

Sale of land at 132 Kavanagh Street, Southbank (formerly 229 City Road, Southbank)

Council

Presenter: Rob Adams, Director City Design and Projects

28 March 2017

Purpose and background

1. The purpose of this report is to seek Council approval to sell to Cairo Melbourne Pty Ltd (Cairo), the land at 132 Kavanagh Street, Southbank (formerly 229 City Road, Southbank) (Land), for \$15.5 million plus GST. The Land adjoins the Boyd Community Hub.

Key issues

2. In accordance with provisions of the *Local Government Act 1989*, the proposal was publicly advertised in 'The Age' newspaper on 19 September 2016 and on Council's website (refer Attachment 2).
3. Two submissions opposing the sale (refer Attachment 3) were received during the statutory submission period and considered by the Submission (Section 223) Committee (Submissions Committee) at its meeting on 27 October 2016.
4. On 7 November 2016, the Submissions Committee resolved to recommend to Council that the sale proceed for the reasons contained in the recommendation from management:
 - 4.1. subject to agreement on appropriate terms to ensure the purchase proceeded to settlement
 - 4.2. noting that the sale occurring remained subject to Cairo confirming its ability to pay the purchase price.
5. The terms of the contract of sale to Cairo and associated section 173 agreements to be registered on the title to the Land are in the final stages of negotiation. In addition, confirmation has been received that the funds to pay the purchase price are held to complete the sale. The modified title to the Land to be sold has been issued by Land Use Victoria. It is proposed the contract of sale be executed by Cairo, and the Chief Executive Officer under delegation.
6. The building to be constructed on the Land by Cairo:
 - 6.1. has been designed to ensure views of the heritage library are protected and the building materials used will be in keeping with the heritage character of the library
 - 6.2. will include twenty per cent of the development, 46 apartments, as affordable housing with liveable housing guidelines which mean these units will be safe, comfortable and easy to access for people of all ages and abilities
 - 6.3. is of a better overall design in terms of public open space with better connections to City Road and Kings Way.
7. The installation of solar panels on the roof of the new building will also partially offset the cost of electricity for the affordable housing units.

Recommendation from management

8. That Council:
 - 8.1. Sells the land at 132 Kavanagh Street, Southbank (formerly 229 City Road, Southbank) as identified on the plan attached to the public notice dated 19 September 2016, to Cairo Melbourne Pty Ltd for the sum of \$15.5 million (plus GST), for the reasons that:
 - 8.1.1. 46 of the 200 residential apartments to be constructed on the land have been designated for affordable housing
 - 8.1.2. it has always been envisaged that the Council would sell part of the former JH Boyd Girls High School since the site was purchased by the Council in 2008
 - 8.1.3. other projects under the City Road and Southbank Boulevard master plans are intended to assist in addressing the need for public open space in Southbank.
 - 8.2. Notifies in writing every person who has lodged a separate submission of the decision and reasons for the decision.
 - 8.3. Authorises the Chief Executive Officer to sign the necessary documentation to implement the sale under delegation.

Attachments:

1. Supporting Attachment (page 2 of 7)
2. Revised building footprint (page 3 of 7)
3. Correspondence (page 5 of 7)

Supporting Attachment

Legal

1. The Council's power to sell land is contained in section 189 and 190 of the *Local Government Act 1989*. Prior to entering into a contract of sale, the Council must:
 - 1.1. give notice of the proposed sale and consider any submissions received in response to the public notices before it makes its decision
 - 1.2. obtain a valuation of the land made not more than six months prior to the sale.

Finance

2. The costs and returns of this development will be an opportunity to provide significant revenue for council but also to provide much needed community infrastructure and benchmark realisation of council policy for social sustainability (affordable housing and employment). The sale of land will result in:
 - 2.1 a net value of \$15.5 million, including GST, to Council.
 - 2.2 a 7.06 perfect open space contribution following the sub-division of the land.

Conflict of interest

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Stakeholder consultation

4. The proposed sale of the Land was the subject of a statutory public notice and submission process.

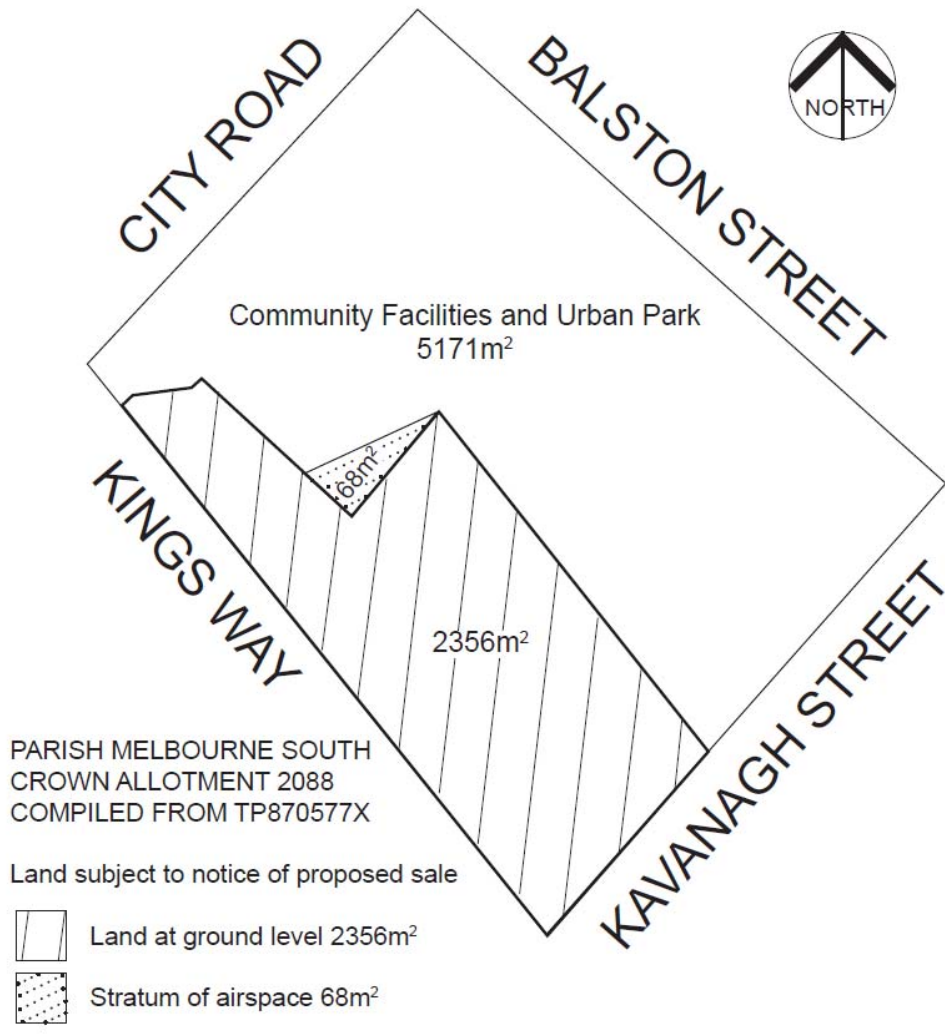
Environmental sustainability

5. It will be a requirement that the new building to be constructed on the Land be built to a five star Green Star rating.
6. A section 173 Agreement to be registered on the title to the Land requires the installation of solar panels on the building to be constructed, which will partially offset the cost of electricity for the affordable housing units.

Proposed sale of Council land

Boyd Site, 229 City Road, Southbank

Notice is given pursuant to sections 189 and 223 of the *Local Government Act 1989* ('Act') that the Melbourne City Council ('Council') proposes to sell the land at 229 City Road, Southbank as identified on the attached plan, to Cairo Melbourne Pty Ltd for the sum of \$15.5 million plus GST (Proposal). The Proposal is subject to the construction of a residential and commercial development on the land including 46 of the 200 residential apartments being designated for affordable housing.



Any person may make a written submission on the Proposal to the Council. All submissions received by the Council on or before Thursday 20 October 2016 will be considered in accordance with section 223(1) of the Act, by the Council's Submissions (Section 223) Committee ('Committee').

If a person wishes to be heard in support of their submission they must include the request to be heard in the written submission and this will entitle them to appear in person, or by a person acting on their behalf, before a meeting of the Committee, scheduled to be held on Thursday 27 October 2016, commencing at 3pm, in the Melbourne Town Hall, Administration Building, Swanston Street, Melbourne.

Written submissions should be marked 'Boyd Site, 229 City Road – Sale of Land' and addressed to the Manager Governance and Legal, Melbourne City Council, Town Hall Administration Building, 120 Swanston Street, Melbourne, 3000 or GPO Box 1603, Melbourne, 3001.

Submissions form part of the public record of the meeting (including any personal information you provide) and will be appended to the Council report which is published on Council's website (accessible worldwide) for an indefinite period. A hard copy will also be made available for inspection by members of the public at Council offices, in accordance with the requirements of the Act.

If you have any concerns about how Council will use and disclose your personal information, please contact the Council Business team via email at privacy@melbourne.vic.gov.au.

Manish Kumar Sarswat

87/100 Kavanagh St, Southbank, VIC, 3006
msarswat@gmail.com

October 16, 2016

Manager Governance and Legal,
Melbourne City Council, Town Hall Administration Building,
120 Swanston Street, Melbourne, 3000

Subject: Boyd Site, 229 City Road – Sale of Land


Dear Sir/Madam,

I am resident of Southbank and have been living here for last 13 years (except for 1 year in 2006). I sincerely request you to not proceed with the sale of this land for a multi-story development.

Resident of Southbank desperately need open space and selling a part of this land is going to further reduce the likely open space available to the resident. This land should be used to create a green park where children can play and residents can go for a walk.

There are already plans for development of large scale on land lot available opposite 88-100 Kavanagh St. Southbank has many multi story apartment towers and many new developments are in pipeline. What Southbank needs is an urban green park for children and residents. The new developments (already planned) will provide enough in Council Rates and Taxes to develop a park.

Warm regards,


Manish Kumar Sarswat

*Phone number withheld as this will be part of public document to avoid spam calls. Pls use my email *



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Boyd Site - 229 City Rd - Sale of Land
Manager of Governance and Legal
Melbourne City Council
Town Hall Administration Building
120 Swanston St
Melbourne 3000

Submission - Boyd Site 229 City Road - Sale of Land

Introduction

Earlier this year, Southbank Residents Association campaigned heavily in favour of a park at the Boyd site on City Road in Southbank when the Mackie Group contract for the 'Regent Square' residential development was revoked.

Our petition on Change.org (entitled *City of Melbourne: We need a park at Boyd before it's too late!*) received more than 1000 signatures and we submitted a compelling case to turn the land into green open space for Southbank residents and visitors to enjoy.

The Southbank community has always been vocal with regard to the development of this site and understood this was a unique opportunity to establish a considerable sized park for residents and visitors.

Urban Planning

As Council well knows, Southbank is the most densely populated suburb in Melbourne with only 2.5 square metres of public open space per person. Compare this with the Melbourne Open Space Strategy's recommendation of 20 square metres of public open space per person and it is clear an improvement is desperately needed.

Land Sale

Unfortunately our campaign was unsuccessful and City of Melbourne decided to sell the land to create affordable housing with all proceeds going to the QVM project. Another heavy blow to Southbank.

The only consolation is that a reduced portion of the land may be set aside in the new development for open space.

Funding Concerns

We were therefore disappointed to learn recently that the financing of this project is uncertain and on shaky ground. We believe the financiers ability to provide the funding to Cairo Melbourne Pty Ltd is in question. With the alleged proof of finance for the land sale purported to be fraudulent, the ability for the sale to go through as planned is now looking unlikely.



The last thing we need is delay after delay as a result of City of Melbourne entering into another agreement with a developer that may not come to fruition due to a lack of finances.

This will only serve to further agitate the community as we are forced to endure repeated setbacks while waiting for a measly patch of open space.

Southbank residents and visitors need a place for children to play, owners to walk their dogs, workers to take a break and friends to congregate and having lost this opportunity in place of another residential development, the least CoM can do is ensure the development isn't postponed any further.

Conclusion

In summary, we reiterate our objection to the sale of the City of Melbourne owned Boyd Site at 229 City Road to a developer to build yet another residential tower.

Surely there comes a time when planning is more important than profit.

Respectfully for and on behalf of all residents of Southbank,

A handwritten signature in black ink, appearing to read "Tony Penna", written over a horizontal line.

Tony Penna
President
Southbank Residents Association