



CITY OF VINCENT

BUSINESS PLAN MAJOR LAND TRANSACTION

1 The Avenue, Leederville | 62 Frame Court, Leederville

Pursuant to section 3.59 of the Local Government Act 1995



SUBMISSIONS

The City of Vincent invites submissions on this Business Plan for the City's proposal to commence the major land transaction at 1 The Avenue and 62 Frame Court, Leederville.

The City proposes to undertake a Major Land Transaction, to facilitate disposal of three land parcels, owned by the City in freehold. The three land parcels are proposed to be disposed of by way of a sale to Hesperia Property Pty Ltd and its related entities (Hesperia) as are described in the part of this business plan titled "Summary of Major Land Transaction and Disposals of Property".

Title information for the land out of which the three land parcels will be created is set out below:

AVENUE CAR PARK LAND			
Lot	Plan	Landgate Area m ²	CT Vol / Fol
33	53031	1,214	1696/605
1	63619	1,135	2724/679
8	880	374	1218/28
9	880	374	1218/28
10	880	301	1053/306
25	24301	1,755	1246/990
217	27936	640	2215/301
301	31811	1,455	2128/547
34	53032	386	1794/602
36	61931	1,606	1833/196
		9,240	

FRAME CAR PARK LAND			
Lot	Plan	Landgate Area m ²	CT Vol / Fol
27	450	2,453	1079/117

In accordance with section 3.59 of the Local Government Act 1995, the City is required to prepare a Business Plan in relation to the transaction and give state-wide public notice of the transaction proposal.

The community is invited to make submissions in relation to the transaction to the City's Executive Director Strategy & Development, John Corbellini.

Submissions can be made via the following methods:

Mail: PO Box 82, Leederville, 6902

Email: mail@vincent.wa.gov.au

In person: 244 Vincent Street (corner Loftus Street) Leederville

Copies of the Business Plan are available from:
City of Vincent Administration Building: 244 Vincent Street (corner Loftus Street) Leederville
 City of Vincent Website: vincent.wa.gov.au

Closing date for submissions is
5pm, 11 September 2023.



PURPOSE

The City of Vincent's Leederville Precinct Structure Plan (LPSP), as adopted by Council, sets the following key vision for Leederville to be:

A thriving connected and sustainable local village that showcases and preserves its rich cultural and natural elements.

The Leederville Town Centre has a unique mix of retail, civic uses, restaurants, bars, and residential dwellings which all function in a cohesive environment and flourish together as one mixed-use hub. It is bounded by the Mitchell Freeway and Loftus Street and extends north to Bourke Street.

As some suburbs in Perth's inner-city have gentrified over time, Leederville has retained a distinctive feel whilst developing a unique, vibrant, and youthful atmosphere. The Town Centre has great potential to accommodate higher density development and creating a high-quality public realm, whilst retaining the existing Town Centre character.

Leederville is identified as a Secondary Centre in accordance with the Western Australian Planning Commission's (WAPC) State Planning Policy 4.2 – Activity Centres (SPP 4.2). SPP 4.2 describes the main role and typical attributes of a Secondary Centre:

"Secondary centres with a rail station should be a focus for medium and high-density housing, employment growth and diversity of land uses."

The typical urban form within the centre is described by SPP 4.2:

"Medium and high-density urban area within the centre core characterised by mid to high-rise buildings that provide contiguous, activated and pedestrian-friendly street frontages and public spaces."

As a Secondary Centre, it is important that Leederville does not develop as a single-purpose centre, but instead continues to expand on its offering of a wide variety of land uses.

Local strategic planning documents recognise the need for Leederville to support growth, with high density residential development being focused on proximity to train stations and along high frequency bus routes.

Leederville is specifically identified for redevelopment as a Secondary Centre through a Precinct Structure Plan.

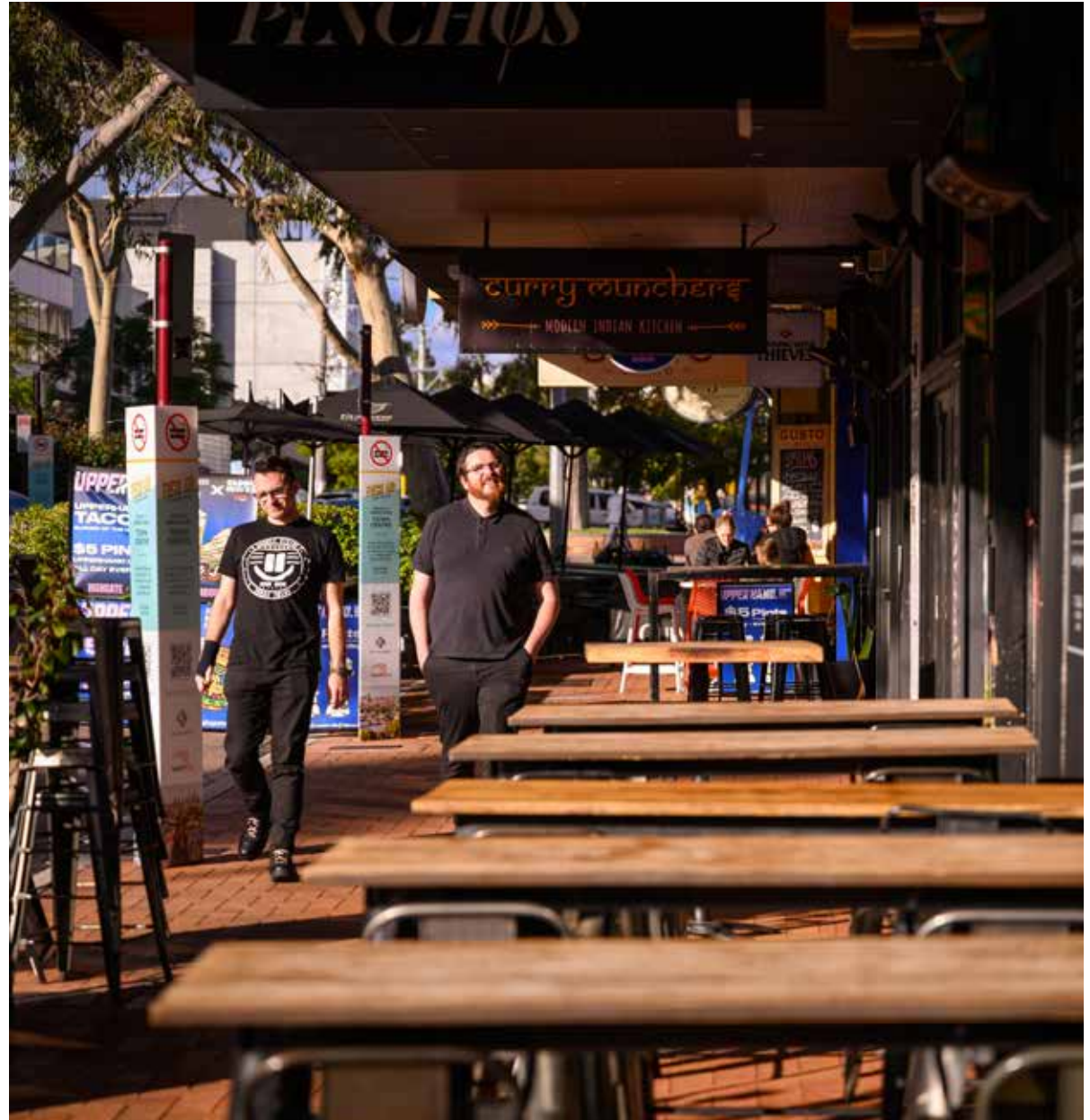
In accordance with SPP 4.2, the City has prepared the LPSP which will replace the Leederville Masterplan and guide future development within the locality.

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.

Following adoption of the LPSP by Council the City of Vincent commenced a redevelopment proposals process for the City's two major landholdings in Leederville, the Frame Court and The Avenue car park land, so that these landholdings align and deliver on the vision of the LPSP.



SITE OVERVIEW



The primary documents associated with the Frame Court and The Avenue car park sites in relation to the local planning framework comprise of the following:

- Planning and Development Act 2005
- Planning and Development (Local Planning Schemes) Regulations 2015
- Local Planning Scheme No. 2 (LPS2)
- Residential Design Codes
- City's Policy No. 7.7.1 – Built Form
- Leederville Masterplan
- Leederville Precinct Structure Plan



PLAN 2 - SUB-PRECINCT MAP

Leederville Activity Centre Precinct

- Structure Plan Boundary
- Sub-Precincts (Heights)**
 - Village (acceptable 2, max. 3)
 - Cityscape (acceptable 18, max. 23)
 - Urban Frame Type A (acceptable 10, max. 14)
 - Urban Frame Type B (acceptable 6, max. 10)
 - Urban Frame Type C (acceptable 3, max. 5)
 - Suburban Type A (acceptable 4)
 - Suburban Type B (acceptable 3)
 - Suburban Type C (as per Built Form Policy)
 - Education and Civic (acceptable 6, max. 10)
- Development Opportunities**
 - Transitional Height
 - Proposed Social Space
 - Existing Landmark Site
 - Key Development Site
 - Formalised Public Thoroughfare
 - Existing Public Transport Routes
 - Potential Public Transport Routes
 - Proposed Pedestrian Link
 - Existing Access Easement





The Avenue Car Park

Local Planning Scheme: Zoning – Regional Centre

Leederville Precinct Structure Plan: Zoning – Mixed Use R-AC0

The site is situated within the Cityscape precinct, which is described under the LPSP 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 through community benefit.

Frame Court Car Park

Local Planning Scheme: Zoning – Regional Centre

Leederville Precinct Structure Plan: Zoning – Mixed Use R-AC0

The site is situated within the Urban Frame Type A precinct, which is described under the LPSP 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.

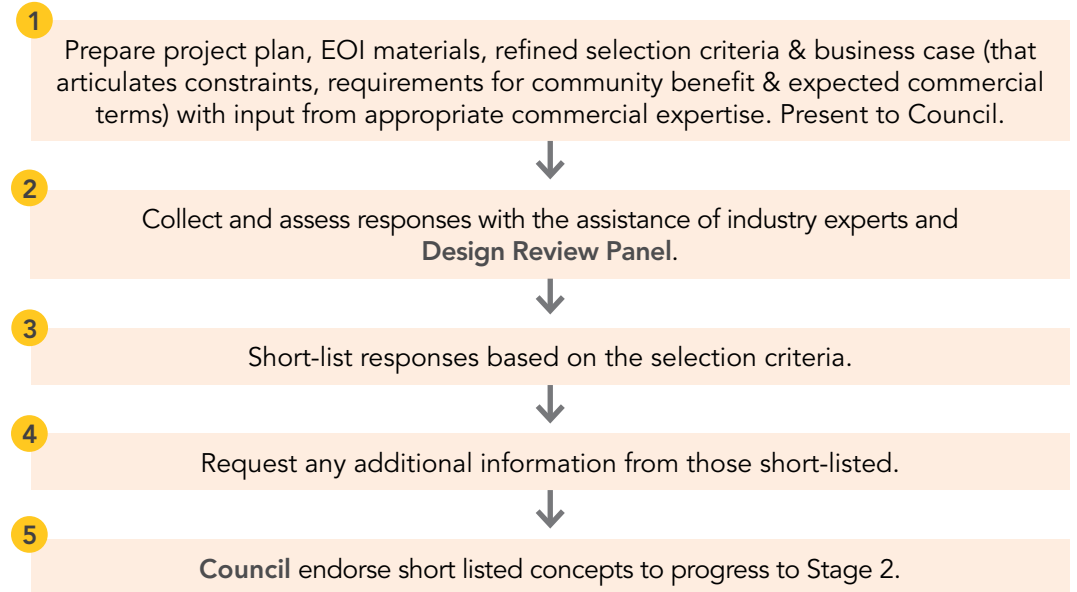
This identifies an acceptable height standard of 10 storeys, which could increase to a maximum height of 14 storeys subject to bonus criteria being met through community benefit.

PROCESS BACKGROUND

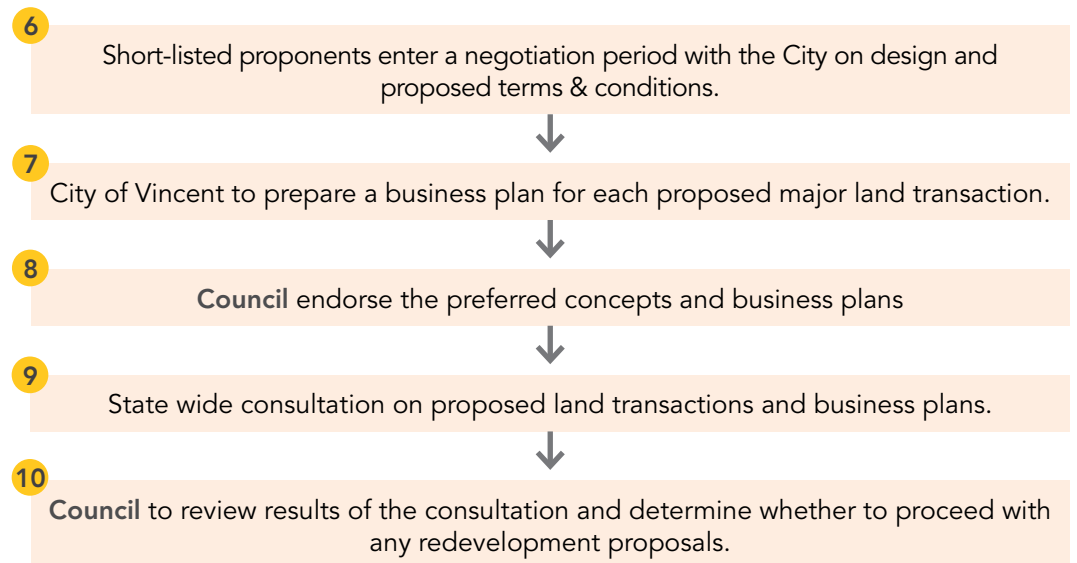
At its Meeting on 14 December 2021, Council approved the Chief Executive Officer to commence an expression of interest process for the redevelopment of the City's major landholdings in Leederville, being The Avenue car park and Frame Court car park.

At its Meeting on 21 June 2022, Council approved the redevelopment proposals process, as outlined here:

STAGE 1



STAGE 2





At its Meeting on 21 June 2022, Council also approved the selection criteria to be used for the process, as outlined below:

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 of the Proponents Request for Proposals.

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 - 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	
2. Landscape Quality - 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	
3. Built Form & Scale - 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	
4. Functionality and Build Quality Commitment to innovation, which may include energy and water sourcing, built form and design, community, social and economic outcomes.	Yes / No	
5. Sustainability 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	

PROJECT VISION AND DESIGN PRINCIPLES (50% WEIGHTING)

6. Amenity

- 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

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 – Table 1 provided below	Yes / No	
2. Proponent corporate structure	Yes / No	
3. Proponent business and company profile	Yes / No	
4. Demonstrated: - 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	



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

An evaluation panel was convened to assess the submissions. 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 and planning knowledge and skills.

The evaluation panel was advised by an external independent probity advisor, external commercial advisors and Administration's Coordinator Procurement and Contracts.

The evaluation panel shortlisted three submissions who received the highest score against the selection criteria.

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.

The draft Stage 2 Request for Further Information was work shopped 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, as outlined here for the second stage of the redevelopment proposals process.

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.

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).

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

The evaluation panel recommended that the preferred proponent's proposal (Hesperia's) be progressed, for the following reasons:

- 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.

At its Meeting on 9 May 2023, Council endorsed Hesperia as the preferred proponent and requested the Chief Executive Officer progress the development of a Heads of Agreement with Hesperia in relation to their proposal.

At this same Meeting, Council requested the Chief Executive Officer prepare a Business Plan under section 3.59 of the Local Government Act 1995 in relation to the major land transactions relating to Hesperia's proposal.

At its Meeting on 25 July 2023, Council approved the Business Plan as per this document for state-wide consultation.



EXPECTED EFFECT ON MATTERS REFERRED TO IN THE LOCAL GOVERNMENT'S CURRENT PLAN

The major land transaction meets the objectives of Leederville, as aligned with the priorities of the City's Strategic Community Plan.

The City's Corporate Business Plan 2023/24 – 2026/27 (Plan) outlines a list of strategic projects for the duration of this Plan. Pursuant to the Project Management Framework adopted by the City, strategic projects are projects that generally have three or more of the following attributes:

- High priority
- Exceeding 12 months in duration
- Introduces significant risk, change and significant benefit
- High profile or significant community impact or interest (in line with Community Engagement Framework)
- Requires three or more full-time equivalent across divisional team
- More than \$250,000 budget

This project is titled *Leederville Carpark Redevelopment* and is the second strategic project listed. Described as Redevelopment of The Avenue and Frame Court carparks; this project sits under all Strategic Community Plan priorities. Implementing this project will work towards the City progressing all priorities within the Strategic Community Plan.



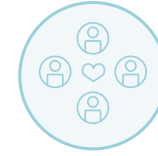
ENHANCED ENVIRONMENT

The natural environment contributes greatly to our inner-city community. We want to protect and enhance it, making best use of our natural resources for the benefit of current and future generations.



ACCESSIBLE CITY

We want to be a leader in making it safe, easy, environmentally friendly and enjoyable to get around Vincent.



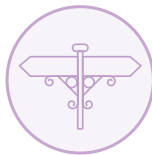
CONNECTED & HEALTHY COMMUNITY

We are a diverse, welcoming and engaged community. We want to celebrate what makes us unique and connect with those around us to enhance our quality of life.



THRIVING PLACES

Thriving Places are integral to our identity, economy and appeal. We want to create, enhance and promote great places and spaces for everyone to enjoy.



SENSITIVE DESIGN

Design that 'fits in' to our neighbourhoods is important to us. We want to see unique, high quality developments that respect our character and identify and respond to specific local circumstances.



INNOVATIVE & ACCOUNTABLE

The City of Vincent has a significant role to play in supporting our community to realise its vision. To achieve this, we will be an innovative, honest, engaged and responsible organisation that manages resources well, communicates effectively and takes our stewardship role seriously.

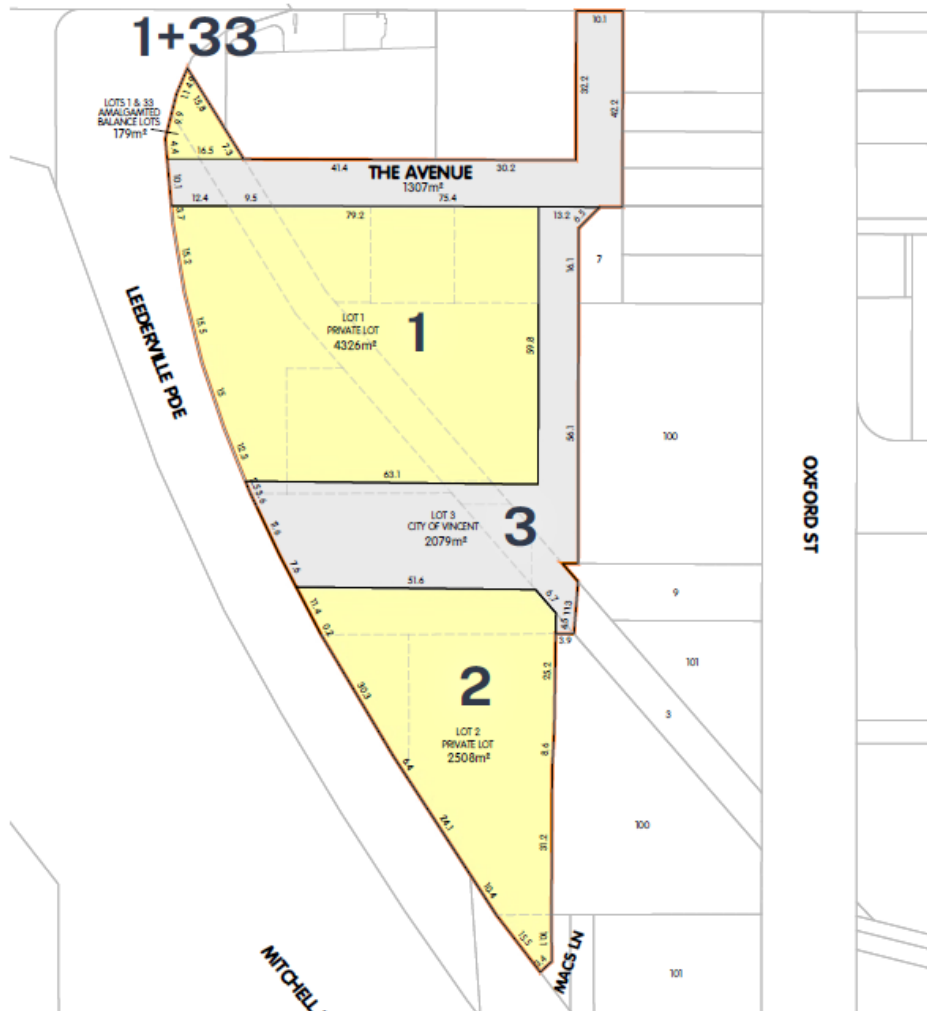


EXPECTED EFFECT ON THE PROVISION OF FACILITIES AND SERVICES BY THE LOCAL GOVERNMENT & OTHER PERSONS PROVIDING FACILITIES AND SERVICES IN THE DISTRICT

Land Disposal

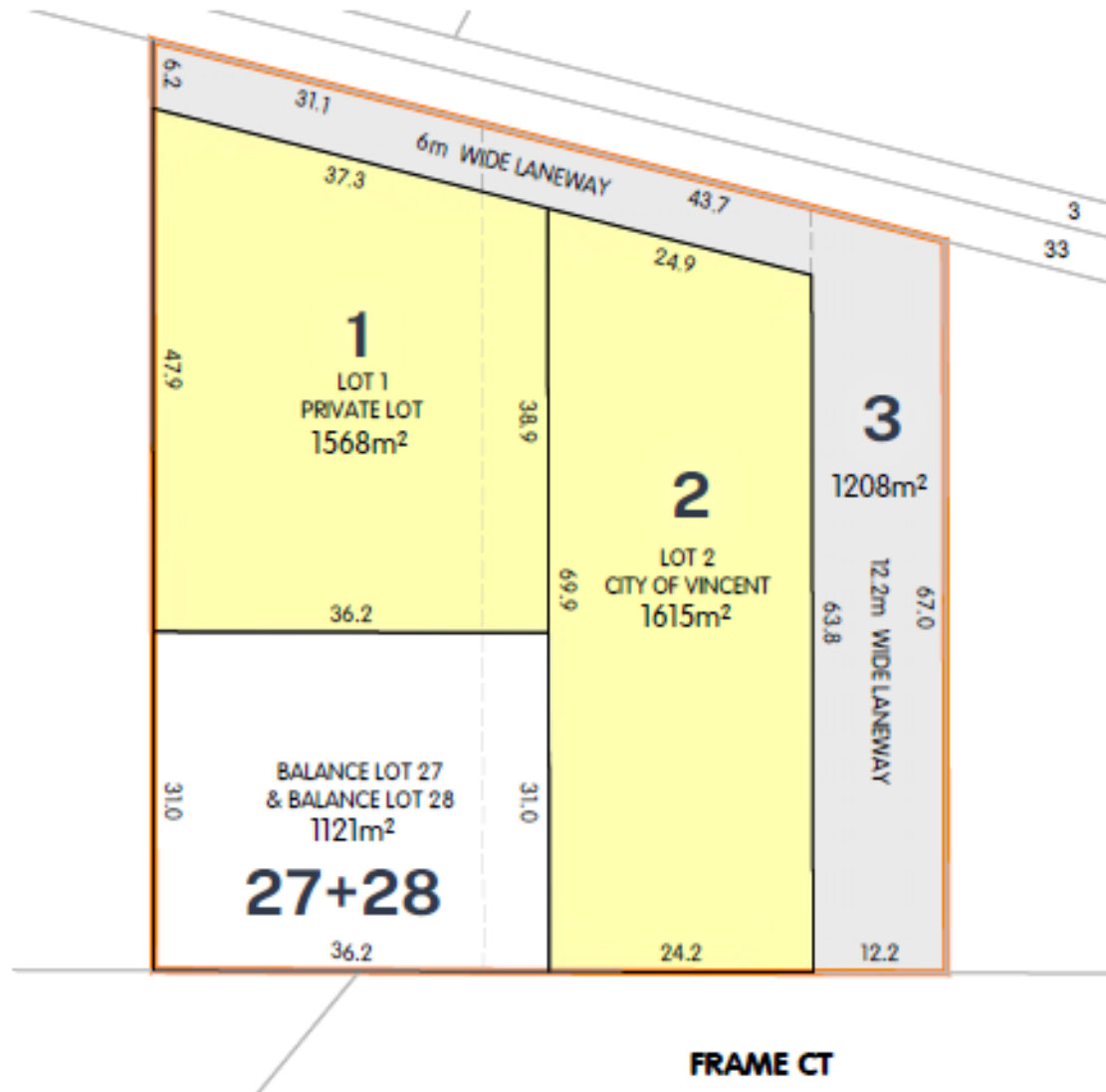
The lots that currently comprise The Avenue and Frame Court car parks are proposed to be subdivided by Hesperia at Hesperia's cost into the following configuration. The final land areas will be subject to final design and survey.

The Avenue



- Lot #1 adjacent is referred to as The Avenue North and is proposed to be sold to Hesperia. (4,326sqm approximately)
- Lot #2 adjacent is referred to as The Avenue South and is proposed to be sold to Hesperia. (2,508sqm approximately)
- Lot #3 adjacent is to be used as road reserve, to remain in the ownership of the City of Vincent or to be vested as Crown Land. (2,079sqm approximately)
- The balance of Lot #1 and #33 (at the top of the image adjacent) is proposed to remain in the ownership of the City of Vincent. (179sqm approximately)

Frame Court



- Lot #1 adjacent is referred to as the Frame Court Development and is proposed to be sold to Hesperia. (1,568sqm approximately)
- Lot #2 adjacent is referred to as the Frame Court Car Park, to remain in the ownership of the City of Vincent. (1,615sqm approximately)
- Lot #3 adjacent is to be used as road reserve, to remain in the ownership of the City of Vincent or vested as Crown Land. (1,208sqm approximately)
- The balance of Lot #27 and #28 is to remain in the ownership of the City of Vincent. (1,121sqm approximately)

The three parcels of land proposed to be sold to Hesperia will be sold as is, where is and with all defects and faults, with no representation or warranty being given. The City would have no liability for any existing contamination, pollution or hazards and Hesperia would assume all liability for existing contamination, pollution and hazards.

Hesperia would be responsible for all costs of the development including:

- Costs of all applications and approvals;
- Costs of all works (whether before or after settlement);
- Costs of complying with its obligations in the transaction documents;
- Costs of obtaining the City's consent to an assignment, sale or transfer, mortgage or charge.

Buyers

There would be three buyers of each parcel of land being sold as outlined below:

- The Frame Court Development land buyer is Leederville Asset Pty Ltd ACN 669 462 702 as trustee for the FC Asset Trust.
- The Avenue North land buyer is Leederville Asset Pty Ltd ACN 669 462 702 as trustee for the AN Asset Trust.
- The Avenue South land buyer is Leederville Asset Pty Ltd ACN 669 462 702 as trustee for the AS Asset Trust.

Hesperia Property Pty Ltd ACN 641 894 340 would be appointed as the Master Developer responsible for stepping in if any buyer does not complete its obligations on the site, pursuant to the transaction documents. Hesperia Property Pty Ltd would be required to step in to remedy a default of a buyer and be granted the right to purchase the property of the defaulting buyer, provided that any incoming party would be bound and become a party to the relevant transaction documents.

Security

- To secure the performance of each individual buyer, that individual buyer will deliver to the City at signing of each lot a parent company guarantee and indemnity on standard terms to be provided by Hesperia Property Pty Ltd or other Hesperia related entities, to the City's satisfaction.
- At settlement of The Avenue North site a restrictive covenant will be created under section 129BA of the Transfer of Land Act and registered at Landgate providing the following:
 - All development must include a car park containing not less than 217 bays.
 - The car park may only be used for purposes of a public car park for 40 years.
 - Prohibiting aggressive behaviours by the car park operator, such as wheel clamping.
 - Prohibiting the charging of different fees to customers visiting different tenancies.
 - Prescribing the hours during which the car park must remain open.
- The Avenue South lot buyer will pay the City a cash consideration of \$10 million plus any applicable GST. This is payable on the earlier of:
 - Settlement; and
 - 31 July 2029.
- The cash consideration will from 31 October 2028 and on the first day of every quarter, thereafter, increase by CPI until the cash consideration is paid. The Frame Court buyer will provide a guarantee and indemnity in relation to the payment of the cash consideration by The Avenue South buyer on the due date.
- From site possession, if Frame Court or The Avenue North is delayed beyond 30 months or The Avenue South is delayed beyond 36 months, at Hesperia's fault, the buyer will be required to pay the City a daily amount until practical completion is achieved. The daily amount is an amount equal to 1/365 of the estimated annual rates and taxes that the City would be entitled to charge as if that part of the overall development was completed minus the rates and taxes that Hesperia is paying the City at the time. The compensation amount will be capped.
- Relating to the Frame Court Car Park site development, a bank guarantee in the amount of \$4,500,000 will be provided to the City. The bank guarantee will reduce to \$1 million when the car park to be constructed on the Frame Court Car Park site is certified to be at 50% completion. The bank guarantee will be returned on practical completion of the car park.



Proposal Overview

The proposal by Hesperia for the redevelopment of The Avenue and Frame Court, Leederville is outlined in **Appendix 1**. This includes a visual representation of the facilities and services provided as summarised below:

- 484 public car parking bays available to the public 24 hours a day, 7 days a week, unless approved otherwise by the City.
- An additional estimated 148 public car parking bays, available to the public on weekends and between 5:30pm and midnight on weekdays, unless approved otherwise by the City.
- A minimum of 262 public car parking bays available to the public 24 hours a day 7 days per week during the course of development of the land, unless approved otherwise by the City. The City and Hesperia will use their best endeavours to keep any existing parking bays situated available to be used by the public for as long as possible throughout construction.
- 5 Star Green Star achieved plus a targeted net zero carbon approach through 80% diversion from landfill and net zero build.
- Consideration of a design competition process that the City's representatives would be involved in.

The Avenue Site – Overall

- Retail uses on the ground floor fronting the proposed Little Oxford Lane and both northern and southern side of the Community Plaza.
- 16 public bays in the Community Plaza to be available to the public 24 hours a day, 7 days a week, unless approved otherwise by the City.
- The delivery of a laneway along the eastern side of The Avenue site between The Avenue and the Water Corporation easement called Little Oxford Lane (this would contribute towards Development Incentives for Community Benefit under the Leederville Precinct Structure Plan).
- The delivery of an approximately 2,079 square metre Community Plaza between The Avenue North and South sites that sits within road reserve dedicated with and managed by the City (this would contribute towards Development Incentives for Community Benefit under the Leederville Precinct Structure Plan).
- Extension of The Avenue as a 10 metre wide road through to Leederville Parade (this would contribute towards Development Incentives for Community Benefit under the Leederville Precinct Structure Plan).
- Roads, laneways and pedestrian connections to be fully constructed, furnished, landscaped and initially maintained at the cost of Hesperia.





The Avenue North Site

- 217 public car parking bays provided in the multi-use building, inclusive of 37 bays at-grade, to be available to the public 24 hours a day, 7 days a week, for a minimum of 40 years, unless approved otherwise by the City.
- Prior to The Avenue North lot buyer entering into a lease of the car park to be developed on The Avenue North site with any person, it must provide the City with the first right to enter into the car park lease. If the City elects to enter into the car park lease, the City will rent and operate the car park with the right to input its own operator to operate the car park at any time. If the City wishes to take a lease and the City and The Avenue North lot buyer are unable to agree the car park design to the level of detail required in order to submit a development application or for inclusion in the building contract, an expert determination process will apply and both parties will be bound by the outcome of that process.

The Avenue South Site

- Mix of residential uses, unless approved otherwise by the City.

Frame Court Site – Overall

- There will be one combined development application for both the car park and the office.
- The different components of the development will be integrated.
- To achieve economies of scale, minimise the overall construction period, minimise the period when parking bays will be impacted and to minimise impacts on the amenity of the area during construction, the Frame Court Development and Frame Court Car Park will be developed together, unless otherwise approved by the City. The works for the development on the Frame Court Development site must commence before practical completion is reached on the Frame Court Car Park site, unless otherwise approved by the City.
- Delivery of the Frame Court extension, a 12.2 metre wide road reserve connecting Frame Court to the Water Corporation easement along the eastern side of the Frame Court Car park site (this would contribute towards Development Incentives for Community Benefit under the Leederville Precinct Structure Plan).
- Delivery of Georgiana Walk, a 6 metre wide laneway running along the northern side of the Frame Court Car Park site (this would contribute towards Development Incentives for Community Benefit under the Leederville Precinct Structure Plan).
- Roads, laneways and pedestrian connections to be fully constructed, furnished, landscaped and initially maintained at the cost of Hesperia.
- 25 public car parking bays at-grade in the Frame Court Extension road reserve dedicated with and managed by the City, to be available to the public 24 hours a day, 7 days a week, unless otherwise determined by the City.

Frame Court Car Park Site

- Frame Court Multi-Storey Public Car Park to be on an approximately 1,615 square metre parcel of green title freehold land with the car park and land to be wholly owned by the City.
- Hesperia to construct the car park on the Frame Court Car Park site for the City, at Hesperia's cost. The cost to construct the car park is estimated to be approximately \$20.4 million.
- 226 public car parking bays provided within the City's car park, available to the public 24 hours a day, 7 days a week, unless otherwise determined by the City.

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- Car park to be 3.5 metres floor to ceiling, rather than floor to floor, or otherwise agreed by the City during the car park design, to consider the car park efficiency.
 - Provision for eight EV charging bays on the ground floor and provision for conduit space for cabling to each bay to be funded by Hesperia.
 - At practical completion of the Frame Court Car Park site, the City would grant Hesperia an easement for vehicle and pedestrian access purposes to enable access via the first floor of the Frame Court Car Park site to the parking area of the Frame Court Development site.
 - Floorspace of approximately 1,275sqm would be provided within the Frame Court Multi-Storey Public Car Park, comprising of the below or other locations or commercial structures to be agreed by the City, to be provided at the cost of Hesperia (these would contribute towards Development Incentives for Community Benefit under the Leederville Precinct Structure Plan):
 - Community/art incubator hub - approximately 95sqm
 - Community end-of-trip facilities including public toilets - approximately 300sqm – fit out
 - Community rooftop active space - approximately 880sqm

Frame Court Development Site

- Hesperia will grant the City and the public access by way of a management and/or licence agreement to the estimated 148 car parking bays within the Frame Court Development site on weekends and after 5:30pm on business days, unless otherwise approved by the City. No fee will be payable for this right, but Hesperia will be entitled to be reimbursed reasonable costs associated with the parking arrangement. This is a significant and unique benefit being offered to the City by Hesperia.
- Retail uses to be provided on the ground floor fronting Georgiana Walk, Oxford Street Reserve and the building currently addressed 60A Frame Court.
- Mix of uses to be provided including office, unless approved otherwise by the City.
- Pedestrian access and ground floor activation is being maximised because the Frame Court Development site and the Frame Court Car Park site will share one car parking ramp.

It is possible that changes will be made as the development progresses. Significant changes will require the prior agreement from the City. For example, it may be that at the time a stage of the development is ready to be progressed there is a development outcome, a car parking outcome or a financial outcome that is more beneficial to the City. Also, for example, Hesperia may have a good reason to want to develop both The Avenue North site and The Avenue South site concurrently. Provided that the City is satisfied that the City is not disadvantaged by such changes and such changes do not produce a worse financial outcome for the City then the City may decide to agree to changes to the development.

EXPECTED FINANCIAL EFFECT ON THE LOCAL GOVERNMENT

Land Valuation

The City received a land valuation on 2 April 2023 to assess the current market value of The Avenue and Frame Court car parks under the following scenarios:

- Development Site: 'As is' with highest and best use being as mixed-use development sites in accordance with the draft Leederville Precinct Structure Plan (LPSP), disregarding any public car parking provision or requirement.
- Car Park Use: 'As is', with highest and best use limited to being operational, open air car parks for the long term, with regard to the existing concessional / discounted parking tariffs currently in place.

After receipt of that valuation the City considers that value of the two car park sites is as follows:

The Avenue:

- Development Site: \$20,000,000 exclusive of GST
- Car Park Use: \$8,500,000 exclusive of GST

Frame Court:

- Development Site: \$10,750,000 exclusive of GST
- Car Park Use: \$6,200,000 exclusive of GST

The future state as a development site offers the most value to the City making it the highest and best use. Development of the site would also align with the LPSP vision of this land.

Construction Value of Project

The estimated indicative construction value of the project being delivered by Hesperia is as below:

- The Avenue North: \$76,642,717
- The Avenue South: \$125,026,497
- Frame Court overall development \$113,616,386

City Revenue

Current State – Operating Car Park

Net Cashflows over 20 years (Revenue less operating/capital expenditure)	\$69.37m
Net Present Value discounted at 6% over 20 years (Revenue less operating/capital expenditure)	\$37.30m

Note that revenue includes estimated carparking income and infringements. There are no rates received though the current operating car park.

Future State – Proposed Development

	At Grade Car Park Rates	Multi-Story Car Park Rates
Net Cashflows over 20 years (Revenue less operating/capital expenditure)	\$74.73m	\$84.85m
Net Present Value discounted at 6% over 20 years (Revenue less operating/capital expenditure)	\$40.16m	\$45.13m

Note that revenue includes estimated rates revenue, carparking income and infringements.

Summary including Impacts to Long Term Financial Plan

Noting the project would have positive economic benefit to the Leederville precinct, the proposed development would reduce the City's net surplus in financial year 2025/26 (\$0.6m) of the Long Term Financial Plan. Council may need to consider additional rate rises or a deferral of capital/operating expenditure to achieve a balanced budget in those years.





ABILITY OF THE LOCAL GOVERNMENT TO MANAGE THE UNDERTAKING OR THE PERFORMANCE OF THE TRANSACTION

Hesperia are an organisation with significant experience and a track record of delivering large scale urban renewal projects. The City will engage suitably qualified consultants as required to advise the City.

Timeline

The development timeline is outlined in **Appendix 1**.

The Frame Court site will be developed first. The Avenue North site and The Avenue South site will be developed in that sequence after the Frame Court site unless the City agrees otherwise.

The Avenue North and The Avenue South site will not be transferred to Hesperia until the construction of the car park on the Frame Court Car Park site has been practically completed unless the City agrees otherwise.

Risks

The City engaged Estill and Associates to run a risk workshop to identify any potential risks associated with the redevelopment proposal details and process. These risks were workshopped to determine ways to minimise and manage any risk. A further workshop will be run on this Business Plan and the major land transaction. Some of the identified risks that will be mitigated are listed below:

- Impacts for nearby land uses including the skate park and YMCA.
- The MRS Amendment for the Main Roads road reserve is not progressed.
- The Water Corporation and Western Power do not allow the subdivision works to be bonded and therefore car parking is taken offline earlier than anticipated.
- The Leederville Town Centre vacancies and trade levels mean that parking demand decreases, reducing parking revenue to the City. This is currently a risk to the City and the development is proposed to reduce this risk.
- Hesperia becomes insolvent or claims financial duress during the delivery process.
- Construction commences but is not completed.



Future Process

The process would involve the following steps:

1. The City gives public notice of the Business Plan following approval of Council. (complete)
2. After receiving submissions, the Council decides whether or not to proceed with the proposed transaction outlined within the Business Plan.
3. If proceeding, the Council will request the CEO progresses signing and executing a non-binding Heads of Agreement based on the details in this Business Plan.
4. If not proceeding or proceeding in a manner that is significantly different from the Business Plan, then the City may by notice terminate the Heads of Agreement. For a period of two months following the termination the City will not sell, agree to sell, lease or otherwise dispose of the land or discuss or negotiate a proposal with any party.
5. The parties commence negotiations regarding the transaction documents and endeavour to agree the terms of the transaction documents.

An exclusivity period of 9 months from the execution of the Heads of Agreement, to enable the contracts to be entered into if the Business Plan is endorsed. During the exclusivity period, the City and Hesperia agree to exclusively negotiate with respect to the proposed transaction.

The exclusivity period would terminate if the Business Plan is not adopted by Council.

The City or Hesperia may terminate the Heads of Agreement if the parties have not entered into the transaction document by the end of the exclusivity period or if the parties agree that the negotiations have irretrievably broken down. On termination, neither the City or Hesperia can claim or seek to recover from the other party any outgoings, liabilities, costs or expenses incurred.

Other Matters

If the City and Hesperia are unable to agree the Frame Court car park design to the level of detail required to submit a development application, then either party may terminate the agreement.

If the City and Hesperia are unable to agree the Frame Court car park design level of detail required for inclusion in Hesperia's building contract, then an expert determination process would apply.

SUMMARY OF MAJOR LAND TRANSACTION AND DISPOSALS OF PROPERTY

The costs to do the works to create the three new lots, being Lot #1 the Frame Court Development, Lot #1 The Avenue North and Lot # 2 The Avenue South amounts to approximately \$8,443,592.

Frame Court – Overall

Sale

- The area of land is described on page 22.
- The buyer of the Frame Court Development site is Leederville Asset Pty Ltd ACN 669 462 702 as trustee for the FC Asset Trust.
- In certain circumstances the buyer may be changed to either Hesperia Property Pty Ltd ACN 641 894 340 or Leederville Asset Pty Ltd ACN 669 462 702 as trustee for the Leederville Asset Trust.
- If Hesperia Property Pty Ltd is not the buyer, then Hesperia Property Pty Ltd will guarantee to the City the obligations of the buyer.
- The consideration to be received by the City for the sale of Lot #1 the Frame Court Development, Lot #1 The Avenue North and Lot # 2 The Avenue South is the doing of the works required to create the three new lots, the freehold realisation of the proposed Frame Court Car Park owned

by the City with an indicative market value of \$21,700,000 and \$10 million dollars in additional cash consideration.

- The market value of Lot #1, the Frame Court Development is \$3,904,302.
- The buyer will construct the development on the Frame Court Development land.
- If the buyer does not achieve practical completion of the Frame Court Development land by 30 months after being given possession of the land, then the buyer must compensate the City by way of an amount equal to the rates revenue forgone by the City. The compensation amount will be capped.
- If the buyer does not achieve practical completion of the car park on the Frame Court Car Park site within 18 months of being given possession of that land, then the buyer must pay the City a daily amount of compensation. The compensation amount will be capped.
- The freehold realisation of the proposed Frame Court Car Park owned by the City with an indicative market value of \$21,700,000.

Access Easement

- The City's car park on the Frame Court Car Park site will serve as access to the car park located within the Frame Court Development site.
- Access to the car parking located within the Frame Court Development site will be from the second floor of the City's car park on the Frame Court Car Park site.
- The City will grant the buyer of the Frame Court Development site an easement over part of the City's adjoining Frame Court Car Park site starting at street level and extending to the first floor, to facilitate access and egress for the improvement on the Frame Court Development site.
- The recipient of the easement will be the buyer as described above.
- No additional consideration is to be received by the City specifically for the grant of the easement.
- The market value of the easement is approximately \$1,600,000. The easement value benefit is equivalent to the full value of an easement 8.0m wide and full depth of the lot.

Buyback Right

- The City will have the right to buy back the Frame Court Development site from the buyer if the buyer does not achieve material commencement of the adjoining car park development on the Frame Court Car Park site, within six months of being given possession of the Frame Court Car Park site.
- Material commencement means construction of the ground floor slab.
- The buyback price will be a nominal amount.

After Hours Rights

- The buyer will grant the City and the public access by way of a management and/or licence agreement to the first four levels of car parking of the Frame Court Development site building after 17h30 on business days and at any time on weekends.
- It is anticipated that there will be approximately 148 bays.
- No fee will be payable for this right, but the buyer will be entitled to be reimbursed reasonable costs associated with the parking arrangement.
- The City may charge the public fees to use this parking area. This right will apply for 40 years.
- There will be a deed in place to ensure future owners and mortgagees are bound by this right.

Short Term Lease

- It is anticipated that the buyer will start development works promptly following settlement. If there are delays the buyer will lease the Frame Court Development site back to the City at a peppercorn rent so that the City can continue to use the Frame Court Development site for public parking until the buyer is ready to start development works.



The Avenue North

Sale

- The area of land is described on page 21.
- The buyer is Leederville Asset Pty Ltd ACN 669 462 702 as trustee for the AN Asset Trust.
- In certain circumstances the buyer may be changed to either Hesperia Property Pty Ltd ACN 641 894 340 or Leederville Asset Pty Ltd ACN 669 462 702 as trustee for the Leederville Asset Trust.
- If Hesperia Property Pty Ltd is not the buyer, then Hesperia Property Pty Ltd will guarantee to the City the obligations of the buyer.
- The consideration to be received by the City for the sale of Lot #1 the Frame Court Development, Lot #1 The Avenue North and Lot # 2 The Avenue South is the doing of the works required to create the three new lots, the freehold realisation of the proposed Frame Court Car Park owned by the City with an indicative market value of \$21,700,000 and \$10 million dollars in additional cash consideration.
- The market value of Lot #1, The Avenue North is \$9,720,522.
- The buyer will construct its development on the #Lot 1 The Avenue North.
- If the buyer does not achieve practical completion of development by 30 months after being given possession of the lot, then the buyer must compensate the City by way of an amount equal to the rates revenue forgone by the City. The compensation amount will be capped.

Restrictive Covenant

- At settlement of the transfer of The Avenue North site, the buyer will grant the City a restrictive covenant over The Avenue North site.
- The restrictive covenant will prohibit development of The Avenue North unless that development includes a car park comprising at least 217 bays.
- The restrictive covenant will require the car parking area of The Avenue North site to be used as a car park for 40 years.
- No additional consideration is paid by the City to the buyer specifically for the grant of this right.

Right to Lease

- The buyer will grant the City a right to lease the car parking area to be constructed as part of The Avenue North site development.
- The lease will be a net lease at a market rent.
- The City is not required to take the lease.
- The City will have the ability to match an offer to lease that the buyer receives from a car park operator if the City wishes to do so.

Buyback Right

- The City will have the right to buy back The Avenue North site from the buyer if the buyer does not achieve material commencement of the development within six months of being given possession of The Avenue North site.
- Material commencement means construction of the ground floor slab.
- The buyback price will be a nominal amount.

Short Term Lease

- It is anticipated that the buyer will start development works promptly following settlement. If there are delays the buyer will lease The Avenue North site back to the City at a peppercorn rent so that the City can continue to use The Avenue North site for public parking until the buyer is ready to start development works.

The Avenue South

Sale

- The area of land is described on page 21.
- The Buyer is Leederville Asset Pty Ltd ACN 669 462 702 as trustee for the AS Asset Trust.
- In certain circumstances the buyer may be changed to either Hesperia Property Pty Ltd ACN 641 894 340 or Leederville Asset Pty Ltd ACN 669 462 702 as trustee for the Leederville Asset Trust.
- If Hesperia Property Pty Ltd is not the buyer, then Hesperia Property Pty Ltd will guarantee to the City the obligations of the buyer.
- The consideration to be received by the City for the sale of Lot #1 the Frame Court Development, Lot #1 The Avenue North and Lot #2 The Avenue South is the doing of the works required to create the three new lots, the freehold realisation of the proposed Frame Court Car Park owned by the City with an indicative market value of \$21,700,000 and \$10 million dollars in additional cash consideration.
- The market value of Lot # 2, The Avenue South is \$5,635,476.
- The buyer is required to pay the City \$10 million on the first to occur of 31 July 2029 and the transfer of Lot #2 The Avenue South to the buyer.
- For the period between 31 October 2028 and settlement, the \$10 million will increase by CPI on the first day of each quarter until paid. The Frame Court buyer will provide a guarantee and indemnity in relation to the payment of the cash consideration by The Avenue South buyer on the due date.
- If the buyer does not achieve practical completion of development by 36 months after being given possession of the lot, then the buyer must compensate the City by way of an amount equal to the rates revenue forgone by the City. The compensation amount will be capped.

Short Term Lease

- It is anticipated that the buyer will start development works promptly following settlement. If there are delays then the buyer will lease The Avenue South site back to the City at a peppercorn rent so that the City can continue to use The Avenue South site for public parking until the buyer is ready to start development works.





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