

**LATE ITEM P21/3944 – “GALLERY ESTATE” CARAWATHA WILLAGEE, PROJECT UPDATE AND REQUEST FOR CEO AUTHORISATION (REC)**

Ward : Palmyra – Melville - Willagee  
 Category : Operational  
 Property : Gallery Estate, 10 Archibald Street, Willagee  
 Proposal : Gallery Estate, Willagee – Carawatha redevelopment project update  
 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 P17/3738 – Carawatha Residential Development Project Proposal Ordinary Meeting of Council held 21 February 2017. Item P17/3753 – Carawatha Residential Development Project Proposal Submissions Report - Ordinary Meeting of Council held 16 May 2017.  
 Responsible Officer : Jeremy Rae  
 Strategic Property Executive

**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 checked="" type="checkbox"/>	<b>Executive</b>	<b><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></b>
<input type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes &amp; 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 (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i>
<input type="checkbox"/>	Information	<i>For the Council/Committee to note.</i>

**LATE ITEM P21/3944 – “GALLERY ESTATE” CARAWATHA WILLAGEE, PROJECT UPDATE AND REQUEST FOR CEO AUTHORISATION (REC)****KEY ISSUES / SUMMARY**

- The third and final stage of the revitalisation project for the “Gallery” Estate Carawatha site has commenced.
- The civil construction contractor, Croker Constructions under the supervision of the City’s project partner Satterley Property Group, has completed the civil subdivision works and new titles were issued in May 2020 for all 43 lots composed of 23 cottage lots, 16 terrace home lots and 4 apartment site lots.
- Sales and settlements of all 23 cottage lots have been completed with 12 two storey homes currently under construction. The average lot selling price was \$360,000.
- The next phase of the project involves the construction and sale of 16 terrace homes and 98 apartments across 4 apartment sites.
- This report provides a project update and requests the Council to authorise the City’s CEO, to conclude the disposal of all the “Gallery Estate” built form terrace homes and apartments, located at the former Carawatha Primary School site, 10 Archibald Street, Willagee; in accordance with Section 3.58 of the Local Government Act 1995.

**BACKGROUND**

In June 2006 the City of Melville acquired the former Carawatha Primary School site, situated at 10 Archibald Street, Willagee from the Department of Education. The City’s key objectives in acquiring the site were to address the long held concerns of residents wishing to see activation of the suburb through urban renewal and to provide additional public open space required for Willagee. The Council at its meetings on 20 August 2013 and 10 December 2013, endorsed an approach to explore opportunities via either seeking Requests for Proposals (RFP) or Expression of Interest (EOI) for the potential redevelopment of a portion of the Carawatha site to deliver on the initial key objectives originally sought by the City, in addition to achieving the objectives outlined in the Willagee Structure Plan following extensive community consultation and feedback.

An RFP process was initiated in mid-2015 for a 2.6ha portion of the former Carawatha Primary School site in Willagee. The City’s Executive Leadership Team endorsed the recommendation from the Evaluation Panel, which identified Satterley Property Group (SPG) as the highest ranked proponent out of all submissions received, for the redevelopment of the Carawatha site and the shortlist of preferred proponents in accordance with their ranking from the evaluation assessment. A presentation at the Elected Members Information Session (EMIS) was provided on 14 July 2015 with a full briefing on the RFP process and Phase 1 of the evaluation assessment and recommendations. The major land transaction was publicly advertised with submissions considered and approved by Council in May 2017.

Satterley Property Group was formally appointed Developer, Project Manager and Exclusive Sales agent for the redevelopment of the former Carawatha Primary School in February 2018.

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**PROJECT SUBDIVISION DEVELOPMENT DETAIL**

Approximately 1.3 hectares was developed as public open space in 2015, with the balance 2.6 hectares of the site recently being developed by Satterley Property Group. The subdivision approval for the site (WAPC ref: 157351) included the creation of the following lots with Certificates of Title issued in May 2020. Refer to Figure 1: Gallery Sales Plan.

Single Cottage Lots	23
Terrace Homes Lots	12
Duplex Lots	4
Apartment Site Lots	4
<b>TOTAL LOTS</b>	<b>43</b>



Figure 1: Gallery Sales Plan

The project includes the sale of land and the built form development of the terrace lots, duplex lots and apartment sites which were designed by MJA Studios.

The Council has been and will continue to be kept informed of progress of sales by the EMB.

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**PROJECT BUILT FORM CONSTRUCTION DETAIL**

The built form development product will provide a variety of housing typologies including one bedroom apartments to three bedroom apartments, as well as three bedroom terrace homes. There are 16 terrace homes (including 4 duplex terrace homes) and 4 apartment buildings comprising over 98 apartments to be designed and constructed on a staged basis over a period of 3 to 4 years depending upon sales demand.

The terrace homes and first apartment building have been architecturally designed by MJA Studios up to the Development Application and Approval stage. Both the Terrace Homes and the proposed apartments have received development approval from the Development Assessment Panel (DAP) approval (Ref: DAP-2020-2 & DAP-2020-3).

The DA plans and specifications are used as a basis for a Design and Construct (D&C) building contract, tendered through a request for proposal process by the development project manager, Satterley Property Group. Satterley has tendered for builders for construction of both the 16 Terrace Homes and first stage of apartments and is currently assessing those submissions with the objective to appoint two builders in the next three months. The likely sale prices for the built from products will range from \$450,000 to \$700,000. Authorisation to the CEO is required in order to transact these sales. Refer to Gallery artist impressions below.



Artist impression of Gallery aerial view facing north-east. Indicative only, and may not accurately or fully depict the actual or final development at present or in the future. For more information see [www.satterley.com.au/disclaimer](http://www.satterley.com.au/disclaimer)

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**LATE ITEM P21/3944 – “GALLERY ESTATE” CARAWATHA WILLAGEE, PROJECT UPDATE AND REQUEST FOR CEO AUTHORISATION (REC)****UDIA Industry Award Recognition**

Satterley entered the Gallery project into the Urban Development Institute of Australia (UDIA) annual project awards and the project won the Marketing Award. This award recognised the unique marketing strategy implemented by Satterley as Selling Agent and included recognition of the projects theme and story relating to the link through the POS and landscape areas to the native environment, local aboriginal heritage and the local building and settlement history of Willagee.

**STAKEHOLDER ENGAGEMENT****I. COMMUNITY**

Satterley Property Group (Satterley) as project manager and sales agent for the redevelopment of the site is responsible for stakeholder engagement.

Satterley has and is actively continuing to engage with the local community and all stakeholders throughout the progress of the development of the site, as well as having met all the necessary statutory requirements through the planning and building process.

**II. OTHER AGENCIES / CONSULTANTS**

Not applicable.

**STATUTORY AND LEGAL IMPLICATIONS**

The development of the former Carawatha Primary School at 10 Archibald Street, Willagee is a partnership with Satterley Property Group whereby the City retains ownership of the land, and contracts directly with the purchasers of the created lots and built form dwellings.

All disposals of land and built form product at the Carawatha Redevelopment project, Gallery Estate are concluded in accordance with Sections 3.58 and 3.59 of the *Local Government Act 1995* and the requirements of valuations and advertising contained in these sections.

The City has legal obligations under its Development Agreement and Project Management/Sales Agreement with Satterley to accept offers in a timely manner to ensure the offers remain valid and do not lapse. Under the Agreements it is implied that the CEO would execute the contracts for the City to meet its legal obligations. The CEO has a separate authority to dispose of land and other assets to the value of \$500,000. To date the CEO has accepted three offers on the terrace homes whose individual sales prices and values exceed this amount. These offers were accepted under the implied authority given by Council previously in 2017 when the Section 3.59 *Local Government Act 1995* business proposal was approved and the Agreements entered into. This report seeks confirmation of the CEO's authority to conclude any sales transactions for any built form terrace homes and apartments over \$500,000.

The process for the disposal of individual built form terrace and apartments (units) is that an updated valuation is obtained in terms of the requirements of the *Local Government Act 1995* Sections 3.58 and 3.59, in respect of each unit, with offers then invited for the acquisition of these units. Once an offer is received for a unit the intention to sell is advertised for comment and the offer only accepted at the valuation amount after the advertising period has concluded.

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**FINANCIAL IMPLICATIONS**

The development and sale of the land and built form products is supported by current market valuations and in line with the current project budget approved by the Carawatha Management Committee made up equally and jointly of representatives from Satterley and the City of Melville.

**STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS**

There is no strategic, risk or environmental management implications with this application.

Risk Statement & Consequence	Level of Risk	Risk Treatment
Risk of CEO accepting all offers	<b>Low</b> level of risk	All sale contracts are reviewed by Satterley Property Group and City officers. Each sale is concluded in accordance with the <i>Local Government Act 1995</i> which includes (but not limited to) a valuation within six months of the contract date, Section 3.58 public notice including details relating to the proposed disposition of the property.

**POLICY IMPLICATIONS**

The disposals of land and built form product at the “Gallery Estate ” Carawatha are concluded in accordance with Council Policy CP-005 – Land and Property Retention, Disposal and Acquisition.

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

The alternate option is for the Council to not authorise the CEO to conclude the sale of the built form developments and any of the remaining 114 transactions that exceed \$500,000 will need to be presented to and considered by the Council.

This is not supported by officers nor the Carawatha Management Committee, due to the lengthy timeframes required for seeking approval on individual offers to purchase lots from Council and the financial risk associated with the sales contract condition impacting negatively on future sales given the large number of future contracts. Further, the City has legal obligations under its Development Agreement and Project Management/Sales Agreement with Satterley to accept offers in a timely manner to ensure the offers remain valid and do not fall over.

Failure to process any offers of units in terms of the valuation amounts in a timely manner could lead to the City being in breach of its obligations in terms of the joint venture.

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**LATE ITEM P21/3944 – “GALLERY” ESTATE CARAWATHA WILLAGEE, PROJECT – REQUEST FOR CEO AUTHORISATION (REC)****CONCLUSION**

The Carawatha redevelopment project, “Gallery Estate”, Carawatha Willagee is a City project partnered with Satterley Property Group. It is in its final stages of delivering the vision for the site and the Willagee structure plan; whilst providing a financial return to the City.

The project includes the City efficiently administering a large number (137) Sales Contracts in accordance with the provisions of the *Local Government Act 1995*.

**OFFICER RECOMMENDATION (3944)****APPROVAL**

**That the Council notes the “Gallery Estate”, Carawatha Willagee project update and authorises the CEO to conclude the disposal of all built form terrace homes and apartments, located at the former Carawatha Primary School site, 10 Archibald Street, Willagee; in accordance with Section 3.58 of the *Local Government Act 1995* and valuations.**