

P20/3890 - MELVILLE CITY CENTRE LAND EXCHANGE (REC) (ATTACHMENT)

Ward	: Central
Category	: Strategic
Application Number	: N/A
Property	: 10 Almondbury Road and 125-133 Riseley Street, Booragoon
Proposal	: Melville City Centre Land Exchange with Westfield Booragoon (Scentre Group/AMP Capital Funds Management)
Applicant	: City of Melville and Westfield Booragoon
Owner	: City of Melville and Westfield Booragoon
Disclosure of any Interest	: No Officer involved in the preparation of this report has a declarable interest in this matter.
Previous Items	: P14/3582 Melville City Centre Redevelopment – Special Meeting of the Council 18 December 2014 P15/3627 Melville City Centre Land Exchange – Ordinary Meeting of Council 12 May 2015
Responsible Officer	: Steve Cope Director Urban Planning 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"/>	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 (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>

P20/3890 - MELVILLE CITY CENTRE LAND EXCHANGE (REC) (ATTACHMENT)**KEY ISSUES / SUMMARY**

- The Melville City Centre Structure Plan envisaged the creation of a vibrant, pedestrian-friendly, double-sided “high street” between the City’s Civic Centre and the Garden City Shopping Centre.
- The previously approved land exchange agreement between the City and the then owner AMP Capital Funds Management, sought to realign the land boundaries in order to facilitate the construction of the new High Street and surrounding buildings including the Civic Library & Cultural Centre. This agreement expired on 21 July 2020.
- Scentre Group purchased 50% of the Garden City Shopping Centre in late 2019 from AMP Capital Funds Management and now controls the management and development rights over the Centre. The shopping centre has been renamed “Westfield Booragoon.”
- Scentre Group staff briefed Elected Members and the Executive Leadership Team on the proposed modified plans to redevelop the shopping centre including the revised land boundary re-alignment with the City and the new modified High Street on 11 August 2020 and provided draft terms to the City on 18 September 2020 and 10 November 2020.
- The expansion of the shopping centre provides a unique opportunity to progress the objectives of the Melville City Centre Structure Plan, in particular the creation of the High Street precinct.
- The redevelopment is expected to generate significant uplift in Council rates for the 2024/25 FY in the order of \$5M taking rates that Westfield pay to a range of \$8M-\$9M. In addition, the redevelopment of the surrounding area within the Activity Centre is expected to further grow Council rates revenue from the precinct as it develops. The redevelopment of the Westfield Booragoon will stimulate this growth. Without the redevelopment project proceeding, rates revenue in the precinct will decline.
- Facilitating this opportunity requires a straightening of the common boundary between the shopping centre site and the City’s land. The land realignment is proposed to be achieved via a land exchange between the City and Scentre Group/AMP Capital Funds Management on a “like for like” basis of equal value.
- The process to initiate this land exchange requires Council to approve the Public Notice under section 3.58 of the *Local Government Act 1995* and call for submissions from the public over a two week period. Submissions will be presented to Council in a report for a final decision on whether or not to approve the land exchange.
- Achievement of the land exchange and ultimately the development of the High Street precinct are linked to the development approval for the shopping centre expansion. Commencement of the assessment of the development application requires the City to endorse the application forms as, prior to completion of the land exchange, portion of the development proposal would be on the City’s land.
- Consent for the CEO to sign the development application forms is sought. It is noted that the endorsement of the forms has no bearing on the decision making process for the development application or the land exchange.

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Aerial view of Site

BACKGROUND

The City owns Lot 52, 10 Almondbury Road, Booragoon in freehold title which includes the Civic Centre and Civic Square Library. The lots has an area of 31,864 m² and is zoned "Centre C1" in Local Planning Scheme No. 6 with a density of RAC-0 within the Melville City Centre Structure Plan. The Structure Plan provides for a new High Street and high quality public spaces to be created between the existing Shopping Centre and the Civic Centre. The High Street is expected to be a vibrant, pleasant and commercially successful place.

Scentre Group purchased a 50percent share of Garden City Shopping Centre from AMP Capital Funds Management and renamed it "Westfield Booragoon" in December 2019. The shopping centre is adjacent to the City Civic Centre and Library and Scentre Group has been in discussions with the City to plan a significant expansion of the Shopping Centre and submit a new development application with the State Development Assessment Panel.

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The Melville City Centre Structure Plan provides the vision for the redevelopment of the City Centre and the relevant development requirements. The Structure Plan provides for a new High Street precinct featuring high quality public spaces to be created between the existing Westfield Booragoon and the City Civic Centre. The creation of the High Street precinct, as required by the Structure Plan, supports the transformation of the precinct to a City Centre by:

- Enhancing linkages through the centre
- Facilitation of the required public square
- Facilitation of the location for the library cultural centre development
- Ensuring that the space between the civic centre and the shopping centre is inviting and accessible to the public
- Providing opportunity for development, activity and vibrancy in a public setting outside of an internalised shopping centre environment.

The expansion plans for the shopping centre provide an opportunity to progress the High Street precinct. Importantly the expansion of the shopping centre presents an opportunity for much of the works associated with the creation of the High Street precinct to be provided as part of the development application process. The alignment of the current boundary between the City's land and the Scentre Group/AMP Capital Funds Management land is not conducive to the construction of the new High Street. The previous proposal to expand the shopping centre included a land exchange to straighten the boundary between the landholdings to allow a workable alignment for the creation of the High Street. The current plan seeks a similar straightening of the boundary to allow the High Street precinct to be realised.

Scheme Provisions

MRS Zoning	: Urban
LPS Zoning	: Centre C1
R-Code	: RAC-0
Use Type	: N/A
Use Class	: N/A

Site Details

City Site

Address	: Lot 52 (10) Almondbury Road, Booragoon
Registered Owner	: City of Melville
Legal Description	: Lot 52 D064936
Certificate of Title	: Volume 1923 Folio 796
Land Area	: 31,864m ²

Westfield Booragoon

Address	: Lot 501 (125-133) Riseley Street, Booragoon
Registered Owner	: AMP Capital Funds Management Ltd
Legal Description	: Lot 501 DP412579
Certificate of Title	: Volume 1923 Folio 796
Land Area	: 169,355m ²

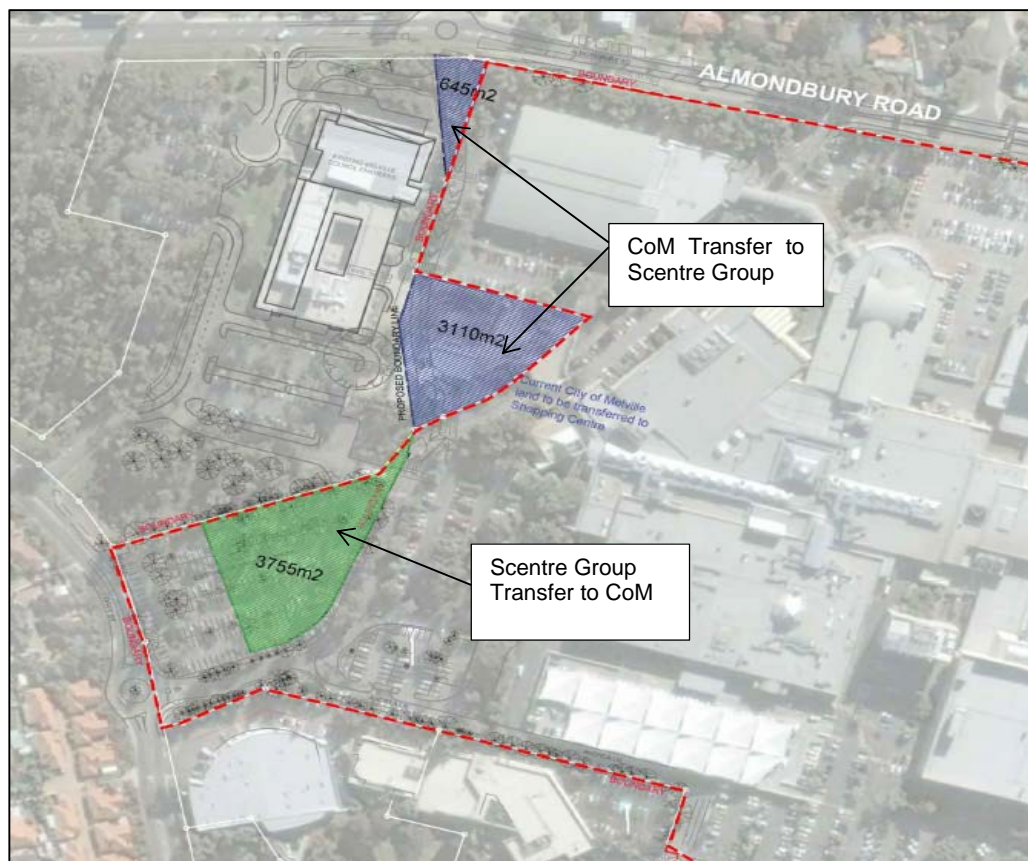
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DETAIL

The preliminary plans prepared by Scentre Group for the expansion of the Westfield Shopping Centre have reflected the Structure Plan requirements in including the creation of the High Street and associated precinct. The High Street Precinct will be an integral part of the new shopping centre, creating a vibrant commercial, retail and cultural precinct. As highlighted above a low speed, pedestrian focused street in this location reinforces that the precinct is an emerging town centre as opposed to a shopping centre adjoining the civic/administration centre. The street provides a high level of public access and reinforces that the spaces being created, including a new town square, are part of the public realm.

Achievement of the High Street requires a straightening of the boundary between the City and shopping centre sites. A “like for like” land swap is proposed to achieve the boundary straightening. Specifically, Scentre Group/AMP Capital Funds Management has proposed to acquire from the City approximately 3,755m² of existing Lot 52 which includes the part of the existing Civic Square and Library. In return Scentre Group/AMP Capital Funds Management will offer the same size land parcel of approximately 3,755m² within “Westfield Booragoon’s shopping centre holding which is currently used as a car park.

An aerial view of the proposed land exchange is shown below.



Proposed Land Exchange Map

P20/3890 - MELVILLE CITY CENTRE LAND EXCHANGE (REC) (ATTACHMENT)Proposed Land Transaction

Under the *Local Government Act 1995* the proposed transfer of land to achieve the straightening of the common boundary is considered to be a disposition of land and accordingly Section 3.58 of the Act would apply. The City has three options under Section 3.58 of the *Local Government Act 1995* for the disposition of land and property, which are:-

1. To the highest bidder at public auction (Section 3.58 (2)(a));
2. Via a public tender process (Section 3.58(2)(b)); or
3. Via Local Public Notice (Section 3.58(3 & 4)).

In this situation the boundary realignment can only occur through a transaction with Scentre Group/AMP Capital Funds Management and accordingly options 1 and 2 above would not apply. It is recommended that the Council considers the land disposal and purchase (exchange) via Public Notice under Section 3.58(3). This process requires the following:-

- City and Scentre Group/AMP Capital Funds Management enter a “like for like” land swap of equal value.
- City obtains an independent valuation for both parcels of land on an “As-Is” unimproved basis by way of direct market comparative sales evidence.
- The proposed land exchange value does not require a Business Plan to be prepared and advertised under Section 3.59 as the value of the land exchanged is below the threshold of \$8M, being 10% of the City’s current revenue base.
- The Public Notice will reference the land exchange parcels, the consideration (being the valuation amount) and the buyer and sellers names. The Public Notice will be advertised state wide for a period of 2 weeks and will call for submissions from the public.
- Upon closing of the Public Notice advertising period, the City will collate submissions received and prepare a submissions report to Council for consideration and decision on the land exchange.
- If approved the City will engage its solicitors to prepare the land exchange contract/agreement and facilitate settlement of the exchanged parcels of land.

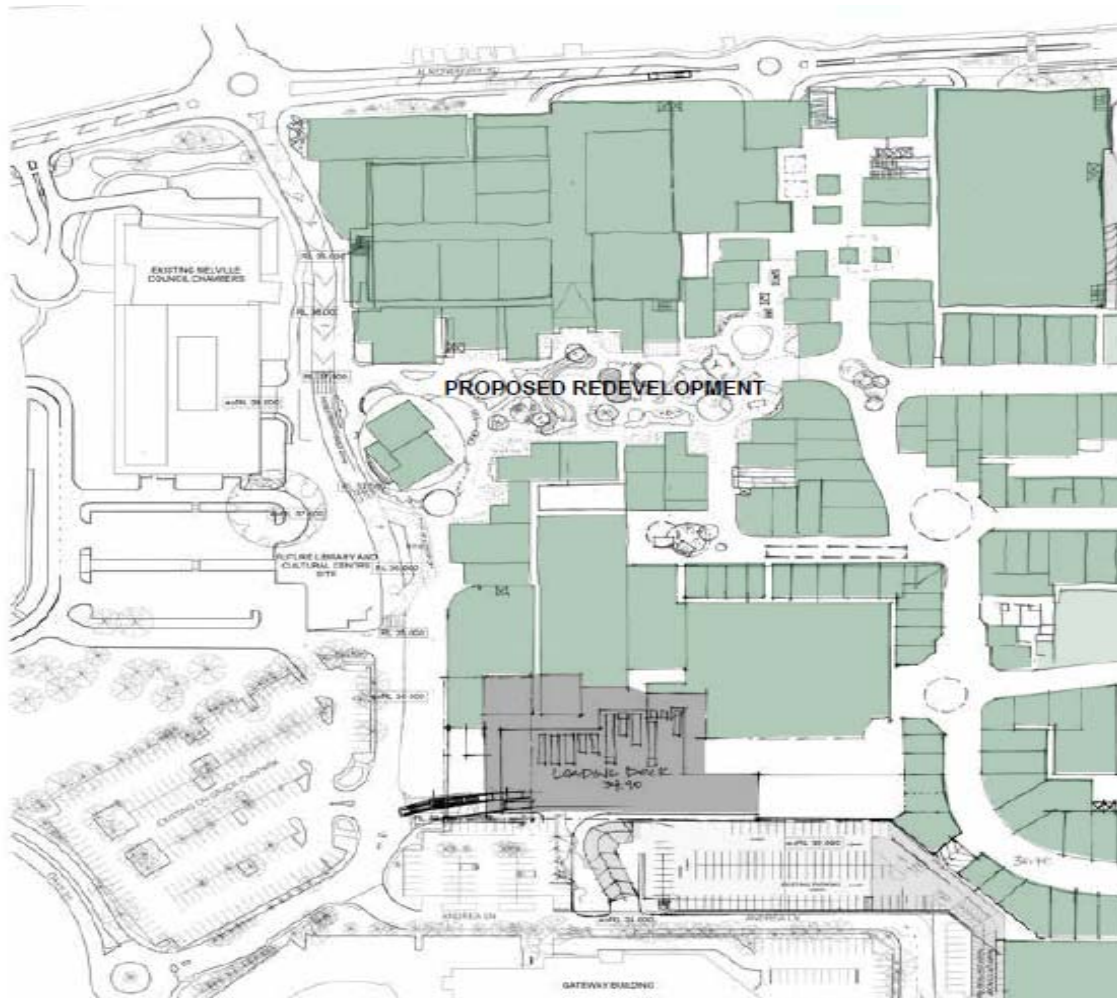
Planning & Community Benefits

The proposed land exchange presents the opportunity to allow the Melville City Centre to develop towards the vision in the Structure Plan. The creation of the High Street precinct between the shopping centre and the City’s land is one of the key objectives of the Structure Plan. Its achievement requires cooperation between the City and the shopping centre owner and it is recognised the current opportunity to create the High Street precinct may be the last for several decades. Importantly the expansion of the shopping centre presents an opportunity for much of the works associated with the creation of the High Street precinct to be provided as part of the development application process. In summary, the land exchange and associated construction of the High Street precinct will provide the following benefits to the City:-

1. Facilitate the redevelopment and creation of a new public High Street Precinct, including shops, cafes, restaurants, entertainment, civic and cultural precinct.
2. Providing the Melville City Centre with a unique town centre identity and opportunity to grow into a vibrant mixed use place
3. Provide certainty regarding the site for the new library cultural facility building.

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4. Facilitate the development of publicly accessible town square and public spaces within the precinct.
5. Provide the City (via the land-swap) with a strategically located and useable parcel of land (shown green in the diagram above) with long term potential community or commercial development potential.
6. The new high street will be constructed by the proponent at its cost and is to be ceded to the City as a public road, securing public access and becoming an important amenity asset for the precinct.



Proposed High Street Concept Plan

P20/3890 - MELVILLE CITY CENTRE LAND EXCHANGE (REC) (ATTACHMENT)**PROCESS**

The shopping centre redevelopment involves the following process.

- Phase 1 – Initiate Process (Completed Oct 2020)
- Phase 2 – Negotiation Phase (Completed Nov 2020)
- Phase 3 – CEO signs Form 1 Consent Westfield to lodge DA State DAP (4 months)
- Phase 4 – Advertising Public Notice Process (Section 3.58 LGA) (2 weeks statutory requirement, 4 weeks proposed)
- Phase 5 – Public Submissions Report Approved by Council (1 month)
- Phase 6 – Land Exchange Agreement (1 month)
- Phase 7 – Land Exchange Subdivision Approval (WAPC) (3 months)
- Phase 8 – New Titles and Settlement (2 months)
- Phase 9 – DD & Tender and Construction (3 years)

Phases 1 & 2 have been completed and Stage 3 is underway subject to Council approving the CEO to sign the Form 1 so Westfield can lodge its DA with the State Development Assessment Unit (SDAU).

This report seeks Council approval to initiate Phase 3, noting that Phase 5 will require a Council report to approve the land exchange and transfer. Based on the above and subject to securing approvals and agreements within timeframes indicated, it is estimated that construction could be initiated by Westfield in the first quarter of 2022 and completed by the latter part of 2024.

STAKEHOLDER ENGAGEMENT

Advertising Required: Yes – proposed as per Section 3.58 (3) of the Act for a two week period.

I. COMMUNITY

The City's Stakeholder Engagement Policy CP-002 outlines the different levels of public consultation and communication required depending on complexity, risk, political sensitivity and the impact on the community. In this case, public advertising would be required as per the Local Public Notice requirements of the Act (Section 3.58) for no less than fourteen days. The advertising would be regarding the potential land transaction, not the concept plan. Detailed development ideas/issues would be considered in future through the development application process.

II. OTHER AGENCIES / CONSULTANTS

No engagement is required with external agencies or consultants as part of the Local Public Notice process.

P20/3890 - MELVILLE CITY CENTRE LAND EXCHANGE (REC) (ATTACHMENT)**STATUTORY AND LEGAL IMPLICATIONS**

The City has legislative requirements to meet in addition to standard property practices. As mentioned above, the preferred option is for the Council to consider the disposition of the land via a land swap in accordance with a Local Public Notice process.

Section 3.58 (3) of the Act states that:

“A local government can dispose of property other than under subsection (2) if, before agreeing to dispose of the property:

- (a) it gives local public notice of the proposed disposition —*
 - (i) describing the property concerned;*
 - (ii) giving details of the proposed disposition; and*
 - (iii) inviting submissions to be made to the local government before a date to be specified in the notice, being a date not less than two weeks after the notice is first given; and*
- (b) it considers any submissions made to it before the date specified in the notice and, if its decision is made by the council or a committee, the decision and the reasons for it are recorded in the minutes of the meeting at which the decision was made.”*

The key points to note are that:

- The Council cannot agree to dispose of the property until the legislative advertising requirements are fulfilled.
- The Council has formally considered all submissions made during the public advertising period prior to any decision being made in relation to the disposal.

The Process Chart provided for the Council's information in Attachment 2.

FINANCIAL IMPLICATIONS

There are no financial implications as a result of this process. Whilst the value of the potential land swap may be in the order of \$6 million, the “like for like” land swap would result in a \$Nil balance payment adjustment at settlement. Scentre Group/AMP Capital Funds Management will be liable for stamp duty on the exchange value whilst the City is exempt from stamp duty and will not incur a transfer costs.

The City has made provision for the preparation of the land exchange agreement by its solicitors and has budgeted up to \$10,000 for this cost. This cost will be shared with Scentre Group/AMP Capital Funds Management paying 50percent of this cost by way of reimbursement to the City.

Valuation and Compensation Summary for Replacement of Civic Assets

1. Civic Library
 - a. Replacement Value (Fair Value Insurance) \$3.8M
 - b. Westfield Offer \$2.5M.

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2. Air-conditioning Plant
 - a. Replacement Value (QS) \$750K-\$1M
 - b. Westfield Offer \$Nil
3. Demolition of Civic Library and Amphitheatre \$250K at Westfield's cost
4. Future Rates Revenue from Westfield Garden City expansion
 - o Current Rates (2020/21) \$4.78M
 - o Future Rates (2024/25) Range \$8M to- \$9M

Land Exchange Acquisition:

- Future Community/Commercial Development Site on High Street
- Land Size 3755sqm = Market Valuation - \$5.92M Excluding GST

In addition, the proposed new High Street which Westfield will construct will become a gazetted road and ceded to the City of Melville after construction is completed and the contractor's defects liability period has expired (i.e. 6 months). The City's Technical Services department has determined that cost of constructing the proposed High Street would be approximately \$3M and this represents a significant community benefit paid by Westfield. Upon the High Street being ceded to the City, the City would become responsible for upkeep and maintenance of the High Street and importantly have control over the High Street.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

There are no strategic risks or environmental management implications with this application apart from the following identified:-

1. Should Council decide not to approve the proposed land exchange with Scentre Group/AMP Capital Funds Management, Westfield is likely to proceed with lodging its development application based on design without a High Street. This option will entail:-
 - a. No High Street
 - b. Existing Civic Library will stay where it is
 - c. Road to Almondbury Rd will be undergrounded on the existing alignment
 - d. Planned Restaurant precinct will open onto the existing amphitheatre space
 - e. Possible hard cul-de-sac edge to the cinema complex
 - f. Very minor changes to their planned retail layout
2. Should the City decide to progress the proposed new civic library and cultural centre project, the City will forego the \$2.5M in financial compensation from Westfield plus the estimated \$250K cost for demolishing the existing library which Westfield is proposing to pay. The saving is that the City would not have to pay the relocation of the air-conditioning plant which has been estimated to cost up to \$1M.

P20/3890 - MELVILLE CITY CENTRE LAND EXCHANGE (REC) (ATTACHMENT)**POLICY IMPLICATION**

There are no policy implications as a result of this report.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

The Council may decide not to approve the advertising of the proposed land exchange under Section 3.58 of the LGA 1995.

Under this option it is expected that the shopping centre owners would explore alternative expansion plans that did not involve the creation of the High Street Precinct. Not achieving the High Street precinct would result in a lesser planning outcome for the Activity Centre and a likely sub optimal level of activation and public space between Westfield Booragoon Shopping Centre and the City's land holding. The potential to create a publicly accessible space and unique town centre identity in this location would be diminished. Long term this would compromise the functionality and development opportunities for the centre, and result in significantly reduced rate revenue to the City. The current opportunity for the shopping centre redevelopment to substantially contribute to the desired outcomes for the Melville City Centre would be lost.

Certainty in relation to the proposed redevelopment of a new Library and Cultural Centre is also diminished if the High Street precinct works are not progressed. The current proposal secures a strategic site (on the High Street) for the proposed new facility as well as a financial contribution to the new building. Should the boundary re-alignment proposal not proceed, the existing Civic Library is retained. Should the City choose to proceed with a new facility then the offer of compensation towards a new building is not available and the location of the building (in the absence of a High Street) is likely to be less optimal.

P20/3890 - MELVILLE CITY CENTRE LAND EXCHANGE (REC) (ATTACHMENT)**CONCLUSION**

The straightening of the common boundary between the City's land and Westfield Booragoon provides the opportunity to create a public High Street Precinct in this location. As outlined above, the creation of the High Street responds to the requirements of the Melville City Centre Structure Plan and is significant to transforming the precinct into a true town centre. The current development application for the expansion of Westfield Booragoon provides the opportunity to achieve the High Street precinct. The outcome will ultimately require the finalisation of the land swap described in this report. Approval of a development application for the expansion of the shopping centre and the construction of the High Street precinct will also be required.

This item to Council seeks to:

- i. commence the process to consider the land-swap; and
- ii. to authorise the Chief Executive Officer to endorse the development application forms to enable the Scentre Group to lodge their application, including the proposals for the land to be acquired from the City in the land-swap arrangement.

It is recognised that the proposed land swap will involve a number of associated costs to the City as outlined in this report. These costs are considered more than offset by the overall benefit to the community through the realisation of the objectives of the Melville City Centre Structure Plan, in particular the creation of the High Street precinct. The report also demonstrates that specific dollar value short term costs associated with the current offer are recovered through additional rate revenue associated with the expansion of the shopping centre and uplift in the surrounding area. The land swap itself whilst cost neutral is also noted to provide the City with a parcel of land suitable for development for community and/or commercial purposes in the future, as opposed to current piece of land which is constrained.

No decisions on the potential land transaction should be made at this point of the process in accordance with the requirements of the *Local Government Act 1995*. However, it is requested that the Council consider support for the principle of a "like for like" land swap of equal monetary value in order to realign the existing lot boundary and facilitate the development of the new high street precinct.

It is recommended that the Council authorise the Chief Executive Officer to proceed with the next steps in the process which is to publicly advertise a Local Public Notice in accordance with Section 3.58 (3) and (4) of the Act. A further report would then be submitted to Council at the conclusion of the advertising period to consider submissions and to make a final decision on the proposed land swap. Further, it is recommended that the Chief Executive Officer be authorised to endorse the Scentre Group development application forms to enable the development application for the expansion of the shopping centre to be lodged, inclusive of the proposed development on the land which is subject to the proposed land-swap. It is noted that endorsement of the application forms is an administrative action to enable the assessment of the development application to proceed. The endorsement would not have any bearing on the content of the development application and does not imply support or otherwise for the development proposal or the associated land swap proposal.

P20/3890 - MELVILLE CITY CENTRE LAND EXCHANGE (REC) (ATTACHMENT)**OFFICER RECOMMENDATION (3890)****APPROVAL**

That the Council:

1. Authorise the Chief Executive Officer to endorse the Scentre Group development application forms, as current land owner of the land proposed to be included in the land swap, to enable the development application for the expansion of the shopping centre to be lodged.
2. Note the Potential Land Disposition Process Map as provided in Attachment 1;
3. Note the draft Design Concept Plan submitted by Scentre Group for the Melville City Centre High Street Precinct;
4. Support the “like for like” land swap of equal monetary value in order to Re-align the existing lot boundary and facilitate the development of the new Melville City Centre High Street Precinct approximately along the lines of the Plan provided in Attachment 1 marked “Proposed Land Exchange Plan”, with Zero monetary balance upon settlement;
5. Authorise the Chief Executive Officer to prepare and publicly advertise a Local Public Notice in accordance with Section 3.58(3) & (4) of the *Local Government Act 1995* for the proposed land swap;
6. Note that a submissions report will be presented to the Council following conclusion of the public notice advertising period. This report will request Council to consider approving the land exchange transaction, subject to submissions received and will authorise the CEO to finalise and execute the land exchange agreement between Scentre Group and the City of Melville as shown in Attachment 1 – Proposed Land Exchange Plan; and

ATTACHMENTS

1. [3890 PROPOSED LAND EXCHANGE PLAN](#)
2. [3890 FAIR REPLACEMENT VALUE ASSESSMENT CIVIC LIBRARY](#)
3. [3890 QUANTITY SURVEYOR ASSESSMENT AIRCONDITIONING PLANT](#)
4. [3890 DRAFT SECTION 3.58 LGA PUBLIC NOTICE](#)