

Urban Planning

**UP22/3993 – 13 THE ESPLANADE / 64 KISHORN ROAD, MOUNT PLEASANT FUTURE
OPTIONS REPORT (REC) (ATTACHMENT)**

Ward	: Applecross – Mount Pleasant
Category	: Strategic
Application Number	: Not Applicable
Property	: 13 The Esplanade/64 Kishorn Road, Mt Pleasant
Proposal	: Response to Council Resolution
Applicant	: Not Applicable
Owner	: City of Melville
Disclosure of any Interest	: No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	: Item M22/5890 – Ground Lease Redevelopment Agreement 13 The Esplanade and 64 Kishorn Road, Mt Pleasant – Ordinary Meeting of Council held 15 February 2022. Item M22/5895 – Motions Carried at the General Meeting of Electors Held 2 February 2022 – Ordinary Meeting of Council held 15 March 2022 Item 16.1 Motion with Notice Mount Pleasant Senior Citizens Site Being Public Open Green Space – Ordinary Meeting of Council held 15 March 2022 Item 18.1 Confidential Item M22/5890 Ground Lease Redevelopment Agreement 13 The Esplanade and 64 Kishorn Road, Mt Pleasant – Alternate Motion - Ordinary Meeting of Council held on 19 April 2022 Item 12.1 - Petition – Rezone 13 The Esplanade/ 67 Kishorn Road, Mount Pleasant to Public Open Space – Ordinary Meeting of Council held 21 June 2022
Responsible Officer	: Jeremy Rae Strategic Land and Property Executive Gavin Ponton Manager Strategic Urban Planning

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AUTHORITY / DISCRETION

DEFINITION

<input type="checkbox"/>	Advocacy	<i>When the Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input type="checkbox"/>	Executive	<i>The substantial direction setting and oversight role of the Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>
<input type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes & policies.</i>
<input type="checkbox"/>	Review	<i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i>
<input type="checkbox"/>	Quasi-Judicial	<i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (e.g. under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i>
<input checked="" type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

KEY ISSUES / SUMMARY

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| <ul style="list-style-type: none"> • The Council at its Ordinary Meeting of the Council held on 15 March 2022 resolved to direct the CEO to prepare a report on 13 The Esplanade/64 Kishorn Road, Mount Pleasant. • The resolution requested a number of options be considered with a report back to the July 2022 Ordinary Meeting of Council. • The future options Council requested for consideration included restoring the former Canning Bridge Senior Citizens site to community use as public open green space (POS) with tree planting; sale of the site; identification of appropriate locations for POS in the Canning Bridge area; possible future uses for the site including commercial uses; and on how and when public consultation for uses or selling of the site is appropriate. • High level investigation of future options for the site are summarised in this report for information purposes only. Further investigation, detailed analysis and comprehensive community consultation are recommended for the site once the Canning Bridge Activity Centre Plan (CBACP) review is finalised. • This report also addresses a petition and a multi-signature letter presented to the June 2022 Ordinary Council Meeting. |
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BACKGROUND

At the Ordinary Meeting of Council on 15 March 2022, Council adopted the following resolution in relation to the land at 13 The Esplanade/64 Kishorn Road, Mount Pleasant:

That the Council directs the CEO to prepare a Report on 13 The Esplanade/64 Kishorn Road Mt Pleasant to be presented to the July 2022 Ordinary Meeting of Council:

- 1. On restoring the former Canning Bridge Senior Citizens site to community use as public open green space with tree planting.***
- 2. On the option of selling the site.***
- 3. On identification of appropriate locations for POS in the Canning Bridge area.***
- 4. On possible future uses for the site including commercial uses.***
- 5. On how and when public consultation for uses or selling of the site is appropriate.***

CARRIED (9/3)

At the 21 June 2022 Council Meeting a petition was presented to the Council that requested that the Council:

Re-zone 13 The Esplanade/ 64 Kishorn Rd Mount Pleasant to Public Open Space making the area green space incorporating seating and tree planting.

The Reasons Supporting this action: The Canning Bridge precinct is devoid of green space and with its proximity to high traffic volume (Freeway and Canning Hwy), thus creating a heat island and increase in air pollution. The population of this area is rapidly increasing and there already is a greater need for people to have open space nearby. The closest park is on the corner of Clive/Ogilvie Streets (800 metres away) and Deep Water Point (1.4kms) which does not conform with the City's policy of having a park within 400 metres of every dwelling."

The City has also received a multi signature letter that related to the future use of this property that stated that:

The Canning Bridge precinct is devoid of green space and with its proximity to high traffic volume (Freeway and Canning Hwy), causes an increase in air pollution. The population in this area is rapidly increasing and there will be a greater need for people to have somewhere to socialise nearby. The closest park is. on the corner of Clive/Ogilvie Streets (800 metres away) and Deep Water point (1.4 kms)

The Petitioners therefore request that 13 The Esplanade/64 Kishon Rd Mount Pleasant be turned into green space incorporating tree planting.

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Scheme Provisions

MRS Zoning : Urban
LPS Zoning : Centre C2
CBACP : M10
Use Type : Not Applicable
Use Class : Not Applicable

SITE DETAILS

Address	Legal Description	Certificate of Title	Land Area (m ²)	Current Owner
13 The Esplanade, Mt Pleasant	Lot 30 D27499	468/83A	1,060	City of Melville
64 Kishorn Road, Mt Pleasant	Lot 24 D23207	1219/736	1,012	City of Melville
			2,072	

The subject site comprises Lot 24 Kishorn Road and Lot 30 The Esplanade, Mount Pleasant. The site is approximately 80 metres long and 25m in width and has a total land area of 2,072 square metres. The site is currently vacant and was previously occupied by the Canning Bridge Senior Citizens Centre. The site is currently used for storage and car parking.

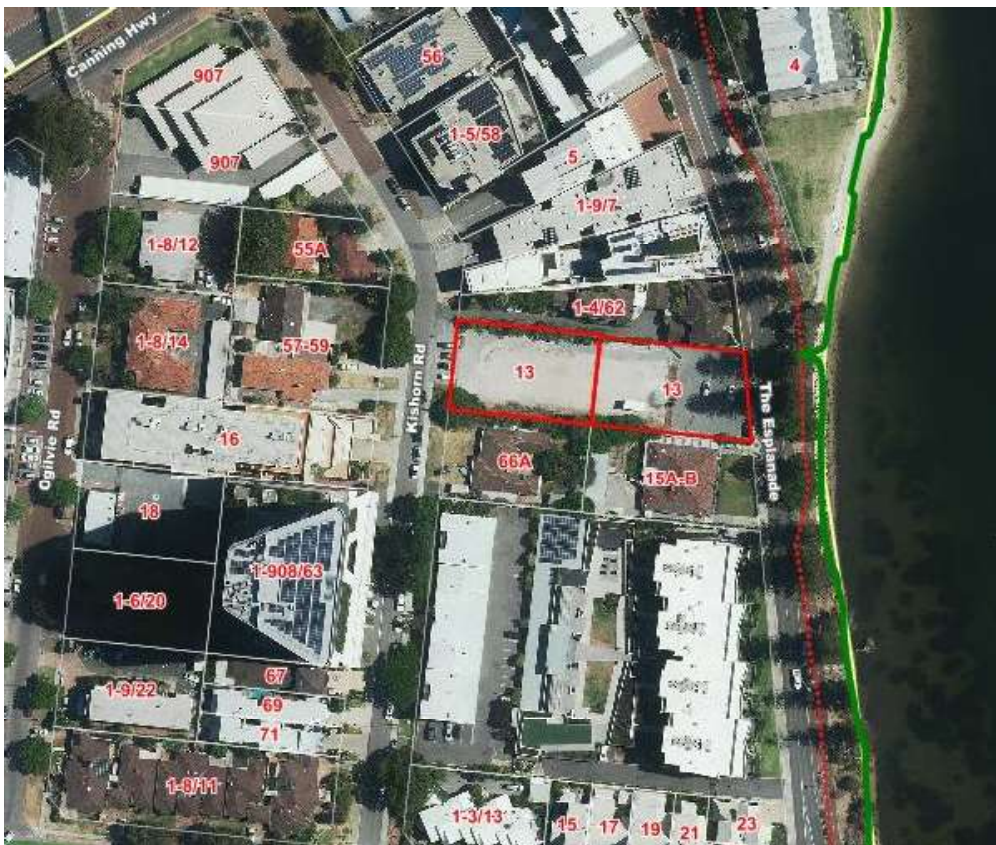


Figure 1: Location Plan

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MRS Zoning	TPS 6 Zoning	Activity Centre Plans/Structure Plans
Urban	Centre C2 R-AC0	Canning Bridge Activity Centre Plan Zoning: Mixed Use up to 10 storeys (M10)

The site is located within the Canning Bridge Activity Centre (CBACP) and is identified as being within the M10 zone. This designation provides for mixed use development up to ten storeys, with additional height possible subject to provision of community benefits.

The property had been identified as a strategic land asset, with potential to generate revenue to the City. Revenue generated would be used to provide services across the City and reduce rate obligations on the community.

Colliers International ran an extensive Request for Proposal (RFP) process for the City for the sale or ground lease and redevelopment of the site which closed on 29 August 2018. As a result of this process, Council identified a preferred proposal for the site involving a long-term ground lease to an aged care provider. The proposal provided for an indexed lease payment of approximately \$650,000 per year for the 49-year ground lease (with an option for a further 40 years). The Council at its meeting held 19 April 2022 resolved not to proceed with the proposal.

DETAIL

This report responds to the five items listed in the Council resolution.

1. *On restoring the former Canning Bridge Senior Citizens site to community use as public open green space with tree planting.*
2. *On the option of selling the site.*
3. *On identification of appropriate locations for POS in the Canning Bridge area.*
4. *On possible future uses for the site including commercial uses.*
5. *On how and when public consultation for uses or selling of the site is appropriate.*

1. Restoring the former Canning Bridge Senior Citizens Site to Community Use as Public Open Green Space with Tree Planting

Comment

This option involves converting the subject site into a landscaped public open space. The site characteristics provide for a linear park which could provide passive open space and a mid-block pedestrian linkage to the river. The space could be developed with a range of treatments including tree plantings, turfed areas, seating, play equipment etc.

The shape of the site and its east west orientation does constrain its potential usability and presents challenges given that much of the site would be likely to be impacted by shade from potential future developments. As such, the green space would most likely be more of a CBD plaza style public open space, rather than a traditional local park. The long side boundaries to the site present difficulties in terms of activation and passive surveillance. There may be opportunity for future development on adjoining sites to improve this interface.

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Costs and Benefits

Development of the site for open space will provide amenity benefit to the precinct. As noted above, however, the site is not well suited to use as open space.

The Park option does not provide a revenue stream to the City in terms of lease payments or rate income. The option also quarantines the freehold land value of the site. Conversion of the site to open space with the level of specification appropriate for the precinct is estimated at \$2,072,000. Ongoing maintenance costs are estimated at \$62,000 per annum, being approximately 3% of the installation costs.

For comparative purposes, for each of the options in the Council resolution an estimation of the net financial cost/benefit to the City over a 49-year period has been calculated. The calculation is based on today's dollar value and excludes opportunity cost, loss of asset value, rate income.

Conversion and use of the site as a park is estimated to have a net financial cost of -\$6.3M. This assumes a 20-year life of asset includes full replacement of the park in year 20 and year 40.

There may be other variations to the park option such as converting portion of the site to park and making the remaining portion of the site available for sale or ground lease. These options introduce an income stream which could be used to offset the cost of creating and maintaining the park. Options to use portion of the site for development may also assist in activating the space, enhancing passive surveillance whilst maintaining an open space and pedestrian linkage function.

A summary of the 49-year net cost to the City for different park options is shown below:

Park option	49-year net cost/benefit
100% conversion to park	-\$6.3M
70% park; 30% sale	-\$3.2M
30% park; 70% ground lease	\$5.5M
30% park; 70% sale	\$2.6M

2. The Option of Selling the Site.

Comment

Sale of the site would enable the freehold value of the land to be realised. Proceeds of a sale could be reassigned to products and services throughout the City and/or assigned to services within Canning Bridge precinct. If additional public open space in Canning Bridge precinct is a priority, then sale proceeds could be used to purchase a site more suited to development as a park.

Recent market valuations of the site indicate a current value of \$9M to \$9.5M excluding GST. Valuations from 2018 and 2021 are shown below:

- \$9.4M (February 2018)
- \$9.1M (November 2021)

[3993 - The Esplanade Alternate Options Financial Analysis June 2022](#)

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Selling Options

The Local Government Act 1995 (LGA) provides for the methods and process of disposal of Local Government owned property. This is detailed in Section 3.58 and Section 3.59 of the LGA. The main methods are as follows: -

1. Public Auction
2. Tender
3. Expression of Interest (Leading to Sale by Private Treaty)
4. Requests for Proposals

The requirements for Public Notice and Advertising vary under the Act depending upon which selling process is adopted.

Sales Structure Options (Strengths & Weaknesses)

The table below provides an overview of the strengths and weaknesses of each, specific to the City:

Option	Description	Strengths	Weaknesses
Outright Vanilla Sale	Sale process against non-negotiable pre-determined sales contract open to all parties	Simple. Low cost, little management time.	May not extract full value. Site could be developed to the maximum of the M10 zoning
Expressions of Interest and Request for Proposals (EOI & RFP)	Run a process to shortlist bidders and choose best offer against pre-defined terms (no further negotiation).	Should extract more value if designed and managed well. Strong probity if terms fixed and pre-defined.	More complex than outright sale. More management time and costs.
Negotiated Sale (following modified EOI & RFP)	Negotiate the sale with preferred bidder (against predefined contract with some terms flexible and open to negotiation).	Should extract more value (both as to sale proceeds and product) if designed and managed well.	More complex than above. More management time and costs. Probity may be affected by negotiable elements.
Joint Venture/Project Development Agreement (JV/PDA)	Negotiate a joint venture with preferred bidder using EOI & RFP.	Better potential value capture for council. Otherwise effectively the same as negotiated sale.	Increased risk to Council due to JV contribution and contractual and market risks. Otherwise effectively the same as negotiated sale.

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Option	Description	Strengths	Weaknesses
Ground Lease	Lease the site long term (40+ years) to a third-party developer (subject to a Development Agreement). Suitable only for an ongoing operation or development i.e., not suited to sale of freehold strata	Provides recurrent income stream and relatively easy to contract.	Council takes credit risk against counterparty unless 100% prepaid.

Costs and Benefits

The comparative 49-year net cost to the City calculations for the option of selling the site are depicted below. As above the comparison exercise is based on today's dollars and excludes indexation, investment of proceeds etc.

Sale of the Site	49-year net cost/benefit
100% sale of site	\$9.1M

Ground Lease Proposal – Demonstration of Market Value

In addition to the above valuation information, it is noted that the recent ground lease proposal for the site (Aged Care use by Oryx Communities) provides an indication of the wider economic value of the asset in the marketplace.

The tables below outline the ground lease income to the City that would have been earned over the full lease term and the Economic Value not realized due to the proposal not proceeding.

The combined loss in Present Value terms to the City from not utilizing this asset for the 89-year ground lease opportunity is represented by: -

Loss of Ground Lease revenue (89 years)	\$18M
Loss of Rates revenue (40% of ground lease)	\$7M
Loss of Economic Value	<u>\$85M</u>
Total Combined Loss of Asset Value Measured in PV	<u>\$110M (Todays \$)</u>

The Cumulative Total Loss of Ground Lease Income Stream \$137M (Indexed by CPI)

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Ground Lease Analysis Table

Description	Term 49 Years	Term 89 Years
Cumulative Lease Income (Undiscounted)	\$41.47m	\$136.97m
Average Annual Leasing Income (undiscounted)	\$0.85m	\$1.54m
NPV Leasing Income	\$13.98m	\$18.20m
<u>Assumptions</u> CPI = 2.5%pa IRR Discount Rate = 4.5% Market Reviews = 0% Ave. Annual Growth = 2%		

Economic Impact Value

The total present value (PV) from the proposed aged care ground lease redevelopment project was expected to be ~\$85m over the 49-year period being the first term of the proposed ground lease. The discount rate applied is 7%.

The table below provides a summarised breakdown of the Present Value Benefits over the 49-year initial lease term: -

Present Value Benefits	Value (\$)
Economic Benefits	
Rates Revenue	\$720,000
Vehicle Travel Time & Operation Cost	\$20,000
Quality of Life Carers	\$37,000,000
Total Increase in Caregiver Income	\$32,900,000
Yearly Increase in Caregiver Earnings	\$900,000
Volunteering Benefits (Productivity)	\$400,000

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Health & Social Benefits	
Social Interaction	\$7,000,000
Social Isolation	\$2,200,000
Reduced Falls	\$2,500,000
Volunteering Benefits (Civic)	\$800,000
Volunteering Benefits (Individual)	\$400,000
Health Outcomes	\$600,000
Total PV of Benefits (rounded)	\$85,000,000

Benefit forecasts for the ground lease proposal also demonstrated the economic value presented by a construction project on the subject site. The Oryx aged care example was forecast to result in a cumulative employment impact both direct and indirect from the construction phase of the project is estimated to be **532 FTE's** and expected to generate **\$178M** of output impact to the economy.

3. Identification Of Appropriate Locations for Public Open Space (Pos) In The Canning Bridge Area

It is noted that Council at its meeting of 15 March 2022 resolved as follows:

That:

1. *The mover be thanked for their interest in the provision of public open space in the Canning Bridge Precinct and that Motion 3 carried at the General Meeting of Electors held 2 February 2022, relating to the rezoning of the City's landholdings in Moreau Mews and Kishorn Road Applecross, is noted however, any decisions with respect to the setting aside of the City's land the subject of the motion will be deferred until such time as the Canning Bridge Activity Centre Plan review and public open space needs of the Canning Bridge Precinct has been completed.*
2. *The Council*
 - A. *Note that the upcoming advertising of the revised draft Canning Bridge Activity Centre Plan presents the preferred opportunity to receive community feedback on the future of the Kishorn Road/Moreau Mews land.*
 - B. *Direct the CEO to prepare additional content and detail to be available in conjunction with the advertising of the Canning Bridge Activity Centre Plan with respect to:*
 - i. *Concepts for a town square/urban park in the vicinity of the Kishorn Road/Moreau Mews land.*
 - ii. *Details of mechanisms to achieve the acquisition of additional open space in Canning Bridge including enhancement of community benefit provisions and developer contribution schemes.*

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In view of the Council resolution, it is proposed to undertake further work with respect to POS needs and opportunities at Canning Bridge.

It is noted that the CBACP does not envisage the creation of additional parkland in the precinct. Instead the approach is to maximize the usability of existing spaces and streetscapes, and for these spaces to be supplemented through activation of privately owned elements. The draft CBACP prepared in response to the current review reiterates this approach. Emphasis is on enhancing the public realm and supplementing these elements with a series of small spaces and linkages on private land.

The Community Development Place Activation Plan (CDPAP) from 2020, informed through community engagement, also emphasizes the priority to enhance existing public spaces as opposed to seeking new parks. The report concludes (page 11) that the three neighborhood parks within 800 metres of the precinct are sufficient. The report also notes the need for more intimate urban piazza type spaces, one north and one south of Canning Highway. Further, the CDPAP concurs with the proposal to explore the creation of a small town square (page 15) at the junction of Kishorn Road and Moreau Mews with interface to indoor community recreation activities and mixed use opportunities.

As noted, further work is proposed with respect to POS needs and opportunities at Canning Bridge. The further investigations will supplement ongoing consideration of open space needs and opportunities as part of the review of the CBACP. In particular, the work will highlight that there are a range of options to provide for additional open space within the CBACP area without the need to forego the revenue potential of the existing strategic land holdings. These options include:

- Requirements for developers to contribute funds for acquisition of additional land for open space
- Requirement for developers on large sites to cede usable land for open space.
- Use of City owned strategic land holdings for a combination of public space, community use and revenue potential.

The approach seeks to ensure that it is the developers who contribute to the provision of additional and suitably located open space as opposed to using ratepayer funded landholdings to meet that need.

Significantly, this work will highlight that conversion of Council owned land to POS will likely satisfy any demonstrated additional demand for open space associated with new development in the precinct. Accordingly, use of Council land for POS would likely preclude the option to require developers to be responsible for the funding or provision of new open space.

The above investigations are expected to be completed to support the advertising of the draft CBACP and/or consideration of further modifications to the draft following review of submissions.

4. *Possible Future Uses for the Site Including Commercial Uses*

Comment

The zoning and location of the subject site allows for a range of commercial, community and residential land uses.

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Prior to commencing the RFP process for the site, the City engaged Urbis to provide independent advice on the City's strategic land assets, including the site. The advice included analysis of the site context and background; sales and development processes; site potential assessment and site use assessment.

With consideration to the site attributes, Urbis assessed (August 2017) that the most likely use of the site is residential apartments. Aged care is also a potential high value use. The assessment also supported some community uses and small-scale hospitality offerings however, given the proximity to Canning Highway precinct, these uses are unlikely to be extensive.

The RFP process run in 2018 produced several submissions which included the following proposed redevelopment uses for the site: -

1. Residential Apartment Living
2. Retirement Living
3. Aged Care Living

These uses aligned with the highest and best use for the land and resulted in the City receiving in some cases above market purchase or ground lease offers from the proponents. The subsequent RFP process demonstrated the capacity of the land to generate ground lease revenue of approximately \$500,000 per annum. Commercial feasibility analysis suggests that hospitality uses (hotel, café, restaurant etc.) are unlikely to be viable in this location.

The City would also have the option of considering use of the site for community purposes. Revenue opportunities for community purposes would be expected to be minimal with development and maintenance costs exceeding any income.

The above options analysis highlights the potential to use the site for a combination of open space and built form development. These options are summarized below.

- Use site predominantly for park and small portion for commercial/residential use
This option would likely involve sale of portion of the park to an adjoining property to enable a comprehensive development of that adjoining site. Funds from the partial disposal would offset construction and maintenance costs for the park. Conditions of sale could require a future development to actively front the park to enhance vibrancy and safety. Under this scenario it is noted that a stand-alone commercial operation on portion of the park would be unlikely to be viable.
- Use site predominantly for commercial/residential with small portion for park/pedestrian linkage:
This option would involve the sale or ground lease of a larger portion of the site to facilitate a development. The remainder of the site would operate as a pocket park and pedestrian accessway. The scenario is likely to generate revenue that exceeds construction cost of the park and ongoing maintenance. Ground lease or sale conditions could ensure future development fronts the park/accessway to maximize activation and surveillance.

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The high level, net cost/benefit comparative table discussed above is reproduced below to depict outcomes under these different scenarios:

Park option	49-year net cost/benefit
100% conversion to park	-\$6.3M
70% park; 30% sale	-\$3.2M
30% park; 70% ground lease	\$5.5M
30% park; 70% sale	\$2.6M

5. How and When Public Consultation for Uses or Selling of the Site is Appropriate

The subject property has been identified as a strategic land asset with a purpose to explore the potential to use the land to generate revenue for the community. The site represents a significant community asset with demonstrated substantial revenue generation potential. It is recommended that any consideration of alternative uses, or purposes of the site be informed through a comprehensive community engagement phase. This approach would ensure that all stakeholders are provided with an opportunity to have input into any proposals for the future of this strategic landholding.

Rezoning of the site or disposal of the site would trigger statutory public consultation processes. Given the significance of the site and the substantial financial implications of a change of use, engagement is also recommended with regard to any proposal to convert all or portion of the site to public open space. This approach would be in keeping with the aims of Local Planning Scheme 6 to involve the community in issues of significance. Engagement in these circumstances would also align with the principles of the Council's Engagement Strategy and Council Policy CP-002 Stakeholder Engagement. Policy CP-002 highlights the importance of effective stakeholder engagement and the City's alignment with the International Association of Public Participation (IAP2) Core Values of Public Participation; and the Accountability Principles as defined in the *AA1000 Stakeholder Engagement Standard 2015*. The need for engagement is also highlighted in the *Local Government Act 1995* with the Act intending to result in:

- (a) Better decision-making by Local Governments;
- (b) Greater community participation in the decisions and affairs of Local Governments;
- (c) Greater accountability of local governments to their communities; and
- (d) More efficient and effective local government.

The extent of engagement to be undertaken for any proposed change or use/purpose for the subject property would be guided through the preparation of a Stakeholder Engagement and Communications Plan.

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STAKEHOLDER ENGAGEMENT

Not Applicable. As per Item 5 above engagement is recommended in the event of consideration of alternatives uses for the subject property.

I. COMMUNITY

Not applicable.

II. OTHER AGENCIES / CONSULTANTS

Consultation with other agencies would be required should processes to modify the zoning of the land under LPS6 or the designation of the land under the CBACP be proposed.

STATUTORY AND LEGAL IMPLICATIONS

Not Applicable

FINANCIAL IMPLICATIONS

The report outlines the financial implications (positive and negative) with respect to various options for the future of the subject property.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

The subject property is a strategic land asset of the City. The report outlines financial implications of different options regarding future use of the lands.

Risk Statement & Consequence	Level of Risk	Risk Treatment
Quarantining of revenue potential of strategic land assets reduces City's revenue raising capacity, placing additional reliance on ratepayer funding resulting in higher-than-normal increases in annual rates. The City's ratepayers will incur the cost burden into the future.	Major consequences which are possible, resulting in a High level of risk	Decision makers understand the financial implications and acknowledge alternative POS provision models which achieve desired levels of open space whilst preserving the City's revenue generation opportunities and the implications for annual rates to increased year by year.

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POLICY IMPLICATIONS

There are no policy implications with this proposal.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

The report provides information on the range of options put forward by Council. In particular, the report notes that there are alternative approaches to securing desired areas of POS in the precinct, as opposed to using the strategic land assets for parkland. Significantly these alternative approaches have ability to meet POS needs whilst achieving significantly better amenity and financial outcomes for the community.

COMMENT/CONCLUSION:

This report responds to the Council resolution of 15 March 2022. Investigations highlight the value of the subject property and its potential to generate substantial revenue for the community. The following table summarizes the high-level cost and benefit estimates associated with a range of options for the site.

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High Level Cost/Benefit Estimates

Option	Assumptions	Income/deficit	49-year Net Outcome (Today's value/NPV) ¹	Asset Value Loss
All Park	Plaza style open space, high level of specification	Full replacement of park in year 20 & year 40. Ongoing maintenance costs estimated at 3% of install costs	-\$6.3M ²	\$9M
Sale of Site (full redevelopment potential)	Sell entire site, no control of outcome other than through Statutory approval process	\$9M-\$10M + GST	\$9.1M + rates income	\$9.1M
Ground Lease	Ground lease of land only Not suitable for all uses	\$500K + GST per annum	\$15.3M + rates income	Nil – Ownership Retained
Park (30%) Sell (70%)	Landscape 30% of site, Park, or wide access way Sell remaining 70% (reduced development potential)	\$4.5M-\$5M + GST ³	\$2.6M + GST ³ + rates income	\$9.07M
Park (30%) Ground Lease (70%)	Landscape 30% of site, Park, or wide access way Ground lease remaining 70% (reduced development potential) Not suitable for all uses	\$250K-\$300K +GST ³ per annum	\$5.5M + rates income	\$9.07M
Park (70%) Sell (30%)	Landscape 70% of site. Sell remaining 30%	\$930K -\$1M + GST ³ for land Full replacement of park in year 20 & year 40. Ongoing maintenance costs estimated at 3% of install costs	-\$3.2M + GST + rates income	\$9.03M

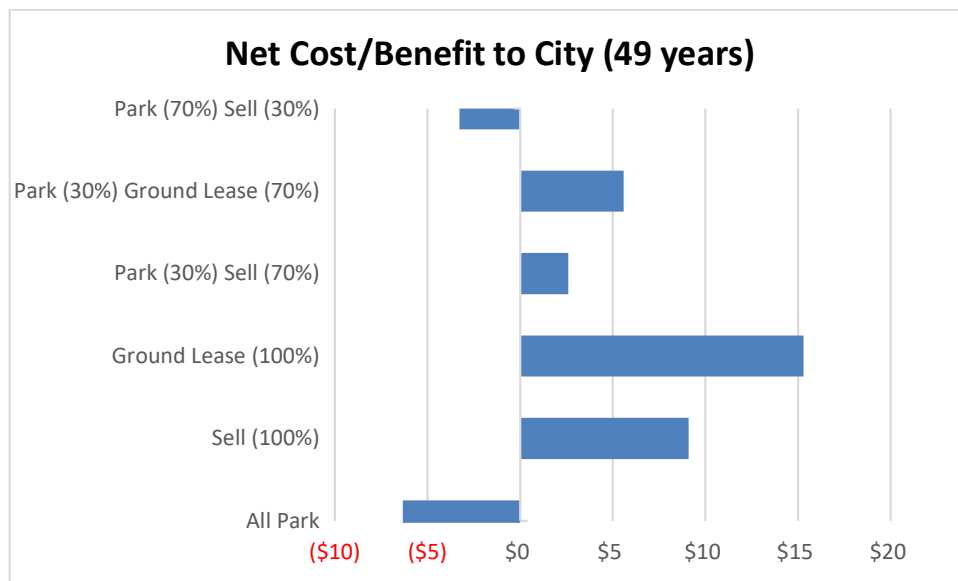
¹CPI – 2.5% average and discount rate of 4.5%

²excludes loss of rates income

³bonus height land area not met

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The long-term costs and benefits of different options for the site are described more simply in the following graph. The graph notes the conversion of the site to a park results in ongoing negative financial impact to the City, in comparison to the options involving development on the site which provide a financial benefit. The chart is for high level comparative purposes only. The depicted benefit or loss is in today's dollars only. Benefits such as rates uplift, investment potential of income, inflation, and value of the asset at the conclusion of a lease period are excluded. Loss of asset value under the park options, opportunity cost of future revenue and rates and associated economic benefits and uplift are not included. It is emphasized the comparisons are provided as a guide only.



Key conclusions from the investigation include the following:

- Conversion of the subject property to parkland would provide amenity to the locality, although the size, shape, orientation, and limited street frontage are not well suited to public open space.
- Use of the subject property for revenue generating activities has potential to provide substantial income to the City which could be used for various purposes including provision of additional products and services across the City, acquisition of additional open space, reduction in rates. Analysis also notes the wider economic benefits of a development on the subject property including economic benefits during construction phase, rates income and ongoing economic benefits to the precinct resulting from staff and residents on site.
- Similarly, sale of the subject site would realise substantial funds which could be allocated to purposes such as products and services across the City, used to acquire alternative open space, reduction in rates etc.
- A number of hybrid options exist to use portion of the site for open space and portion for development. These options provide a range of revenue scenarios which could offset/exceed costs associated with park development and maintenance.

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- The review of the CBACP presents opportunities to require developers to contribute (through community benefits and/or direct contributions) to new public open space in the precinct. The approach enables the revenue potential of the City's strategic land holdings (acquired through community funds) to be preserved, whilst requiring additional open space demands to be met by developers. In addition to preserving community financial assets, the approach provides flexibility for acquisition of new public open space in more suitable locations. Conversion of existing City owned land to open space may appear to be a simple resolution to respond to open space needs. However, investigations demonstrate that alternative approaches are available and that these alternative approaches have ability to meet POS needs whilst achieving significantly better amenity and financial outcomes for the community.
- A public engagement phase is recommended as part of any consideration of alternative options for the subject property, to provide all stakeholders with opportunity to be involved in the process and in recognition of the significance of the site.
- Options analysis demonstrates that the use of the subject property for revenue generation purposes will enable the objective of providing additional equivalent open space in the CBACP to be achieved, whilst maintaining the long-term financial benefits for the City. Conversion of the site to a park achieves a similar POS outcome but without the long-term financial benefit to ratepayers.
- Consideration of options such as rezoning/converting the subject property to POS ahead of a conclusion to the review of the CBACP is considered premature and introduces a range of financial and procedural implications.

It is recommended that this report be received by Council.

At 7:33pm Cr Spanbroek left the meeting and returned at 7:38pm.

OFFICER RECOMMENDATION (3993)

NOTING

At 7:34pm Cr Robins moved, seconded Cr Edinger –

That the Council:

1. **Notes the Officer's Report has responded to the instructions stemming from Council Resolution Item 16.1 Motion with Notice – Mount Pleasant Senior Citizens Site Being Public Open Space - at the Ordinary Meeting of Council held 15 March 2022;**
2. **Notes and carefully considers the options analysis for the site detailed in the Report, including the future long term financial implications for the City and its ratepayers in relation to each option for the site; and**
3. **Notes that the Officer's advice is that Council should only consider implementing a change of use for the site to Public Open Space (POS) or Community use, after the CBACP Review has been completed and the recommendations from that Review have been adopted by the Council.**
4. **Notes that in accordance with point 3 above, a response to the petitions received regarding the future of the former Mount Pleasant Senior Citizens site be held over until the conclusion of the CBACP review process.**

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Procedural Motion

At 7:36pm Cr Mair moved, seconded Cr Ross –

That the item be deferred until Ordinary Meeting of Council in March 2023.

At 7:41pm the Presiding Member declared the motion

LOST (5/6)

Yes	5	Cr Ross, Cr Barber, Cr Edinger, Cr Sandford, Cr Mair
No	6	Cr Pazolli, Cr Spanbroek, Cr Wheatland, Cr Woodall, Cr Robins, Cr Fitzgerald

Amendment

At 7:39pm Cr Woodall moved, seconded Cr Pazolli –

That the Council amend Officer Recommendation 3993 by inserting additional recommendations 5, 6 and 7 as follows:

- 5. Acknowledges its intention to provide additional public open space in the CBACP following the conclusion of the CBACP review process.**
- 6. That identified sites are subject to environmental assessment.**
- 7. Directs the Chief Executive Officer to continue investigations into appropriate locations for public open space in the CBACP, with the findings of such investigations to be presented to Elected Members before the end of March 2023.**

At 7:53pm, during discussion and debate, the mover and seconder consented to amending Point 5 with replacing of the word “intention” to “commitment” to read

“Acknowledges its commitment to provide additional public open space in the CBACP following the conclusion of the CBACP review process.”

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OPTIONS REPORT (REC) (ATTACHMENT)**

Amendment

COUNCIL RESOLUTION

At 7:39pm Cr Woodall moved, seconded Cr Pazolli –

That the Council amend Officer Recommendation 3993 by inserting additional recommendations 5, 6 and 7 as follows:

- 5. Acknowledges its commitment to provide additional public open space in the CBACP following the conclusion of the CBACP review process.**
- 6. That identified sites are subject to environmental assessment.**
- 7. Directs the Chief Executive Officer to continue investigations into appropriate locations for public open space in the CBACP, with the findings of such investigations to be presented to Elected Members before the end of March 2023.**

At 8:05pm the Presiding Member declared the motion

CARRIED (8/3)

Yes	8	Cr Pazolli, Cr Fitzgerald, Cr Spanbroek, Cr Wheatland, Cr Woodall, Cr Robins, Cr Barber, Cr Mair
No	3	Cr Ross, Cr Edinger, Cr Sandford

At 7:55pm Mr Ferris electronically disconnected from the meeting and did not return.

At 7:56pm Cr Barber left the meeting and returned at 7:59pm.

Reasons as provided by Cr Woodall

1. The petition to Council demonstrates that there is strong community support and desire for more public open space in the CBACP area. This amendment is intended to demonstrate the Council's commitment to providing appropriate and affordable public open space in the area following the conclusion of the CBACP review.
2. It is important that a thorough and considered process is followed to identify preferred locations for public open space in this area. There are a number of factors to consider including lot size, location & proximity to residents, lot value, overshadowing and parking availability amongst others. Given the value of property in the area, it is important that the selected site provides the best value for money and greatest use to the community.
3. There are a range of mechanisms that could be used to provide additional public open space in the CBACP. This includes developer provided POS under the new CBACP, a developer contribution scheme, using existing Council landholdings, purchasing additional land or a combination of developer provided POS and Council land. There are various costs and benefits associated with each of these options requiring further analysis and investigation. In my view it is preferable to require developers to provide additional POS in the area, rather than forcing ratepayers across the City to fund it.

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Reasons provided by Cr Woodall, continued

4. The council is also seeking further information to ensure alignment between any decision on public open space takes account of the council's relevant environmental policies.
5. In summary, this amendment addresses community concerns by demonstrating our commitment to providing appropriately located public open space in the CBACP, following detailed and considered investigation and analysis as part of the CBACP review process.

Substantive Motion as Amended

At 7:34pm Cr Robins moved, seconded Cr Edinger –

That the Council:

1. **Notes the Officer's Report has responded to the instructions stemming from Council Resolution Item 16.1 Motion with Notice – Mount Pleasant Senior Citizens Site Being Public Open Space - at the Ordinary Meeting of Council held 15 March 2022;**
2. **Notes and carefully considers the options analysis for the site detailed in the Report, including the future long term financial implications for the City and its ratepayers in relation to each option for the site; and**
3. **Notes that the Officer's advice is that Council should only consider implementing a change of use for the site to Public Open Space (POS) or Community use, after the CBACP Review has been completed and the recommendations from that Review have been adopted by the Council.**
4. **Notes that in accordance with point 3 above, a response to the petitions received regarding the future of the former Mount Pleasant Senior Citizens site be held over until the conclusion of the CBACP review process.**
5. **Acknowledges its intention to provide additional public open space in the CBACP following the conclusion of the CBACP review process.**
6. **That identified sites are subject to environmental assessment.**
7. **Directs the Chief Executive Officer to continue investigations into appropriate locations for public open space in the CBACP, with the findings of such investigations to be presented to Elected Members before the end of March 2023.**

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Amendment

COUNCIL RESOLUTION

At 8:05pm Cr Sandford moved, seconded Cr Edinger –

**To Amend Point 4 by deleting the words “until the conclusion of the CBACP review process.”
And replacing with the words “the March 2023 Ordinary Meeting of Council.”**

At 8:21pm, the Presiding Member declared the motion

CARRIED (6/5)

Yes	6	Cr Ross, Cr Barber, Cr Edinger, Cr Spanbroek, Cr Fitzgerald, Cr Sandford
No	5	Cr Pazolli, Cr Wheatland, Cr Woodall, Cr Robins, Cr Mair

At 8:08pm Cr Woodall left the meeting and returned at 8:10pm

Substantive Motion as Amended

COUNCIL RESOLUTION

At 7:34pm Cr Robins moved, seconded Cr Edinger –

That the Council:

- 1. Notes the Officer’s Report has responded to the instructions stemming from Council Resolution Item 16.1 Motion with Notice – Mount Pleasant Senior Citizens Site Being Public Open Space - at the Ordinary Meeting of Council held 15 March 2022;**
- 2. Notes and carefully considers the options analysis for the site detailed in the Report, including the future long term financial implications for the City and its ratepayers in relation to each option for the site; and**
- 3. Notes that the Officer’s advice is that Council should only consider implementing a change of use for the site to Public Open Space (POS) or Community use, after the CBACP Review has been completed and the recommendations from that Review have been adopted by the Council.**
- 4. Notes that in accordance with point 3 above, a response to the petitions received regarding the future of the former Mount Pleasant Senior Citizens site be held over to the March 2023 Ordinary Meeting of Council.**
- 5. Acknowledges its commitment to provide additional public open space in the CBACP following the conclusion of the CBACP review process.**
- 6. That identified sites are subject to environmental assessment.**
- 7. Directs the Chief Executive Officer to continue investigations into appropriate locations for public open space in the CBACP, with the findings of such investigations to be presented to Elected Members before the end of March 2023.**

At 8:22pm, the Presiding Member declared the motion

CARRIED UNANIMOUSLY (11/0)