

**16.3 Crawford-Rutledge Properties - Expression of Interest (Author: Tegart/Tegart)**

*"This matter is submitted to Closed Session pursuant to Section 10A (di) of the Local Government Act 1993 because it contains commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it and discussion of the matter in an open meeting would be, on balance, contrary to the public interest."*

**AFile Reference:** 100265-4-09

**Summary**

Council engaged Colliers to market the Crawford-Rutledge Street properties to be vacated once staff occupy the Queanbeyan Civic and Cultural Precinct (QCCP) in early 2023. Nine expressions of interest were received.

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**Recommendation**

**That Council:**

- 1. Accept the offer of proponent (insert).**
  - 2. Authorise the CEO to progress and execute contracts for sale of 2/1179998 and 31/771673.**
  - 3. Place proceeds of sale into working capital (property reserve).**
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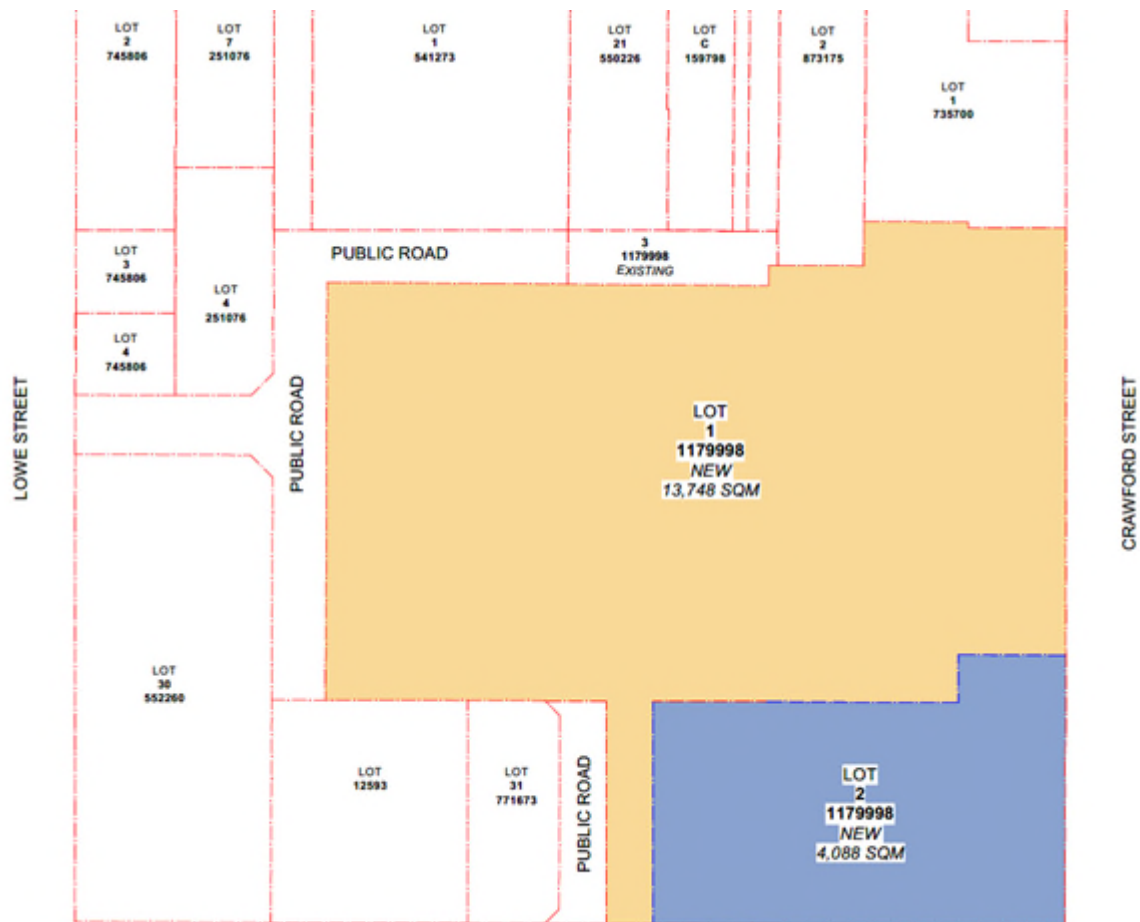
10 **Background**

Councillors have worked through the site configuration, valuations, sale and development options for the Crawford-Rutledge Street properties over several workshops, including design scenarios prepared by Cox Architects. Councillors preferred a mixed-use development on the site/s, in line with the zoning. A copy of those scenarios are attached, which provide private open space, that may connect into the public open space behind QCCP.

Colliers were engaged in late 2020 to prepare collateral and market the following sites, to be sold in one line as two lots, being 2/1179998 (cottages) and 31/771673 (library) – totalling 5037m<sup>2</sup> of B3 commercial core zoned land. The laneway is retained for access into the Lowe carpark. A copy of the marketing collateral is attached. Subsequent survey, zoning, development control, infrastructure and parking information was provided to enquirers.

Expressions of interest were called, closing 21 October. Attached is a table summarising the nine Eols received. The two highest bids (2 and 9) were contacted by Colliers to refine terms (deposit, due diligence etc) to enable a final recommended proposal to be submitted before the Council meeting.

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#### **Implications**

##### ***Legal***

Due to the site not being fully vacated until late 2022 or early 2023, the following two purchase options were available to interested parties:

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- Option 1 – exchange and settle within 60 days with lease back provisions in place for QPRC occupied buildings
  - Option 2 – exchange and settle on the date site fully vacated by QPRC

Proposals may include offers subject to further due diligence, or development applications.

##### ***Strategic***

The B3 zone has certain use, height, setback and parking controls, guided by the LEP and DCP. The fire station and Duttons Cottage will be subject to heritage provisions for any refurbishment or repurposing proposals. Councillors may contemplate including provisions in any contract for sale to include some units to be available for affordable housing.

##### ***Financial***

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- Several valuations were obtained from HillPDA, SVS and Colliers over 2017, 2019 and 2020, summaries of which are attached, ranging from \$5-6m. The latest Colliers Option 3 Mixed use

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Scenario proposed a return of \$5.07m for 134 residential and additional commercial units. The LTFP provisioned \$6.5m.

Nine EoIs were received, ranging from \$2,470,000 to \$7,050,000, with a mix of deposits, DD requests and settlement on vacant possession. No offer was subject to DA.

Proceeds of sale are proposed to restore working capital and be placed into property reserve.

Upon settlement, general rates may be levied (est \$30k initially), then uplifted to double that amount again into strata residential and commercial rateable assessments, once developed.

#### ***Integrated Plan***

- 50 The properties are listed for sale in the Operational Plan. The Property Policy notes:
- Council will consider returns from land holdings to be either:
    - direct cash (through land sale)
    - infrastructure or environment offsets
    - long-term returns through leasehold or share of turnover of developed and managed sites
  - Council has established a property revolving fund (reserve) to seed initial acquisitions and development and will use funds from land investment, or use Council land holdings to leverage acquisition of other land critical to the orderly development of important urban or environmental areas.
  - 60 • Council will use returns from its land holdings to supplement revenue sources and minimise the demand for increasing rates above rate-pegging or reducing services.
  - Council will use its land or other property to seed affordable housing or business incubation initiatives through:
    - low entry lease and portion of turnover
    - other negotiated returns
    - maintaining the property in council ownership

#### **Conclusion**

70 While satisfactory offers were received from proponents 2-Village Building Company (\$7.05m), 4-PBS (\$5.725m) and 9-Zapari Group (\$6.475m), Colliers worked with VBC and Zapari Group to optimise the due diligence period, deposit or price. Those bidders all preferred Option 2 (exchange and settle on the date site fully vacated by QPRC). The recommended proposal will be distributed to Councillors prior to the meeting.

A copy of confidential EOIs from the three preferred bidders will be distributed under separate cover.

#### **Attachments**

Attachment 1	Cox Design Schemes ( <i>Under Separate Cover</i> )
Attachment 2	Marketing Collateral ( <i>Under Separate Cover</i> )
Attachment 3	Valuation Summaries ( <i>Under Separate Cover</i> )
Attachment 4	Table of Bids ( <i>Under Separate Cover</i> )