
11.1 2019/20 Annual Budget, 4 Year Strategic Resource Plan, & 10 Year Long Term Financial Strategy Adoption

Trim Record Number: D19/97437

Responsible Officer: Director Corporate, Business and Finance

[Help](#)**RECOMMENDATION**

1. That Council, in considering submissions made on the proposed 2019/20 Budget and for the reasons set out at Attachment 4:
 - (a) adopts the 2019/20 Proposed Budget as the Annual Budget of Council for the 2019/20 financial year, with the following amendments:

(i) Add Investment Interest Income	\$255k
(ii) Remove Yarra Street Community Garden Project	\$55k
(iii) Include additional Street Cleansing associated with Medically Supervised Injecting Facility	\$300k
 - (b) adopts the 2019/20 – 2022/23 Proposed SRP as the Strategic Resource Plan for 2019/20;
 - (c) adopts the 2019/20 – 2028/29 Proposed LTFS as the Long Term Financial Strategy for 2019/20;
 - (d) makes copies of the 2019/20 Adopted Budget, SRP & LTFS available at Council offices, libraries and on Council's website;
 - (e) authorises the Chief Executive Officer to give public notice of the decision to adopt the Annual Budget and submit a copy to the Minister for Local Government, in accordance with Section 130 of the Act;
 - (f) endorses Council's response to the submissions and notifies in writing the persons who have made a submission regarding the 2019/20 Proposed Budget, SRP and LTFS of Council's decision, in accordance with Section 223 of the Act, which will include a response to the issues raised in the submission;
 - (g) declares rates and charges as per pages 45-48 of the budget document (Attachment 1), in summary, an amount of \$ 112,465,000.00 (or such greater amount as is lawfully levied as a consequence of this resolution) as the amount which Council intends to raise by General Rates and other charges, which is calculated as follows:

General Rates	\$ 111,235,000.00
Special Rates & other charges	\$ 245,000.00
Supplementary Rates	\$1,100,000.00
Pensioner rate rebate and other rate offsets	(\$465,000.00)
Interest on Rates	<u>\$350,000.00</u>
Total Rates and Charges	\$ 112,465,000.00
 - (h) advises in respect to General Rates:
 - (i) a general rate be declared in respect of and for the entire duration of the 2019/20 financial year;
 - (ii) it further be declared that the general rate be raised by application of a uniform rate;
 - (iii) a percentage of 0.039533 be specified as the percentage of the uniform rate which may be alternatively expressed as \$0.039533 cents in the NAV dollar: this figure is subject to clarifying the final valuations with the VGV;

- (iv) it be confirmed that no amount is fixed as the minimum amount payable by way of a general rate in respect of each rateable property within the municipality; and
 - (v) the Council funded Pensioner Rate Rebate be declared at \$187.10 for 2019/20;
 - (i) declares no Annual Service Charge in respect of the 2019/20 financial year;
 - (j) declares no Municipal Charge in respect of the 2019/20 financial year; and
 - (k) authorises the Chief Executive Officer to effect administrative and wording changes to the proposed 2019/20 Budget, SRP & LTFS documents, which may be required.
2. That Council has reviewed the Council Plan (incorporating the Health and Wellbeing Plan) in accordance with relevant legislation, and no changes are proposed.

COUNCIL RESOLUTION

Moved: Councillor Bosler

Seconded: Councillor Coleman

1. That Council, in considering submissions made on the proposed 2019/20 Budget and for the reasons set out at Attachment 4:
- (a) adopts the 2019/20 Proposed Budget as the Annual Budget of Council for the 2019/20 financial year, with the following amendments:
 - (i) Additional Revenue Available from:
 - a. Investment Interest Income \$255k
 - b. Removal of Yarra Street Community Garden Project \$55k
 - c. Reduce the Bridge Road street works amount to \$80k noting that an unspent amount reserved for Bridge Road street works of \$200k in the 2018/19 will be spent in first quarter of 2019/20. \$200k
 - d. Reduce Burnley Golf Course Allocation \$60k
 - (ii) Additional Expenditure Items:
 - a. Include additional Street Cleansing associated with the Medically Supervised Injecting Facility 300k
 - b. Trial 24 hour Yarra Library (branch to be determined) \$80k
 - c. Ramsden Street Oval - additional lighting \$20k
 - d. Collingwood Town Hall Precinct - Affordable / Social Housing - Feasibility Study \$100k
 - e. Hold 70k for the Dancehouse air-conditioning cost to be considered in the October 2019 budget review. \$70K
 - (iii) Notations:
 - a. Include signage for Princes Hill to be funded from within the operating budget;
 - b. Make a correction of the reference to Princess Hill Children's Centre at Page 60 of the budget to Princes Hill CC; and
 - c. Make a correction of the reference to "Public Toilet Exeloo Carlton" at Page 60 of the Budget to "North Carlton" and identify location in North Carlton;
 - (b) adopts the 2019/20 – 2022/23 Proposed SRP as the Strategic Resource Plan for 2019/20, and direct officers to:
 - (i) commence work on a design for the removal of car parking between the central median islands in Holtom Street East to enable additional planting in the centre of

the road, and undertake community consultation on the design, with the results to be presented to Council for consideration as part of the quarterly budget review. Subject to community support, this could include mature trees, lower level plantings and/or planter boxes; and

(ii) liaise further with Dancehouse over appropriate scoping of air conditioning works for consideration as part of the quarterly budget review;

- (c) adopts the 2019/20 – 2028/29 Proposed LTFS as the Long Term Financial Strategy for 2019/20;
- (d) makes copies of the 2019/20 Adopted Budget, SRP & LTFS available at Council offices, libraries and on Council's website;
- (e) authorises the Chief Executive Officer to give public notice of the decision to adopt the Annual Budget and submit a copy to the Minister for Local Government, in accordance with Section 130 of the Act;
- (f) endorses Council's response to the submissions and notifies in writing the persons who have made a submission regarding the 2019/20 Proposed Budget, SRP and LTFS of Council's decision, in accordance with Section 223 of the Act, which will include a response to the issues raised in the submission;
- (g) declares rates and charges as per pages 45-48 of the budget document (Attachment 1), in summary, an amount of \$ 112,465,000.00 (or such greater amount as is lawfully levied as a consequence of this resolution) as the amount which Council intends to raise by General Rates and other charges, which is calculated as follows:

General Rates	\$ 111,235,000.00
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Pensioner rate rebate and other rate offsets	(\$465,000.00)
Interest on Rates	<u>\$350,000.00</u>
Total Rates and Charges	\$ 112,465,000.00

- (h) advises in respect to General Rates:
 - (i) a general rate be declared in respect of and for the entire duration of the 2019/20 financial year;
 - (ii) it further be declared that the general rate be raised by application of a uniform rate;
 - (iii) a percentage of 0.039533 be specified as the percentage of the uniform rate which may be alternatively expressed as \$0.039533 cents in the NAV dollar: this figure is subject to clarifying the final valuations with the VGV;
 - (iv) it be confirmed that no amount is fixed as the minimum amount payable by way of a general rate in respect of each rateable property within the municipality; and
 - (v) the Council funded Pensioner Rate Rebate be declared at \$187.10 for 2019/20;
- (i) declares no Annual Service Charge in respect of the 2019/20 financial year;
- (j) declares no Municipal Charge in respect of the 2019/20 financial year; and
- (k) authorises the Chief Executive Officer to effect administrative and wording changes to the proposed 2019/20 Budget, SRP & LTFS documents, which may be required.

2. That Council has reviewed the Council Plan (incorporating the Health and Wellbeing Plan) in accordance with relevant legislation, and no changes are proposed, save for noting the following:

(a) That Council further note:

(i) the 22 budget submissions related to bicycle infrastructure indicating its

continued high priority for the community;

(ii) the persistent relatively low level of funding for bicycle infrastructure in recent Yarra budgets;

(iii) the number of incomplete and unfunded projects in the Bicycle Strategy Refresh 2016;

(iv) the lack of an overall strategy to substantially increase the uptake of cycling in Yarra since the original Bicycle Strategy adopted in 2010;

(b) That Council request that a review of future strategic directions for increasing cycling in Yarra be included in the Integrated Transport Strategy and reported on prior to the mid-year budget review.

3. That a quarterly financial report be provided to Council in October 2019 to review the 2019/20 Budget so Council can consider any appropriate adjustments for the 2019/20 Budget, noting projects still outstanding and requiring further investigation such as Dancehouse air-conditioning upgrades and 200k for the Bridge Road Streetscape Masterplan implementation.

CARRIED

CALL FOR A DIVISION

For: Councillors Coleman, Fristacky, Jolly, Stone, Chen Yi Mei, Searle, Bosler and O'Brien

Against: Councillor Nguyen

Councillor Nguyen left the meeting at 8:46pm.

Councillor Jolly left the meeting at 8:56pm.

Councillor Jolly returned to the meeting at 9:24pm.

Extract Council Meeting Minutes - Tuesday 13 August 2019

11.3 Outcome of the Expression of Interest for 150-152 Hoddle Street Abbottsford

Reference: D19/126286

Authoriser: Director City Works and Assets

RECOMMENDATION

1. That Council:
 - (a) note the officer's report on the outcome of the call for Expressions of Interest for the restoration and use of the building at 150-152 Hoddle Street Abbottsford;
 - (b) note the Council budget resolution for a feasibility study for social and affordable housing in the Collingwood Town Hall precinct; and
 - (c) note that a separate report will be presented to Council on the outcome of the social and affordable housing feasibility study funded to occur in 2019/20.

COUNCIL RESOLUTION

Moved: Councillor Stone

Seconded: Councillor Chen Yi Mei

1. That Council:
 - (a) note the officer's report on the outcome of the call for Expressions of Interest for the restoration and use of the building at 150-152 Hoddle Street Abbottsford;
 - (b) note the Council budget resolution for a feasibility study for social and affordable housing in the Collingwood Town Hall precinct; and
 - (c) note that a separate report will be presented to Council on the outcome of the social and affordable housing feasibility study funded to occur in 2019/20.
2. That Council request officers provide advice and options on expanding the feasibility study to include, in addition to affordable housing:
 - (a) previously considered community uses: community meeting spaces and hot desks, a performance/exhibition space, arts spaces, affordable housing for artists; and
 - (b) use of 150-152 Hoddle St as the Collingwood Library and/or the Maternal and Child Health Centre.

CARRIED UNANIMOUSLY

Extract Confidential Minutes - Tuesday 18 February 2020

4.1 Collingwood Town Hall Precinct Feasibility Study

This item is to be considered in closed session in accordance with Section 89 (2) (d) of the Local Government Act 1989, to allow consideration of:

(d) Contractual matters.

Reference: D20/15220

MOTION

That Council defer this item to allow officers to prepare a report which could be considered in a public council meeting where a decision on the options will be made.

LOST

COUNCIL RESOLUTION

1. That Council:

- (a) directs officers to commission a feasibility study of the Collingwood Town Hall Precinct as per Option 1.
- (b) Council endorses officers to:
 - (i) commence the study into the feasibility of a mixed-use development, incorporating community infrastructure, mixed-tenure residential and potentially some retail and/or commercial uses. This study includes:
 - a mid-point peer assessment in which a short a list of scenarios – arrived at by the consultants undertaking the study – are subjected to scrutiny by stakeholders with real world experience in delivering comparable projects (e.g. registered housing agencies, commercial developers and others);
 - recommendation of a preferred model by which to deliver a mixed-use development outcome for Council to consider;
 - (ii) receive the \$100,000 from the Victorian Government and to expend these funds, along with the allocated \$100,000 of Council's own funds, on engaging suitable consultants to undertake the feasibility study;
 - (iii) pursue the acquisition of the private property at 125 Vere Street through an option to purchase;
 - (iv) work with representatives from DHHS, on completion of the feasibility study, noting that Council remains the project owner and that the DHHS role will be confined to advisory;
 - (v) open and maintain a dialogue with those parties who could directly or indirectly facilitate a future mixed-use development including appropriate commercial developers, registered housing agencies and other not-for-profits, philanthropic and the Victorian Government and its agencies;
 - (vi) the preferred delivery model for a mixed-use development be subjected to a Social Impact Assessment to identify opportunities to enhance benefits for the local community, with particular

consideration given to the social infrastructure and service needs of those in the local community experiencing social and financial disadvantage; and

- (vii) report back to Council on the findings of the feasibility study, the preferred delivery model and its forecast social impacts, and at the direction of Council, engage the community in consultation (with the priority of that engagement involving a membership of individuals experiencing social and financial disadvantage or stakeholders representing this cohort) on the preferred model before progressing to a future expression of interest for any redevelopment of the CTH Precinct.

CARRIED

Extract Confidential Council Minutes – 18 August 2020

Item 4.1 Collingwood Town Hall Precinct Development

COUNCIL RESOLUTION

1. That Council:
 - (a) notes DHHS desire to work collaboratively with Council to progress the proposal through the Stakeholder Engagement Exercise, by which the Ethos Urban feasibility study will be tested by stakeholders with direct experience of comparable developments and whose interest in any future project needs to be understood;
 - (b) notes that DHHS has agreed to pay the associated consultant fees from within the Victorian Government's \$100,000 allocation to this project and to also provide in-kind support;
 - (c) supports officers working with DHHS on engaging a suitable consultant to complete an organisational Stakeholder Engagement Exercise where the Ethos Urban modelling and working scenarios are considered by stakeholders, the means by which social outcomes can be maximised are explored, and stakeholder interest in a future development is established;
 - (d) supports the following parameters as constituting the base requirements in terms of development footprint, mix of land uses, building massing and construction standards that will be advanced in the next phases of the project:
 - (i) residential-only for the private component;
 - (ii) retention and refurbishment of the Sailors and Soldiers building;
 - (iii) a minimum of 1,000m² allocated to community facilities;
 - (iv) building heights of three stories to the frontage with a five storey setback;
 - (v) no residential car parking provided (similar to the Nightingale Development in Moreland); and
 - (vi) high ESD and dwelling diversity; and
 - (e) seeks to maximise the social and affordable housing yield, (as defined by Council's adopted Social and Affordable Housing Strategy), to the extent possible and supports officers in their efforts to identify and promote pathways to this objective in their work with DHSS and other stakeholders;
 - (f) notes that the engaged consultancy, Ethos Urban, has now completed several phases of the feasibility study, including constraints and opportunities (i.e. planning, urban design and local character) and scenario testing (i.e. development footprint, building massing, mix of land uses, proportions of social and affordable housing) and cost modelling;
 - (g) notes that along with relevant information for context, results of the Stakeholder Engagement Exercise will be presented to Council in November and that direction

will be sought from Council on the preferred development scenario to progress to detailed costings and architectural concept design by Ethos Urban, with a social impact assessment completed concurrently;

- (h) supports community consultation being deferred until all studies have been completed and a feasible and desirable development project can be presented for community consideration, further noting that the COVID-19 pandemic represent a significant obstacle to robust community engagement; and
- (i) notes that officers will continue to proactively monitor the funding environment and advise Council of any relevant changes or updates as soon as these are known.

CARRIED

8.2 Collingwood Town Hall Precinct Redevelopment Study

Executive Summary

Purpose

To report on the work that has been completed in response to the direction in the 2019–20 budget to undertake a feasibility study examining the potential to develop social and affordable housing options in the Collingwood Town Hall Precinct and a further Motion to consider community infrastructure outcomes.

To receive direction from Council as to whether it wishes to take the next steps and pursue the redevelopment of the northern end of the Collingwood Town Hall Precinct, and if so, on what terms.

Key Issues

Council owns significant strategic land holdings in and around the Collingwood Town Hall Precinct. The precinct is well located to major transport infrastructure and includes a number of Council-owned properties that are either not utilised, underutilised or currently providing community services in buildings that are not fit-for-purpose.

In 2020, a feasibility study examining the potential for a mixed-use development in the northern part of the precinct was undertaken. The study has given Council an understanding of the potential of the sites to provide for the social needs of its community, including a community facility and social and affordable housing, while achieving some economic sustainability. The study has been an iterative process testing basic built form options and land use mixes to balance public benefits against development costs.

Financial Implications

Several scenarios have been explored with different financial impacts. An underlying premise in exploring this site has been to seek an outcome that would be financially viable with Council's contribution being in the form of a land-gift or long-term lease, i.e. without Council contributing capital investment. The study has found that it will be hard to design a proposal that delivers both community infrastructure and a significant proportion of social housing without a significant government subsidy.

Since beginning this study the social housing funding environment has changed drastically in response to the Victorian Government's \$5.3 billion Big Housing Build, announced in November 2020. Under this scheme, the state government is funding the construction of 12,000 new social and affordable properties across Victoria over four years.

This is likely to increase the ability of community housing providers to undertake projects, such as the one explored below. It could also potentially increase the number of social housing units that could viably be included in the proposal.

Commercial property valuations of the Council-owned sites suggest that Council holds assets to the value of about \$7.5 million on the corner of Vere and Hoddle Streets.

PROPOSAL

1. That Council notes:
 - (a) the completion of the feasibility study in response to the direction within the 2019–20 budget to undertake a feasibility study examining the potential to develop social and affordable housing options in the Collingwood Town Hall Precinct and the further Council motion from August 2019 to expand the feasibility study to include previously considered community uses, and that this work included:
 - (i) Planning, urban design, massing and economic feasibility;
 - (ii) Community infrastructure costs and concepts;
 - (iii) Stakeholder engagement (including with potential joint-venture partners);
 - (iv) Commercial property valuations of council-owned land/buildings.
 - (b) the redevelopment of the northern end of the Collingwood Town Hall Precinct has been investigated on multiple occasions over the past ten years, including delivering social and affordable housing, arts and other community outcomes (considered in 2013–14), and the option of the Victorian RSL assuming responsibility for the restoration and reactivation of the Sailors and Soldiers Hall (considered in 2018);
 - (c) the many challenges evident in redeveloping the northern end of the Collingwood Town Hall Precinct, including:
 - (i) the deteriorating and underutilised Council-owned assets of Sailors and Soldiers Memorial Hall and the nineteenth century factories at 117–123 Vere Street;
 - (ii) the many and varied property owners and complicating infrastructure within and around the study area; and
 - (iii) the scale, land area and partners needed to achieve a financially viable mixed-use outcome at the site – with Council’s main contribution being the land – which delivers a high proportion of social housing, alongside fit-for-purpose community infrastructure, with resulting improvements to the urban realm.
 2. That Council thanks the Victorian Government for their contribution to the project, and thanks industry stakeholders for their time and thoughtful contribution to the stakeholder engagement exercise.
 3. That with respect to the northern end of the Collingwood Town Hall Precinct, Council determines from one or more of the following options, and instructs officers to progress with further work including:
 - (a) Continue to seek an outcome that delivers a mixed-use development, as explored through the feasibility work, that includes residential dwellings (with a minimum of 50% of dwellings allocated to social and affordable housing with the balance market housing); has no less than 1,000m² for a community hub (including contemporary library spaces, flexible arts and community rooms and consulting suites); and necessitates the acquisition of additional assets and a continued partnership with the Victorian Government, noting that additional land acquisitions will be required; or
 - (b) Commence the necessary work to facilitate the development of social and affordable housing through already Council-owned assets, such as specifically the leasing of the council-owned warehouse sites at 117–123 Vere Street to a Registered Housing Agency (RHA), with the refurbishment of the Sailors and Soldiers Hall not included; or
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- (c) Commence the necessary work to develop a new community hub in the precinct, based around, and including the refurbishment of the Sailors and Soldiers Memorial Hall on Hoddle Street, with the development of social and affordable housing not included, noting that Council would need to find additional resources for further feasibility and a source of funding for any potential community infrastructure project; or
 - (d) Commence the necessary work to develop a new community hub in the precinct, based around, and including the refurbishment of the Sailors and Soldiers Memorial Hall on Hoddle Street, as well as facilitating the development of limited social and affordable housing through the leasing of the council-owned warehouse sites at 117–123 Vere Street to a Registered Housing Agency (RHA), noting that Council would need to find a source of funding for the community infrastructure project; or
 - (e) Instigate the process to potentially sell the underutilised Council assets such as 117–123 Vere Street and Sailors and Soldier at 152A Hoddle Street; or
 - (f) Leave the site as is.
4. That Council directs officers to produce a consultation and engagement strategy for the preferred option and report back to Council to seek endorsement for the strategy and approval to consult the community.

8.2 Collingwood Town Hall Precinct Redevelopment Study

Reference	D21/14760
Author	Tess Simson - Senior Policy Advisor
Authoriser	Manager Social Strategy and Community Development

Purpose

1. To report on the work that has been completed in response to direction in the 2019–20 budget to undertake a feasibility study examining the potential to develop social and affordable housing options in the Collingwood Town Hall Precinct. A further Council motion from August 2019 to expand the feasibility study to include previously considered community uses is also addressed.
2. To receive direction from Council as to whether it wishes to take the next steps and pursue the redevelopment of the northern end of the Collingwood Town Hall Precinct, and if so, on what terms.

Critical analysis

History and background

3. This report looks at the feasibility work that has been done to investigate options for redeveloping the northern part of the Collingwood Town Hall (CTH) Precinct, including the Council buildings at 152A Hoddle Street (Sailors and Soldiers Memorial Hall) and warehouses at 117–123 Vere Street, as well as considering additional assets in the area.
4. The City of Collingwood purchased the Vere Street warehouses in the 1960s with the original intention of delivering offices for the organisation. One of the warehouses is now used by the Yarra Sculpture Gallery and the other functions as Council storage. The warehouses are underutilised and offer limited return to the community.
5. The Sailors and Soldiers Hall was originally constructed in the 1920s and was formerly the Collingwood RSL Hall. This heritage building is in a deteriorated state and currently unusable.
6. Opportunities for redevelopment of the site have been investigated on multiple occasions over the last 10 years. Several projects have considered delivering community outcomes for the site, including social housing, arts and other community facilities (2013–14), and the RSL assuming responsibility for the restoration and reactivation of the Sailors and Soldiers Hall (2018).
7. None of these projects has eventuated and the buildings on the corner of Hoddle and Vere Streets remain underutilised, slipping further into decline as useful assets, and posing some forthcoming liability.
8. As part of the 2019–20 Budget, \$100,000 was allocated to deliver a feasibility study that examines the potential for developing social and affordable housing options in the Collingwood Town Hall Precinct.
9. A subsequent motion on 13 August 2019 requested that officers provide advice and options on expanding the feasibility study to include, in addition to social and affordable housing:
 - (a) previously considered community uses: community meeting spaces and hot desks, a performance/exhibition space, arts spaces, affordable housing for artists; and

- (b) use of 150–152 Hoddle St as the Collingwood Library and/or a Maternal and Child Health Centre.
10. In early 2020, Councillors were engaged on the parameters for the project, identifying key outcomes and functions, and considering potential delivery models.
 11. Subsequently officers were directed to commission a feasibility study examining a mixed-use development in the northern part of the Collingwood Town Hall Precinct. Officers were also directed to receive a co-contribution of up to \$100,000 from the Victorian Government to conduct the study and work with representatives from the Department of Health and Human Services (DHHS) on the delivery of this study (with DHHS in an advisory role).
 12. The following studies have been completed in the past 15 months in response to the 2019–20 budget allocation and further Council resolutions:
 - (a) A feasibility study incorporating:
 - (i) planning, urban design, massing and economic feasibility;
 - (ii) community infrastructure costs and concepts;
 - (b) Stakeholder engagement (with private developers, community housing providers and DHHS); and
 - (c) Commercial property valuations of council-owned land/buildings.

The feasibility study

13. The feasibility study was underpinned by the following assumptions:
 - (a) Council recognises that it holds assets that are underutilised within the Collingwood Town Hall Precinct and is committed to investigating redevelopment of the precinct;
 - (b) Existing community functions are to be retained within the broader precinct and any additional functions to be considered will address known community need as recorded within the adopted policies, plans and strategies of Council;
 - (c) The Council owned properties at 117–123 Vere Street are underutilised and well located to provide for community uses;
 - (d) The Sailors and Soldiers Memorial Hall at 152A Hoddle Street offers significant opportunity for refurbishment or redevelopment. This facility has been closed to community use for more than 10 years and is in an extremely poor condition;
 - (e) The potential inclusion of the two additional properties (not owned by Council) at 125 and 127 Vere Street, would expand the quality and number of outcomes that can be achieved;
 - (f) Active community infrastructure including the Collingwood Library building, Maternal and Child Health building in Gahan’s Reserve and Willowview Centre, are currently operational, albeit not in fit-for-purpose buildings. While the relocation of these services would undoubtedly free up additional buildings in the precinct, this cannot occur until a new location and building is actually available;
 - (g) Consideration of the parking lots behind the Town Hall as well as Eddy Court Reserve (in between 127 Vere Street and the train line) provides further potential for improving the precinct; and
 - (h) There will be no net loss of open space.
14. The feasibility study looked at how to balance community benefit, financial feasibility and practical deliverability to produce a viable project at the northern end of the Collingwood Town Hall Precinct, incorporating Council-owned land and possible additional properties.

Site map – Collingwood Town Hall Precinct investigation area



15. The map above shows the investigation site, divided into four areas:
 - (a) Area 1 incorporates the Sailors and Soldiers Hall at 152A Hoddle Street, and VicRoads land (the Hoddle Street footbridge ramp and green space);
 - (b) Area 2 incorporates the two Council-owned warehouse buildings at 117 and 119–123 Vere Street;
 - (c) Area 3 incorporates the privately-owned property at 125 Vere Street, the DHHS duplex at 127 Vere Street and Eddy Court Reserve; and
 - (d) Area 4 incorporates the Yarra Council staff carpark at Eddy Court, north of Willowview, and includes some green space currently occupied by St Phillips Church but owned by Council.

16. Three potential scenarios were developed, all predicated on the following set of parameters adopted by the previous Council:
 - (a) **Residential-only for any private component:** After assessing the sales value of residential versus commercial (office) floor space in this location, it was determined that residential dwellings would provide the highest value and best use for the location, therefore, commercial office space has not been included in the final study. A total of 200 residential dwellings has been modelled across the four areas;
 - (b) **Retention of the Sailors and Soldiers Hall:** The Soldiers and Sailors Hall is in poor condition, however it has individual heritage significance under the Yarra Planning Scheme. The study has been progressed to include the retention and refurbishment of the Memorial Hall for new community infrastructure. It is important to note that the retention and refurbishment comes with a cost-burden of about \$2.9M;
 - (c) **1,000m² allocated to community facilities:** The study has allocated approximately 1,000 square metres for community facilities as part of the development. It is assumed that this would be located in the refurbished Sailors and Soldiers Hall and at the ground floor level on the Hoddle/Vere Street corner. This amount of space can accommodate a medium-sized library and other flexible spaces such as allied health consulting rooms (MCH, etc.) and multi-purpose community rooms;
 - (d) **Building heights of three and five stories:** In keeping with surrounding buildings, in particular the recent residential development located opposite the precinct on Vere Street, a maximum building height of five stories has been modelled, with three stories

toward the street interface. As a point of reference, if this were increased to four and eight stories in areas 2, 3 and 4, an additional 90 market units could be built, improving the residual land value by approximately \$9M;

- (e) **No residential car parking provided:** Considering the excellent public transport connections in the area, the development has been modelled without residential parking, except for 10 share-car vehicle spaces. If the development were to include standard rates of basement car parking for a development of this size (7,950m² or 230 bays), this would have a negative impact on the residual land value by approximately \$6.4M; and
 - (f) **High Environmentally Sustainable Design (ESD) standards and dwelling diversity achieved:** The development cost accounts for reaching high ESD standards and dwelling diversity through the delivery of a mixture of 1, 2 and 3 bedroom dwellings.
17. The consultants were asked to look at various scenarios, based on initial advice and the resolution of principles adopted by the previous Council. The three scenarios (see attachment 1) differ in terms of the ratios of social and affordable housing to private market residential housing.
- Scenario A: Provides a minimum of 50% (comprising 30% social and 20% affordable) of dwelling stock as social and affordable housing units.
 - Scenario B: Provides 30% (comprising 20% social and 10% affordable) of dwelling stock as social and affordable housing units.
 - Scenario C: Provides 10% affordable housing units, with further social housing provided as air rights to others as opposed to being fully developed.
18. For Scenario C, the air-rights to develop social housing in areas 1 and 2, above and adjacent to the community facilities are transferred (sold/gifted/long-term leased) to a third party (e.g. registered housing association and/or the Victorian Government) to develop. This third party must secure their own finance to develop these dwellings. This helps to de-risk the project by decoupling the social housing component from the main redevelopment and makes it more attractive to potential developers.
19. Council has the additional option and could determine that an even greater proportion of social and affordable housing is required and desirable, up to 100%. Whilst not a specific area of study, in this scenario even greater levels of subsidy would be required over and above that determined by the feasibility study. Furthermore, it was noted during the market testing that some community housing operators dwellings that having a substantial majority of dwellings realised as social housing in any proposed development was not necessarily the best operating outcome for residents.
20. The feasibility study has illustrated the cost implications for Council to pursue a mixed-use development in the Collingwood Town Hall Precinct, on Council-owned land and with potential future acquisitions.
21. As tested through the study, the inclusion of the additional properties (not owned by Council) at 125 and 127 Vere Street (Area 3 on the map above) resulted in considerably more favourable financial and built form outcomes.
22. The modelling is based on calculations in which key variables such as sales price/m², construction cost/m², floorspace and other components can be readily altered to observe the impact on the viability of each development scenario. The approach has held project management and consultant costs, financing, development margins, profit and other development related costs constant (as a percentage of total construction costs) and the viability or otherwise of the different development scenarios is expressed by way of the residual land value.
23. The residual land value indicates the value of the land according to the development scenario being tested. A negative residual land value indicates a poor market outcome in which a developer would not be willing to undertake the development until:
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- (a) market conditions have improved sufficiently to improve the commercial viability for that specific development option (for example, a significant increase in the apartment sale price per square metre); or
 - (b) a subsidy is available to fill the gap.
24. The conceptual modelling is a high-level exercise and is not a substitute for the detailed development costing and feasibility testing that would be required to advance a development to the next stage.

Feasibility study results

25. The results of the feasibility study show total development costs for the three scenarios ranging from \$91.5M (for scenarios A and B) to \$75.6M for scenario C. The three options presented have very different financial implications, with the residual land value ranging from -28M to +\$2M.
26. In each of these scenarios the underlying premise was that Council's contribution was the value extracted from its land holdings, sold or leased. However, what has become clear through this feasibility study is that this land value alone is not sufficient to deliver both community infrastructure and social and affordable housing. Therefore, a considerable additional subsidy is essential to deliver a viable project.
27. Additional work went into exploring the development of a community facility both in and adjacent to the Sailors and Soldiers Memorial Hall on Hoddle Street. A concept plan and probable costings have been prepared for a two-level expansion integrated with the existing hall, yielding a total floor area of about 1,600m².
28. The preliminary design investigations have been based around a multipurpose library hub with gallery space and other flexible community rooms, consulting suites and a café. Yarra's Community Infrastructure Plan (2018) identifies the Sailors and Soldiers Memorial Hall and surrounds as an opportunity to deliver an integrated community space in the CTH Precinct. The functions included in the design investigation have all been listed in the Community Infrastructure Plan.
29. The design takes a sensitive approach to the existing heritage building, accentuating the existing features of the building, while adding new accessible spaces and entry points through the expanded footprint. A preliminary cost exercise estimates a cost of about \$12M to restore and fit-out a facility of this type of scale and function at this location.
30. The full feasibility study is shown at **Attachment 1**.

Further work

31. In response to these scenarios a market testing exercise was completed with stakeholders from the community housing and private development sectors to check the practical feasibility of the scenarios. Results of the stakeholder consultation are provided below in the section 'Community and stakeholder engagement'.
32. Additionally, commercial property valuations have been undertaken for council-owned properties in the precinct. Results of these are shown under the section 'Financial and resource implications'.
33. Councillors were engaged through a workshop in early 2021 to discuss the possible future of the site. This report has been prepared in response to that discussion and to report back on the full results of the work that has been done in response to the 2019–20 budget bid and directions of the previous Council.

Discussion

34. The studies mentioned above have significantly increased our knowledge about the site and the potential to deliver key outcomes that include social and affordable housing, contemporary fit-for-purpose community infrastructure and improvements to the urban realm and connectivity in the area, while ensuring minimal capital expenditure from Council.

35. The following list provides an example of some of the challenges that Council would need to address in order to progress the project:
- (a) The poor condition of the Sailors and Soldiers Hall (152A Hoddle Street) along with the heritage overlay presents considerable risk and associated cost. Restoring this building impacts on the overall viability of the project.
 - (b) The value of the land that Council owns is not enough in itself to fund both a new community facility and a high number of social housing dwellings. Significant additional subsidy is required to deliver both outcomes at the site.
 - (c) Several external interests within or adjoining the site would need to be addressed in progressing this project including:
 - (i) the VicRoads Hoddle Street overpass at the north-west corner of the site (currently not Disability Discrimination Act compliant);
 - (ii) access to, or relocation of, a CitiPower substation;
 - (iii) occupation of Council-owned land by St Phillips Church (see 'Legal Implications' section below) and road access to the Church;
 - (iv) acquisition of a private property at 125 Vere Street (see 'Legal Implications' section below);
 - (v) inclusion of a DHHS public housing duplex at 127 Vere Street; and
 - (vi) proximity to VicTrack land at the eastern boundary.
 - (d) Market testing revealed that there is interest in delivering a mixed-use development in the area from potential joint-venture partners, however Council's choice of project specifications and terms for transfer of land are key to bringing forth a feasible and desirable proposal. For example, should Council determine that it is desirable to only lease its land holdings on the site, private sales of dwellings becomes impossible and therefore greater subsidy would need to be sought to realise any outcome. Furthermore in this scenario, the funding source (presumably state government) would need to agree that this is an acceptable outcome, which has not been tested.
36. In response to the COVID-19 pandemic and ensuing economic recession, the funding environment has changed significantly since the commencement of this project. On 15 November 2020, the Victorian Government announced a \$5.3 billion stimulus package for social and affordable housing.
37. Over the coming four years, significant investment will go into delivering additional (primarily) social housing in Victoria. This growth will largely be delivered by the community housing sector and increases the likelihood of achieving a high proportion of social housing at the site. Under normal circumstances, and as was the case when the financial modelling was undertaken, the subsidy gap would need to be delivered by increasing the market component, however, now there is considerable government subsidy available in Victoria for the purposes of increasing social and affordable housing. Partnering with a Registered Housing Association for the project could be a way to seek funds from this funding stream to deliver these outcomes.
38. In consideration of the current funding environment and engagement with the Victorian Government, along with the results of the feasibility study, officers suggest that it is possible to achieve a high proportion of social and affordable housing alongside market housing at the site, as well as a community hub.
39. Considering the numerous studies and information provided in this report, Councillors now need to provide direction as to whether to progress this project and if so, under what terms.

Options

40. The work completed in response to the 2019–20 budget bid and subsequent motion has shown not only the cost implications for pursuing the specified outcomes, it has also significantly improved our understanding of the opportunities and limitations of the site and the assets therein.
41. It is important to note that significant resources have already gone into exploring opportunities for redeveloping this part of the CTH precinct. Any exploration of scenarios significantly different to those already considered will require additional work and resources to be allocated.
42. The *Yarra Property Strategy* (2018) articulates principles to drive Council's approach to managing the property portfolio. These include to:
 - (a) Strategically manage the property portfolio for the long term in the best interest of the community and service level requirements;
 - (b) Ensure properties are 'fit for purpose' to deliver services and benefits to the community;
 - (c) Manage properties that are maintained to a safe, compliant, energy efficient and modern-day standard and generally protected from deterioration; and
 - (d) Enable new and ongoing partnerships with community organisations to maximise the community benefit arising from facility use.
43. Council can now consider whether to take the next steps towards the redevelopment of the northern corner of the Collingwood Town Hall Precinct.
44. Drawing upon the insights from the feasibility study and associated work, Council could pursue one of the following options:
 - (a) Continue to seek an outcome that delivers a mixed-use development as explored through the feasibility work and supported by several Council Resolutions. This option necessitates the use of a larger footprint – i.e. including the acquisition of additional assets – as well as a level of comfort with a public-private outcome at the site and a continued partnership with the Victorian Government. This option would be based on the following requirements:
 - (i) no less than 1,000m² for a community hub, including contemporary library spaces, flexible arts and community rooms and consulting suites; and
 - (ii) a minimum of 30% and up to 50% of dwellings allocated to social and affordable housing.
 - (b) Using a smaller footprint, facilitate the development of social and affordable housing in the precinct by leasing the council-owned warehouse sites at 117–123 Vere Street to a Registered Housing Agency (RHA). With funding available through the 'Big Housing Build' there is likely to be interest from the community housing sector who could develop and manage the properties for the duration of the agreed lease term. In this scenario the Sailors and Soldiers Hall is not restored.
 - (c) Using a smaller footprint, develop a new Community Hub in the precinct, based around, and including the restoration of, the Sailors and Soldiers Memorial Hall on Hoddle Street. Possible ways to fund such a project could include:
 - (i) Council borrowings; or
 - (ii) Sale of other assets in the precinct to fund some/most of project. Estimated value of Council assets in the precinct are provided in the 'Financial and Resource Impacts' section below. It is worth noting that the market assessments for the Collingwood Library and Vere Street warehouses together equate to a similar amount as the probable costings for a library hub with a floor area of about 1,600m², as explored in the feasibility study.

- (d) Develop a combination of b) and c) on the Council-owned sites at 117–123 Vere Street and 152A Hoddle Street, including the restoration of the Sailors and Soldiers Hall. Importantly, in this scenario, although the social housing can likely be achieved in the current funding environment, Council would need to find a way to pay for the community facility as there is no cross-subsidy coming from a market component.
45. If Council does not want to progress any of these proposed redevelopment options, it could:
- (a) Sell underutilised Council assets in the precinct to increase revenue to fund Council projects. The estimated commercial value of several assets in the precinct is provided in the 'Financial and Resource Impacts' section below. Property sales could provide Council revenue to be used for community outcomes within this precinct or elsewhere. Outside of planning controls, Council would have limited ability to influence any resulting development.
 - (b) Leave the site as it is. This would result in the continuation of unused and deteriorating buildings in the precinct and involve costs for essential maintenance to ensure safety of buildings.

Community and stakeholder engagement

46. Potential joint-venture partners representing the private development and community housing sectors were engaged in October 2020 through a market-testing exercise. The engagement explored the practical feasibility and operational viability of the scenarios in relation to:
- (a) the thresholds of social and affordable housing provision;
 - (b) the underlying assumptions;
 - (c) potential housing models;
 - (d) on-site service requirements; and
 - (e) the interviewee's hypothetical interest in the project, based on the information available.
47. A confidential attachment summarising the outcome of the stakeholder engagement has been provided separately for Councillors. The results from the stakeholder engagement exercise showed that further clarity and certainty was required from Council in order to determine whether the proposal was viable. However, all participants indicated they would be interested in participating in the project – depending on the specific requirements and depending on who would pay for each aspect.
48. Participants were concerned about the risk imposed by including the heritage building (Sailors and Soldiers Hall) in the proposal. They were keen for Council to provide certainty around outcomes and clear objectives to make an Expression of Interest or a Request For Proposal submission worthwhile. Participants also expressed a desire to have some flexibility in how the outcomes would be achieved.
49. Neither all community housing participants nor all developers had consistent ideas, and there was some divergence of opinion when it came to the proportion of social housing that was appropriate for the site. The maximum suggested was a third. Some considered the proposal an underdevelopment of the site and some thought more carparking should be included.
50. The engagement process also identified that there are a small number of private developers who have experience in delivering social and affordable housing through non-traditional development models. They combine experience and understanding of commercial development with experience and understanding of non-market housing. They operate at a larger scale and volume than Registered Housing Authority developers and have more experience in development.
51. There has been ongoing engagement with DHHS (now DFFH) on the project and the department has also contributed funds toward the feasibility work.
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52. Results from Yarra's 2019 annual household customer satisfaction survey, a randomised sample of 800 households, showed that 59 percent of respondents strongly agreed that there must be more housing in the municipality for people on low incomes, and 34 percent were neutral or somewhat agreed.
53. A consultation program on Yarra's Social and Affordable Housing Strategy was conducted in July–August 2019. Results from this consultation showed that:
- (a) There was mixed feedback received on *Strategic Direction 2: Make effective and prudent direct investments in social and affordable housing*. Many considered this to be the most effective of the four strategic directions because it would have a clear and material impact, while some held concerns that such an investment may come at the expense of other outcomes for the local community; and
 - (b) Respondents also suggested that Strategic Direction 2 opened opportunities for joint developments with Council, Public and Community housing, as well as engaging private developers, and industry feedback was very positive, in particular amongst community housing providers who are keen to grow their affordable housing stock in a well-located area like Yarra. Any monetary or in-kind support greatly helps them achieve this.
54. To date this proposal has not been put to the community. Should Council adopt the Recommendation below, the next step would be to develop a comprehensive community engagement plan for the project and to return this to Council for endorsement.
55. A community engagement process would seek feedback on the principles of the project (development of the land, use of Council assets for these purposes, mix of public and private outcomes), as well as the specifics of the project through the development of built form and urban design guidelines for the site. This would test whether the community supports the broader concepts and provide a practical outcome to which they can contribute.
56. Urban design guidelines for the site could be used in progressing the project and as a basis for a potential Expression of Interest process.

Policy analysis

Alignment to Council Plan

57. Strategy 1.7 in the Council Plan (2017–2021) seeks to 'Promote an effective and compassionate approach to rough sleeping and advocate for affordable, appropriate housing.' Additionally, Strategy 4.2. seeks to 'Actively plan for Yarra's projected growth and development and advocate for an increase in social and affordable housing.'
58. Additionally, Strategy 7.1 is to 'Ensure Council's assets and financial resources are managed responsibly to deliver financial sustainability', including initiative 7.1.2 to 'Review Council's asset portfolio, with a focus on buildings, to ensure that maximum community benefit is being realised.'
59. Strategic justification for various elements of this project are presented in the following Council strategies:
- (a) *Yarra Housing Strategy (2018)* – Strategic Direction 4: Facilitate the provision of more affordable housing in Yarra;
 - (b) *Social and Affordable Housing Strategy (2019)* – Strategic Direction 2: Make effective and prudent direct investments in social and affordable housing;
 - (c) *Homelessness Strategy (2020)* – Strategic Direction 3: Work toward the ultimate goal of prevention by supporting an increase of affordable housing and appropriate support services;
 - (d) *Community Infrastructure Plan (2018)* – Vision: To identify current and future needs so that Council can deliver and influence the provision of quality, flexible and responsive community infrastructure to support a prosperous, liveable and sustainable City of Yarra; and

(e) *Collingwood Town Hall Precinct Urban Design Framework (2010).*

Climate emergency and sustainability implications

60. In the development scenarios, 200 dwellings along with community infrastructure are located proximate to the Collingwood train station, major bus routes and active transport options. For these reasons only ten share-car parking spaces have been included.
61. Should the project progress, further detailed studies at the next stages of the project would give due consideration to sustainability implications and ensure that any resulting development maintain high ESD standards and that public realm improvements consider urban heat island effects, storm water catchment and sustainability.
62. The project will strive to accelerate renewable energy, zero carbon buildings and promote efficient operations to contribute to a climate-adapted city, as outlined in Yarra's Climate Emergency Plan and in line with one of the set parameters of this project: To deliver a development with high ESD (and dwelling diversity).

Community and social implications

63. The Sailors and Soldiers Memorial Hall is not fit-for-purpose and the two Council-owned warehouse buildings at 117–123 Vere St Vere Street are used for storage. These council owned assets within the northern corner of the Collingwood Town Hall Precinct are underutilised and are currently not providing community benefit.
64. Summary demographics for the surrounding residential population (i.e. within a 400-metre radial catchment of the study location) are as follows: 43% of households are in public housing, 44% of households reside in flats or apartments, 37% speak a language other than English at home and 29% do not own a motor vehicle (ABS Census of Population and Housing, 2016).
65. A future redevelopment could contribute significantly to improving social outcomes in the municipality through the provision of social and affordable housing and new community infrastructure.
66. Across the municipality, it is estimated that more than 6,000 Yarra households (15%) are in housing stress. More than half of those in housing stress are rental households on very low incomes.
67. The Social and Affordable Housing Strategy supports housing equity and aims to increase the socio-economic diversity of our community by increasing affordable housing for a range of income groups.
68. The Strategy identifies affordable housing need for the following groups in Yarra:
 - (a) people who are experiencing homelessness;
 - (b) low-income households in the private market;
 - (c) Aboriginal and Torres Strait Islander people;
 - (d) people with a disability; and
 - (e) key workers.
69. Furthermore, Yarra's *Community Infrastructure Plan (2018)* identifies the Soldiers and Sailors Memorial Hall and surrounds as an opportunity to deliver an integrated community space in the Collingwood Town Hall Precinct that may include flexible/multipurpose meeting spaces (including for art and cultural activities) and access to services.
70. The Plan also notes the poor condition of the current Stanton Street (Collingwood) library, suggesting that improved community access to best value library services could be achieved through a modern space that is integrated with other services. Likewise, the Abbotsford Maternal and Child Health Centre in Gahan's Reserve could have better amenity and integration with compatible services.

Economic development implications

- 71. Currently, there are negligible economic benefits being generated from the properties at the corner of Hoddle and Vere Street. Any redevelopment could help rejuvenate and activate the area, with short-to-medium terms benefits through the actual development itself, and longer-term benefits through the provision of new community services, improved amenity and additional opportunities for residents to participate in the local economy.
- 72. Numerous studies point to the economic value of providing social housing, particularly as a stimulus measure in response to the current economic recession. Not only does it provide construction jobs in the short-term – nearly one in ten Australians work in the construction industry and many more are employed locally in manufacturing building products – but it also provides a lasting and much needed social outcome in providing housing to people in housing stress, those who are homeless, and key workers supporting local industries.
- 73. An independent review by KPMG of the 2008 Social Housing Initiative – a key component of the Nation Building Economic Stimulus Package mandated by the Rudd Government in response to the 2008 Global Financial Crisis – found that there was a multiplier effect of 1.3 for every dollar spent on social housing over a four-year period.
- 74. The current Victorian ‘Big Housing Build’ estimates that the \$5.3 billion government investment will generate \$6.7 billion in economic activity.

Human rights and gender equality implications

- 75. The dwellings at 125 and 127 Vere St are currently occupied. In the event that redevelopment did occur, the housing needs of these residents would need to be considered and efforts made to work with stakeholders (Office of Housing or others) on sourcing appropriate alternate accommodation during construction and options for right of return subsequent to project completion.

Operational analysis

Financial and resource impacts

- 76. The cost of acquiring the property at 125 Vere Street has been included in the costings, while the DHHS (now DFFH) property at 127 Vere Street has been factored in at no cost.
- 77. A Quantity Surveyor (QS) report for the remediation of the Sailors and Soldiers Memorial Hall, to make it structurally sound, safe for occupation and compliant with the building code, was undertaken in 2014. This report was reviewed and updated in January 2021 with a resulting estimated project cost of \$2.9 million. This assumes a project start date in January 2022 and does not include fit-out for a particular use.
- 78. Commercial property valuations for the Council-owned properties in the Collingwood Town Hall Precinct have been prepared with the following results:

Property	Market assessment
Sailors and Soldiers Hall (152A Hoddle Street)	\$1,450,000
117 Vere Street (Yarra Sculpture Gallery)	\$1,850,000
119–123 Vere Street (Warehouse)	\$3,850,000
117 & 119–123 Vere Street (combined site)	\$6,000,000
Collingwood Library (7–11 Stanton Street)	\$5,250,000

- 79. The highest and best use for the Vere Street properties is for residential development with a height limit of 4 levels, assuming a rezone in accordance with the *Collingwood Town Hall Precinct Urban Design Framework*.

80. The individual market assessments of the Sailors and Soldiers Hall and the Collingwood Library take into account each building's heritage status and the estimated cost to refurbish them to a usable and compliant standard. The assessment is based on the highest and best use for the sites which was judged to be as office accommodation in accordance with public use. Although it is located outside the study site, the library has been assessed due to the proposed inclusion of a library facility in the new development, which would free up the existing building for sale or reuse.
81. Furthermore, a market assessment of the Council land and properties in the full study area that could be used for residential development – i.e. 117–123 Vere Street and Eddy Court north car park – has been valued at \$15,000,000 (if sold as an aggregated site). This higher value is due to the advantages associated with development yield and the ability to consolidate the site with 125 Vere and 127 Vere Street. The aggregated area of these three properties is 2,867m². The Sailors and Soldiers Hall has not been included in this combined assessment due to its heritage status and the poor condition of the building which diminishes its market value and likelihood of being combined in a bigger residential site.
82. It is worth noting that the Council-owned property at 119–123 Vere Street (currently used as a Council storage facility) has an allocation of \$355,000 in the 2020–21 capital works program for the purpose of removing and remediating decommissioned underground tanks located within the building, previously used to store solvents. As well as removing the solvent tanks and disposing of any contaminated soil, the intent is to dispose most of the contents of the warehouse, which is primarily retired end-of-life parking ticket machines and old office furniture, understood to have no further value to Council.
83. Council has also investigated options to demolish both the 119–123 Vere St building (the Council storage facility) and the adjacent 117 Vere St building (currently leased to and utilised by the Yarra Sculpture Gallery). A preliminary estimate of the incremental cost to demolish both of the buildings in the 2021–22 budget year is \$330k (following on from the removal of the solvent tanks this budget year).
84. The feasibility study has modelled scenarios that are based on Council's contribution being primarily in the form of land holdings. However, it has become clear through this feasibility study that the land value alone is insufficient to deliver both community infrastructure and social and affordable housing. Additional subsidy is therefore essential to deliver a feasible project with a high social and affordable housing yield.
85. Since the start of this study there has however been a significant change in the funding environment for social housing, following the announcement of the Victorian Government 'Big Housing Build' in November 2020. Under this scheme \$5.3 billion has been allocated to deliver 12,000 new social and affordable housing dwellings over the next four years. Most, if not all, of this to be delivered by Registered Housing Associations (RHAs). This increases the likelihood of RHAs being able to access funds to contribute to a project like this.
86. Ongoing conversations with the Victorian Government suggest that it is interested to continue to explore opportunities to work with Council to achieve social housing outcomes at the site, with the inclusion of the public housing property at 127 Vere Street.
87. There are no significant external funding sources available for community infrastructure at this stage, although limited funding sources may be available in the future such as the 'living libraries infrastructure fund'.
88. In the event that a mixed-use development outcome was pursued, Council would have to make a decision on whether it would offer the land as freehold (to sell) or leasehold (to lease over a long period). A freehold arrangement increases the value that can be extracted from the land in the short-term and improves the likelihood of receiving interest in the site if/when it goes to market. It does, however, lead to less certainty and control over the outcomes. Alternatively, a leasehold arrangement may still be possible under certain scenarios and with particular products (such as build-to-rent) and would allow to retain the community assets in the long-term. There could be significant cost implications with this approach.

Legal Implications

89. Officers have made contact with the property at 125 Vere Street, however at this stage no offer to purchase the property has been made.
90. Through the feasibility work, Officers have also discovered the occupation of Council land by St Philips Church and have requested that they enter into a licence agreement for a peppercorn licence fee to ensure that this can be terminated if/when required.
91. If Council sells or exchanges any land it must comply with section 114 of the *Local Government Act 2020*. This includes the requirement to:
 - (a) publish notice of the intention to sell at least four weeks prior;
 - (b) undertake a community engagement process; and
 - (c) obtain an up-to-date valuation of the land.
92. In the event that Council wishes to lease land it must comply with section 115 of the *Local Government Act 2020*, which stipulates that a lease term can be up to a maximum of 50 years and that Council must either include any proposal to lease land in a financial year in the budget or undertake a community engagement process in accordance with Council's community engagement policy in respect of the proposal before entering into the lease.
93. The only reason whereby Council may lease or sell assets without consideration is if it is to transfer, exchange or lease land to the Crown, a Minister, any public body, the trustees appointed under any Act to be held on trust for public or municipal purposes, or a public hospital. This is in accordance with section 116 of the *Local Government Act 2020*.
94. If this proposal were to progress to an Expression of Interest or Development Agreement, probity and legal advice would need to be sought to ensure a project that adequately balances community benefit, financial sustainability and risk.

Conclusion

95. The feasibility study has illustrated the cost implications for Council to pursue a mixed-use development in the Collingwood Town Hall Precinct within a working set of parameters (i.e. development footprint, building height, community infrastructure, car parking, ESD standards and heritage considerations).
96. It examined how to balance community benefit, urban realm outcomes, financial feasibility and practical deliverability to produce a viable project at the northern end of the Collingwood Town Hall Precinct, incorporating Council-owned land and possible additional properties.
97. The results of the feasibility study show that total development costs for the three scenarios range from \$91.5M (for scenarios A and B) to \$75.6M for scenario C. The three options presented have very different financial implications with the residual land value ranging from -\$28 million to +\$2 million.
98. In each of these scenarios the underlying premise was that Council's contribution was the value extracted from its land holdings, sold or leased. However, it has become clear through this feasibility study that this land value alone is not viable to deliver both community infrastructure and social and affordable housing. Additional, considerable subsidy is therefore essential to deliver a feasible project.
99. The Victorian Government's \$5.3 billion Big Housing Build is a currently available means by which the subsidy gap may be filled for a future project, if Council were to progress a project in line with what has been modelled within the feasibility study.
100. Drawing upon the insights from the feasibility study and associated work, officers have considered other conceivable options for this location with different property footprints, including community infrastructure, with and without social and affordable housing.

101. With the feasibility studies and associated works complete, Council can now consider whether it wishes to take the next steps and pursue the redevelopment of the northern end of the Collingwood Town Hall Precinct, and if so, on what terms.

RECOMMENDATION

1. That Council notes:
 - (a) the completion of the feasibility study in response to the direction within the 2019–20 budget to undertake a feasibility study examining the potential to develop social and affordable housing options in the Collingwood Town Hall Precinct and the further Council motion from August 2019 to expand the feasibility study to include previously considered community uses, and that this work included:
 - (i) Planning, urban design, massing and economic feasibility;
 - (ii) Community infrastructure costs and concepts;
 - (iii) Stakeholder engagement (including with potential joint-venture partners); and
 - (iv) Commercial property valuations of council-owned land/buildings;
 - (b) the redevelopment of the northern end of the Collingwood Town Hall Precinct has been investigated on multiple occasions over the past ten years, including delivering social and affordable housing, arts and other community outcomes (considered in 2013–14), and the option of the Victorian RSL assuming responsibility for the restoration and reactivation of the Sailors and Soldiers Hall (considered in 2018); and
 - (c) the many challenges evident in redeveloping the northern end of the Collingwood Town Hall Precinct, including:
 - (i) the deteriorating and underutilised Council-owned assets of Sailors and Soldiers Memorial Hall and the nineteenth century factories at 117–123 Vere Street;
 - (ii) the many and varied property owners and complicating infrastructure within and around the study area; and
 - (iii) the scale, land area and partners needed to achieve a financially viable mixed-use outcome at the site – with Council’s main contribution being the land – which delivers a high proportion of social housing, alongside fit-for-purpose community infrastructure, with resulting improvements to the urban realm.
2. That Council thanks the Victorian Government for their contribution to the project, and thanks industry stakeholders for their time and thoughtful contribution to the stakeholder engagement exercise.
3. That with respect to the northern end of the Collingwood Town Hall Precinct, Council determines from one or more of the following options, and instructs officers to progress with further work including:
 - (a) Continue to seek an outcome that delivers a mixed-use development, as explored through the feasibility work, that includes residential dwellings (with a minimum of 50% of dwellings allocated to social and affordable housing with the balance market housing); has no less than 1,000m² for a community hub (including contemporary library spaces, flexible arts and community rooms and consulting suites); and necessitates the acquisition of additional assets and a continued partnership with the Victorian Government, noting that additional land acquisitions will be required; or

- (b) Commence the necessary work to facilitate the development of social and affordable housing through already Council-owned assets, specifically the leasing of the council-owned warehouse sites at 117–123 Vere Street to a Registered Housing Agency (RHA), with the refurbishment of the Sailors and Soldiers Hall not included; or
 - (c) Commence the necessary work to develop a new community hub in the precinct, based around, and including the refurbishment of the Sailors and Soldiers Memorial Hall on Hoddle Street, with the development of social and affordable housing not included, noting that Council would need to find additional resources for further feasibility and a source of funding for any potential community infrastructure project; or
 - (d) Commence the necessary work to develop a new community hub in the precinct, based around, and including the refurbishment of the Sailors and Soldiers Memorial Hall on Hoddle Street, as well as facilitating the development of limited social and affordable housing through the leasing of the council-owned warehouse sites at 117–123 Vere Street to a Registered Housing Agency (RHA), noting that Council would need to find a source of funding for the community infrastructure project; or
 - (e) Instigate the process to sell the underutilised Council assets such as 117–123 Vere Street and Sailors and Soldier at 152A Hoddle Street; or
 - (f) Leave the site as is.
4. That Council directs officers to produce a consultation and engagement strategy for the preferred option and report back to Council to seek endorsement for the strategy and approval to consult the community.

Attachments

- 1 FINAL - Collingwood Town Hall Precinct Feasibility Study - Summary Report - Ethos Urban

8.2 Collingwood Town Hall Precinct Redevelopment Study

Reference	D21/14760
Author	Tess Simson - Senior Policy Advisor
Authoriser	Manager Social Strategy and Community Development

RECOMMENDATION

Start time: 7.54pm

1. That Council notes:
 - (a) the completion of the feasibility study in response to the direction within the 2019–20 budget to undertake a feasibility study examining the potential to develop social and affordable housing options in the Collingwood Town Hall Precinct and the further Council motion from August 2019 to expand the feasibility study to include previously considered community uses, and that this work included:
 - (i) Planning, urban design, massing and economic feasibility;
 - (ii) Community infrastructure costs and concepts;
 - (iii) Stakeholder engagement (including with potential joint-venture partners); and
 - (iv) Commercial property valuations of council-owned land/buildings;
 - (b) the redevelopment of the northern end of the Collingwood Town Hall Precinct has been investigated on multiple occasions over the past ten years, including delivering social and affordable housing, arts and other community outcomes (considered in 2013–14), and the option of the Victorian RSL assuming responsibility for the restoration and reactivation of the Sailors and Soldiers Hall (considered in 2018); and
 - (c) the many challenges evident in redeveloping the northern end of the Collingwood Town Hall Precinct, including:
 - (i) the deteriorating and underutilised Council-owned assets of Sailors and Soldiers Memorial Hall and the nineteenth century factories at 117–123 Vere Street;
 - (ii) the many and varied property owners and complicating infrastructure within and around the study area; and
 - (iii) the scale, land area and partners needed to achieve a financially viable mixed-use outcome at the site – with Council’s main contribution being the land – which delivers a high proportion of social housing, alongside fit-for-purpose community infrastructure, with resulting improvements to the urban realm.
2. That Council thanks the Victorian Government for their contribution to the project, and thanks industry stakeholders for their time and thoughtful contribution to the stakeholder engagement exercise.
3. That with respect to the northern end of the Collingwood Town Hall Precinct, Council determines from one or more of the following options, and instructs officers to progress with further work including:
 - (a) Continue to seek an outcome that delivers a mixed-use development, as explored through the feasibility work, that includes residential dwellings (with a minimum of 50% of dwellings allocated to social and affordable housing with the balance market housing); has no less than 1,000m² for a community hub (including contemporary library spaces, flexible arts and community rooms and consulting suites); and necessitates the acquisition of additional assets and a continued partnership with the Victorian Government, noting that additional land acquisitions

will be required; or

- (b) Commence the necessary work to facilitate the development of social and affordable housing through already Council-owned assets, specifically the leasing of the council-owned warehouse sites at 117–123 Vere Street to a Registered Housing Agency (RHA), with the refurbishment of the Sailors and Soldiers Hall not included; or
 - (c) Commence the necessary work to develop a new community hub in the precinct, based around, and including the refurbishment of the Sailors and Soldiers Memorial Hall on Hoddle Street, with the development of social and affordable housing not included, noting that Council would need to find additional resources for further feasibility and a source of funding for any potential community infrastructure project; or
 - (d) Commence the necessary work to develop a new community hub in the precinct, based around, and including the refurbishment of the Sailors and Soldiers Memorial Hall on Hoddle Street, as well as facilitating the development of limited social and affordable housing through the leasing of the council-owned warehouse sites at 117–123 Vere Street to a Registered Housing Agency (RHA), noting that Council would need to find a source of funding for the community infrastructure project; or
 - (e) Instigate the process to sell the underutilised Council assets such as 117–123 Vere Street and Sailors and Soldier at 152A Hoddle Street; or
 - (f) Leave the site as is.
4. That Council directs officers to produce a consultation and engagement strategy for the preferred option and report back to Council to seek endorsement for the strategy and approval to consult the community.

Public Submissions

The following people addressed Council on the matter:

Nicole Eckersley;

James McNair;

Florence Davies;

Glen McCallum, Protect Fitzroy North Inc.; and

Margaret O'Brien.

COUNCIL RESOLUTION

Moved: Councillor de Vietri

Seconded: Councillor Mohamud

1. That Council:
- (a) acknowledges the extensive work undertaken by officers to develop the feasibility study, and thanks the State Government for its support and the housing industry partners who have contributed to the feasibility study;
 - (b) commits to the provision of public facilities for existing and future residents as part of a community hub and civic precinct;
 - (c) supports the use of residential zoned land in the precinct (125-129 Vere Street) for the construction of 100% low-rise social housing for older women and women and families in need as a part of Victoria's Big Build;

- (d) does not support Council land located in a central civic precinct being used for the development of private, market-rate dwellings within a large-scale housing development, as examined as part of the feasibility study.
- (e) notes that all options examined in the feasibility study for large-scale housing developments would entail unacceptable trade-offs, costs and risks to Council and the municipal community.
- (f) notes that the Collingwood Town Hall precinct is located:
 - (i) in an under-serviced area of the City of Yarra, at the junction of Collingwood and Abbotsford;
 - (ii) opposite one of the largest and most densely populated areas of public housing in the state; and
 - (iii) in an ideal place to assist and provide important local government services to Yarra's most disadvantaged residents;
- (g) requests officers explore uses for the underutilised Council land at 152A Hoddle Street and 117-123 Vere St ("the site") that will cater for the present and future service needs of Yarra's rapidly growing population, including service gaps identified in Yarra's *Community Infrastructure Plan (2018)*, based on the key principles and guidelines outlined in Yarra's *Property Strategy (2018)* and in consultation with the community and key organisations;
- (h) authorises officers to develop and implement a community consultation and engagement strategy to test community support and seek input into preferred outcomes for the development of a community hub on the site;
- (i) notes the preliminary work already provided to Council and the costs associated with the development of community facilities, and notes that officers will need to undertake additional feasibility work, which will require additional expert advice and resources that are currently not budgeted;
- (j) affirms its commitment to facilitating the provision of housing that meets the needs of people of all incomes in Yarra via strategies outlined in Yarra's Social and Affordable Housing Strategy including:
 - (i) working with developers for the inclusion of social and affordable housing via the *Policy Guidance Note: Affordable Housing Outcomes*;
 - (ii) advocating, as per Notice of Motion No. 20, to the state government to fast-track inclusionary zoning, to ensure a minimum amount of social and affordable housing is included in new developments; and
 - (iii) exploring other planning mechanisms that enable social and affordable housing contributions by developers as our city grows.
- (k) continues to encourage the State Government to invest in public and social housing on land that remains in state ownership in perpetuity, and recommits to working in partnership with the State to explore and deliver housing options to meet the needs of Yarra's diverse communities to this end, including the shaping of a public housing project at 147 - 161 Elizabeth Street, North Richmond.
- (l) seeks a further public report/s from officers on progress before the end of 2021, which should contain advice on:
 - (i) outcomes of the community consultation and engagement;
 - (ii) options and recommendations on the scale and deliverability of community infrastructure on the site incorporating the following services in a community hub:
 - a. improved library for the Collingwood-Abbotsford area;
 - b. an improved and modern Maternal and Child Health Centre;

- c. multipurpose rooms that could be used as meeting rooms and/or events; and
- d. other relevant community spaces which can be either utilised by Council operated services or licenced / leased for use by community or not for profit organisations;
- (iii) possible funding options / sources for Council to consider; and
- (iv) future opportunities for an ideas and/or design competition or for engagement with universities to help inform the future of the community facility;
- (m) authorises Council officers to release the full feasibility reports, a de-identified version of the Stakeholder Engagement Report as appropriate, and records of Council decisions on this matter including those made in Confidential Council meetings; and
- (n) writes to the Minister for Housing, the Hon Richard Wynne to advise him of the decision in relation to the site.

CARRIED

CALL FOR A DIVISION

For: Councillors Stone, Crossland, de Vietri, Mohamud, Landes and Wade

Against: Councillors Jolly and Nguyen