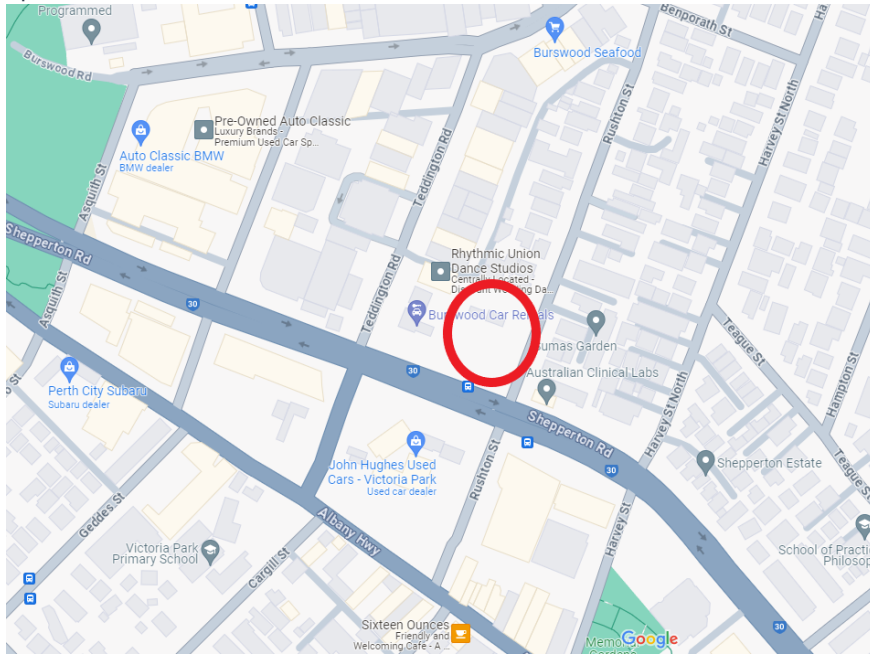


## Business Case

Property Description Lots 100, 62, 63, 64 and 205 (31) Rushton Street, Burswood



Asset ID Number:	CT V1065 F22 CT V1365 F864 CT V1365 F865
Ownership:	Freehold
Land Area:	3899 m2
Property Zoning TPS1:	Office
TPS1/MRS:	Residential and Primary Regional Road Reserve
Proposed draft LPS2:	Mixed Use



### **Development and Other Constraints**

Environment/Planning Cleared site, minor vegetation to southeastern boundary. There is approx. 16.5% tree canopy (over 3m).



The 5 lots are essentially cleared level land with some trees along the Shepperton Road frontage and two buildings located centrally on the site.

The buildings and land were formally a croquet club which is recognised in the Town's Local Heritage Survey (2021) and Heritage List under TPS1.

The land facing Shepperton Road is subject to a Metropolitan Region Scheme Primary Regional Road (PRR) reservation for potential future road widening. The future widening area is to be determined, however the MRS reserve is 395 sqm.

The subject land is perhaps best suited for mixed commercial and residential use due to its strategic location on a primary road, having good access and connectivity to recreational and commercial activities and other urban amenities.

From an urban planning viewpoint, and its strategic location, the property could possibly sustain development higher than the 4-story limit.

Planning for the site is primarily guided by the Local Planning Policy 22 Development Standards for Causeway Precinct and identified as Area 6B Croquet Club Site which provides for:

- Desired Character - The area is to act as an interface between the Commercial Core and medium density residential area of the Victoria Precinct whilst providing an attractive entry statement to the Causeway Precinct.
- Land Use - Residential and/or commercial uses, but not retail uses such as Shops, Restaurants etc. On Lots 64 and 100 only uses that would otherwise be permitted within a Residential zone.
- Density - R80 for Lots 62, 63 and 64; R60 for Lot 100
- Plot Ratio - Maximum 1.0 for Lots 62 and 63; As per R-Codes for Lots 64 and 100.
- Building Height between 2 to 4 story's.

The Town's Local Planning Strategy (2022) recommends a review of the planning framework for the Burswood South Mixed-Use Precinct in the medium-term (next 2-3 years). This review may recommend revised planning controls for the site.

## **Residential**

Analysis to assess the suitability for residential housing. The property meets the following criteria which weigh in favour of development and use for housing: -

- Located close to bus route.
- Close to commercial amenities.
- Potential for a multi-unit development.
- Flat topography.
- Not densely vegetated.
- No Landgate encumbrances.
- The property is a significant freehold asset that has high economic value to the Town.

A development into residential would result in loss of existing vacant land that could be allocated for open space or other community use.

## **Develop**

The property meets the following criteria which weigh in favour to develop for mixed use: -

- Sustainability advantages of location close to bus route.
- Good access and connectivity to recreational and commercial activities and other urban amenities
- Potential for a multi-unit development.
- Flat topography.
- Not densely vegetated.
- No Landgate encumbrances.
- Opportunity to provide residential development component close to existing residential properties.

The following criteria mitigate against such a development and use: -

- Loss of existing open space.
- No funds available within the current budget to develop on the site so this would have to be factored into future budgeting decisions or a potential joint venture.

## **Disposal by way of lease**

The property meets the following criteria which weigh in favour of leasing:

- Disposal by lease would potentially give the Town the ability to generate ongoing income over a period.
- For a long-term ground lease, there is potential for several development types to be undertaken at the site, for example:
  - a. EOI & ground lease for development to agency services i.e., NDIS for community services / mixed use residential care facility & services.
  - b. EOI & ground lease for a Build to Rent development which may provide affordable, high-density housing in the Town.

The following mitigates against such a development and use: -

- Market interest in a lease is likely to be a long-term ground lease, which would not be a typical lease under the Town's Policy 310 – Leasing;
- The financial return to the Town is likely to be lower;
- A long lease (particularly for a residential use) will be a sophisticated transaction, the terms of which may effectively or practically result in loss of most of all of the value of the freehold asset. There is also the possibility that this risk becomes compounded by future unknown legislative changes over the long term, for example a change to enhance the rights of residential occupiers, without compensating the Town as owner of the freehold reversion.

## **Strategic retention**

Retention of the property for several years for a strategic reason: -

- Strategic disposal in collaboration with adjoining lot owners (red edged properties) - no leases registered on the Landgate title: -
- 14 & 16 Teddington Road - same registered proprietors.
- 18 Teddington Road – registered proprietor Wan Zhong International Development (Aust) Pty Ltd.
- 20 Teddington Road – registered proprietor Ogle Corporation Pty Ltd.
- Possibility to acquiring adjoining lots to create a land assembly opportunity.

Strategic retention in the hope of collaboration with third parties at a future date would be speculative and dependent on the actions of third parties outside of the Town's control.

### **Disposal by way of sale**

The disposal of the property meets the following criteria in favour of disposal by sale:

- 31 Rushton Street is a prime location for real estate development due to its strategic location.
- The local real estate market has shown consistent growth, with good demand for residential and commercial properties.
- The property's proximity to transportation hubs, schools, and amenities makes it attractive for residential or mixed-use development.
- A capital receipt from a sale would be available to provide an opportunity to reinvest as Council sees fit in accordance with Policy 221 - Strategic Management of Land and Building Assets.
- Under utilised land which in its prime location would benefit from a significant multi-purpose development
- Sale of the land has potential for it to be developed and increase housing supply if developed for residential.
- Development of the land could yield significant returns in council rates.

The following criteria mitigate against selling the land: -

- Existing buildings located on the land. These could be relocated to a more suitable long term location.

Disposal by way of sale provides a relatively certain means of realising the significant economic benefits from the property and is recommended as the best means of disposal.

### **Condition of the former Croquet Club structures:**

In general, the roof timber and roofing system present a Moderate condition based on the following observations:

- No presence of visible termite activities at the time of inspection.
- Localised timber splits/cracks especially at the connection details that require replacement.
- Some timber rafters are showing signs of permanent sag and require replacement.
- Localised areas of roofing sheet are showing signs of sag, corrosion and rust.
- Internal ceiling panels and vents are possible asbestos-containing materials.
- Joining and connections require further detailed assessment and inspection, considering the age of the building. Any lifting operations may result in sudden failure due to joints/nails/bolts rust and lack of bond.

For the wall system, a Moderate condition is assigned based on the following observations:

- Presence of rust stains and corrosion on the external cladding face.
- Internal walls are asbestos containing materials.
- Inspection could not be carried out for the steel frame and external cladding panels.
- Walls are showing signs of bending outwards.

For the footing system, a Good to Moderate condition is assigned with only localised pads presenting minor cracking.

The relocation work for both buildings is considered Feasible but noting the challenges of building condition Rating of 3 to 4 (based on scoring of 1 being good and 4 being needing significant repair).

The removal and relocation will require the following processes and recommendations:

- All roofing sheets presenting signs of corrosion or rust on the internal and external faces or



signs of visible sag shall be replaced with new sheets. For panels that can be salvaged or repaired, these panels will require further treatment and new coating protection to be carried out at a cleaning factory.

- All timber elements showing splits or cracks with rusty connections or sag or with signs of timber infestation is to be replaced.
- Cladding panels are presenting signs of rust on the external face and requires stain removal and or replacement. For panels that can be salvaged or repaired, these panels will require further treatment and new coating protection to be carried out at a cleaning factory.
- The lack of a rigid wall system, capping roof perimeter and internal beams infers the building has no internal braces or ties to rigidly tie in the elements during the shifting processes. This shall require the incorporation of new temporary tie rods, vertical posts, temporary internal bracing and beams to secure the building before any shifting process.

Feasibility of relocation of the timber structures shall also take other potential costs/steps into account, these including:

- Asbestos management to mitigate potential asbestos dust release into the neighborhood during the moving process (highly recommended).
- Repair and replacement of deteriorated elements – roofing sheets, timber rafters, rusting and splits at connections/joints, external cladding sheets.

#### **Relocation of the former Croquet Club structures:**

Whilst the relationship with the site is part of the heritage value of the buildings, the historic and social values of the buildings would transfer with the buildings to a new site. There is some diminishing of the heritage values because of its separation from the original site but potential refurbishment and reuse will improve their aesthetic value.

It is of interest for the materials used, and its demonstration of earlier styles. Relocation is a preferred outcome to keep these values.

It is recommended that Interpretation is included with the relocated structures. The priority should be interpretation at the new site to tell the story of the building and refer to its former location. It is more important that the story stays with the building through interpretation. The Interpretation that should be included is.

- a. signage outlining the history of the buildings and the history of the Victoria Park Croquet Club.
- b. large photographic display as wallpaper internally, or
- c. the capturing of oral histories relevant to the clubs which operated from this site.

If possible, some physical marker/plaque or similar could be installed in Rushton Street. An example of this is the old Town Hall, formerly located on the corner of Rushton and Albany Highway.

Local Heritage Survey and the Local Heritage Listing should be modified to reflect the change in the physical form.

Relocation of Clubroom Pavilion will involve the following:

- Assessment of final location and access
- Main Roads HVO permits.
- Main Roads HVO traffic warden

- Western Power over height load escort/line lift
- Loading and unloading at new location
- Restumping at new site location
- Internal structural works
- Remedy of wall deflections (Structural Engineer required)
- Connection to services (if required)

The Town will be required to provide all details on the new site, finished floor levels, vegetation trimming along the transport route, all building and planning approvals.

If the Town opts for demolition instead of relocation, the application for demolition must consider various factors, including aesthetic values as one of the heritage considerations. While the aesthetic values are not significant enough to rule out demolition, two available options can be considered:

- Removal of all structures from site – \$54,000 excl gst
- Removal of all structures from site with salvageable items such as timber and roof cladding to be retained for potential future uses - \$65,000 excl gst.

A separate analysis of provided of alternative sites for relocation of the buildings.

### **Assessment**

The buildings can be relocated for community use to a more suitable long-term location and to provide an ongoing connection with their heritage values and past use. The proceeds from the sale of the land could contribute towards the works required to get it ready for leasing to a local community group.

Disposal by sale is expected to maximise the income for the Council to allocate in its discretion and can be utilised to deliver additional benefits to the community and renovate the building to ensure its complaint for leasing.

Highly valuable to the Town as a freehold site with development potential. Best suited for mixed commercial and residential use due to its strategic location on a primary road, having good access and connectivity to recreational and commercial activities and other urban amenities.

If the Property is developed for commercial uses, then no public open space is required. However, if the Property is developed for residential, then a contribution (cash in-lieu) for open space may be preferable over an allocation of land for open space.

Valuation carried out October 2023 by a Licensed Valuer Considered the effects on the improvements by the proposed Heritage listing as detailed in the Causeway Precinct guidelines.

- |                                   |             |
|-----------------------------------|-------------|
| a. Value without Heritage Listing | \$5,750,000 |
| b. Value with Heritage Listing    | \$4,500,000 |

### **Recommendation**

Proceeding with arrangements to secure disposal of the property by sale (with relocation of heritage buildings to an alternative Town owned or controlled site is recommended, for the following reasons:-

1. Economic benefit from estimated capital receipt of in the region of \$5,750,000 less relocation costs;
2. Social benefit of relocation of the buildings to a new location, for long term retention and preservation of heritage values;
3. Social benefit of releasing funds to refurbish the buildings;
4. Potential social benefit of releasing the property for development, particularly if developed for housing, which will increase housing supply.