of civic and community uses.
- Commitment to innovation, which may include built-form and design, community and social and economic outcomes.

Business Plan (30%)

- Proposed development mix including market assessment.
- Yield table for each proposed asset class.
- Development financial feasibility and funding plan.
- Development staging and timeframes to ensure that public car parking is retained through the development process.

Capacity, Delivery Structure, Financial Proposal, Funding Guarantees and Security (20%)

- Financial capacity and capability to deliver the proposal, including other major financial commitments.
- Disclosure of proponent details (e.g. names of parties funding and managing the proposed development).
- Risk allocation and ability to mitigate risk.
- Cost of infrastructure and public domain improvements.